MD&A
3Q20

This report makes references and statements, planned synergies, growth estimates, earnings and strategies projections regarding Banco do Brasil's Conglomerate. Such statements are based on current expectations, estimates and projections of management about future events and financial trends that may affect the business of the Group.

These forward looking statements are not guarantees of future performance and involve risks and uncertainties that could extrapolate the control of management, and thus can result in balances and values different from those anticipated and discussed in this report. The expectations and projections depend of the market conditions (technological changes, competitive pressures on products, prices, etc.), the macroeconomic performance of the country (interest and exchange rates, political and economic changes, inflation, changes in tax legislation, etc.) and international markets.

Future expectations based in this report should consider the risks and uncertainties about the business of the Group. Banco do Brasil has no responsibility to update any estimate contained in reports published in previous periods.

The tables and charts in this report show, in addition to the accounting balances and values, financial and managerial numbers. The changes of relative rates are calculated before rounding procedure in million of R$. Rounding used follows the rules established by Resolution 886/66 of IBGE's Foundation: if the decimal number is equal or greater than 0.5, it increases by one unit, if the decimal number is less than 0.5, there is no increase.

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Presentation

The Management Discussion and Analysis Report (MD&A) presents Banco do Brasil's economic/financial situation. Addressed to market analysts, stockholders and investors with quarterly periodicity. The reader will see tables with historical series (up to eight periods) of the Balance Sheet, Income Statement with Reallocations, besides information about profitability, productivity, loan portfolio quality, capital structure, capital market, and structural data.

At the end of this report, the Financial Statements and the Notes to the Financial Statements. All the documents are available at Investor Relations and Sustainability website (www.bb.com.br/ir).

Highlights

The Summary brings our performance during the Covid-19 pandemic and, in this context, the composition and quality of the portfolio. We also present our performance in corporate sustainability, the timeline of our initiatives and all the information of our digital strategy, with data that was previously in Chapter 10.2

In Chapter 1, we changed the way the balance sheet and the income statement with reallocations contained in the management documents in order to reflect the changes made in the Financial Statements in the first half of 2020.

The general criteria for the preparation and disclosure of financial statements were changed as of 01.01.2020, in compliance with CMN Resolution No. 4,720/2019, its complementary regulations and in Circular Bacen No. 3,959/2019.

The previously constituted series will continue to be presented until 4Q20 in the historical series document and then discontinued, as the new historical series, with adjustments on account of CMN resolution No. 4,720/2019, will have completed eight (8) periods.

Chapter 4 presents information from our service network, which were previously in Chapter 10.2.

Chapter 7 brings a new opening, with the discussion of the individuals, companies and Agro portfolios being held together with their respective quality and provision. Much of the information that was in tables is now presented in charts. All tables that made up the chapter will continue to be presented in our historical series. In addition, in the Agro Expanded portfolio, the Agribusiness Credit Rights Certificate (CDCA) was included, with recomposition of the historical series. An Agribusiness Securities section was created, presenting the dynamics and regulatory scenario of these products.

A new chapter was created, investment advice, which addresses the performance of BB and the conglomerate in this market.

In the glossary, we created a subtopic of Capital, with the nomenclatures presented.

On-line Access

The Management Discussion and Analysis report can be read at Banco do Brasil's Investor Relations website. More information about the Company is available on the website, such as structural information, corporate governance e sustainability, material facts and information to the market, presentation, corporate events, among others. You can check all documents about earnings release on Results Center as well as download them in the Investor Kit.

Banco do Brasil	bb.com.br
Investor Relations and Sustainability	bb.com.br/ir

Earnings Summary

Adjusted Net Income

Banco do Brasil adjusted net income was R$3.5 billion in the 3Q20, up 5.2% over 2Q20, and down 23.3% over 3Q19. The Market ROE in the quarter was 12.0%.

In comparison with 2Q20, the result was mainly influenced by the reduction 6.8% in the Alll Expanded View, by the positive performance of Fee Income, which grew 4.5%, by cost control, with a 0.2% reduction in administrative expenses, as well as the reduction of expenses with legal risk.

Over 3Q19, the result was impacted by the 40.5% increase in allowance for Alll Expanded View, mainly due to the constituion of preventive prudential provisions. The resilience of the Net Interest Income with a 3.4% growth and a 58.2% decrease in legal risk.

In the nine months comparison the adjusted net income decreased 22.9%, totalizing R$10.2 billion, mainly due to the increase in ALLL Expanded View in 47.9%. Positive highlights in the period for the 7.1% increase in Net Interest Income and the 58.0% decrease in legal risk. The Market ROE was 12.0%.

Table 1. Net Income – R$ million

				Chg. %				Chg. %
	3Q19	2Q20	3Q20	On 3Q19	On 2Q20	9M19	9M20	On 9M19
Net Interest Income	**13,557**	**14,541**	**14,017**	**3.4**	**(3.6)**	**39,736**	**42,563**	**7.1**
ALLL Expanded View	**(3,920)**	**(5,907)**	**(5,508)**	**40.5**	**(6.8)**	**(11,459)**	**(16,953)**	**47.9**
ALLL Expenses - Credit Risk	(5,037)	(5,943)	(6,575)	30.5	10.6	(14,944)	(18,994)	27.1
ALLL Expenses - Recovery of Write-offs	1,721	1,591	2,283	32.6	43.5	4,941	5,459	10.5
ALLL Expenses - Discounts Granted	(307)	(211)	(244)	(20.8)	15.5	(781)	(723)	(7.4)
ALLL Expenses - Impairment	(296)	(1,344)	(973)	-	(27.6)	(674)	(2,695)	-
Net Financial Margin	**9,637**	**8,634**	**8,509**	**(11.7)**	**(1.5)**	**28,277**	**25,609**	**(9.4)**
Fee income	7,466	6,965	7,281	(2.5)	4.5	21,701	21,313	(1.8)
Contribution Margin	**16,149**	**14,395**	**14,572**	**(9.8)**	**1.2**	**46,775**	**43,412**	**(7.2)**
Administrative Expenses	(7,710)	(7,850)	(7,835)	1.6	(0.2)	(22,925)	(23,456)	2.3
Commercial Income	**8,322**	**6,420**	**6,607**	**(20.6)**	**2.9**	**23,475**	**19,588**	**(16.6)**
Other Operating Income	(33)	(514)	(486)	-	(5.4)	713	(1,486)	-
Legal Risk	**(1,936)**	**(853)**	**(810)**	**(58.2)**	**(5.1)**	**(5,819)**	**(2,447)**	**(58.0)**
Income Before Taxes	**6,398**	**5,120**	**5,354**	**(16.3)**	**4.6**	**18,469**	**15,813**	**(14.4)**
Income and Social Contribution Taxes	(850)	(967)	(992)	16.7	2.6	(2,272)	(3,116)	37.1
Corporate Profit Sharing	(584)	(426)	(442)	(24.3)	3.7	(1,733)	(1,304)	(24.7)
Adjusted Net Income	**4,543**	**3,311**	**3,482**	**(23.3)**	**5.2**	**13,222**	**10,189**	**(22.9)**
One-Off Items	(287)	(102)	(397)	38.6	287.9	(754)	(690)	(8.5)
Net Income	**4,256**	**3,209**	**3,085**	**(27.5)**	**(3.9)**	**12,468**	**9,498**	**(23.8)**
Market ROE - %	**18.0**	**11.9**	**12.0**			**17.5**	**12.0**	
Adjusted ROE - %	**15.0**	**10.0**	**10.4**			**14.9**	**10.3**	
Shareholders' ROE - %	**19.6**	**12.8**	**12.9**			**19.0**	**12.9**	

The annualized ROE calculation was made in the tables above on a linear basis, that is, multiplying the quarterly result accumulated result (in nine months) by 4/3. This methodology was used as of the 1Q19 MD&A.

Pre-Tax and Pre-Provision Earnings (PPOP)

The following table presents the PPOP, composed of the banking product and total operating expenses.

In comparison with the 3Q19, as with 9M19, the growth of the PPOP is mainly due to NII's performance and decrease in legal risk. In the 2Q20 comparison, there was a small reduction, mainly explained by the compression of the NII's.

In comparison 9M20/9M19, the 9.5% increase in PPOP in is explained by NII's 7.1% growth and the 58.0% reduction in legal expenses.

Table 2. PPOP – R$ million

				Var. (%)				Var. (%)
	3Q19	2Q20	3Q20	On 3Q19	On 2Q20	9M19	9M20	On 9M19
Total Operating Income (Banking Product)	**23,794**	**23,209**	**23,323**	**(2.0)**	**0.5**	**70,183**	**69,757**	**(0.6)**
Operating Income	23,720	23,256	23,175	(2.3)	(0.3)	69,470	69,633	0.2
Net Interest Income	13,557	14,541	14,017	3.4	(3.6)	39,736	42,563	7.1
Fee Income	7,466	6,965	7,281	(2.5)	4.5	21,701	21,313	(1.8)
Eq. Interest of Subsidiaries and Affiliates	1,028	720	782	(23.9)	8.5	3,067	2,171	(29.2)
Other Operating Income	1,670	1,029	1,096	(34.3)	6.5	4,967	3,587	(27.8)
Previ - Plano de Benefícios 1	(61)	(140)	(123)	101.5	(12.2)	111	(403)	0.0
Previ - Fundo de Utilização Restatement	134	94	271	101.6	189.1	602	527	(12.4)
Total Operating Expenses	**(13,521)**	**(12,250)**	**(12,504)**	**(7.5)**	**2.1**	**(40,355)**	**(37,149)**	**(7.9)**
Administrative Expenses	(7,710)	(7,850)	(7,835)	1.6	(0.2)	(22,925)	(23,456)	2.3
Personnel Expenses	(4,884)	(5,008)	(4,986)	2.1	(0.4)	(14,670)	(14,913)	1.7
Other Administrative Expenses	(2,827)	(2,842)	(2,849)	0.8	0.2	(8,255)	(8,542)	3.5
Legal Risk	(1,936)	(853)	(810)	(58.2)	(5.1)	(5,819)	(2,447)	(58.0)
Other Tax Expenses	(117)	(125)	(129)	10.9	3.3	(375)	(369)	(1.6)
Taxes on Revenues	(954)	(1,204)	(1,217)	27.6	1.1	(3,202)	(3,510)	9.6
Other Operating Expenses	(2,803)	(2,217)	(2,512)	(10.4)	13.3	(8,034)	(7,368)	(8.3)
Non-Operating Income	**45**	**67**	**43**	**(3.6)**	**(36.2)**	**99**	**157**	**58.8**
Pre-Tax and Pre-Provision Earnings	**10,318**	**11,026**	**10,862**	**5.3**	**(1.5)**	**29,927**	**32,766**	**9.5**

Net Interest Income

The main highlights of the Net Interest Income in the quarter (3Q20/2Q20) were:

I Decrease of 3.6% (-R$524.3 million) in NII due to the reduction of 6.0% (-R$1.2 billion) in the result of loan operations and treasury, softened by the reduction of 11.3% (+R$723.4 million) in funding expenses;

II. Reduction of 3.3% in financial income with loan operations, influenced by the drop in TMS and the mix change of Individuals and Companies portfolios, with growth in lower risk lines;

III. The financial funding expenses were favored by the CDI/TMS reduction movement. The variation of R$633.7 million (-17.0%) in the cost of funding in the period can be explained by the combined effect of the reduction in the basic rate of the economy, with the increase in average balances in savings deposits (+7.2%), time deposits (+6.4%), and judicial deposits (+3.9%) in addition to the greater number of working days;

IV. Drop of R$678.9 million in the Treasury, influenced by the reduction of the result with securities in Brazil, following the movement of decrease of the average Selic rate (-30.3%) in the period.

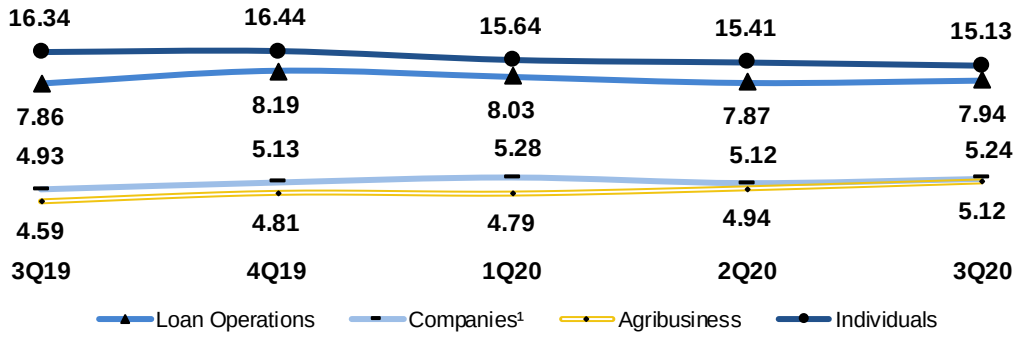
In the annual comparison (3Q20/3Q19) and accumulated (9M20/9M19), the growths of 3.4% (+R$459.7 million) and 7.1% (+R$2.8 billion) respectively, had as main catalyst the effect of reducing the CDI/TMS on assets and liabilities, with a faster effect on funding and treasury expenses, and smoother in revenues from loan operations.

Table 3. NII and Net Interest Margin (NIM) – R$ million

				Chg. %				Chg. %
	3Q19	2Q20	3Q20	On 3Q19	On 2Q20	9M19	9M20	On 9M19
Net Interest Income	**13,557**	**14,541**	**14,017**	**3.4**	**(3.6)**	**39,736**	**42,563**	**7.1**
Loan Operations	18,518	17,499	16,930	(8.6)	(3.3)	56,279	52,117	(7.4)
Funding Expenses	(6,213)	(3,729)	(3,095)	(50.2)	(17.0)	(19,174)	(11,278)	(41.2)
Financial Expense for Institutional Funding[1]	(2,803)	(2,653)	(2,563)	(8.6)	(3.4)	(8,417)	(7,940)	(5.7)
Treasury[2]	4,055	3,424	2,745	(32.3)	(19.8)	11,048	9,664	(12.5)
NIM - %[3]	**4.0**	**4.0**	**3.7**					
Risk Adjusted NIM - %	**2.9**	**2.4**	**2.2**					

(1) It includes senior bonds, subordinated debt, and hybrid instruments in Brazil and abroad.
(2) It includes the result from interest, tax hedging, derivatives, and other financial instruments that offset the effects of the exchange rate variation on result;
(3) NII/Earning Assets average, annualized.

Figure 1. Managerial Net Interest Margin by Segment[1] – %



(1) Revised historical data in 3Q20.
(2) It does not include transactions with the Government;

ALLL Expanded View

ALLL expanded view composed by the net ALLL expenses, plus discounts granted and impairment, reduced R$398.8 million (-6.8%) over 2Q20, influenced by the increase in recovery of write-offs (+R$692.0 million and +43.5%) and reduction in impairment (-R$371.4 million and -27.6%).

I. Credit Risk[1]: Increase of R$631.8 million (+10.6%) over 2Q20. In the quarter, there was the prudential anticipation that resulted in the reinforcement of ALLL of R$2.0 billion. Of this R$1.4 billion refers to the anticipation of aggravation of risks of extended operations, being R$894.2 million in the SME segment and R$542.3 million in the individuals segment. In the accumulated of the year, there was a prudential reinforcement of R$6.1 billion being 34.8% in the individuals, 46.7% in the companies and 18.5% in the Agribusiness.

II. Recovery of Write-Offs[2]: Increase of R$692.0 million (+43.5%) over 2Q20, influenced by the assignment of loan portfolio, mostly of loan losses, according to the July/20 Information to the Market.

III. Discounts Granted[3]: Growth of R$32.7 million (+15.5%) over 2Q20.

IV. Impairment[4]: Decrease of R$371.4 million (-27.6%) over 2Q20. The previous quarter and 3Q20, to a lesser extent, were impacted by Large Corporate operations that were already classified as problematic assets.

Banco do Brasil has maintained provision levels adherent to credit risks. The prudential movements of incorporation of provisions in the Portfolio have been occurring gradually, without excessive volatility, evidencing a more cautious stance regarding the necessary allocation of resources to absorb the impacts related to adverse and unprecedented effects generated by the pandemic crisis.

The prudential provisions are supported by methodologies and the monitoring of portfolio dynamics. They are individualized by customers and by segments and to build them we have a proprietary model of analytical intelligence that considers several factors such as the business or income dynamics of the customersm, perspective for the segment in which the client is inserted and level of indebtedness.

[1] Allowances for loan and lease losses (ALLL) expenses, as Resolution 2,682/99.
[2] Recovery of Write-offs.
[3] Represents discounts granted in renegotiation of loan operations or other operations with characteristics of granting credit arising from loans.
[4] Grouping of accounts that record permanent losses in bonds and securities, expenses with provision for impairment in bonds and securities and the negative result from sales or transfers of financial assets that were written off by the selling or transferring institution.

Figure 2. ALLL Expanded View – R$ million

	3Q19	2Q20	3Q20	Chg. % On 3Q19	Chg. % On 2Q20	9M19	9M20	Chg. % On 9M19
ALLL Expanded View	**(3,920)**	**(5,907)**	**(5,508)**	**40.5**	**(6.8)**	**(11,459)**	**(16,953)**	**47.9**
ALLL Expenses - Credit Risk	(5,037)	(5,943)	(6,575)	30.5	10.6	(14,944)	(18,994)	27.1
ALLL Expenses - Recovery of Write-offs	1,721	1,591	2,283	32.6	43.5	4,941	5,459	10.5
ALLL Expenses - Discounts Granted	(307)	(211)	(244)	(20.8)	15.5	(781)	(723)	(7.4)
ALLL Expenses - Impairment	(296)	(1,344)	(973)	-	-	(674)	(2,695)	-

Fee Income

The 1.8% decrease in fee income in the nine months comparison is mainly explained by the two factors listed below:

a) Structural - with the reduction of the average Selic rate from 4.66% in 9M19 to 2.28% in 9M20, there was a repricing of some products, especially investment funds; and

b) Pandemic - the effects of the pandemic on the economic scenario implied a reduction in the demand for products and services.

In the medium-term, fee income has challenges due to the financial industry trend, however, the Bank's management has been constantly seeking to improve its products and services portfolio and new ways to monetize its relationship with its customers, either by increasing consumption of products and services or the development of new businesses models.

Table 4. Fee Income – R$ million

	3Q19	2Q20	3Q20	Chg. % On 3Q19	Chg. % On 2Q20	9M19	9M20	Chg. % On 9M19
Fee Income	**7,466**	**6,965**	**7,281**	**(2.5)**	**4.5**	**21,701**	**21,313**	**(1.8)**
Checking Account	1,987	1,923	1,821	(8.4)	(5.3)	5,754	5,662	(1.6)
Asset Management	1,733	1,675	1,699	(2.0)	1.4	4,870	5,095	4.6
Insurance, P. Plans and Premium Bonds	970	891	1,078	11.2	21.0	2,740	2,939	7.3
Credit/Debit Cards	499	519	528	5.6	1.6	1,559	1,532	(1.7)
Loan Fees	461	405	439	(4.8)	8.3	1,360	1,191	(12.4)
Collections	346	310	360	4.1	16.3	980	1,010	3.1
Consortium	308	298	388	26.0	30.1	895	1,014	13.2
Billings	276	224	235	(15.1)	4.9	834	721	(13.6)
Subsidiaries Abroad	143	179	187	30.3	4.1	474	528	11.5
Contract Processing	132	147	150	13.4	2.0	457	463	1.4
Capital Market	231	127	143	(38.2)	12.6	693	355	(48.8)
Nat. Treasury and Manag. of Official Funds	110	97	94	(14.7)	(2.9)	313	290	(7.3)
Foreign Exchange Services	92	73	67	(27.1)	(8.9)	278	225	(19.0)
Other	177	96	93	(47.5)	(3.5)	494	287	(41.9)

Despite this scenario, in the nine months comparison, the asset management, insurance, pension plans and premium bonds and consortium segments performed well. The following are the main reasons for such performances.

Regarding the asset management fees, the 4.6% growth recorded, despite the repricing of investment funds, was due to the 11.7% increase in the AuM.

The 7.3% growth in "Insurance, Pension Plans and Capitalization" is explained by the good commercial performance of BB Seguros in rural, credit life and life insurance, as well as in the collection of premium bonds. In addition, highlight to the amount of R$371.3 million with the performance bonus in 9M20, 37.7% up compared to the same period in 2019 (R$269.7 million).

In the consortium segment, the 13.2% growth can be explained by the sale of more than 329 thousand new consortium quotas in the first nine months of 2020, with a turnover of R$10.4 billion, 1.6% up in relation to 9M19. Regarding the new quotas sold, it is important to highlight that after a cooling in 2Q20 (34.9 thousand), the quantity sold in 3Q20, 140.2 thousand, practically returned to the same level registered in the first quarter of 2020 (154.5 thousand).

In the QoQ comparison (3Q20/2Q20), insurance, pension plans and premium bonds fees stood out, 21.0% up, especially due to the good performance in sales of pension plans and premium bonds products, benefited by the commercial actions carried out in BB service network, such as *Semana Brasil* and *Semana do Cliente*, in addition to the launch of the new products portfolio for individuals in September.

Other highlights in the QoQ comparison were consortium operations, 30.1% up, benefited by the 302.2% increase in the sale of new quotas, and in capital market operations, 12.6% growth, due to the resumption of public offerings from the end of May 2020 and the reopening of the bond market, which remained closed until June this year.

In YoY comparison (3Q20/3Q19), pension plans and premium bonds fees stood out, an increase of 11.2%, due to the evolution in sales of rural insurance, and the growth of credit life insurance, influenced by the credit expansion. The consortium segment also performed well in the same comparison, registering a 26% increase.

In relation to the checking account fees, it is worth mentioning that BB has a product called "*Clube de Benefícios*", where the customer pays a monthly fee and has access to financial and non-financial services, in addition to several benefits. Due to the product specific characteristics, its revenues are accounted for in "Other Operating Income". For comparison, in 3Q20, the amount collected with this product was R$123.1 million.

Administrative Expenses and Cost-to-Income Ratio

Personnel expenses decreased by 0.4% in the QoQ comparison. It is worth mentioning that in the previous quarter (2Q20) there were residual expenses of R$56.7 million, accounted for in "Benefits" line, as a result of the agreement signed between Banco do Brasil and Cassi in 2019 (bylaws amendment). Disregarding this effect, the quarterly variation would be positive by 0.7%. Another factor that contributed to the personnel expenses control in the QoQ comparison was the Performa Program.

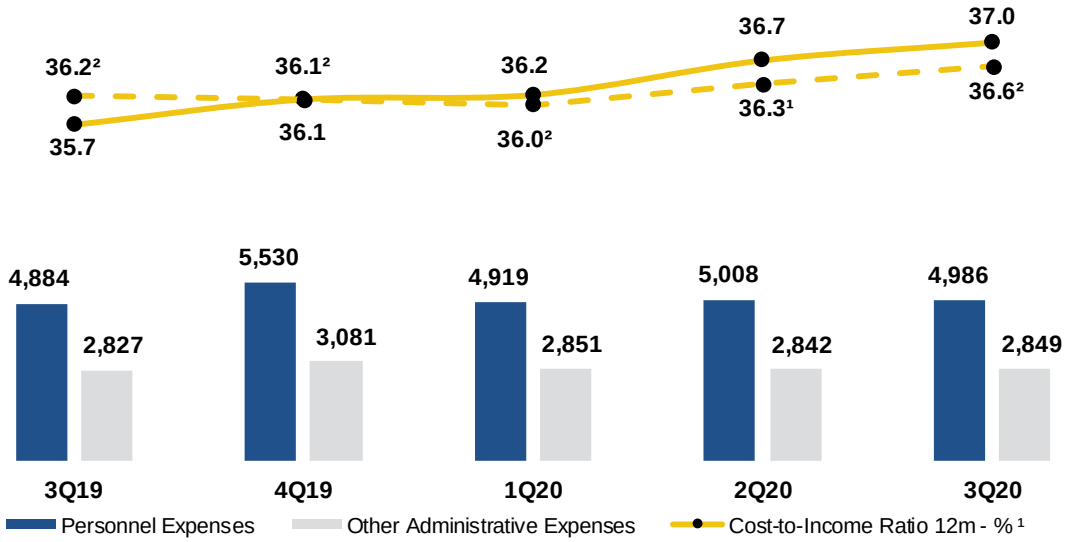
In the nine months comparison, the highlight was the 1.7% growth, below the accumulated inflation in 12 months (3.14%). The factors that contributed to this performance were: (a) reduction of the workforce by 1,766 employees, due to natural dismissal, and (b) the new personnel movements that occurred since February 3, 2020, the launch date of the Performa Program, with the respective salaries aligned to the new employee compensation scheme.

Other administrative expenses were flat (+0.2%) in the QoQ comparison. This performance was influenced by the 17.4% decrease observed in security and transport services, due to two reasons: (a) cash transportation expenses reduction, due to the concentration of emergency benefits paid in 2Q20 and (b) dissolution of the partnership with Correios (Brazilian Post Office) in June 2020.

The 0.8% growth in the YoY comparision was influenced by the reduction in advertising campaign expenses and also by the decrease in cash transportation expenses.

In the 9M20/9M19 comparison, the 3.5% increase is mainly explained by the following factors: (a) increase of R$42.5 million in expenses with cash transportation due to the events resulting from the pandemic, (b) R$92 million related to the acquisition of furniture, equipment and data processing systems, (c) an increase of R$60 million due to the expansion of the target audience of the Performa Program, which rewards employees with better performance, and (d) an extra transfer of R$30 million to FBB for education projects with children and youth.

Figure 3. Administrative Expenses – R$ million



(1) Cost-to-Income ratio: Administrative Expenses/Operating Revenues. Data from Income Statement with Reallocations.
(2) It considers the complementary contribution related to Cassi's (BB employees' healthcare plan) bylaws amendment.

BB follows its expenses very closely, and the current scenario has accelerated studies to transform the way we work and serve our clients.

One of the main innovations is Flexy BB, which will optimize the occupation of corporate environments, bringing a new work model, from home office options, while adding real estate efficiency, such as more rational use of spaces.

Added to these movements are the new Job and Salary Plan and the new performance compensation model (Performa), announced via Information to the Market on February 03, 2020, which should begin to demonstrate efficiency gains, as the natural turnover of employees and the strengthening of the high performance culture occur.

In addition, energy efficiency measures such as distributed power generation, use of photovoltaic plants and the use of the Internet of Things (Iot) are planned which, in the next five years, will be fundamental to reduce the impacts of our operation on the environment and also to generate efficiency for our business.

In March 2020, we inaugurated our first solar power plant in the form of distributed generation. In October, the second plant was inaugurated and another 5 plants are scheduled for the coming months. The two projects in operation have a combined installed capacity of 6 MW, generating 15 GWh/year and will guarantee the supply of renewable energy to 141 branches. Both projects will enable an average reduction of 45% in the energy bill of our branches and will contribute to the diversification of the renewable energy matrix in Brazil. When all the plants are in operation, 3,150 tons of carbon dioxide will no longer be emitted per year, which corresponds to the planting of about 21 thousand trees.

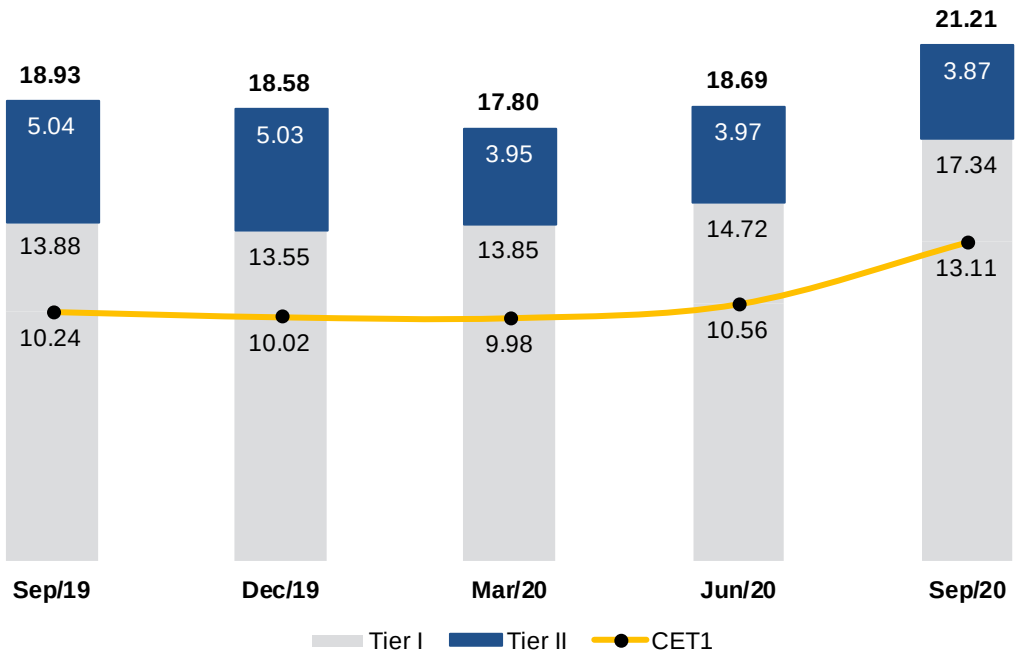
The sum of the three efficiency and sustainability actions mentioned will bring net savings of R$3.3 billion by 2025.

BIS Ratio

Banco do Brasil has a three-year prospective Capital Plan and considers (a) the Declaration of Risk Appetite and Tolerance, (b) the Corporate Strategy and (c) the Corporate Budget.

In September/20, the BIS Ratio was 21.21% and the Tier I was 17.34%, being 13.11% of Common Equity Tier 1 (CET1). In addition, following the Risk Appetite Statement and Capital Plan, a minimum CET1 of 11% is defined as of January 2022.

Figure 4. BIS Ratio – %



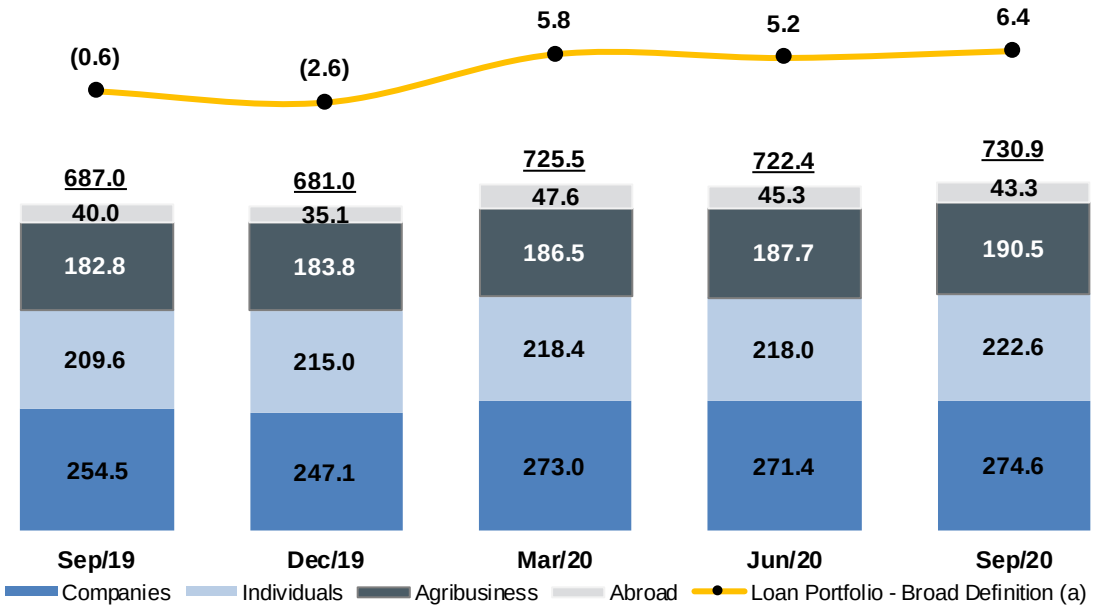
Loan Portfolio

In the annual comparison, there was growth in the loan portfolio expanded view (+6.4%), with emphasis on retail and agribusiness operations. Thus, the individual portfolio (+6.2%) grew, mainly due to the positive performance in payroll loan (+15.2%). In companies, the operations with SME (+17.9%) stood out, justified mainly by the disbursements of R$6.2 billion in the loan line supported by the National Program of Support to Micro and Small Enterprises (Pronampe). In agribusiness, the highlight is rural loan (+5.3%).

In the same period of comparison, the corporate segment (-2.3%), Agribusiness loans to companies (15.1%) and agricultural selling (-46.3%) showed a reduction. The agricultural selling line can be explained by the high price of agricultural products, making the sale of the products more attractive to the market, in detriment to the storage.

Over June/20 (+1.2%), highlight to the return of the individuals credit card line growth (13.0%) and the SME working capital growth (+24.1%), in addition to the 1.8% increase in the rural portfolio.

Figure 5. Loan Portfolio – Expanded View – R$ million



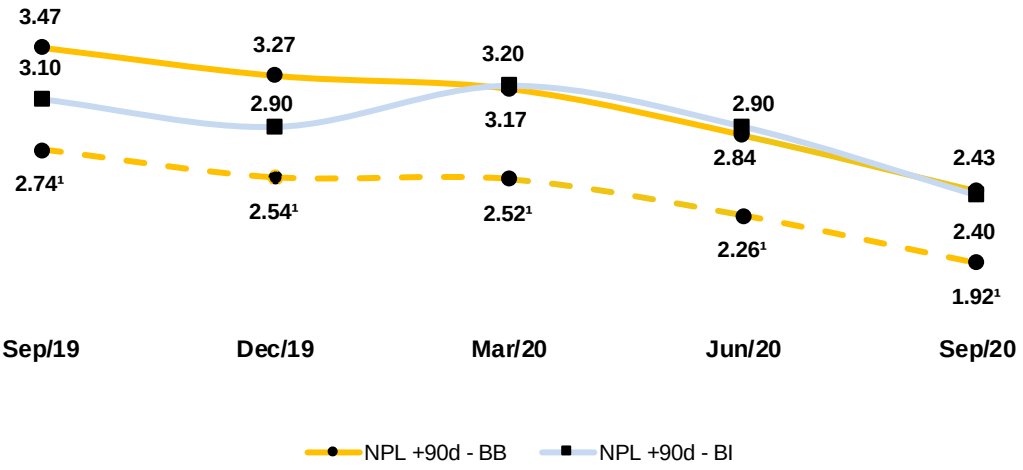
(1) The agribusiness loan portfolio expanded view was revised as of december/18 to include the balance in the CDCA portfolio.

Credit Quality

The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), was 2.43% in September/20, a decrease comparing to June/20. Excluding a specific case the NPL +90d would have been 1.92%.

The NPL's reduction in the quarter was influenced by the actions BB implemented to support customers in the current scenario by adjusting its financial commitments with extensions.

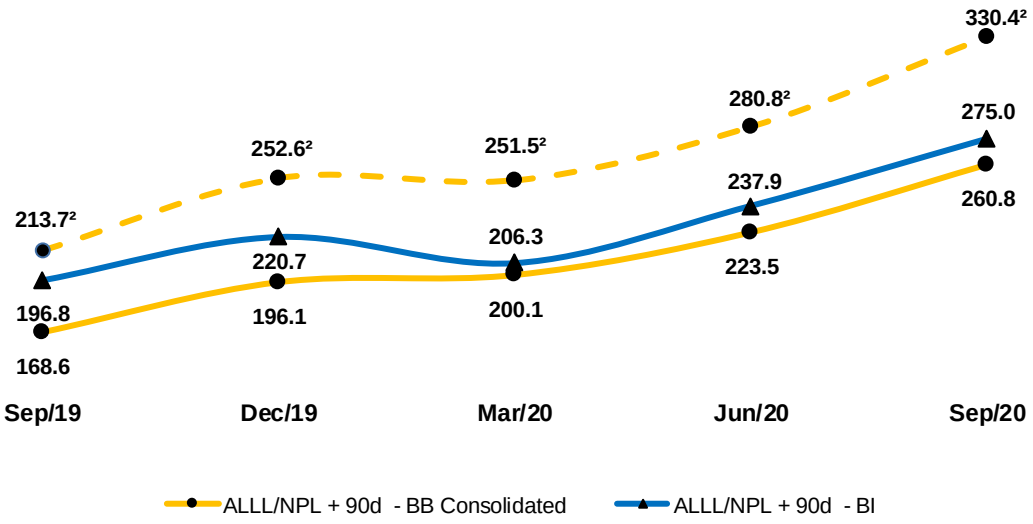
Figure 6. NPL +90 days – %



(1) Ex specific case.

The Bank maintains coverage compatible with the risk profile of its portfolio. The coverage index was 260.8% in September/20. Excluding a specific case the index would have been 330.4%.

Figure 7. Coverage[1] – %



(1) Ratio between the total balance of the provision and the balance of operations more than 90 days overdue.
(2) Ex-specific case.

Table 5. Coverage by Segment – %

	Sep/19	Dec/19	Mar/20	Jun/20	Sep/20
Individuals	**177.8**	**199.4**	**199.2**	**209.4**	**250.0**
Companies	**202.3**	**261.7**	**283.8**	**323.0**	**416.6**
Companies ex specific case	259.5	354.1	372.3	397.7	483.0
Agribusiness	**109.5**	**117.2**	**114.8**	**141.8**	**146.2**
Agribusiness ex specific case	210.6	215.9	201.9	277.9	312.8

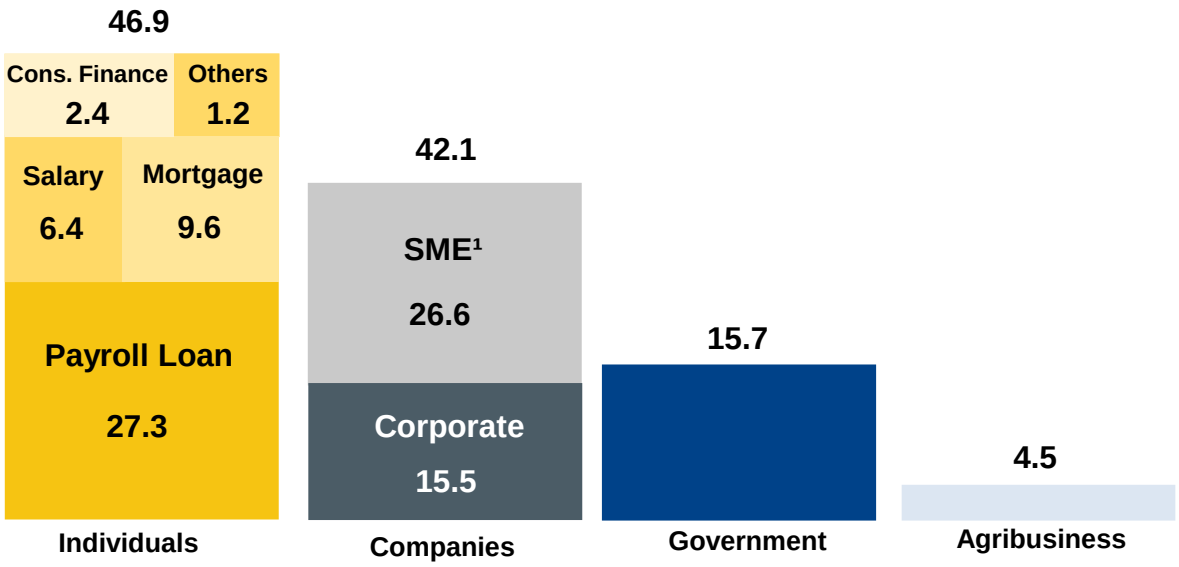
Support to customers in times of pandemic

Faced with the uncertainties brought about by the new coronavirus pandemic (Covid-19), Banco do Brasil has acted to provide our customers with serious, fast and safe support, while at the same time strengthening our commitment to society, based on actions that aim to support the country to overcome this difficult moment.

Extended Portfolio

The balance of the extended portfolio was R$109.2 billion in September/20 which represents 17.3% of the domestic loan portfolio, in more than 2.4 million operations. Of this amount, 95.0% of the operations have a rating between AA and C and 97.8% of the transactions had no history of overdue in the last 12 months. In addition, 64.6% have guarantees and mitigators. The average relationship time of the customers who extended operations is 17.4 years.

Figure 8. Composition of the Expanded Loan Portfolio – R$ billion



(1) 81.4% of the balance with companies of higher resilience. Calculated from the Resilience Matrix, which combines the Sector View with the Credit Risk Sensing.

The potential impacts on the credit portfolio are assessed and monitored, considering the peculiarities of the various segments and credit lines, and we have adopted proactive measures for risk and capital management. We work to preserve the continuity of our operations and the long-term sustainability of our company and our relationship with our customers.

Corporate Sustainability

The sustainability theme has been part of BB's corporate strategy for many years. Some major milestones stand out, such as the foundation of the BB Foundation in 1985 and Banco do Brasil's adherence to the green protocol in 1995. The work of the last 25 years has allowed the organization to be placed in the most relevant corporate sustainability indexes, in addition to several recognitions on a global level.

Figura 9. ASG Timeline

Sustainability Plan - Agenda 30 BB

Our actions have been guided by the Sustainability Plan for 15 years, which more recently came to be called Agenda 30 BB, in line with the United Nations (UN) Sustainable Development Goals (SDGs). Bearing in mind the international scenario and the direction taken by the financial sector, through this instrument we have contributed to the sustainable development agenda and to the perpetuity of our business

In its seventh version, such Plan has 50 actions and 86 indexes linked to 21 challenges, which positively impact the global sustainable development agenda. We are currently in the process of defining and prioritizing the relevant topics in corporate sustainability that will guide BB's sustainability management and reporting in the coming years. This process is built through surveys with the Bank's stakeholders, bringing more consistency to the process.

Framework de Finanças Sustentáveis

We have structured our sustainable finance model, which allows the Bank to access the debt securities market categorized as sustainable. The model is unprecedented in the Brazilian financial system, as it was designed to provide for, in addition to the financing categories with an environmental (green) and social impact, the SLLP (sustainable linked loan) and SLBP (sustainable linked bond) standards, which link the compensation on capital due to the positive performance in ASG indicators by the requesting institution. Some examples of indicators are: Diversity in the composition of the board, the amount of renewable energy used by the institution and sustainability goals for the coming years.

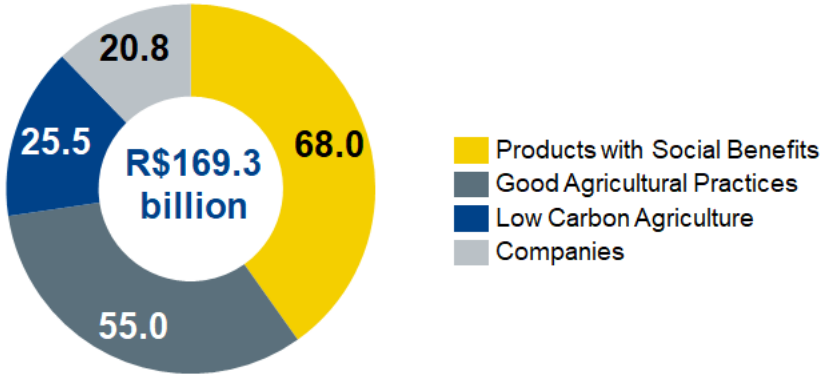
The construction of this model started with the Technical and Financial Cooperation Agreement between Banco do Brasil and the Inter-American Development Bank (IDB), and had the technical support of consulting company Sitawi Finanças do Bem. The model was revised by Sustainalytics, one of the main independent companies in the world of Second Party Opinion (SPO), which adds more strength to the model, following a set of international standards and guidelines.

The approved model is supported by BB's broad sustainable portfolio, especially projects that use systems deemed by low carbon agriculture as eligible assets.

Sustainable Business Portfolio

Based on a methodology developed by the Brazilian Federation of Banks (Febraban), which deals with the measurement and identification of funds allocated to sectors of the Green Economy, BB's portfolio of sustainable business recorded a balance on September/2020. It is made up of credit and loan operations for the sectors of renewable energy, energy efficiency, construction, sustainable transport and tourism, water, fishing, forestry, sustainable agriculture and waste management. In addition, to foster an inclusive economy, this portfolio considers areas of a social nature, such as: education, health and local and regional development. The volume of resources was intended to clients in all segments, such as Individuals (Retail and Private), companies of different sizes (MPE, Corporate, Wholesale) and for the Public Sector.

Figura 10. Structure of Sustainable Business Portfolio



Digital Strategy

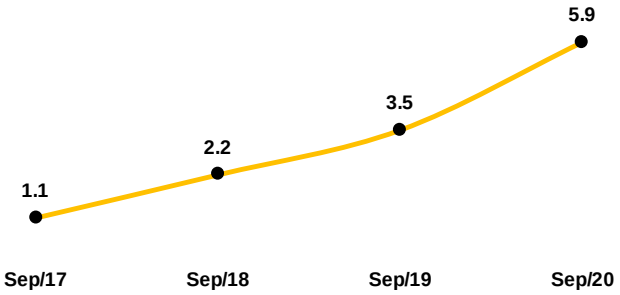
Investments in technology and the focus on digital transformation in recent years have proved to be fundamental in the current scenario. For the next three years, additional investments of R$2.3 billion in technology and analytics, in order to offer our customers new experiences with more practical, safe and quick options in the digital world.

We believe that being present and interconnected in all channels, physical and digital, helps fully meet the demands of our clients. For this reason, the strategy of optimizing digital channels (Opt-channel) is essential in the centrality of the client, taking the Bank to the client wherever it is, improving our perception of presence and providing a greater delivery of value to the client.

We reached 19.5 million digital customers, while transactions carried out through the internet and mobile service channels represented 86.7% of transactions carried out by our customers.The BB App remained one of the best rated in the financial industry with a rating of 4.7 on Google play (the rating has already been assigned by more than 2.4 million users) and 4.7 in the Apple Store (rated by more than 1.8 million users). The maximum score is 5.

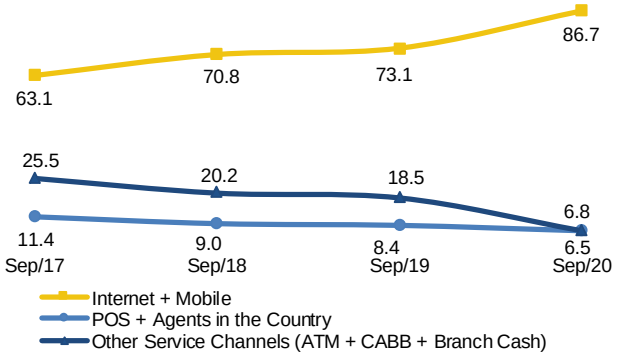
The number of native digital clients, who started their relationship with BB, through digital channels, grew by 69.4% in 12 months and 14.4% in the quarter. Of these clients, 80.7% are under 40 years old.

Figure 11. Native Digital Clients – Million



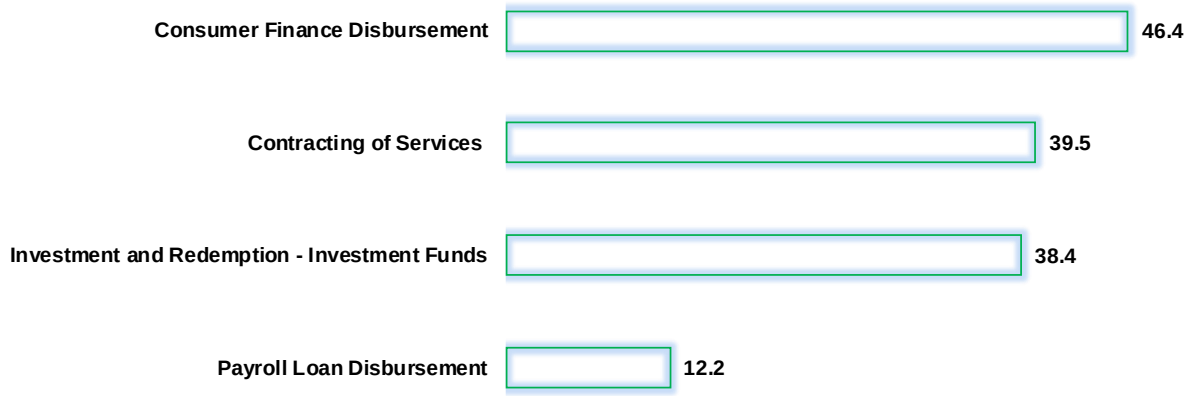
In September/20, internet and mobile service channels represented 86.7% of transactions carried out by Banco do Brasil customers.

Figura 12. Transactions by Service Channel - %



Digital channels (internet and mobile) accounted for 46.4% of disbursements in consumer loans, 12.2% in payroll loans, 38.4% of investments and redemptions in investment funds and 39.5% in the number of transactions in services (checking accounts, service packages, investment funds, cards, premium bonds, insurance and consortium).

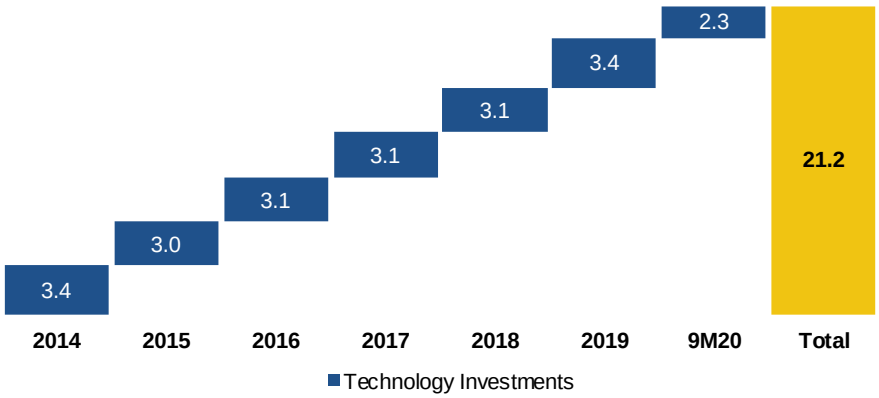
Figure 13. Digital Channels Participation in Banking Operations – %



Investments in Technology

Banco do Brasil consistently invests in technology to improve operational efficiency, reduce operating losses, expand businesses and improve client service. From 2014 to 3Q20, investments totaled R$21.2 billion. The following figure sets forth the annual series of the total invested.

Figure 14. Technology Investments – R$ billion



Open Banking

In addition to meeting regulatory requirements, which determine the sharing of data, products and services, Open Banking brings opportunities to distribute its own products and services in third-party channels, with a focus on expanding digital capillarity, and also offering third-party products and services in the company's own channels, focusing on the client's experience. In general, this opening broadens the frontiers of operations, bringing more competitiveness, but also allowing offers with greater added value. To allow better experience and efficiency in connection with the digital ecosystem, we have expanded our portfolio of APIs and created, on the Developer Portal, an environment for testing before contracting.

PIX

Pix is an Instant Payment System created by the Central Bank of Brazil, in which transfers and payments are made in seconds, 24 hours a day, 7 days a week. With it, Brazil will reduce the manufacture of paper money, the issuance of slips and the transfer charges. In other words, Pix is more sustainable for you and for everyone. We are the first bank to meet the regulator's requirements.

For companies, BB is prepared for the changes that will be brought with solutions that will meet the needs of customers, as in the collection system, where the payment reconciliation factor is fundamental and may be connected with logistics and distribution in the trade. electronic, for example. The Bank has also developed APIs for all cash management products so that accounts payable and receivable are adapted to the instant payment system, bringing new business possibilities and customer loyalty.

We are the first bank to meet the regulator's requirements. For the Public Sector, we are developing collection solutions that incorporate the use of Pix in the payment of taxes, fines and different fees. With the novelty, public managers will be able to expand the offer of the currently available collection channels, without the need for new investments.

We are prepared to serve our clients safely, quickly and cost-effectively. Further information is available at www.bb.com.br/pix.

LGPD – Privacidade e Proteção de Dados Pessoais

Banco do Brasil believes in respect for privacy and assurance of the protection of personal data as one of the guidelines for the exercise of its activities and for the constant development of society's well-being, allowing us to generate services of higher quality, relevance and with even more transparent processes. These factors are protagonists in the current growth dynamics of digital businesses, since people seek to prioritize companies committed to a fair and sustainable relationship.

In view of the General Law on Data Protection (LGPD), effective as of 09/18/20, one of our challenges is to make clients recognize their rights, providing clarity regarding the policies for the use of information and its content. Our decision was to provide clear information in a friendly and accessible interface, including mobile applications, so that the holders know their data and can exercise their rights. Both in BB App and in our Internet Banking, through the option "my privacy", any holder accesses its personal data, consults about the treatments performed on behalf of the bank's services and requests the document for data portability, for example.

Awards and Recognitions

Achieving positive social and environmental impacts, associated with profitability in the management of activities and businesses, is part of our actions, and the recognitions received show that we are on the right path.

In 2020, we were recognized, for the second year in a roll, as one of the most sustainable financial companies in the world by the Corporate Knights Global 100 Ranking, in an announcement made at the World Economic Forum in Davos, Switzerland. We were the only financial company in Latin America to be included in the index in 2020 and the most sustainable financial company in the world in 2019. And, for the first time, we have received the "AA" rating from Morgan Stanley Capital International (MSCI) ESG Rating, with emphasis on topics related to talent management, cybersecurity and risk management.

We received the Gold Class award at The Sustainability Yearbook 2020, released by S&P Global and RobecoSAM AG. The Sustainability Yearbook is one of the most comprehensive worldwide publications on corporate sustainability. Banco do Brasil was also considered an Industry Mover, as it presented a significant improvement in its performance, compared to the previous year, which shows BB's strong commitment to the theme and the generation of value for shareholders in the long term.

We also take part of international and national sustainability indexes, such as the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange, the FTSE4Good Index Series of the London Stock Exchange, and the Corporate Sustainability Index (ISE) of B3. In 2019, we returned to the DJSI "World" portfolio, reaching the second position in the "Banks" sector. We also emphasize the maintenance of our commitment to the actions set out in our Sustainability Plan and with the 10 Principles of the Global Treaty.

For the second consecutive year, we received the "Most Innovative Bank in Latin America" award from Global Finance magazine, with the solution developed in Google Assistant. The Innovators 2020 award, offered by the magazine, recognizes the most innovative financial institutions in the world.

We reached first place for the second consecutive year in the Central Bank's Top 5 Annual – 2019 Ranking, in the "IGP-M Annual Medium Term" category. And second place in the category "Exchange Rate – Annual Short Term".

We have received the Top Employers Certification because we are among the best employers in 119 countries, according to the Top Employers Institute (TEI), which evaluates personnel management practices and policies.

We were recognized as the Best Bank in Brazil in 2020 by Euromoney magazine, one of the most important awards in the international financial industry.

We were recognized in several categories in the commemorative 50th anniversary award of the Top 1000 World Banks ranking - NEW performance ranking, by The Banker magazine (Financial Times group).

We were selected as one of the ten best Brazilian initiatives in the digital universe in the Digital Banks category for the iBest 2020 Award, which is the most important award on the internet in Brazil. BB Digital is a set of solutions offered to our clients for remote service.

We were the highlight in two categories of the ClienteSA Award, the main recognition of the best practices in client management in Latin America. Our SAC was the winner in the “Leader in Visionary Project” category and our External Ombudsman also received an award, in the “Integration Project” category, for presenting training programs and conflict resolution tools used by branches and that strengthen the role of employees in the relationship with and trust by clients.

For the fifth time, we have won the Top of Mind of HR, an award that recognizes the companies most remembered by the human resources community in a spontaneous voting. Banco do Brasil Corporate University (UniBB) was the highlight in the Corporate Education/e-Learning category. This year, we reached 55 years of corporate education, of which 18 years of UniBB.

The Federal Court of Accounts (TCU) granted BB a general adequacy level of excellence after completion of work related to the adaptation of federal state-owned companies to Law 13,303/2016 (State-Owned Companies Law). The assessment conducted by TCU analyzed dimensions considered to be structuring in the State-Owned Companies Law: public interest and social function of the company; compliance and risk management; transparency and bids and contracts; and corporate governance. Twenty federal state-owned companies were evaluated within 4 possible classifications: excellence, superior, sufficient and insufficient. BB was the only state-owned company in the financial sector to achieve the classification of general adequacy of excellence.

Material Facts and Information to the Market

Appointment CEO Banco do Brasil

Banco do Brasil announced by means of a Material Fact on September 22, 2020, appointed Mr. André Guilherme Brandão as Chief Executive Officer of Banco do Brasil.

André Guilherme Brandão is 55 years old and graduated in System Analysis from Mackenzie University in São Paulo, Brazil. André has 34 years of experience in the financial market. He worked at HSBC for more than 20 years in different positions, including as the head of GBM Americas and Europe. He was also the CEO of HSBC Broke Dealer in the US and CEO of HSBC Brazil. Previously, he worked at Citibank as the head of Product Structuring.

Partnership BB and UBS

Banco do Brasil announced by means of a Material Fact on September 30, 2020, that BB-Banco de Investimento SA (“BB-BI”), its wholly-owned subsidiary, and UBS AG (“UBS”) settled, on this date, the definitive documents for the strategic partnership to operate in investment banking and securities brokerage activities in the institutional segment in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay, after fulfilling all the precedent conditions for the closing of the transaction, under the regulatory and contractual aspects.

2020 Guidance has been suspended

The 2020 guidance remain suspended due to the high volatility and uncertainty resulting from the pandemic of the new-coronavirus (COVID-19), which has required frequent updates of scenarios and assumptions, making it difficult to construct accurate estimates.

1 – Financial Statements

Banco do Brasil changed the presentation of its management balance sheet and its income statement with reallocations that is presented in the management documents in order to reflect the changes made in the Financial Statements of the first half of 2020.

The general criteria for preparing and disclosing the financial statements were changed as of 01.01.2020, in compliance with the provisions of CMN Resolution 4,720/2019, its complementary regulations and Circular Bacen 3,959/2019.

The previously constituted series will continue to be presented until 4Q20 in the historical series document and then discontinued, given that the new historical series, with adjustments due to CMN Resolution 4,720/2019, will have completed eight recovery periods.

1.1. Balance Sheet

Table 6. Balance Sheet – Total Assets, Total Liabilities and Shareholder's Equity – R$ million

	Dec/19	Sep/20	Chg. (%) on Dec/19
Total Assets	**1,481,095**	**1,769,923**	**19.5**
Cash and Cash Equivalents	**71,936**	**77,891**	**8.3**
Financial Assets	**1,348,976**	**1,630,970**	**20.9**
Central Bank Compulsory Reserves	65,124	62,217	(4.5)
Interbank Investments	367,713	537,422	46.2
Securities	202,121	254,600	26.0
Derivative Financial Instruments	821	5,179	–
Loan Portfolio	621,345	668,036	7.5
Other Financial Assets	91,853	103,517	12.7
(Allowance for Losses Associated with Credit Risk)	**(41,995)**	**(44,935)**	**7.0**
(Loan Portfolio)	(39,800)	(42,350)	6.4
(Other Financial Assets)	(2,195)	(2,585)	17.8
Tax Assets	**68,836**	**69,315**	**0.7**
Current Tax Assets	9,373	9,205	(1.8)
Deferred Tax Assets (Tax Credit)	59,463	60,109	1.1
Investments	**14,959**	**15,489**	**3.5**
Property for Use	**7,883**	**7,925**	**0.5**
Intangible	**5,921**	**6,366**	**7.5**
Other Assets	**4,580**	**6,901**	**50.7**
Total Liabilities and Shareholder's Equity	**1,481,095**	**1,769,923**	**19.5**
Financial Liabilities	**1,286,177**	**1,568,688**	**22.0**
Customer Resources	485,002	569,872	17.5
Financial Institutions Resources	512,690	672,312	31.1
Funds from Issuance of Securities	206,331	215,588	4.5
Derivative Financial Instruments	962	5,012	–
Other Financial Liabilities	81,192	105,904	30.4
Provisions	**30,735**	**31,660**	**3.0**
Provisions for Tax, Civil and Labor Claims	25,480	26,240	3.0
Other Provisions	5,255	5,420	3.2
Tax Liabilities	**12,571**	**13,663**	**8.7**
Current Tax Liabilities	10,501	10,647	1.4
Deferred Tax Liabilities	2,070	3,016	45.7
Other Liabilities	**43,048**	**33,578**	**(22.0)**
Shareholder's Equity	**108,565**	**122,334**	**12.7**
Capital	67,000	90,000	34.3
Instruments Qualifying as Common Equity Tier 1 Capital	8,100	8,100	–
Capital Reserves	1,366	1,400	2.4
Revaluation Reserves	2	2	(5.2)
Profit Reserves	53,815	34,591	(35.7)
Other Comprehensive Income	(23,282)	(16,932)	(27.3)
Retained Earnings/Accumulated Losses	–	3,039	–
(Treasury Shares)	(340)	(281)	(17.4)
Non-controlling Interest	1,904	2,415	26.9

1.2. Income Statement with Reallocations

Table 7. Income Statement with Reallocations – Quarterly Flow – R$ million

	3Q19	2Q20	3Q20	Chg. (%) on 3Q19	Chg. (%) on 2Q20
Net Interest Income (1) (2) (3) (6) (9) (13) (14) (15) (22) (23) (24) (25) (26)	**13,557**	**14,541**	**14,017**	**3.4**	**(3.6)**
ALLL Expanded View	**(3,920)**	**(5,907)**	**(5,508)**	**40.5**	**(6.8)**
ALLL - Recovery of Write-offs (22) (23)	1,721	1,591	2,283	32.6	43.5
ALLL - Credit Risk	(5,037)	(5,943)	(6,575)	30.5	10.6
ALLL - Discount Granted (24)	(307)	(211)	(244)	(20.8)	15.5
ALLL - Impairment (22) (25) (26)	(296)	(1,344)	(973)	–	(27.6)
Net Financial Margin	**9,637**	**8,634**	**8,509**	**(11.7)**	**(1.5)**
Other Operating Income/Expenses	**(1,185)**	**(2,704)**	**(2,254)**	**90.1**	**(16.6)**
Service Fee Income	7,466	6,965	7,281	(2.5)	4.5
Personnel Expenses (20) (27)	(4,884)	(5,008)	(4,986)	2.1	(0.4)
Other Administrative Expenses (7) (8) (17)	(2,827)	(2,842)	(2,849)	0.8	0.2
Net Gains from Equity Method Investments	1,028	721	782	(23.9)	8.4
PREVI - Plano de Benefícios 1 (4)	(61)	(140)	(123)	–	(12.2)
Previ - Fundo Utilização Restatement (5)	134	94	271	–	–
Taxes (2)	(1,071)	(1,329)	(1,347)	25.7	1.3
Other Income/Expenses (4) (5) (6) (7) (8) (13) (14) (15) (21) (22) (24)	(971)	(1,165)	(1,282)	32.0	10.1
Provisions	**(2,098)**	**(878)**	**(944)**	**(55.0)**	**7.5**
Tax, Civil and Labor Claims (10) (11) (12)	(2,167)	(774)	(810)	(62.6)	4.6
Other Provisions	69	(103)	(134)	–	29.5
Operating Income	**6,353**	**5,052**	**5,311**	**(16.4)**	**5.1**
Net Non-Operating Income (18)	**45**	**67**	**43**	**(3.6)**	**(36.2)**
Profit Before Taxation and Profit Sharing	**6,398**	**5,120**	**5,354**	**(16.3)**	**4.6**
Income Tax and Social Contribution (3) (16) (22) (28)	**(850)**	**(967)**	**(992)**	**16.7**	**2.6**
Statutory Profit Sharing (29)	**(584)**	**(426)**	**(442)**	**(24.3)**	**3.7**
Non-Controlling Interests (19)	**(421)**	**(416)**	**(438)**	**4.2**	**5.4**
Adjusted Net Income	**4,543**	**3,311**	**3,482**	**(23.3)**	**5.2**
One-Off Items	**(287)**	**(102)**	**(397)**	**38.6**	**–**
Economic Plans (9) (10)	(993)	(198)	(579)	(41.7)	–
Extraordinary Provision (11)	11	0	2	(84.9)	–
Provision Legal Law suits – Adjustment of Parameters (12)	–	–	–	–	–
Tax Credit (16)	–	–	–	–	–
Sales of Investment - IRB-Brasil Resseguros S.A. (17) (18) (19)	2,733	–	–	–	–
Staff Adequacy Program (20)	(250)	–	–	–	–
Intangible Assest Impairment (21)	(983)	–	–	–	–
Securities Impairment (22)	(853)	–	–	–	–
Lump-sum Bonus - Staff Agreement 2020-2021 (27)	–	–	(189)	–	–
Tax Eff. and Stat. Prof. on One-Off Items (28) (29)	49	95	370	–	–
Net Income	**4,256**	**3,209**	**3,085**	**(27.5)**	**(3.9)**

Each index presented above corresponds to the event item in the "Reallocations and One-Off Items Breakdown" table.

Table 8. Income Statement with Reallocations – Accumulated Flow – R$ million

	9M19	9M20	Chg. (%) on 9M19
Net Interest Income (1) (2) (3) (6) (9) (13) (14) (15) (22) (23) (24) (25) (26)	**39,465**	**42,563**	**7.8**
ALLL Expanded View	**(11,459)**	**(16,953)**	**47.9**
ALLL - Recovery of Write-offs (22) (23)	4,941	5,459	10.5
ALLL - Credit Risk	(14,944)	(18,994)	27.1
ALLL - Discount Granted (24)	(781)	(723)	(7.4)
ALLL - Impairment (22) (25) (26)	(674)	(2,695)	–
Net Financial Margin	**28,006**	**25,609**	**(8.6)**
Other Operating Income/Expenses	**(3,186)**	**(7,260)**	**–**
Service Fee Income	21,701	21,313	(1.8)
Personnel Expenses (20) (27)	(14,671)	(14,913)	1.7
Other Administrative Expenses (7) (8) (17)	(8,255)	(8,542)	3.5
Net Gains from Equity Method Investments	3,067	2,171	(29.2)
PREVI - Plano de Benefícios 1 (4)	111	(403)	–
Previ - Fundo Utilização Restatement (5)	602	527	(12.4)
Taxes (2)	(3,577)	(3,878)	8.4
Other Income/Expenses (4) (5) (6) (7) (8) (13) (14) (15) (21) (22) (24)	(2,164)	(3,534)	63.3
Provisions	**(6,451)**	**(2,694)**	**(58.2)**
Tax, Civil and Labor Claims (10) (11) (12)	(6,512)	(2,447)	(62.4)
Other Provisions	60	(247)	–
Operating Income	**18,369**	**15,655**	**(14.8)**
Net Non-Operating Income (18)	**99**	**157**	**58.8**
Profit Before Taxation and Profit Sharing	**18,469**	**15,813**	**(14.4)**
Income Tax and Social Contribution (3) (16) (22) (28)	**(2,272)**	**(3,116)**	**37.1**
Statutory Profit Sharing (29)	**(1,733)**	**(1,304)**	**(24.7)**
Non-Controlling Interests (19)	**(1,241)**	**(1,204)**	**(3.0)**
Adjusted Net Income	**13,222**	**10,189**	**(22.9)**
One-Off Items	**(754)**	**(690)**	**(8.5)**
Economic Plans (9) (10)	(2,004)	(1,127)	(43.7)
Extraordinary Provision (11)	34	3	(90.7)
Provision Legal Law suits – Adjustment of Parameters (12)	(1,579)	–	–
Tax Credit (16)	1,034	–	–
Sales of Investment - IRB-Brasil Resseguros S.A. (17) (18) (19)	2,733	–	–
Staff Adequacy Program (20)	(250)	–	–
Intangible Assest Impairment (21)	(983)	–	–
Securities Impairment (22)	(853)	–	–
Lump-sum Bonus - Staff Agreement 2020-2021 (27)	–	(189)	–
Tax Eff. and Stat. Prof. on One-Off Items (28) (29)	1,114	623	(44.1)
Net Income	**12,468**	**9,498**	**(23.8)**

Each index presented above corresponds to the event item in the "Reallocations and One-Off Items Breakdown" table.

1.2.1. Reallocations Breakdown

The adjustments made to the Income Statement to obtain the Income Statement with Reallocations are detailed in this chapter. The purpose of these adjustments was to:

a) Separate the one-off items and show the adjusted net income for the period.

b) Change incomes and expenses' display in order to provide a better understanding of the business and the company's performance.

c) Allow Net Interest Income (NII) recorded during the period to effectively reflect the gain from all earning assets, informing the market on the spread achieved from the ratio of this margin by the average balance of earning assets. For this, it was necessary to:

I. include in NII the income recorded in other operating Income with financial intermediation characteristics that was derived from the earning assets recorded under other receivables in the balance sheet;

II. Identify in a specific NII item the foreign exchange gains (losses) on assets and liabilities abroad during the period;

III. maintain the amounts related to negative foreign exchange adjustments and expenses reversal that were recorded in other operating income and/or other operating expenses to avoid inverting the balance of accounts that have a financial intermediation nature;

IV. include in NII all expenses related to subordinated debt and perpetual securities.

d) highlight the credit cost' related effects in Allowance for Loan and Lease Losses (ALLL) Extended View. For this, it was necessary to integrate (in specific ALLL Expanded View's items):

I. expenses recorded in allowance for loan and lease losses;

II. revenues related to the recovery of loans previously written-off as loss, originally recorded in loans income;

III. losses related to the impairment of financial assets, gain (losses) on sale or transfer of financial assets and, gain (losses) on disposal of leased assets, respectively recorded on, securities income, sale or transfer of financial assets income and leases income; and

IV. the expenses related to discounts granted on renegotiations, originally recorded in Other Operating Expenses.

The next table shows the statement of the reallocations performed during the period:

Table 9. Reallocations and One-Off Items Breakdown

				Quarterly Flow			9 Months Flow	
Item	From	To	Event	3Q19	2Q20	3Q20	9M19	9M20
1	* Financial Institutions Resources	* FX Gain (Loss) on Foreign Equity	FX Gain (Loss) on Foreign Equity	1,013	876	656	870	5,582
2	Taxes Expenses	* Tax Hedge	Tax Hedge	49	43	32	42	272
3	Income Tax and Social Contribution	* Tax Hedge	Tax Hedge	709	752	563	608	4,542
4	Other Income/Expenses	PREVI - Plano de Benefícios 1	Actuarial Assets and Liabilities Valuation Adjustements	(61)	(140)	(123)	111	(403)
5	Other Income/Expenses	Previ - Fundo Utilização Restatement	Actuarial Assets and Liabilities Valuation Adjustements	134	94	271	602	527
6	Other Financial Assets	Other Income/Expenses	Allowance for Loan Losses (Cred. w/o Char. of Fin. Int.)	(119)	(118)	(142)	254	(384)
7	Other Administrative Expenses	Other Income/Expenses	Goodwill Amorization	(51)	(7)	(7)	(125)	(21)
8	Other Administrative Expenses	Other Income/Expenses	Premiums Paid to Costumers	(319)	(335)	(364)	(992)	(1,055)
9	* Financial Institutions Resources	Economic Plans	Economic Plans	(1,033)	(280)	(468)	(2,267)	(1,081)
10	Tax, Civil and Labor Claims	Economic Plans	Economic Plans	40	82	(111)	263	(46)
11	Tax, Civil and Labor Claims	Extraordinary Provision	Extraordinary Provision	11	0	2	34	3
12	Tax, Civil and Labor Claims	Provision Legal Law suits – Adjustment of Parameters	Provision Legal Law suits – Adjustment of Parameters	-	-	-	(1,579)	-
13	Other Income/Expenses	* Securities	Financial Investments Income	1	1	0	3	2
14	* Securities	Other Income/Expenses	Operating Provisions Reversal	4	1	15	13	16
15	Other Income/Expenses	* Loan portfolio	Financial Agent Revenue Compensation	-	-	-	(5)	-
16	Income Tax and Social Contribution	Tax Credit	Tax Credit Activation	-	-	-	1,034	-
17	Other Administrative Expenses	Sales of Investment - IRB-Brasil Resseguros S.A.	Sales of Investment - IRB-Brasil Resseguros S.A.	(8)	-	-	(8)	-
18	Net Non-Operating Income	Sales of Investment - IRB-Brasil Resseguros S.A.	Sales of Investment - IRB-Brasil Resseguros S.A.	3,519	-	-	3,519	-
19	Non-Controlling Interests	Sales of Investment - IRB-Brasil Resseguros S.A.	Sales of Investment - IRB-Brasil Resseguros S.A.	(778)	-	-	(778)	-
20	Personnel Expenses	Staff Adequacy Program	Staff Adequacy Program	(250)	-	-	(250)	-
21	Other Income/Expenses	Intangible Assest Impairment	Intangible Assest Impairment	(983)	-	-	(983)	-
22	ALLL - Impairment	Securities Impairment	Securities Impairment	(853)	-	-	(853)	-
23	* Loan portfolio	ALLL - Recovery of Write-offs	ALLL Expanded View	1,721	1,591	2,283	4,941	5,459
24	Other Income/Expenses	ALLL - Discount Granted	ALLL Expanded View	(307)	(211)	(244)	(781)	(723)
25	* Loan portfolio	ALLL - Impairment	ALLL Expanded View	(0)	(0)	(38)	(45)	(38)
26	* Securities	ALLL - Impairment	ALLL Expanded View	(1,150)	(1,344)	(935)	(1,482)	(2,657)
27	Personnel Expenses	Lump-sum Bonus - Staff Agreement 2020-2021	Lump-sum Bonus - Staff Agreement 2020-2021	-	-	(189)	-	(189)
28	Income Tax and Social Contribution	Tax Eff. and Stat. Prof. on One-Off Items	Tax Eff. and Stat. Prof. on One-Off Items	16	84	325	985	546
29	Statutory Profit Sharing	Tax Eff. and Stat. Prof. on One-Off Items	Tax Eff. and Stat. Prof. on One-Off Items	32	12	45	129	78

(*) Net Interest Income's (NII) subaccounts. More information on Chapter 2.

1.2.2. Glossary of Reallocations

(1) Revenues (expenses) of exchange rate changes on investments in subsidiaries and branches abroad.

(2) and (3) Tax effects on investments abroad hedge.

(4) Revenues (expenses) from Previ's actuarial assets and liabilities review.

(5) Financial income from restatement of Previ's Fundo Utilização.

(6) Allowance for loan losses expenses for credits without financial intermediation characteristics.

(7) Expenses from amortization of goodwill on investments.

(8) Payroll acquisition amortization.

(9) and (10) Expenses with provision arising from lawsuits related to economic plans.

(11) and (12) Extraordinary provision for contingent claims.

(13) Revenues from non-financial companies' financial investments.

(14) Revaluation of BNC credit rights assignment.

(15) Partial compensation of financial agent revenue due to payment in advance.

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

(17), (18) and (19) Revenues (expenses) due to the disposal of investment on IRB-Brasil Resseguros S.A.

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

(21) Loss due to impairment of intangible assets related to payroll acquisition amortization (VRN).

(22) Impairment losses on securities.

(23), (24), (25) and (26) Revenues (expenses) related to the cost of credit recorded in recovery of loans previously written-off as loss, discounts granted on renegotiations, impairment of financial assets, sale or transfer of financial assets and disposal of leased assets.

(27) Expenses resulting from the collective labor agreement signed in September/2020, Allowance - Staff Agreement 2020-2021.

(28) and (29) One-off items effects on the calculation of statutory profit sharing and unification of these effects on income and social contribution taxes.

1.2.3. Tax Effect and Statutory Profit Sharing on One-Off Items

The next table shows the effects of taxes and statutory profit sharing on each one-off item.

Table 10. Tax Effect and Statutory Profit Sharing on One-Off Items

	Quarterly Flow			9 Months Flow	
	3Q19	2Q20	3Q20	9M19	9M20
Economic Plans	435	95	279	885	533
Extraordinary Provision for Lawsuits	(5)	(0)	(1)	(15)	(1)
Provision Legal Lawsuits – Adjustment of Parameters	–	–	–	691	–
Tax Credit on Previous Periods	–	–	–	(65)	–
Sales of Investment - IRB-Brasil Resseguros S.A.	(1,295)	–	–	(1,295)	–
Staff Adequacy Program	110	–	–	110	–
Intangible Assest Impairment	430	–	–	430	–
Securities Impairment	374	–	–	374	–
Lump-sum Bonus - Staff Agreement 2020-2021	–	–	91	–	91
Total	**49**	**95**	**370**	**1,114**	**623**

2 – Financial Earnings

This chapter describes the main components of Banco do Brasil's financial results.

2.1. Net Interest Income

The following table sets forth the main economic indicators affecting the Net Interest Income (NII) performance.

Table 11. Main Indicators

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
CDI / TMS – %	1.54	0.73	0.51	(66.8)	(30.3)	4.66	2.28	(51.2)
TJLP – %	1.49	1.24	1.23	(17.5)	(0.6)	4.91	3.80	(22.7)
Exchange Rate – US$	4.16	5.48	5.64	35.5	3.0	–	–	–
Business days	66	61	65	(1.5)	6.6	189	188	(0.5)
Number of days in quarter	92	91	92	–	1.1	273	274	0.4

The following table sets forth the NII's breakdown.

Table 12. Net Interest Income Breakdown – R$ million

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Net Interest Income	**13,557**	**14,541**	**14,017**	**3.4**	**(3.6)**	**39,736**	**42,563**	**7.1**
Loan Operations	18,518	17,499	16,930	(8.6)	(3.3)	56,279	52,117	(7.4)
Funding Expenses	(6,213)	(3,729)	(3,095)	(50.2)	(17.0)	(19,174)	(11,278)	(41.2)
Financial Expense for Institutional Funding[1]	(2,803)	(2,653)	(2,563)	(8.6)	(3.4)	(8,417)	(7,940)	(5.7)
Treasury[2]	4,055	3,424	2,745	(32.3)	(19.8)	11,048	9,664	(12.5)

(1) It includes senior bonds, subordinated debt, and Hybrid Instruments in Brazil and abroad.
(2) It includes the result from interest, tax hedging, derivatives, and other financial instruments that offset the effects of the exchange rate variation on result.

The main highlights of the Net Interest Income in the quarter (3Q20/2Q20) were:

I Decrease of 3.6% (-R$524.3 million) in NII due to the reduction of 6.0% (-R$1.2 billion) in the result of loan operations and treasury, softened by the reduction of 11.3% (+R$723.4 million) in funding expenses;

II. Reduction of 3.3% in financial income with loan operations, influenced by the drop in TMS and the mix change of Individuals and Companies portfolios, with growth in lower risk lines;

III. The financial funding expenses were favored by the CDI/TMS reduction movement. The variation of R$633.7 million (-17.0%) in the cost of funding in the period can be explained by the combined effect of the reduction in the basic rate of the economy, with the increase in average balances in savings deposits (+7.2%), time deposits (+6.4%), and judicial deposits (+3.9%) in addition to the greater number of working days;

IV. Drop of R$678.9 million in the Treasury, influenced by the reduction of the result with securities in Brazil, following the movement of decrease of the average Selic rate (-30.3%) in the period.

In the annual comparison (3Q20/3Q19) and accumulated (9M20/9M19), the growths of 3.4% (+R$459.7 million) and 7.1% (+R$2.8 billion) respectively, had as main catalyst the effect of reducing the CDI/TMS on assets and liabilities, with a faster effect on funding and treasury expenses, and smoother in revenues from loan operations.

2.2. Financial Income from Loans Operations

Table 13. Revenue from Loans – R$ million

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Revenue from Loans	**18,518**	**17,499**	**16,930**	**(8.6)**	**(3.3)**	**56,279**	**52,117**	**(7.4)**
Individuals	9,735	9,475	9,311	(4.4)	(1.7)	28,739	28,335	(1.4)
Companies	4,130	3,791	3,567	(13.6)	(5.9)	13,207	11,340	(14.1)
Agribusiness	3,567	3,204	3,107	(12.9)	(3.0)	10,994	9,538	(13.2)
Equalization	722	452	261	(63.9)	(42.2)	2,320	1,224	(47.2)
Abroad	737	731	655	(11.2)	(10.5)	2,283	2,045	(10.4)
Sale or Transference of Financial Assets	121	88	93	(23.6)	5.3	391	259	(33.7)
Leasing	10	7	7	(34.4)	(7.2)	34	22	(35.2)
Other	218	203	191	(12.6)	(5.8)	631	578	(8.4)

Financial income from loan operations is negatively impacted by the reduction in CDI/TMS as new disbursements, in addition to renewals/renegotiations, become more relevant in relation to the total volume of the portfolio. In this sense, 32.6% of the domestic loan portfolio already contemplates new rates agreed in 2020, being 24.3 only in the last two quarters, a period in which the reduction of the basic interest rate was intensified.

Loan Operations - Individuals: reduction of R$163.8 million (-1.7%) in financial revenues of the segment in the 3Q20/2Q20 comparison, mainly affected by the structural effect of the CDI/TMS drop and by the change in the mix, with growth in lower risk lines, such as payroll loans (+R$3.8 billion).

In the annual comparison (3Q20/3Q19) and accumulated (9M20/9M19), the line was also negatively influenced by the decrease in revenues from overdraft accounts - due to the beginning of Resolution 4,765/19 in 2020, and by lower spending by families during the current pandemic scenario, especially in 1H20, with an effect on the volume of revolving credit on the credit card.

Although turnover and, consequently, revolving credit, were impacted by the effects of the Covid-19 pandemic, especially in the months of April and May, there was a resumption in consumption from June onwards, with turnover evolution (credit and debit) closing the quarter at R$78.4 billion, an increase of 28.1% when compared to the previous quarter.

Loan Operations - Companies: down R$223.4 million (-5.9%) in financial revenues of the segment in relation to the previous quarter, impacted by the structural effect of the CDI/TMS fall and partially compensated by the increase of 2.8% in the classified loan portfolio. Highlight goes to the growth of R$8.3 billion in working capital, most of it related to the National Program to Support Micro and Small Businesses (Pronampe), reinforcing the growth strategy in the SME segment in operations with credit risk mitigators.

Loan Operations - Agribusiness: reduction of R$97.5 million (-3.0%) in the segment's financial revenues in the quarter (3Q20/2Q20), influenced mainly by the lower equalization of rates, impacted by the drop in TMS.

The table below presents the loan revenues by segment breakdown.

Figure 15. Loan Revenues Breakdown – %

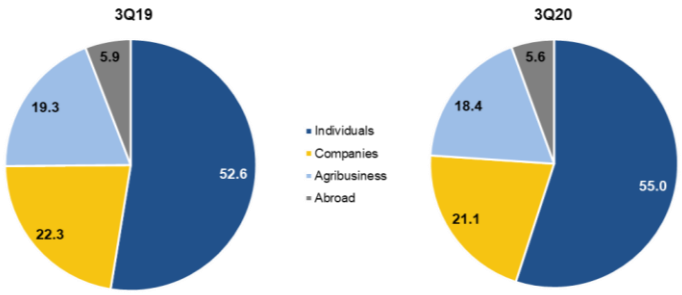
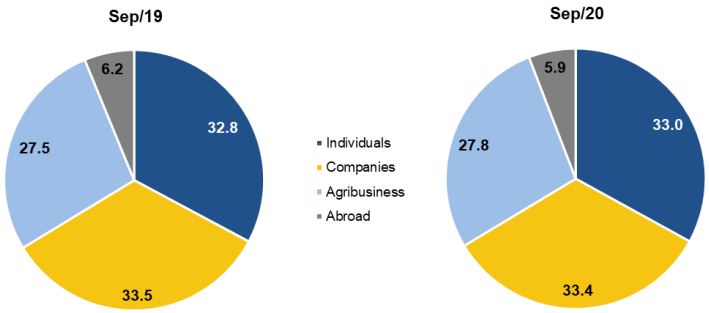


Figure 16. Loan Portfolio Breakdown – %



The classified loan portfolio grew 1.6% in the last quarter, with highlight to the increase of R$15.7 billion in the balance of retail loan operations (Individuals, Companies and Rural loans). Liquidity assets also grew 7.4% influenced by the increase in volume of R$71.2 billion in interbank investments.

The next table sets forth the assets synthetic composition.

Table 14. Assets Synthetic Composition – R$ million

	Balance						Chg. (%) on	
	Sep/19	Part. %	Jun/20	Part. %	Sep/20	Part. %	Sep/19	Jun/20
Total Assets	**1,513,163**	**100.0**	**1,710,234**	**100.0**	**1,769,923**	**100.0**	**17.0**	**3.5**
Classified Loan Portfolio	626,090	41.4	657,212	38.4	668,036	37.7	6.7	1.6
Liquidity Assets	664,884	43.9	814,503	47.6	875,122	49.4	31.6	7.4
Other	222,189	14.7	238,518	13.9	226,765	12.8	2.1	(4.9)

2.3. Funding Financial Expense

Funding financial expenses include transactions with clients, except repo. Funding financial expenses also include the result of compulsory investments and FGC expenses.

Table 15. Funding Result – R$ million

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Funding Result	**(6,213)**	**(3,729)**	**(3,095)**	**(50.2)**	**(17.0)**	**(19,174)**	**(11,278)**	**(41.2)**
Commercial Funding	**(5,428)**	**(3,393)**	**(2,857)**	**(47.4)**	**(15.8)**	**(16,655)**	**(10,271)**	**(38.3)**
Judicial Deposits	(2,340)	(1,227)	(890)	(61.9)	(27.5)	(7,438)	(3,731)	(49.8)
Savings Deposits	(1,964)	(1,373)	(1,118)	(43.1)	(18.5)	(5,926)	(4,029)	(32.0)
Time Deposits	(1,124)	(793)	(849)	(24.5)	7.1	(3,291)	(2,511)	(23.7)
Bonds	**(1,313)**	**(593)**	**(411)**	**(68.7)**	**(30.7)**	**(3,929)**	**(1,822)**	**(53.6)**
Agribusiness Letters of Credit	(1,124)	(502)	(350)	(68.9)	(30.3)	(3,347)	(1,532)	(54.2)
Mortgage Bonds	(189)	(91)	(61)	(67.8)	(33.2)	(582)	(290)	(50.2)
Compulsory Deposits	**641**	**379**	**304**	**(52.6)**	**(19.7)**	**1,749**	**1,183**	**(32.4)**
FGC	**(114)**	**(122)**	**(131)**	**14.8**	**7.3**	**(339)**	**(368)**	**8.4**

The funding financial expense was favored by reduction of CDI/TMS (-30.3%), with drop of R$633.7 million (-17.0%) in the quarter (3Q20/2Q20). The variation observed as a consequence of the reduction in the indexer was partially attenuated by the growth in average balances in savings deposits (+7.2%), in time deposits (+6.4%) and in judicial deposits (+3.9%) by the number of working days and by the increase in the expenses of raising time deposits at Banco Patagonia (-R$158.1 million).

The following table sets forth BB's funding costs and the average Selic rate in the period.

Table 16. Funding vs. Selic Rate – R$ million

	3Q19			2Q20			3Q20		
	Average Balance	Cost	as % of Selic	Average Balance	Cost	as % of Selic	Average Balance	Cost	as % of Selic
Total Funding	**603,367**	**(7,011)**	**75.4**	**649,873**	**(4,165)**	**87.2**	**678,368**	**(3,393)**	**97.7**
Savings Deposits	175,986	(1,964)	72.4	193,399	(1,373)	96.6	207,335	(1,118)	105.3
Time Deposits - Judicial Deposits	157,722	(2,340)	96.3	154,899	(1,227)	107.8	160,966	(890)	108.0
Time Deposits	72,331	(1,124)	100.9	103,078	(793)	104.6	109,663	(849)	151.1
Demand Deposits	67,467	–	–	78,575	–	–	85,863	–	–
Agribusiness Letters of Credit	82,463	(1,124)	88.4	74,059	(502)	92.2	73,260	(350)	93.3
Interbank Deposits	32,060	(271)	54.8	32,151	(180)	76.0	28,501	(125)	85.4
Mortgage Bonds	15,337	(189)	80.0	13,713	(91)	90.6	12,780	(61)	93.1

Despite the drop in absolute expense with deposits, the cost of these funding as a percentage of the Selic rate increased again due to the drop in the TMS rate, considering that part of the deposits are not indexed to the Selic rate. It is worth mentioning the "% Selic" growth in savings deposits and time deposits, the first due to the balance invested by the old savings rule (0.5% a.m. + TR) which represents 17.8% of the balance of savings deposits, and the second due to the increase in the expenses of collecting time deposits at the Patagonia Bank (-R$158.1 million).

2.4. Institutional Funding Financial Expenses

The following table sets forth the breakdown of institutional funding expenses, composed by corporate bonds issued by the Bank in Brazil and abroad, whose underwriters are institutional investors.

Table 17. Institutional Funding Expenses – R$ million

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Institutional Funding	**(2,803)**	**(2,653)**	**(2,563)**	**(8.6)**	**(3.4)**	**(8,417)**	**(7,940)**	**(5.7)**
Borrowing, Assignments and Onlending	(1,510)	(1,169)	(1,196)	(20.8)	2.3	(4,649)	(3,802)	(18.2)
Hybrid Capital Instruments	(515)	(687)	(685)	33.1	(0.2)	(1,512)	(1,951)	29.0
Financial Letters	(243)	(87)	(76)	(68.8)	(12.8)	(795)	(313)	(60.6)
Securities Issued Abroad	(367)	(481)	(379)	3.3	(21.2)	(962)	(1,226)	27.4
Subordinated Debt Abroad	(170)	(230)	(228)	34.3	(0.7)	(498)	(648)	30.0

Institutional funding financial expenses down 3.4% (+R$89.7 million) in the quarter, positively impacted by the reduction in Mark-to-Market expenses for securities in London (+R$96.0 million) and by the reduction in financial letters expenses (+R$11.1 million).

The Bank informed on October 20, 2020 that it exercised the the call option of the total perpetual debt security issued in 2009 (Banbra 8.5%), in force under the Basel II rules. The redemption will be made for 100% of its face value, plus interest accrued and unpaid to date. The operation was carried out with funds from the Bank's cash and had no relevant impact on liquidity or capital levels.

2.5. Treasury

Treasury result includes the result from interest and exchange rate variation of treasury activities. It also includes the effects of structural hedge of the exchange rate variation on financial income from loans, funding expenses, and institutional funding expenses.

Table 18. Treasury Results – R$ million

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Treasury	**4,055**	**3,424**	**2,745**	**(32.3)**	**(19.8)**	**11,048**	**9,664**	**(12.5)**
Securities	4,063	3,380	2,538	(37.5)	(24.9)	10,660	9,342	(12.4)
Interbank Accounts	7,716	3,729	2,888	(62.6)	(22.5)	22,746	11,274	(50.4)
Open Market	(7,784)	(3,957)	(3,065)	(60.6)	(22.5)	(22,938)	(11,759)	(48.7)
Financial Derivatives	(78)	55	(3)	(96.2)	–	(223)	(285)	27.5
Other Treasury Components[1]	138	217	387	180.8	78.2	802	1,091	36.1

(1) It includes items not listed in the treasury result breakdown, including exchange rate variation.

Result from Securities

The following table sets forth the results from Securities transactions (only transactions classified by the Central Bank as securities).

Table 19. Result from Securities – R$ million

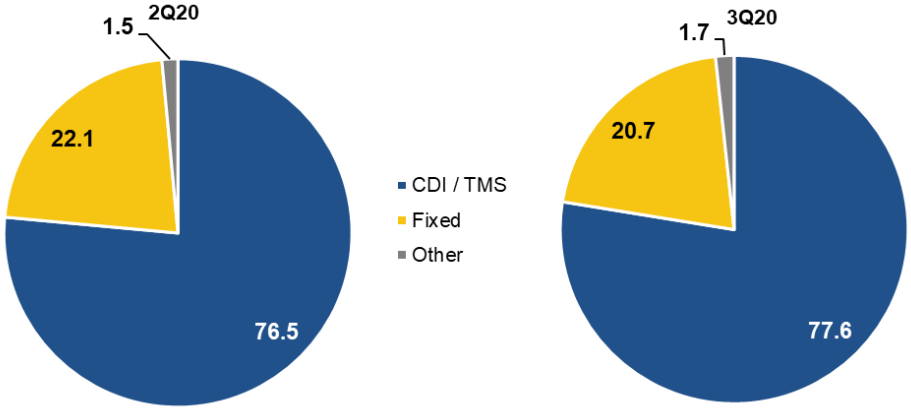
				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Securities Income	**4,063**	**3,380**	**2,538**	**(37.5)**	**(24.9)**	**10,660**	**9,342**	**(12.4)**
Fixed Income Securities	4,027	3,170	2,513	(37.6)	(20.7)	10,534	8,956	(15.0)
Revaluation – Curve	3,381	2,918	2,610	(22.8)	(10.6)	9,440	8,238	(12.7)
Income/Loss from Negotiation	653	109	225	(65.5)	106.2	1,089	939	(13.8)
Mark to Market	(7)	143	(322)	–	–	5	(222)	–
Other	36	210	26	(28.8)	(87.7)	126	386	–

The result from securities fell 24.9% (-R$841.4 million) in the quarterly comparison, influenced by the R$308.2 million drop in income from securities (revaluation - curve) and the R$464.8 million negative variation in the mark-to-market result.

The reduction in the revaluation curve result at Banco Patagonia accounted for 70.6% of the fall in the period (3Q20/2Q20), observed in sovereign debt securities issued by the country's government.

The securities trading result closed 9M20 with a decrease of 13.8% (-R$150.1 million) in the 9M20/9M19 comparison, negatively impacted by losses in securities trading at Banco Patagonia in 1H20. The result of the line without the effect of Banco Patagonia closed the stable period (+0.4%).

Figure 17. Securities Portfolio by Index (BB Multiple Bank) – %



The following tables set forth the breakdown of the Securities portfolio.

Table 20. Securities Portfolio by Category – Market Value – R$ million

	Balance						Chg. (%) on	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Securities	**185,938**	**100.0**	**265,223**	**100.0**	**253,427**	**100.0**	**36.3**	**(4.4)**
Trading	6,544	3.5	22,101	8.3	21,485	8.5	228.3	(2.8)
Available for Sale	160,614	86.4	218,813	82.5	210,145	82.9	30.8	(4.0)
Held to Maturity	18,780	10.1	24,309	9.2	21,797	8.6	16.1	(10.3)
Financial Derivatives	**1,686**	**100.0**	**4,639**	**100.0**	**5,179**	**100.0**	**207.2**	**11.6**

Table 21. Securities Portfolio by Maturity – Market Value – R$ million

Reference	Up to 1 year		1 to 5 years		5 to 10 years		Over 10 years		Total
	Balance	Share %	Balance	Share %	Balance	Share %	Balance	Share %	
Dec/18	17,075	11.4%	91,761	61.1%	29,213	19.5%	12,073	8.0%	150,122
Mar/19	25,201	16.9%	81,891	54.8%	30,979	20.7%	11,296	7.6%	149,367
Jun/19	26,827	15.5%	83,019	48.1%	52,201	30.2%	10,568	6.1%	172,614
Sep/19	38,145	20.5%	76,066	40.9%	59,865	32.2%	11,862	6.4%	185,938
Dec/19	35,098	17.4%	86,972	43.2%	65,055	32.3%	14,206	7.1%	201,332
Mar/20	39,020	20.9%	83,684	44.8%	50,815	27.2%	13,214	7.1%	186,734
Jun/20	40,754	15.4%	134,274	50.6%	76,124	28.7%	14,072	5.3%	265,223
Sep/20	37,041	14.6%	151,192	59.7%	51,167	20.2%	14,027	5.5%	253,427

Open Market Funding

The following table sets forth the Liquidity Balance, calculated as Liquidity Assets less Liquidity Liabilities.

Table 22. Liquidity Balance – R$ million

	Balance						Chg. (%) on	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Liquidity Assets (a)	**664,884**	**100.0**	**814,503**	**100.0**	**875,122**	**100.0**	**31.6**	**7.4**
Interbank Investments	463,728	69.7	524,694	64.4	595,932	68.1	28.5	13.6
Securities (except linked to Bacen)	186,915	28.1	266,953	32.8	259,779	29.7	39.0	(2.7)
Available Funds	14,241	2.1	22,856	2.8	19,412	2.2	36.3	(15.1)
Liquidity Liabilities (b)	**465,519**	**100.0**	**551,862**	**100.0**	**597,383**	**100.0**	**28.3**	**8.2**
Money Market Borrowing	433,007	93.0	521,351	94.5	569,103	95.3	31.4	9.2
Interbank Deposits	32,512	7.0	30,511	5.5	28,280	4.7	(13.0)	(7.3)
Liquidity Balance (a - b)	**199,365**		**262,641**		**277,739**		**39.3**	**5.7**

Open market funding expenses are mainly expenses incurred with repo backed by the Bank's own portfolio and third parties' securities. In the quarter, open market funding expenses decreased again due to the decrease in TMS (-30.3%), partially decelerated by the increase in the volume of third-party portfolio (+14.4%).

Table 23. Open Market Funding Expenses – R$ million

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Open Market Funding Expenses	**(7,784)**	**(3,957)**	**(3,065)**	**(60.6)**	**(22.5)**	**(22,938)**	**(11,759)**	**(48.7)**
Third Party Portfolio	(6,728)	(3,356)	(2,646)	(60.7)	(21.2)	(19,913)	(9,994)	(49.8)
Own Portfolio	(779)	(423)	(288)	(63.0)	(32.0)	(2,169)	(1,249)	(42.4)
Interbank Deposits	(271)	(180)	(125)	(54.0)	(30.6)	(836)	(506)	(39.5)
Other Open Market Operations	(6)	3	(6)	8.2	–	(20)	(11)	(46.9)

Other Treasury Components

Other treasury components include, in addition to the results from foreign exchange earnings/losses on shareholders' equity abroad and tax hedging, the exchange rate variation on loans, funding, and institutional funding transactions, among others, recorded in "others."

Table 24. Other Treasury Components – R$ million

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Other Treasury Components	**138**	**217**	**387**	**180.8**	**78.2**	**802**	**1,091**	**36.1**
Gain (Loss) over Equity Abroad	1,013	876	656	(35.2)	(25.1)	870	5,582	541.9
Tax Hedge	758	795	595	(21.5)	(25.1)	650	4,815	640.2
Foreign Exchange Portfolio	93	180	133	42.4	(26.2)	397	408	2.6
Other	(1,727)	(1,634)	(998)	(42.2)	(38.9)	(1,115)	(9,713)	770.9

2.6. Assets and Liabilities Analysis

2.6.1. Assets Analysis

Table 25. Average Balances and Interest Rate – Earning Assets (Annual) – R$ million

	3Q19			3Q20		
	Average Balance[1]	Revenues[2]	Yearly Rate (%)[3]	Average Balance[1]	Revenues[2]	Yearly Rate (%)[3]
Earning Assets	**1,361,485**	**23,295**	**6.7**	**1,547,948**	**19,823**	**5.1**
Loans and Leasing[4]	618,558	18,518	11.9	660,991	16,930	10.3
Securities	685,385	4,063	2.3	829,598	2,538	1.2
Remunerated Compulsory Deposits	48,921	641	5.1	47,649	304	2.5
Other	8,621	72	3.2	9,709	50	2.0

(1) Arithmetic average of the final balances in the months of the relevant periods.
(2) Calculated including the partial effect of the exchange rate variation.
(3) Annualized average (business days of the quarter divided by 252).
(4) It includes Credit Transactions, Leases, and Acquired Portfolios.

Table 26. Average Balances and Interest Rate – Earning Assets (Quarterly) – R$ million

	2Q20			3Q20		
	Average Balance[1]	Revenues[2]	Yearly Rate (%)[3]	Average Balance[1]	Revenues[2]	Yearly Rate (%)[3]
Earning Assets	**1,461,495**	**21,294**	**6.2**	**1,547,948**	**19,823**	**5.1**
Loans and Leasing[4]	653,331	17,499	11.5	660,991	16,930	10.3
Securities	748,029	3,380	1.9	829,598	2,538	1.2
Remunerated Compulsory Deposits	49,583	379	3.2	47,649	304	2.5
Other	10,553	36	1.4	9,709	50	2.0

(1) Arithmetic average of the final balances in the months of the relevant periods.
(2) Calculated including the partial effect of the exchange rate variation.
(3) Annualized average (business days of the quarter divided by 252).
(4) It includes Credit Transactions, Leases, and Acquired Portfolios.

Table 27. Average Balances and Interest Rate – Earning Assets (9 months) – R$ million

	9M19			9M20		
	Average Balance[1]	Revenues[2]	Yearly Rate (%)[3]	Average Balance[1]	Revenues[2]	Yearly Rate (%)[3]
Earning Assets	**1,342,140**	**68,871**	**6.9**	**1,450,288**	**62,849**	**5.9**
Loans and Leasing[4]	621,150	56,279	12.3	648,569	52,117	10.9
Securities	663,761	10,660	2.1	743,291	9,342	1.7
Remunerated Compulsory Deposits	48,909	1,749	4.8	48,956	1,183	3.3
Other	8,319	183	2.9	9,471	207	2.9

(1) Arithmetic average of the final balances in the months of the relevant periods.
(2) Calculated including the partial effect of the exchange rate variation.
(3) Annualized average (business days of the quarter divided by 252).
(4) It includes Credit Transactions, Leases, and Acquired Portfolios.

2.6.2. Liabilities Analysis

Table 28. Average Balances and Interest Rates - Interest Bearing Liabilities (Annual) – R$ million

	3Q19			3Q20		
	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]
Interest Bearing Liabilities	**1,223,787**	**(16,799)**	**5.3**	**1,369,160**	**(8,988)**	**2.6**
Money Market Borrowing	472,299	(7,513)	6.2	552,307	(2,941)	2.1
Time Deposits	230,054	(3,464)	5.9	270,629	(1,739)	2.5
Saving Deposits	175,986	(1,964)	4.3	207,335	(1,118)	2.1
Borrowing and Onlending	80,904	(1,510)	7.3	75,010	(1,196)	6.3
Subordinated Debt	81,874	(243)	1.1	85,456	(989)	4.6
Agribusiness Letters of Credit	82,463	(1,124)	5.3	73,260	(350)	1.9
Foreign Securities Borrowing	31,099	(367)	4.6	41,940	(379)	3.5
Interbank Deposits	32,060	(271)	3.3	28,501	(125)	1.7
Others Commercial Papers[3]	20,653	(189)	3.5	13,402	(61)	1.8
Financial and Development Funds	16,396	(155)	3.7	21,320	(91)	1.7

(1) Arithmetic average of the final balances in the months of the relevant periods.
(2) Annualized average (business days of the quarter divided by 252).
(3) Included: Letters of Credit, Debentures, Mortgage Bonds and Mortgage Receivables Certificates.
(4) Calculated including the partial effect of the exchange rate variation.

Table 29. Average Balances and Interest Rates - Interest Bearing Liabilities (Quarterly) – R$ million

	2Q20			3Q20		
	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]
Interest Bearing Liabilities	**1,305,294**	**(10,660)**	**3.4**	**1,369,160**	**(8,988)**	**2.6**
Money Market Borrowing	506,691	(3,777)	3.1	552,307	(2,941)	2.1
Time Deposits	257,977	(2,020)	3.3	270,629	(1,739)	2.5
Saving Deposits	193,399	(1,373)	3.0	207,335	(1,118)	2.1
Borrowing and Onlending	78,344	(1,169)	6.3	75,010	(1,196)	6.3
Subordinated Debt	86,022	(1,003)	4.9	85,456	(989)	4.6
Agribusiness Letters of Credit	74,059	(502)	2.8	73,260	(350)	1.9
Foreign Securities Borrowing	41,055	(481)	4.9	41,940	(379)	3.5
Interbank Deposits	32,151	(180)	2.3	28,501	(125)	1.7
Others Commercial Papers[3]	14,421	(91)	2.6	13,402	(61)	1.8
Financial and Development Funds	21,177	(65)	1.3	21,320	(91)	1.7

(1) Arithmetic average of the final balances in the months of the relevant periods.
(2) Annualized average (business days of the quarter divided by 252).
(3) Included: Letters of Credit, Debentures, Mortgage Bonds and Mortgage Receivables Certificates.
(4) Calculated including the partial effect of the exchange rate variation.

Table 30. Average Balances and Interest Rates - Interest Bearing Liabilities (9 months) – R$ million

	9M19			9M20		
	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]	Average Balance[1]	Expenses[4]	Yearly Rate (%)[2]
Interest Bearing Liabilities	**1,218,060**	**(51,762)**	**5.7**	**1,291,109**	**(32,117)**	**3.3**
Money Market Borrowing	471,830	(22,102)	6.3	503,438	(11,253)	3.0
Time Deposits	226,305	(10,729)	6.4	254,220	(6,242)	3.3
Saving Deposits	174,723	(5,926)	4.5	193,425	(4,029)	2.8
Agribusiness Letters of Credit	82,239	(3,347)	5.5	73,599	(1,532)	2.8
Borrowing and Onlending	82,456	(4,649)	7.6	76,803	(3,802)	6.7
Subordinated Debt	82,464	(2,121)	3.4	83,724	(2,912)	4.7
Foreign Securities Borrowing	28,021	(962)	4.6	39,307	(1,226)	4.2
Others Commercial Papers[3]	21,178	(582)	3.7	14,738	(290)	2.6
Interbank Deposits	33,127	(836)	3.4	30,728	(506)	2.2
Financial and Development Funds	15,717	(508)	4.3	21,128	(326)	2.1

(1) Arithmetic average of the final balances in the months of the relevant periods.
(2) Annualized average (business days of the quarter divided by 252).
(3) Included: Letters of Credit, Debentures, Mortgage Bonds and Mortgage Receivables Certificates.
(4) Calculated including the partial effect of the exchange rate variation.

2.6.3. Volume and Rate Analysis

Average balance of earning assets up R$86.5 billion (+5.9%) in the quarter-on-quarter comparison, mainly influenced by the increase of interbank investments. In the same period, NII decreased R$524.3 million (-3.6%).

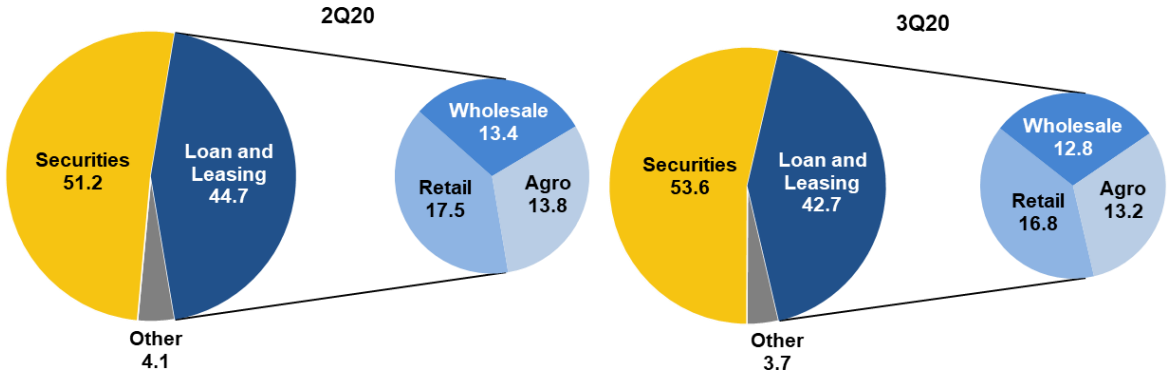
Table 31. Analysis of Volume (Earning Assets) – R$ million

	Quarter Spread			Accumulated Spread		
	2Q20	3Q20	Abs. Chg.	9M19	9M20	Abs. Chg.
Assets – Earning Assets (a) [1]	1,461,495	1,547,948	86,453	1,342,140	1,450,288	108,148
Net Interest Income (b)	14,541	14,017	(524)	39,736	42,563	2,827
Spread - % (b / a)	0.995	0.905	(0.089)	2.961	2.935	(0.026)
Gain / (Loss) with Volume[2]			**860**			**3,202**
Gain / (Loss) with Spread[3]			**(1,307.1)**			**(347.3)**
Gain / (Loss) with Volume and Spread			**(77.3)**			**(28.0)**

(1) Arithmetic average of the closing balances of months that comprise the period.
(2) Gain/(Loss) resulting from multiplying the earning assets volume of the current period for the spread of the previous period net previous NII.

(3) Gain/(Loss) resulting from multiplying the earning assets volume of the previous period for the spread of the current period net previous NII.

Figure 18. Revenues from Loans Breakdown – %



In the quarter, the global spread showed a drop of 37bps, influenced by the growth in liquidity assets (7.4%) and the fall in the treasury result (-19.8%), with effect on the increase in the numerator (earning assets average) and reduction in the denominator (NII).

Table 32. NIM – %

	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Net Interest Margin (NIM) [1]	4.1	4.0	4.0	4.0	4.4	4.2	4.0	3.7
Risk Adjusted NIM [2]	2.9	2.9	2.8	2.9	3.3	2.5	2.4	2.2

(1) NII/Earning Assets average, annualized.
(2) Risk adjusted Net Interest Margin (NII less ALLL Extended View)/Earning Assets average, annualized.

Table 33. Adjusted NIM and Net Interest Income – R$ million

	3Q19	2Q20	3Q20	9M19	9M20
Average Interest Earning Assets (AIEA) – (a)	1,361,485	1,461,495	1,547,948	1,342,140	1,450,288
Average Interest Bearing Liabilities (AIBL) – (b)	1,223,787	1,305,294	1,369,160	1,218,060	1,291,109
NII – (c)	**13,557**	**14,541**	**14,017**	**39,736**	**42,563**
Net Interest Gain – (d)	6,496	10,633	10,835	17,109	30,731
Interest Income – d.I	23,295	21,294	19,823	68,871	62,849
Interest Expense – d.II	(16,799)	(10,660)	(8,988)	(51,762)	(32,117)
Other Items – (e) [1]	7,061	3,908	3,182	22,627	11,831
AIBL / AIEA – (b / a) – %	89.9	89.3	88.5	90.8	89.0
Yield Average Assets – (d.I / a) – % [2] [4]	7.0	6.0	5.2	6.9	5.8
Liabilities Average Cost – (d.II / b) – % [2] [4]	5.6	3.3	2.7	5.7	3.3
Net Interest Rate – % [2] [3]	1.4	2.6	2.6	1.2	2.5
Adjusted NIM – (d / a) – % [2]	1.9	2.9	2.8	1.7	2.8
NIM – (c / a) – % [2]	4.0	4.0	3.7	4.0	3.9

(1) Includes derivatives, debt assumption contracts, foreign exchange portfolio, recovery of write-offs, gold loans, credit guarantor fund, foreign exchange gain/loss abroad and other income of a financial intermediation nature.
(2) Annualized Rates.
(3) Difference between average rate of earning assets and average rate of interest-bearing liabilities.
(4) Calculated partial effect of exchange rate change.

The following tables set forth the variations in interest income and expenses due to the variation in the average volume of interest earning assets and interest bearing liabilities and by the change in the average interest rate on these assets and liabilities, for the periods indicated.

Table 34. Change in Volume and Rate – R$ million

	3Q20 / 2Q20			3Q20 / 3Q19			9M20 / 9M19		
	Average Volume[1]	Average Rate [2]	Net Change[3]	Average Volume[1]	Average Rate [2]	Net Change[3]	Average Volume[1]	Average Rate [2]	Net Change[3]
Earning Assets [4]	**1,107**	**(2,578)**	**(1,471)**	**2,388**	**(5,860)**	**(3,472)**	**4,687**	**(10,709)**	**(6,022)**
Secur. + Interbank Invest. w/o Hedge	250	(1,091)	(841)	441	(1,966)	(1,525)	1,000	(2,318)	(1,318)
Loans and Leasing	196	(765)	(569)	1,087	(2,675)	(1,588)	2,203	(6,365)	(4,162)
Remunerated Compulsory Deposits	(12)	(62)	(75)	(8)	(329)	(337)	1	(568)	(567)
Other	(4)	19	14	6	(27)	(22)	25	(1)	24
Interest Bearing Liabilities [4]	**(419)**	**2,092**	**1,673**	**(954)**	**8,765**	**7,811**	**(1,817)**	**21,462**	**19,645**
Saving Deposits	(75)	330	254	(169)	1,015	845	(390)	2,287	1,897
Interbank Deposits	16	39	55	16	131	146	40	291	330
Time Deposits	(81)	362	281	(261)	1,986	1,725	(685)	5,172	4,487
Open Market Borrowing	(243)	1,079	836	(426)	4,998	4,572	(707)	11,555	10,849
Borrowing and Onlending	53	(80)	(27)	94	220	314	280	567	847
Financial and Development Funds	(1)	(25)	(26)	(21)	86	65	(83)	266	183
Subordinated Debt	7	8	14	(41)	(705)	(746)	(44)	(747)	(791)
Foreign Securities Borrowing	(8)	110	102	(98)	86	(12)	(352)	89	(263)
Agribusiness Letters of Credit	4	148	152	44	730	774	180	1,635	1,815
Others Commercial Papers[5]	5	26	30	33	95	128	127	165	292

(1) Net variation – Average Rate.
(2) (Interest for the Current Period / Balance in the Current Period) x (Balance in the Previous Period) – (Interest for the Previous Period).
(3) Interest for the Current Period – Interest for the Previous Period.
(4) Calculation based on the same method presented in footnotes 1, 2, and 3.
(5) Included: Letters of Credit, Debentures, Mortgage Bonds and Mortgage Receivables Certificates.

2.7. Credit Spread by Portfolio

Determining the managerial financial margin begins as follows:

a) accrued interest income classified by type of portfolio.

b) opportunity costs determined for each line item of the portfolios.

In the case of fixed rate transactions, the managerial financial spread takes into account the funding cost at the time of the contracting, and it is not affected by the variation in the Selic rate.

The opportunity cost for Loans allocated to Individuals and Businesses with free resources is the TMS (*Taxa Média Selic*) and/or Term Structure of Estimated Interest Rates (*Estrutura a Termo das Taxas de Juros Estimada* – ETTJ). The opportunity cost for the agribusiness portfolio and other-directed resources is calculated based on the source of funds and the need to make any compulsory investment with a portion of the funds from the relevant source.

Table 35. Managerial Margin[1] – %

				Chg. (%) on				Chg. (%) on
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Loan Operations	**10,550**	**11,187**	**11,316**	**7.3**	**1.2**	**31,707**	**33,400**	**5.3**
Individuals	6,359	6,385	6,280	(1.2)	(1.6)	18,626	19,048	2.3
Companies	2,188	2,612	2,759	26.1	5.6	6,882	7,769	12.9
Agribusiness	2,002	2,189	2,277	13.7	4.0	6,199	6,582	6.2

(1) Series revised in 3Q19.

Spread

Managerial spread of loan operations - which is not impacted by the movement of liquidity assets - remained stable in the year-on-year (3Q20/3Q19) and in the quarter-on-quarter (3Q20/2Q20) comparison, even in a scenario of falling Selic rate, and can be understood by the change in portfolio's mix, as follows:

› Individuals: the segment managerial spread down 121 bps in the year, affected by the Resolution nº 4,765/19, which defined a maximum rate for the overdraft. In the quarter, the drop of 28 bps is due to the change in the portfolio mix, with growth in lines of lower risk.

› Companies: the segment managerial spread up 31 bps in the year and 12 bps in the quarter, with a greater share of retail loans in the companies portfolio.

› Agribusiness: the segment managerial spread up 54 bps in the year and 19 bps in the quarter, as a result of the improvement in the mix with a drop in loans to companies portfolio and growth in working capital for input purchase and agricultural investment.

The following table presents the managerial spread by portfolio. The rate results from the managerial financial margin divided by respective average balances.

Table 36. Spread by Portfolio[1] – %

	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20
Loan Operations	**7.6**	**7.7**	**7.9**	**7.9**	**8.2**	**8.0**	**7.9**	**7.9**
Individuals	16.3	16.4	16.4	16.3	16.4	15.6	15.4	15.1
Companies [2]	4.7	4.9	5.0	4.9	5.1	5.3	5.1	5.2
Agribusiness	4.6	4.7	4.6	4.6	4.8	4.8	4.9	5.1

(1) Series revised in 3Q19.
(2) It does not include transactions with the Government.

2.8. Foreign Currency and Interest Rate Exposure Management

Balance in Foreign Currencies

Banco do Brasil uses tax hedging strategy, to reduce the result's volatility, after tax effects, considering that earnings with the exchange rate variation of investments abroad are not taxed, just as losses do not generate a deduction in the tax base.

Banco do Brasil manages its foreign exchange exposure to minimize its effects on the Consolidated Result. The following table presents BB's Consolidated statement of assets, liabilities, and derivatives in foreign currencies. On September 30, 2020, net foreign exchange exposure totaled an expense of US$2,389.6 million, and represents 3.15% of the Reference Equity (RE).

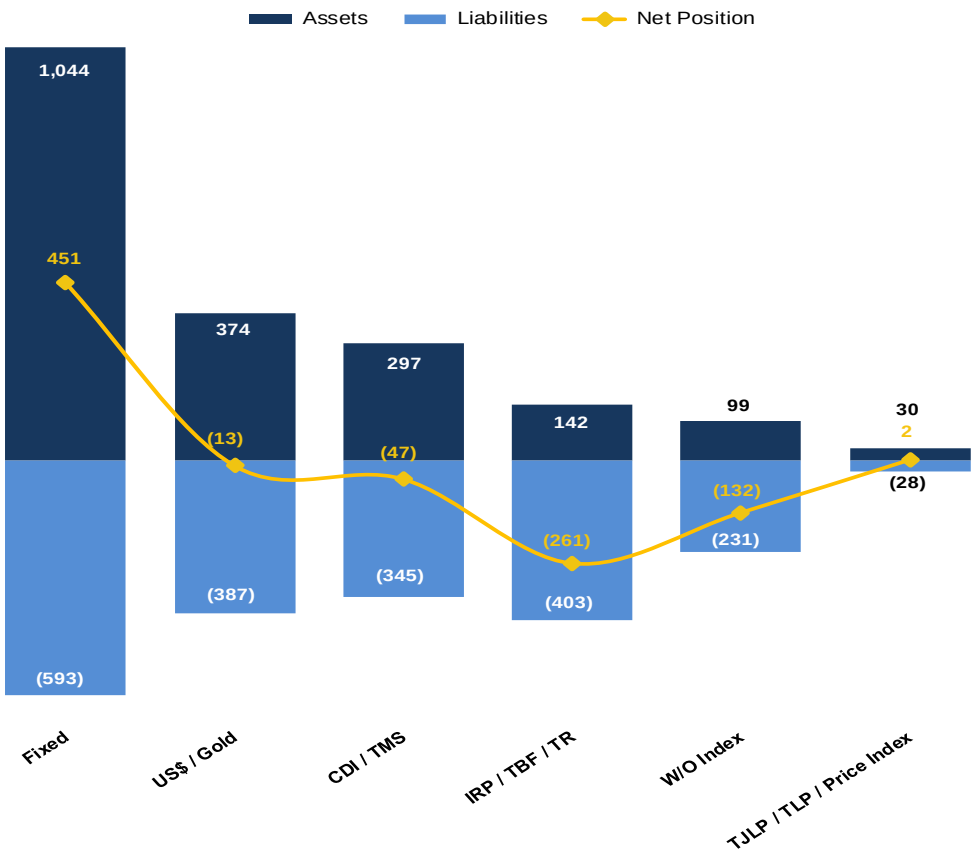
Table 37. Balance in Foreign Currencies – R$ million

	Balance Sheet		Derivatives		Total	
Currency	**Assets**	**Liabilities**	**Long**	**Short**	**Assets + Long**	**Liabilities + Short**
U.S. Dollar	211,107	242,020	63,079	45,379	274,186	287,399
Euro	19,307	18,851	3,869	4,922	23,176	23,773
Yen	4,110	2,236	1	2,642	4,111	4,878
Pound Sterling	289	444	467	1,737	756	2,181
Swiss Franc	24	30	16	–	40	30
Gold	30	–	1,857	–	1,887	–
Canadian Dollar	13	21	10	–	23	21
Other	18,225	17,601	69,299	54,680	87,524	72,281
Total	**253,105**	**281,203**	**14,619**	**–**	**267,724**	**281,203**
Total Net Position		**(28,098)**	**–**			**(13,479)**
Total Net Position in US$ million						**(2,390)**

Balance Sheet by Index

The following figure presents the breakdown of BB's Consolidated assets and liabilities, including derivatives, by index, on September 30, 2020.

Figure 19. Balance Sheet by Index and Net Position – R$ billion



Maturity Mismatch Profile

The following table presents BB's Consolidated inventory of transactions sensitive to changes in interest rates, by maturity:

Table 38. Maturity Mismatch – R$ million

	< 1 Mo	1 > 3 Mo	3 > 6 Mo	6 > 12 Mo	1 > 3 Yrs	> 3 Yrs	Total
Assets	**773,773**	**51,913**	**85,606**	**155,953**	**324,711**	**495,594**	**1,887,551**
Fixed	652,548	34,235	45,115	45,318	140,644	126,493	1,044,353
CDI / TMS	44,687	(25,001)	7,310	57,066	104,306	108,909	297,277
TR / TBF / IRP	9,137	4,992	2,052	14,376	23,366	88,401	142,323
Price Index	14	51	53	3,133	8,729	380	12,360
TJLP	127	323	273	500	1,679	8,007	10,909
TLP	126	254	348	606	1,652	3,744	6,730
US$ / ME	67,135	37,058	30,456	34,955	44,336	159,660	373,598
Liabilities	**720,809**	**71,466**	**76,317**	**118,179**	**323,751**	**445,235**	**1,755,757**
Fixed [1]	457,006	8,048	12,911	17,212	62,348	35,945	593,471
CDI / TMS	150,311	30,049	15,057	46,053	98,264	4,900	344,634
TR / TBF / IRP	50,579	5,818	6,491	12,636	92,546	235,118	403,189
Price Index	31	–	0	7	1,060	16	1,114
TJLP	124	384	415	733	2,603	22,383	26,642
TLP	–	–	–	–	–	–	–
US$ / ME	62,758	27,167	41,443	41,538	66,929	146,872	386,707
Gap	**52,965**	**(19,553)**	**9,289**	**37,775**	**960**	**50,359**	**131,794**
Cumulative Gap	**52,965**	**33,412**	**42,701**	**80,476**	**81,436**	**131,794**	**–**
Cumul. Gap as % Assets	**6.8**	**64.4**	**49.9**	**51.6**	**25.1**	**26.6**	**–**

(1) Fixed liabilities include all deposits in current accounts (R$65.2 billion).

3 – Fee Income

The following table shows the fee income breakdown, and it should be evaluated considering the seasonality effects (products and services volume sold and number of business days). More information on the main financial services provided by Banco do Brasil is available in Chapter 10 of this report.

The 1.8% decrease in fee income in the nine months comparison is mainly explained by the two factors listed below:

a) Structural - with the reduction of the average *Selic* rate from 4.66% in 9M19 to 2.28% in 9M20, there was a repricing of some products, especially investment funds; and

b) Pandemic - the effects of the pandemic on the economic scenario implied a reduction in the demand for products and services.

In the medium-term, fee income has challenges due to the financial industry trend, however, the Bank's management has been constantly seeking to improve its products and services portfolio and new ways to monetize its relationship with its customers, either by increasing consumption of products and services or the development of new businesses models.

Table 39. Fee Income

				Chg. (%)				Chg. (%)
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Fee Income	**7,466**	**6,965**	**7,281**	**(2.5)**	**4.5**	**21,701**	**21,313**	**(1.8)**
Checking Account	1,987	1,923	1,821	(8.4)	(5.3)	5,754	5,662	(1.6)
Asset Management	1,733	1,675	1,699	(2.0)	1.4	4,870	5,095	4.6
Insurance, Pension Plans and Premium Bonds	970	891	1,078	11.2	21.0	2,740	2,939	7.3
Credit/Debit Cards	499	519	528	5.6	1.6	1,559	1,532	(1.7)
Loan	461	405	439	(4.8)	8.3	1,360	1,191	(12.4)
Consortium	308	298	388	26.0	30.1	895	1,014	13.2
Collections	346	310	360	4.1	16.3	980	1,010	3.1
Billings	276	224	235	(15.1)	4.9	834	721	(13.6)
Subsidiaries Abroad	143	179	187	30.3	4.1	474	528	11.5
Contract Processing	132	147	150	13.4	2.0	457	463	1.4
Capital Market	231	127	143	(38.2)	12.6	693	355	(48.8)
Nat. Treasury and Official Funds Management	110	97	94	(14.7)	(2.9)	313	290	(7.3)
Foreign Exchange Services	92	73	67	(27.1)	(8.9)	278	225	(19.0)
Other	177	96	93	(47.5)	(3.5)	494	287	(41.9)
Business Days	**66**	**61**	**65**			**189**	**188**	

Despite this scenario, in the nine months comparison, the asset management, insurance, pension plans and premium bonds and consortium segments performed well. The following are the main reasons for such performances.

Regarding the asset management fees, the 4.6% growth recorded, despite the repricing of investment funds, was due to the 11.7% increase in the AuM.

The 7.3% growth in "Insurance, Pension Plans and Capitalization" is explained by the good commercial performance of BB Seguros in rural, credit life and life insurance, as well as in the collection of premium bonds. In addition, highlight to the amount of R$371.3 million with the performance bonus in 9M20, 37.7% up compared to the same period in 2019 (R$269.7 million).

In the consortium segment, the 13.2% growth can be explained by the sale of more than 329 thousand new consortium quotas in the first nine months of 2020, with a turnover of R$10.4 billion, 1.6% up in relation to 9M19. Regarding the new quotas sold, it is important to highlight that after a cooling in 2Q20 (34.9 thousand), the quantity sold in 3Q20, 140.2 thousand, practically returned to the same level registered in the first quarter of 2020 (154.5 thousand).

In the QoQ comparison (3Q20/2Q20), insurance, pension plans and premium bonds fees stood out, 21.0% up, especially due to the good performance in sales of pension plans and premium bonds products, benefited by the commercial actions carried out in BB service network, such as *Semana Brasil*

and *Semana do Cliente*, in addition to the launch of the new products portfolio for individuals in September.

Other highlights in the QoQ comparison were consortium operations, 30.1% up, benefited by the 302.2% increase in the sale of new quotas, and in capital market operations, 12.6% growth, due to the resumption of public offerings from the end of May 2020 and the reopening of the bond market, which remained closed until June this year.

In YoY comparison (3Q20/3Q19), pension plans and premium bonds fees stood out, an increase of 11.2%, due to the evolution in sales of rural insurance, and the growth of credit life insurance, influenced by the credit expansion. The consortium segment also performed well in the same comparison, registering a 26% increase.

In relation to the checking account fees, it is worth mentioning that BB has a product called "*Clube de Benefícios*", where the customer pays a monthly fee and has access to financial and non-financial services, in addition to several benefits. Due to the product specific characteristics, its revenues are accounted for in "Other Operating Income". For comparison, in 3Q20, the amount collected with this product was R$123.1 million.

4 – Administrative Expenses

In this chapter, in addition to the the performance of BB's administrative expenses, the indicators used to analyze the productivity and efficiency are presented.

The following table presentes the administrative expenses.

Table 40. Administrative Expenses – R$ million

				Chg. (%)				Chg. (%)
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Administrative Expenses	**(7,710)**	**(7,850)**	**(7,835)**	**1.6**	**(0.2)**	**(22,926)**	**(23,456)**	**2.3**
Personnel Expenses	(4,884)	(5,008)	(4,986)	2.1	(0.4)	(14,671)	(14,913)	1.7
Other Administrative Expenses	(2,827)	(2,842)	(2,849)	0.8	0.2	(8,255)	(8,542)	3.5

4.1. Personnel Expenses

Personnel expenses decreased by 0.4% in the QoQ comparison. It is worth mentioning that in the previous quarter (2Q20) there were residual expenses of R$56.7 million, accounted for in "Benefits" line, as a result of the agreement signed between Banco do Brasil and Cassi in 2019 (bylaws amendment). Disregarding this effect, the quarterly variation would be positive by 0.7%. Another factor that contributed to the personnel expenses control in the QoQ comparison was the Performa Program.

In the nine months comparison, the highlight was the 1.7% growth, below the accumulated inflation in 12 months (3.14%). The factors that contributed to this performance were: (a) reduction of the workforce by 1,766 employees, due to natural dismissal, and (b) the new personnel movements that occurred since February 3, 2020, the launch date of the Performa Program, with the respective salaries aligned to the new employee compensation scheme.

Table 41. Personnel Expenses – R$ million

				Chg. (%)				Chg. (%)
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Personnel Expenses	**(4,884)**	**(5,008)**	**(4,986)**	**2.1**	**(0.4)**	**(14,671)**	**(14,913)**	**1.7**
Salaries	(2,322)	(2,663)	(2,391)	3.0	(10.2)	**(7,343)**	**(7,316)**	(0.4)
Benefits[2]	(765)	(890)	(808)	5.6	(9.2)	(2,315)	(2,512)	8.5
Social Charges	(774)	(775)	(772)	(0.2)	(0.4)	(2,329)	(2,297)	(1.4)
Administrative Personnel Provisions	(792)	(449)	(791)	(0.0)	76.3	(2,001)	(2,095)	4.7
Pension Fund	(204)	(210)	(202)	(0.9)	(3.7)	(603)	(628)	4.1
Remunerat. for Directors and Officers[1]	(11)	(12)	(12)	14.0	(2.1)	(33)	(37)	12.2
Training	(17)	(8)	(10)	(42.6)	15.1	(47)	(28)	(39.4)

(1) The increase in the nine months comparison is due to greater number of positions held.
(2) It considers the complementary contribution related to Cassi's bylaws amendment appropriated throughout 2019.

Table 42. BB's Staff Profile

	Sep/19	Dec/19	Mar/20	Jun/20	Sep/20
Funcionários	**93,872**	**93,190**	**92,757**	**92,474**	**92,106**
Gender					
Female	39,273	39,122	38,969	38,881	38,757
Male	54,599	54,068	53,788	53,593	53,349
Educational Level					
High School	13,165	12,779	12,400	12,207	11,827
College	35,600	34,606	33,955	33,381	32,602
Specialization, Master's and Doctorate	44,934	45,639	46,240	46,726	47,517
Others	173	166	162	160	160
Position					
Management	31,913	32,046	32,073	32,153	32,140
Technical[1]	4,145	4,113	1,259	1,231	1,236
Advisor[1]	7,499	7,510	10,394	10,388	10,376
Operational	50,315	49,521	49,031	48,702	48,354
Turnover - Quarterly Index (%)	**2.4**	**1.0**	**0.5**	**0.3**	**0.5**
Interns	**2,195**	**2,041**	**2,008**	**1,876**	**1,752**

(1) Employees assigned as technology analysts, classified as technical positions until 4Q19, were reclassified, as of 1Q20, to advisory positions, due to the new work dynamics and the greater integration of technology with the business areas.

4.2. Other Administrative Expenses

Other administrative expenses were flat (+0.2%) in the QoQ comparison. This performance was influenced by the 17.4% decrease observed in security and transport services, due to two reasons: (a) cash transportation expenses reduction, due to the concentration of emergency benefits paid in 2Q20 and (b) dissolution of the partnership with Correios (Brazilian Post Office) in June 2020.

The 0.8% growth in the YoY comparision was influenced by the reduction in advertising campaign expenses and also by the decrease in cash transportation expenses.

In the 9M20/9M19 comparison, the 3.5% increase is mainly explained by the following factors: (a) increase of R$42.5 million in expenses with cash transportation due to the events resulting from the pandemic, (b) R$92 million related to the acquisition of furniture, equipment and data processing systems, (c) an increase of R$60 million due to the expansion of the target audience of the Performa Program, which rewards employees with better performance, and (d) an extra transfer of R$30 million to FBB for education projects with children and youth.

Table 43. Other Administrative Expenses – R$ million

				Chg. (%)				Chg. (%)
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Other Administrative Expenses	**(2,827)**	**(2,842)**	**(2,849)**	**0.8**	**0.2**	**(8,255)**	**(8,542)**	**3.5**
Rent and Property Maintenance[1]	(646)	(663)	(642)	(0.6)	(3.2)	(1,986)	(1,975)	(0.6)
Security and Transport Services	(508)	(576)	(476)	(6.3)	(17.4)	(1,476)	(1,518)	2.9
Amortization and Depreciation	(378)	(416)	(437)	15.6	5.0	(1,165)	(1,262)	8.4
Expenses with Outsourced Services	(326)	(317)	(375)	15.0	18.5	(949)	(1,018)	7.3
Telecommunications and Data Processing	(308)	(273)	(293)	(4.9)	7.2	(897)	(885)	(1.4)
Advertising and Public Affairs	(195)	(133)	(105)	(46.1)	(20.9)	(419)	(364)	(13.1)
Other Administrative Expenses	(466)	(465)	(521)	11.8	12.2	(1,365)	(1,521)	11.5

(1) Includes expenses with property insurance.

4.2.1. Customer Service Network

Banco do Brasil ended the period with 61.1 thousand points of service among its own, shared and correspondents network, present in 98.8% of Brazilian municipalities.

Regarding the actions taken to further specialize the own service network, there was a decrease of 227 points of service (branches + service posts) in YoY comparison, with an increase of 56 specialized service branches in the same period.

It is worth noting that as of November 18, 2020, the partnership with CEF for the use of lotteries and shared TAAs will be terminated, as disclosed in October 2020. One of the actions announced by Banco do Brasil, on the same date, to suppleuy the customer service needs, is related to the correspondent network expansion (MaisBB Network) in municipalities that currently rely exclusively on those service channels. It is possible to verify that in relation to June 2020 there was an increase of 1,119 agents in the country, 12.6% growth.

Table 44. Service Network

				Var. (%)	
	Sep/19	Jun/20	Sep/20	Sep/19	Jun/20
Service Network	**64,811**	**60,210**	**61,097**	**(5.7)**	**1.5**
Own Service Network	**13,460**	**13,200**	**12,453**	**(7.5)**	**(5.7)**
Branches	4,303	4,367	4,370	1.6	0.1
Service Posts	2,089	1,815	1,795	(14.1)	(1.1)
Automated Service Posts	7,068	7,018	6,288	(11.0)	(10.4)
MaisBB Network	**12,898**	**8,915**	**10,034**	**(22.2)**	**12.6**
Agents in the Country	9,060	8,915	10,034	10.8	12.6
Banco Postal	3,838	-	-	-	-
Shared Network Channels	**38,453**	**38,095**	**38,610**	**0.4**	**1.4**
Lottery Stores	12,977	12,969	12,976	(0.0)	0.1
Banco 24h	23,057	22,751	23,339	1.2	2.6
ATM: Partner Banks	2,419	2,375	2,295	(5.1)	(3.4)

The following table presents BB's branches and offices network by customer segment, which offers specific solutions, products and services according to each profile. In the 12-month comparison, the highlight was the opening of 13 new Private Banking offices, as a result of the strengthening of operations in the segment and 25.7% in Empresa Branches, to our companies clients.

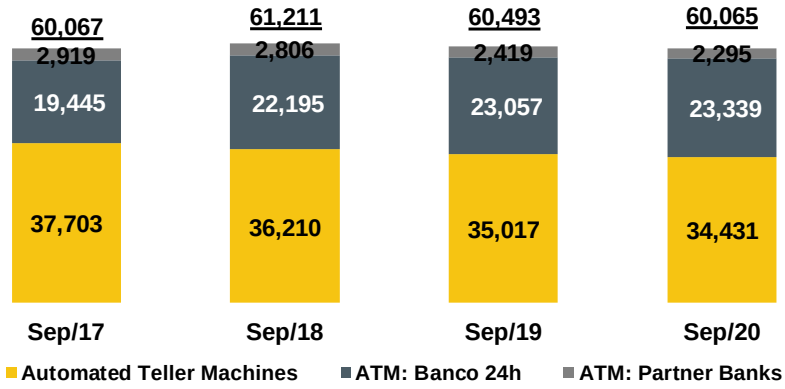
Table 45. Traditional, Digital and Specialized Service Branches

				Var. (%)	
	Sep/19	Jun/20	Sep/20	Sep/19	Jun/20
Total Branches	**4,303**	**4,367**	**4,370**	**1.6**	**0.1**
Traditional Branches	**3,684**	**3,694**	**3,695**	**0.3**	**0.0**
Digital and Specialized Service Branches	**619**	**673**	**675**	**9.0**	**0.3**
Estilo Branches	246	248	248	0.8	-
Empresa Branches	171	215	215	25.7	-
Government Branches	30	30	30	-	-
Private Banking	11	22	24	118.2	9.1
Exclusivo Offices	139	138	138	(0.7)	-
Estilo Offices	20	20	20	-	-
SME Offices	2	-	-	-	-

Automated Teller Machines (ATMs)

Banco do Brasil provides its customers with a extensive ATMs network in Brazil. The next figure shows the number of ATMs in its own network, in partnerships with other banks and the Banco 24h network.

Figure 20. Automated Teller Machines (ATMs)



4.3. Indicators

In YoY comparison, the 12-month accumulated coverage ratios decreased, mainly, due to the 0.4% drop in fee income and the 4.0% administrative expenses increase, considering the same comparative period (accumulated in 12 months).

Table 46. Adjusted Coverage Ratios – R$ million

	3Q19	4Q19	1Q20	2Q20	3Q20
Fee Income (A)	**7,466**	**7,508**	**7,067**	**6,965**	**7,281**
Administrative Expenses (B) = (C) + (D)	**7,710**	**8,611**	**7,770**	**7,850**	**7,835**
Personnel Expenses (C)	4,884	5,530	4,919	5,008	4,986
Other Administrative Expenses (D)	2,827	3,081	2,851	2,842	2,849
Personnel Expenses Coverage (A/C) - %	152.9	135.8	143.7	139.1	146.0
Personnel Expenses Coverage 12 months - %	**147.3**	**144.6**	**145.6**	**142.6**	**141.0**
Personnel Exp. Coverage 12m (adj. by Cassi's Exp.)[1] - %	**144.5**	**144.6**	**146.5**	**144.8**	**144.1**
Administrative Expenses Coverage (A/B) - %	96.8	87.2	91.0	88.7	92.9
Administrative Expenses Coverage 12 months - %	**93.8**	**92.6**	**92.9**	**90.8**	**89.9**
Adm. Exp. Coverage 12m (adj. by Cassi's Expenses)[1] - %	**92.6**	**92.6**	**93.3**	**91.7**	**90.8**

(1) It considers the complementary contribution related to Cassi's bylaws amendment.

The 12-month accumulated cost-to-income ratio, which measures the relationship between Banco do Brasil's administrative expenses and operating revenues, worsened by 130 bps YoY, influenced by the

increase in impairments expenses considering the same comparative period (accumulated in 12 months).

Table 47. Adjusted Cost-to-Income Ratio – R$ million

	3Q19	4Q19	1Q20	2Q20	3Q20
Administrative Expenses (A)	**7,710**	**8,611**	**7,770**	**7,850**	**7,835**
Personnel Expenses	4,884	5,530	4,919	5,008	4,986
Other Administrative Expenses	2,827	3,081	2,851	2,842	2,849
Operating Income (B)	**22,034**	**22,446**	**21,502**	**21,074**	**21,732**
Net Interest Income	13,557	14,263	14,005	14,541	14,017
Recovery of Write-offs	1,721	1,805	1,585	1,591	2,283
Discounts Granted	(307)	(287)	(269)	(211)	(244)
Impairments	(296)	(239)	(378)	(1,344)	(973)
Fee Income	7,466	7,508	7,067	6,965	7,281
Equity Interest in Associated Companies and JV	1,028	982	669	720	782
Other Operating Income	1,670	1,588	1,461	1,029	1,096
Other Operating Expenses	(2,803)	(3,175)	(2,639)	(2,217)	(2,509)
Cost-to-Income Ratio (A/B) - %	**35.0**	**38.4**	**36.1**	**37.2**	**36.1**
Cost-to-Income Ratio 12 months - %	**35.7**	**36.1**	**36.2**	**36.7**	**37.0**
Cost-to-Income Ratio 12m (adj. by Cassi's Expenses)[1] - %	**36.2**	**36.1**	**36.0**	**36.3**	**36.6**

(1) It considers the complementary contribution related to Cassi's bylaws amendment.

The following table sets forth other productivity and efficiency indicators used for analysis.

Table 48. Other Productivity and Efficiency Indicators

	Sep/19	Dec/19	Mar/20	Jun/20	Sep/20
Checking Accounts/Own Service Network	2,774	2,836	2,885	2,902	3,120
Checking Accounts/Employees in Branches	633	647	662	666	679
Fee Income/Own Service Network - R$ thousand	555	566	534	528	585
Loan Portf. (Expanded View)/Own Service Network - R$ million	51.0	51.3	54.8	54.7	58.7
Commercial Funding/Employess in Branches - R$ million	10.5	10.7	10.9	11.9	12.2
Inv. Funding/Employess in Branches - R$ million	17.8	18.2	18.3	18.9	20.5
Personnel Expenses per Employee (quarter average) - R$ thousand	51.4	59.1	52.9	54.1	54.0
Employees in Branches/(Branches+Services Posts)	9.2	9.3	9.3	9.3	9.3

5 – Other Operating Income

5.1. Information on Subsidiaries and Affiliates

The following table presents Banco do Brasil S.A. equity on its subsidiaries and affiliates.

Table 49. Interest in the Capital of Subsidiaries and Affiliates

			Share (%)	Book Value		Equity Income
Equity Interest	Activity		Sep/20	Sep/19	Sep/20	3Q20
Banco do Brasil - AG. Viena	Holding	(I)	100.00	928,488	1,301,345	(6,854)
Banco Patagonia S.A.	Multiple Bank	(I)	80.39	1,296,959	2,034,804	283,655
Banco Votorantim S.A.	Multiple Bank	(II)	50.00	5,067,565	5,321,652	141,272
BB Adm. de Cartões de Crédito S.A.	Service Rendering	(I)	100.00	44,374	43,559	6,205
BB Administradora de Consórcios S.A.	Consortiums	(I)	100.00	435,454	654,203	128,630
BB Americas	Multiple Bank	(I)	100.00	234,148	349,186	6,333
BB Banco de Investimento S.A.[5]	Investment Bank	(I)	100.00	601,726	651,748	115,462
Ativos S.A. Securitizadora de Créd. Financ.[1]	Credit Acquisition	(I)	100.00	1,044,598	1,120,116	102,219
Kepler Weber S.A.	Industry	(II)	17.45	79,696	81,579	0
Tecnologia Bancária S.A. – Tecban[2]	Service Rendering	(II)	12.52	61,803	72,997	5,945
BB DTVM S.A.	Asset Management	(I)	100.00	499,461	1,095,710	378,518
BB Elo Cartões Participações S.A.[6]	Holding	(I)	100.00	9,189,795	9,532,899	154,100
Elo Participações S.A.	Holding	(II)	49.99	1,411,166	1,443,940	101,116
CBSS - Alelo	Service Rendering	(II)	49.99	405,404	366,865	26,344
Elo Serviços	Service Rendering	(II)	28.48	174,311	252,802	46,020
Cateno Gestão de Contas de Pagamento S.A.[3][4]	Service Rendering	(II)	50.08	3,654,931	3,640,803	24,067
Cielo S.A.	Service Rendering	(II)	28.69	3,093,675	3,248,777	(32,187)
BB Leasing S.A. – Arrendamento Mercantil	Leasing	(I)	100.00	4,770,013	4,772,925	12,073
Banco do Brasil Securities LLC.	Brokerage	(I)	100.00	329,558	471,172	12,682
BB Seguridade Participações S.A.	Holding	(I)	66.36	6,575,345	3,785,158	727,935
BB Corretora de Seg. e Adm. de Bens S.A.	Brokerage	(I)	66.36	536,173	592,283	545,209
BB Seguros Participações S.A.	Holding	(I)	66.36	5,078,333	4,854,856	549,721
BB Mapfre SH1 Participações S.A.	Holding	(II)	49.76	1,343,880	1,097,078	261,782
Brasilcap Capitalização S.A.	Capitalization	(II)	44.24	305,434	301,910	28,715
Brasildental Operadora de Planos Odontológicos S.A.	Service Rendering	(II)	49.77	14,728	14,283	3,427
Brasilprev Seguros e Previdência S.A.	Insurance/Pension	(II)	49.77	2,348,774	2,394,049	263,897
BB Tecnologia e Serviços S.A.[7]	IT	(I)	99.99	302,065	192,260	(124,666)
BB USA Holding Company, Inc.	Holding	(I)	100.00	778	1,002	(29)
Besc DTVM S.A.	Asset Management	(I)	99.62	6,566	6,013	(167)
BB Cayman Islands Holding	Holding	(I)	100.00	1,852,882	1,652,987	46,982
BB Securities Asia Pte. Ltd.	Brokerage	(I)	100.00	35,715	50,857	2,468
BB Securities Ltd.	Brokerage	(I)	100.00	293,837	423,110	20,072

(I) Subsidiaries fully included in the accounting consolidation.
(II) Affiliate companies accounted for by equity method.

(1) BB holds indirect participation in Ativos SA 75.71% by BB-BI and 24.29% by BB Cayman Islands Holding.
(2) BB holds indirect participation in Tecban 8.01% by BB-BI and direct participation 4.51% by BB Multiple Bank, totaling 12.52%.
(3) BB holds direct participation in Cateno 30.0% by BB Multiple Bank and indirect participation 20.8% by BB-BI, totaling 50.08%.
(4) The values shown (Book Value and Equity Income) of company Cateno Gestão de Contas de Pagamento S.A. are equivalent to 30% of direct participation by BB Multiple Bank.
(5) Disposal of holdings in companies: Seguradora Brasileira de Crédito à Exportação - SBCE on May/2019, Neoenergia S.A. on June/2019 and Companhia Brasileira de Securitização - Cibrasec on July/2019.
(6) Incorporation of Cielo S.A. in June/2019.
(7) Result affected by the constitution of a provision for civil claims.

5.2. Other Operating Income and Expenses

The following table sets forth the main items of other operating income/expenses. The line "Other" represents the sum of non-relevant and pulverized sub-lines amounts.

Table 50. Other Operating Income/Expenses

				Chg. (%)				Chg. (%)
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Other Operating Income	**1,595**	**1,028**	**1,083**	**(32.1)**	**5.4**	**4,849**	**3,462**	**(28.6)**
Recovery of Charges and Expenses	533	481	427	(20.0)	(11.4)	1,586	1,401	(11.6)
Income from Guarantee Deposits	489	308	230	(53.0)	(25.4)	1,498	864	(42.3)
Card Transactions	109	102	26	(76.1)	(74.7)	541	278	(48.7)
Income from non-financial Associated Companies	36	14	15	(57.7)	9.3	143	51	(64.6)
Receivables Income	14	12	12	(15.5)	0.8	91	37	(59.2)
Other Operating Expenses	**(2,567)**	**(2,192)**	**(2,365)**	**(7.8)**	**7.9**	**(7,013)**	**(6,996)**	**(0.2)**
Actuarial Liabilities	(394)	(435)	(418)	6.2	(3.9)	(1,000)	(1,289)	28.9
Card Transactions	(485)	(461)	(398)	(17.9)	(13.6)	(1,306)	(1,233)	(5.6)
Negotiation Relationship Allowance	(319)	(335)	(364)	14.3	8.6	(992)	(1,055)	6.4
Negotiation Relationship Bonus	(399)	(300)	(302)	(24.2)	0.9	(1,248)	(904)	(27.6)
Self-Service Terminals	(59)	(142)	(133)	125.4	(6.9)	(158)	(365)	132.0
Other Oper. Exp. from Non-Financ. Comp.	(131)	(73)	(115)	(12.1)	58.3	(357)	(333)	(6.9)
INSS Agreement	(58)	(62)	(61)	4.6	(1.9)	(171)	(187)	9.6
Life Insurance Premium - Consumer Credit	(37)	(49)	(48)	32.4	(1.8)	(109)	(138)	27.1
Operating losses	(34)	(24)	(40)	19.4	65.1	(99)	(102)	2.3
Goodwill Amotization	(51)	(7)	(7)	(86.5)	(7.8)	(125)	(21)	(82.9)
Payment Bonus	(25)	(3)	(3)	(87.6)	13.6	(109)	(16)	(85.3)
Remuneration for Transactions of Banco Postal	(39)	(3)	0	0.0	0.0	(113)	(18)	(84.5)
Other[1]	**(122)**	**(187)**	**(101)**	**(17.8)**	**(46.2)**	**(236)**	**(504)**	**113.2**

(1) Includes IHCD repurchase costs incurred in April/18.

BB's Clube de Benefícios is a benefit and advantage program, part of the relationship program Ponto para Você, which grants its members exclusive benefits, both in the Bank's products and services and in BB's partner companies. In the last quarter it was responsible for +R$123.1 million of the total amount recorded in "Other".

6 – Capital Management

Risk and capital management are fundamental to the banking system's sustainability. Risk identification, measurement, evaluation, monitoring, reporting, control and mitigation methods safeguard financial institutions at adverse times and provide support for the generation of positive and recurring results over time.

Risk management at Banco do Brasil includes credit, market, liquidity and operational risks supported by specialized structures, according to objectives, policies, strategies, processes and systems described in each of these risks.

More information on Banco do Brasil's risk management process can be found in the Risk Management Report – Pillar III at ri.bb.com.br/en, published quarterly.

6.1. Capital Structure

The BIS ratio is calculated according to the criteria by CMN Resolutions No. 4,192/2013 and No. 4,193/2013, provides the calculation of the Reference Equity and the Minimum Required Reference Equity (MRRE) in relation to the Risk-weighted Assets (RWA), respectively. The technical terms used for capital regulation are available in the glossary.

Covid-19

Reduction of banks' Main Capital Conservation Additional - CMN Resolution 4,783/2020

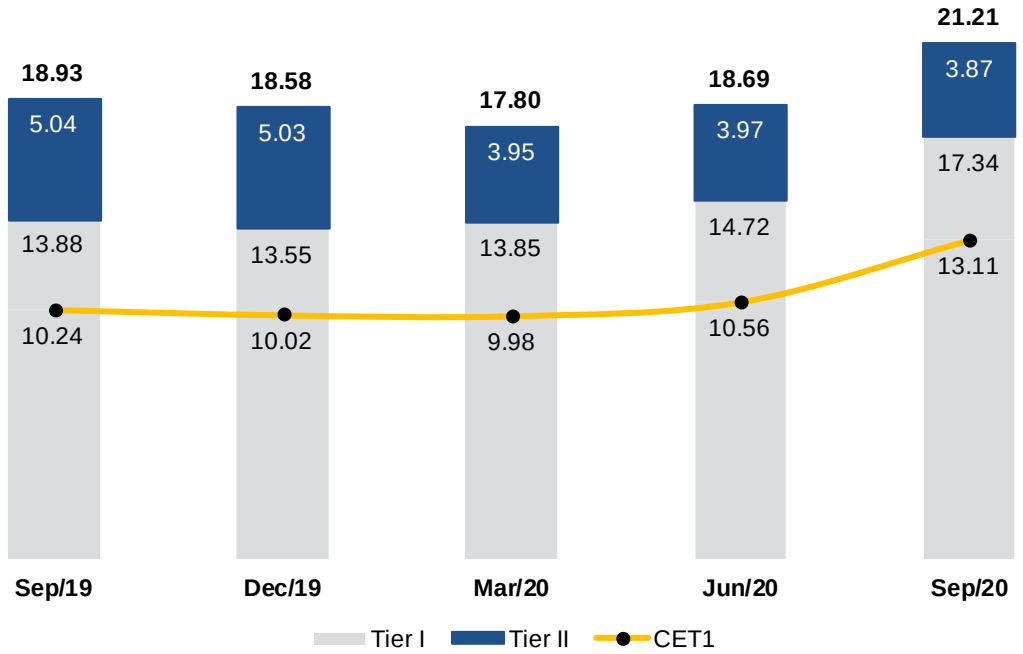
The Principal Capital Conservation Additional Rate (ACCP) was reduced from 2.5% to 1.25% for one-year period, with a gradual reversal until March 2022. This measure improves the conditions for carrying out eventual renegotiations, in addition to help financial institutions maintain, or even expand, the credit disbursement flow. More information is available in Note 30.c.

Performance

BIS ratio was 21.21% in September 2020. The Tier I capital ratio was 17.34%, with 13.11% of CET 1. The Reference Equity, which takes into account the requirements to assess Basel III regulatory capital, was R$163.2 billion and MRRE totaled R$61.6 billion.

The following image presents the BIS' ratio performance.

Figure 21. BIS Ratio Performance - %



Banco do Brasil has an Integrated Stress Test (*Teste de Estresse Integrado - TEI*) methodology, Stress Test Program and Capital Contingency Plan, in order to assess the impacts on the Bank's business, results and capital and provide relevant information for formulation of your corporate strategy. The methodology is reviewed at least annually and approved by the Executive Committee for Risk

Management, Internal Controls, Assets, Liabilities, Liquidity and Capital. The Stress Test Program and the Capital Contingency Plan are reviewed annually and approved by the Board of Directors.

The current TEI methodology considers credit, concentration, market, IRRBB (risk of changes in interest rate on the bank portfolio), liquidity, operational, contagion and EFPPS (risk of Closed Private Pension Entities) risks.

The exercise of the TEI occurs from the macroeconomic scenarios produced by the Bank's economy area, with prospective shocks in the variables GDP, Inflation Index (IPCA), Foreign Exchange, *Selic*, Growth of Banking Industry Credit, country risk, among others, in a period of 3 years.

The Integrated Stress Test allows the measurement of the effects of stress scenarios on the credit portfolio, net interest income, expenses with allowance for loan losses, fee income, administrative expenses, equity income, net income and capital and liquidity indicators.

With relevance to the Bank's decision-making process, the results of the TEI are reported periodically in collegiate bodies of BB and support the formulation of the Institution's strategy and capital management.

Full Application of Basel III

The Basel III transition schedule was concluded in 2019 and its effects on BB were the increase in the multipliers of the market risk and of the operational risks witch had modified from 11.6 to 12.5 in 2019.

Banco do Brasil has a three-year prospective Capital Plan and considering (a) the Risk Appetite Statement (RAS), (b) the Corporate Strategy and (c) the Corporate Budget.

The focus is on organic capital generation and credit growth on lines with better return versus risk. In the RAS and Capital Plan, a minimum CET1 of 11% is defined as of January 2022.

The following table sets forth the Reference Equity and Risk-weighted Assets and its main components.

Table 51. Basel Ratio

	Sep/19	Dec/19	Mar/20	Jun/20	Sep/20
Reference Equity (RE)	**134,283**	**132,150**	**139,118**	**142,668**	**163,255**
Tier I	**98,498**	**96,380**	**108,276**	**112,354**	**133,500**
Common Equity Tier 1 Capital (CET1)	**72,645**	**71,289**	**78,020**	**80,608**	**100,868**
Shareholders Equity	94,464	98,921	102,386	105,157	112,315
Instruments Eligible to Capital	8,100	8,100	8,100	8,100	8,100
Prudential Adjustments	(29,919)	(35,732)	(32,466)	(32,650)	(19,547)
Investments and Tax credits (temporary differences) exceeding more than 15% of the CET1	(13,603)	(12,297)	(10,463)	(8,745)	(7,167)
Intangible Assets	(4,297)	(5,914)	(6,574)	(6,889)	(6,359)
Tax credits (temporary differences) exceeding more than 10% of the CET1	(7,587)	(15,473)	(13,308)	(12,965)	(2,127)
Tax credits arising from tax losses and negative basis of Social Contribution[1]	(1,824)	(1,733)	(1,732)	(1,733)	(1,735)
Investments exceeding more than 10% of the CET1[2]	(2,370)	-	-	(1,865)	(1,323)
Actuarial Assets related to Defined Benefit Pension Funds net of deferred tax liability associated	(117)	(133)	(188)	(160)	(563)
Goodwill paid on acquisition of investment on the basis of expected future profitability	(48)	(43)	(50)	(47)	(43)
Non-controlling interest[3]	(25)	(90)	(103)	(102)	(133)
Tax credits arising from tax loss of excess depreciation	(45)	(41)	(39)	(37)	(36)
Investments exceeding more than 10% of the CET1	(2,370)	-	-	(1,865)	(1,323)
Difference between provision and adjustment resulting from evaluation pursuant 4,277/2013 resolution	(3)	(8)	(8)	(108)	(61)
Additional Tier I Capital	**25,853**	**25,091**	**30,256**	**31,746**	**32,632**
HCDI authorized by CMN n.º 4,192/2013 resolution	22,384	21,665	27,943	29,434	30,319
HCDI authorized by previous rules to the CMN n.º 4,192/2013 resolution[4]	3,469	3,426	2,313	2,313	2,313
Tier II	**35,786**	**35,770**	**30,842**	**30,314**	**29,755**
Eligible to Capital Subordinated Debts	35,805	35,796	30,884	30,314	29,755
Subordinated Debts authorized by CMN n.º 4,192/2013 resolution - Financial Letters	1,729	1,744	1,393	751	193
Subordinated Debts authorized by previous rules to the CMN n.º 4,192/2013 resolution	34,076	34,053	29,491	29,563	29,563
FCO Funding[5]	29,337	29,337	26,403	26,403	26,403
Financial Letters and Certificates of Deposits[6]	4,739	4,716	3,088	3,160	3,160
Tier II deductions	(19)	(26)	(42)	-	-
Funding instruments issued by financial institutions	(19)	(26)	(42)	-	-
Risk-Weighted Assets (RWA)	**709,536**	**711,402**	**781,507**	**763,410**	**769,680**
Credit Risk (RWACPAD)	613,364	612,630	670,533	663,333	682,592
Market Risk (RWAMPAD)	18,793	21,393	27,060	16,164	19,405
Operational Risk (RWAOPAD)	77,380	77,380	83,914	83,914	67,683
Minimum Required Referential Equity (MRRE)[7]	**56,763**	**56,912**	**62,521**	**61,073**	**61,574**
MRRE Margin (RE-MRRE)	**77,521**	**75,238**	**76,598**	**81,595**	**101,681**
Tier I Capital Ratio (Tier I/RWA) - (%)	**13.88**	**13.55**	**13.85**	**14.72**	**17.34**
CET1 Ratio (CET1/RWA) - (%)	**10.24**	**10.02**	**9.98**	**10.56**	**13.11**
BIS Ratio (RE/RWA) - (%)	**18.93**	**18.58**	**17.80**	**18.69**	**21.21**

(1) CMN Resolution No. 4,192/2013, Paragraph 13, Article 5 of, determines the non-deduction of tax credits from tax losses and negative basis of CSLL, arising from a short position in foreign currency realized with the objective of providing hedge for participation in investments abroad, recognized in the period from 01.01.2018 to 12.31.2020.
(2) Refers to higher investments in similar to unconsolidated financial institutions, in insurance companies, reinsurers, capitalization companies, open supplementary pension entities and in institutions authorized to operate by Bacen, unconsolidated.
(3) The deduction of the participation of non-controlling shareholders corresponds to the application of Paragraph 1, Article 9 of CMN Resolution No. 4,192/2013.
(4) On 09.30.2020, Banco do Brasil applied the 20% limiter, as established in Article 28 Items I to X of CMN Resolution No. 4,192/2013, on debt instruments eligible to Level I capital, authorized by Bacen to compose the PR in accordance with CMN Resolution No. 3,444/2007.
(5) In compliance with the provisions of Article 29-A of CMN Resolution No. 4,192/2013, the FCO balances correspond to the application of the 90% limiter to the amount computed in Level II on 06.30.2018.
(6) On September 30, 2020, the balance on December 31, 2012 of the Subordinated Debt instruments was considered, applying the 20% limiter, as determined by CMN Resolution No. 4,192/2013.
(7) In accordance with CMN Resolution No. 4,193/2013, it corresponds to the application of the "F" factor to the amount of RWA, with "F" equal to 8%.
(8) Values from the Operational Limits Statement (DLO – Demonstrativo de Limites Operacionais).

On August 28, 2014, the Hybrid and Debt Capital Instrument in the amount on R$8.1 billion, was authorized by Bacen to compose the Bank's Common Equity Tier 1 Capital.

The scope of the consolidation used as a base to verify operating limits is the Prudential Conglomerate, defined in CMN Resolution No.4,280/2013, since January 1st, 2015.

Pursuant to the Brazil's Accounting Plan of Financial Institutions (Cosif), the Prudential Conglomerate encompasses not only financial institutions, but also purchase consortium administrators, payment institutions, companies that directly or indirectly purchase transactions or assume credit risk, and investment funds in which the conglomerate retains significant risks and benefits.

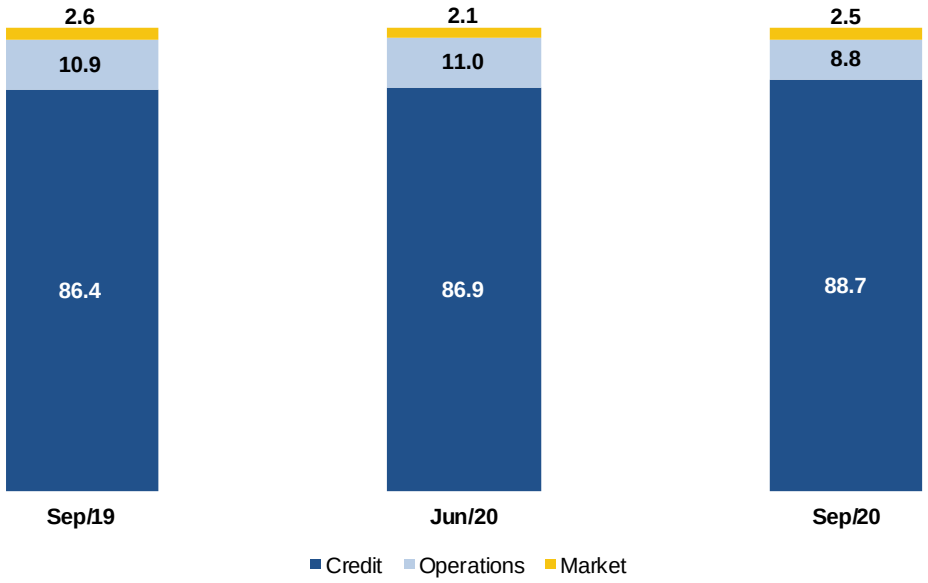
CMN Resolution No.4,193/2013 presents the "F" factor, representing the Basel index during the implementation process of the Basel III requirements.

The Working Capital Program for the Preservation of Companies (*Programa de Capital de Giro para Preservação de Empresa*s – CGPE), defined in CMN Resolution No. 4,838/2020, since July 22, 2020,

was offered in a credit line to the SME public facing difficulties with the Covid-19 pandemic. The CGPE lines offer the benefit of reducing the RWA of tax credits, according to Provisional Measure No. 922/2020, in addition to presenting a better return on the allocated capital.

The following image presents RWA composition by risk type.

Figure 22. RWA Breakdown by Risk Type (%)



The following tables present the MRRE breakdown correspondent to the RWA subject to operational, market and credit risk, through the standardized approach. The “F” factor is 8.0%.

Table 52. MRRE in relation to RWA_{OPAD}[1] – R$ million

	Sep/19			Jun/20			Sep/20		
	RWA_{OPAD}	MRRE	%	RWA_{OPAD}	MRRE	%	RWA_{OPAD}	MRRE	%
TOTAL	**77,380**	**6,190**		**83,914**	**6,713**		**67,683**	**5,415**	
Commercial	30,681	2,454	39.6	31,220	2,498	37.2	32,453	2,596	47.9
Retail	16,019	1,282	20.7	16,005	1,280	19.1	16,199	1,296	23.9
Trading and Sales	13,354	1,068	17.3	12,532	1,003	14.9	(4,818)	(385)	(7.1)
Payments and Settlements	9,776	782	12.6	8,185	655	9.8	7,555	604	11.2
Asset Management	3,542	283	4.6	10,499	840	12.5	11,030	882	16.3
Financial Agent Services	2,196	176	2.8	2,663	213	3.2	2,524	202	3.7
Corporate Finance	1,759	141	2.3	2,756	220	3.3	2,678	214	4.0
Retail Brokerage	53	4	0.1	54	4	0.1	64	5	0.1

(1) RWAOPAD: weighting related to capital requirement for operational risk exposures under standardized approach.

Table 53. MRRE in relation to RWA_{MPAD}[2] – R$ million

	Sep/19			Jun/20			Sep/20		
	RWA_{MPAD}	MRRE	%	RWA_{MPAD}	MRRE	%	RWA_{MPAD}	MRRE	%
TOTAL	**18,793**	**1,503**		**16,164**	**1,293**		**19,405**	**1,552**	
FX	13,758	1,101	73.2	10,479	838	64.8	13,320	1,066	68.6
Interest Rate	4,753	380	25.3	5,375	430	33.3	5,636	451	29.0
Shares	-	-	-	-	-	-	-	-	-
Commodities	283	23	1.5	310	25	0.0	449	36	2.3

(2) RWAMPAD: weighting related to market risk exposures, subject to the calculation of capital requirements under standardized approach.

Table 54. MRRE in relation to RWA_{CPAD}[3] – R$ million

	Sep/19		%	Jun/20		%	Sep/20		%
	RWA_{CPAD}	MRRE		RWA_{CPAD}	MRRE		RWA_{CPAD}	MRRE	
TOTAL	**613,364**	**49,069**		**663,333**	**53,067**		**682,592**	**54,607**	
Loan Operations	379,978	30,398	61.9	394,773	31,582	59.5	394,873	31,590	57.8
Other Credits	46,607	3,729	7.6	46,024	3,682	6.9	48,095	3,848	7.0
Tax Credits	39,815	3,185	6.5	57,365	4,589	8.6	68,937	5,515	10.1
Permanent Assets	28,590	2,287	4.7	29,383	2,351	4.4	33,934	2,715	5.0
Securities and Derivatives	42,951	3,436	7.0	52,550	4,204	7.9	52,600	4,208	7.7
Loans to release	20,490	1,639	3.3	19,584	1,567	3.0	21,180	1,694	3.1
Guarantees Provided	5,365	429	0.9	7,945	636	1.2	8,030	642	1.2
Investments in Clearings Guaratee Funds	59	5	0.0	149	12	0.0	188	15	0.0
Other	49,510	3,961	8.1	55,560	4,445	8.4	54,755	4,380	8.0

(3) RWACPAD: weighting related to credit risk exposures, subject to the calculation of capital requirements under standardized approach.

The following table presents the breakdown of RWA_{CPAD}, including the main exposures.

Table 55. RWA_{CPAD} segregated by Risk Weighting Factor (RWF) – R$ million

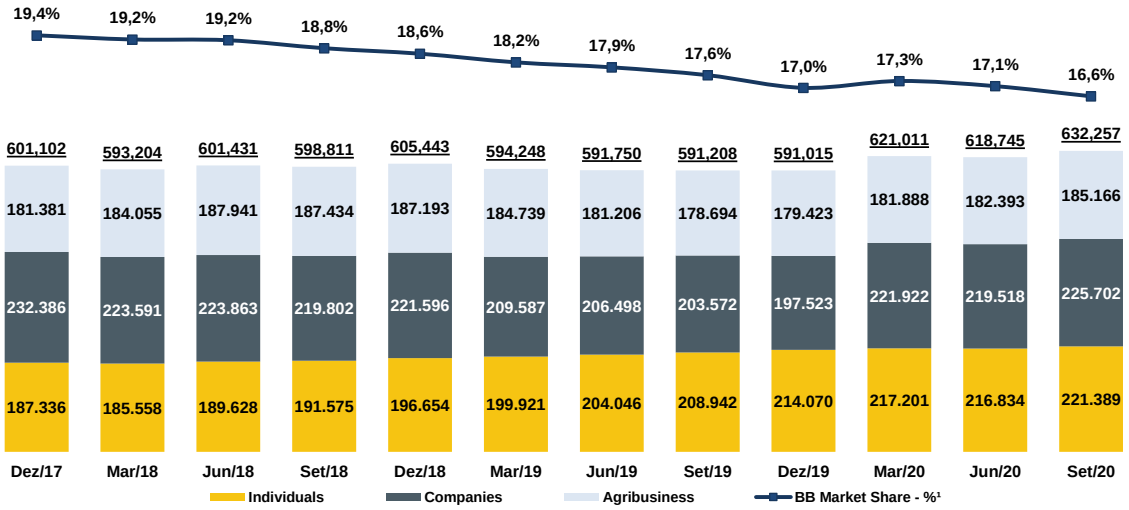
	Sep/20		
	RWF (%)	RWA_{CPAD}[1]	MRRE[2]
Total		**682,592**	**54,607**
Available Funds	20	363	29
	100	3,306	265
	150	2,779	222
Short-Term Interbank Investments	20	2,086	167
	50	3,527	282
	85	7,281	582
	100	14,726	1,178
Securities and Financial Derivatives	2	6	0
	50	1,415	113
	85	10,794	864
	100	40,385	3,231
Investments in Clearings Guarantee Funds	2	103	8
	100	85	7
Interbank Accounts	20	505	40
	50	271	22
	85	1,511	121
	100	14	1
Loans	20	1	0
	35	14,814	1,185
	50	1,462	117
	70	9,017	721
	75	180,454	14,436
	85	69,600	5,568
	100	119,526	9,562
	150	1	0
Leasing	75	19	2
	85	31	2
	100	106	8
Other Receivables	50	7,542	603
	75	20,083	1,607
	85	623	50
	100	19,846	1,588
	150	1	0
Other Assets	100	1,162	93
Permanent Assets	100	15,021	1,202
	250	18,913	1,513
Credit Commitment non-cancellable unconditionally and unilaterally by the Institution	20	0	0
	50	569	46
	75	9,647	772
	85	4,004	320
	100	2,288	183
Loans to Release	50	182	15
	75	870	70
	85	1,369	110
	100	2,249	180
Advance payment granted by the Institution	75	211	17
	85	5,679	454
	100	6,154	492
Guarantees provided	50	1	0
	75	171	14
	85	4,360	349
	100	3,498	280
Tax Credits	100	37,222	2,978
	250	18,913	1,513
	300	12,802	1,024
Operations for settlement of purchase of foreign currency, gold or securities on the spot market	20	2	0
	50	1	0
	85	1	0
	100	3	0
Operations for settlement of sale of foreign currency, gold or securities on the spot market	20	4	0
	50	0	0
	85	1	0
	100	4	0
Derivatives adjustment due to variation of credit quality from counterparty		5,009	401
Pronampe	12	-	-

(1) Sum of the exposures multiplied by the respective Risk Weighting Factors, adjusted by the Conversion Factor.
(2) Exposure weighted by the Risk Factor multiplied by 8.0%.

7 – Loan

The average historical distribution (from December/17 to September/20) of BB's loan portfolio is 36.0% in companies, 33.6% in individuals and 30.4% in agribusiness, which gives it a unique profile in relation to the banking industry. Since December/17 there has been a gradual reduction in the participation of the companies portfolio, mainly by decreasing the participation of corporate, that began to use capital market instruments, and increasing the participation of retail businesses, individuals and SME (companies with annual revenues of up to R$200 million). In this period, the average quarterly growth of the portfolio was 0.5% (+R$2.8 billion), the companies portfolio reduced 0.2% (-R$607.6 million), the individuals portfolio grew 1.5% (+R$3.1 billion) and the agribusiness portfolio grew 0.2% (+R$344.1 million).

Figure 23. Brazil Classified Loan Portfolio Evolution and Banking Industry Market Share – R$ million



(1) Market share in the classified loan portfolio of the Brazilian Banking Industry (BI).

In the annual comparison, there was growth in the loan portfolio expanded view (+R$44.0 billion and +6.4%), with emphasis on retail and agribusiness operations. Thus, the individual portfolio (+R$13.0 billion and +6.2%) grew, mainly due to the positive performance in payroll loan (+R$11.9 billion and +15.2%). In companies, the operations with SME (+R$ 11.2 billion and +17.9%) stood out, justified mainly by the disbursements of R$6.2 billion in the loan line supported by the National Program of Support to Micro and Small Enterprises (Pronampe). In agribusiness, the highlight is rural loan (+R$8.6 billion and +5.3%).

In the same period of comparison, the corporate segment (-R$2.2 billion and -2.3%), Agribusiness loans to companies (-R$ 2.2 billion and -15.1%) and agricultural selling (-R$ 4.1 billion and -46.3%) showed a reduction. The agricultural selling line can be explained by the high price of agricultural products, making the sale of the products more attractive to the market, in detriment to the storage.

Over June/20 (+R$8.5 billion and +1.2%), highlight to the return of the individuals credit card line growth (+R$ 3.3 billion and 13.0%) and the SME working capital growth (+R$ 7.9 billion and +24.1%) in addition to the 1.8% increase in the rural portfolio.

The agribusiness loan portfolio expanded view was revised as of December/18 to include the balance in the Agribusiness Loan Rights Certificate (CDCA), a nominative loan security. Starting in December/18, the CDCA portfolio was R$867 million in September/20.

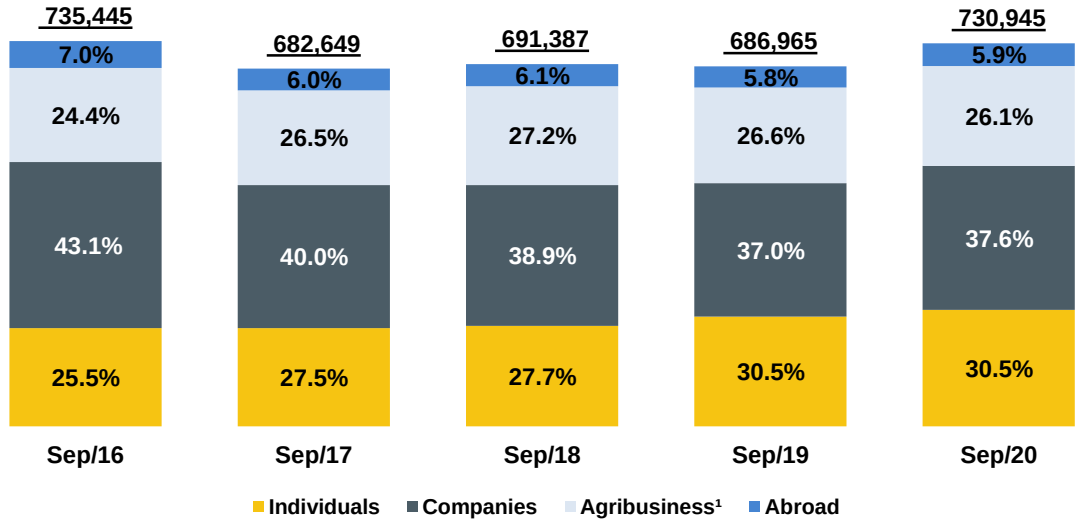
Table 56. Loan Portfolio – Classified and Expanded View – R$ million

	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Chg. % on Sep/19	Chg. % on Jun/20
Classified Loan Portfolio (a)	**626,090**	**100.0**	**657,212**	**100.0**	**668,036**	**100.0**	**6.7**	**1.6**
Brazil	**591,208**	**94.4**	**618,745**	**94.1**	**632,257**	**94.6**	**6.9**	**2.2**
Individuals	**208,942**	**33.4**	**216,834**	**33.0**	**221,389**	**33.1**	**6.0**	**2.1**
Companies	**203,572**	**32.5**	**219,518**	**33.4**	**225,702**	**33.8**	**10.9**	**2.8**
Corporate	95,617	15.3	97,285	14.8	93,421	14.0	(2.3)	(4.0)
SME	62,760	10.0	66,977	10.2	74,009	11.1	17.9	10.5
Government	45,195	7.2	55,256	8.4	58,272	8.7	28.9	5.5
Agribusiness	**178,694**	**28.5**	**182,393**	**27.8**	**185,166**	**27.7**	**3.6**	**1.5**
Individuals	151,119	24.1	159,206	24.2	163,301	24.4	8.1	2.6
Companies	27,575	4.4	23,187	3.5	21,865	3.3	(20.7)	(5.7)
Abroad	**34,882**	**5.6**	**38,467**	**5.9**	**35,778**	**5.4**	**2.6**	**(7.0)**
Private Securities and Guarantees (b)	**60,874**		**65,204**		**62,909**		**3.3**	**(3.5)**
Loan Portfolio - Expanded View (a + b)	**686,965**	**100.0**	**722,416**	**100.0**	**730,945**	**100.0**	**6.4**	**1.2**
Brazil	**646,925**	94.2	**677,153**	93.7	**687,614**	94.1	6.3	1.5
Individuals	209,630	30.5	218,047	30.2	222,600	30.5	6.2	2.1
Companies	254,463	37.0	271,416	37.6	274,561	37.6	7.9	1.2
Agribusiness[1]	182,832	26.6	187,689	26.0	190,453	26.1	4.2	1.5
Abroad	**40,040**	5.8	**45,264**	6.3	**43,331**	5.9	8.2	(4.3)

(1) The agribusiness loan portfolio expanded view was revised as of december/18 to include the balance in the CDCA portfolio.

The following figure shows the evolution of the composition of the expanded loan portfolio. Over September/16 it is observed the increase of the individuals portfolio participation from 25.5% to 30.5% and agribusiness from 24.4% to 26.1% and the decrease of the companies portfolio from 43.1% to 37.6%.

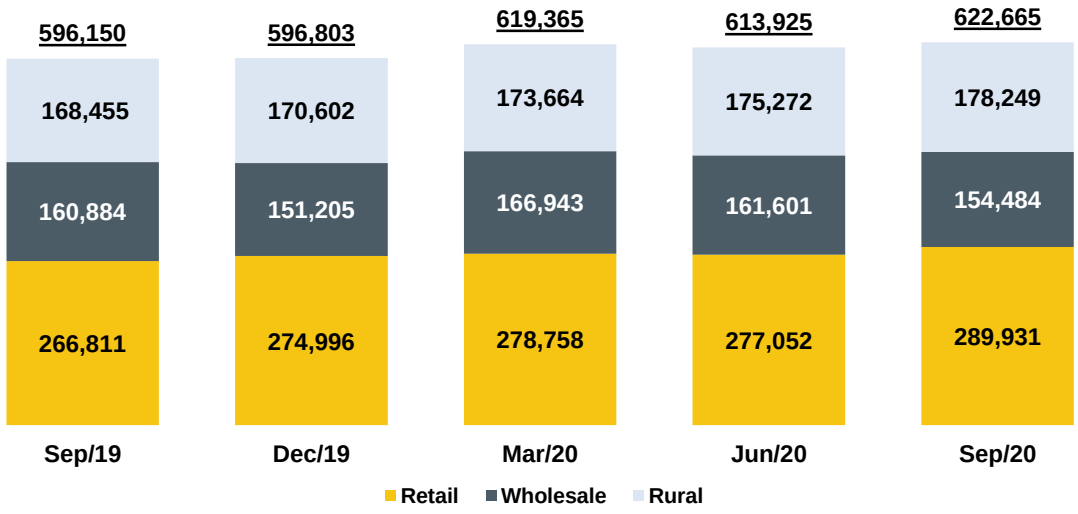
Figure 24. Composition of the Loan Portfolio Expanded View – R$ million



(1) The agribusiness loan portfolio expanded view was revised as of december/18 to include the balance in the CDCA portfolio.

We present below the vision of the Retail, Wholesale and Rural expanded view portfolio. In 12 months, while the Retail and Rural portfolios grew 8.7% and 5.8% respectively, Wholesale reduced 4.0%, aligned with the strategy of changing the portfolio mix.

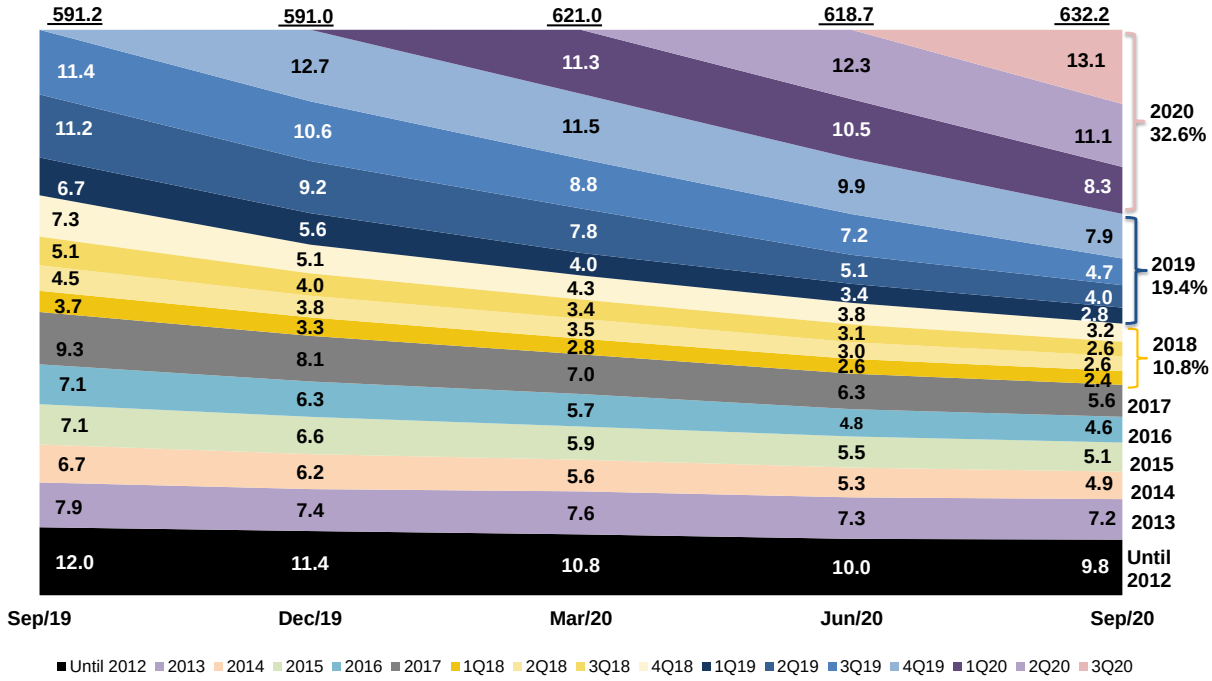
Figure 25. Retail, Wholesale and Rural – R$ million



The following figure sets forth the domestic classified loan portfolio by the loans closing date. In certain cases, loan disbursement may continue to occur during quarters after the loan's closing, being then added to the original closing quarter.

Considering the portfolio in September/20, 68.4% of the assets were contracted as of 2017. Assets contracted before 2014 correspond to 17.0%.

Figure 26. BB's Classified Loan Portfolio in Brazil by Contracted Period - % and R$ billion



The following tables sets forth the concentration level of the portfolio with customers and business groups with which Banco do Brasil has relations.

Table 57. 100 Largest Customers in Relation to the Classified Loan Portfolio and RE– R$ million

	Sep/19	Jun/20	Sep/20	Share on Sep/20 - % Loan Portfolio[1]	Share on Sep/20 - % Reference Equity[2]
1st. Customer	**12,178**	**13,297**	**13,806**	**2.1**	**8.5**
2nd. to 20th.	68,750	74,308	73,647	11.0	45.1
21st. to 100th	49,063	51,032	48,844	7.3	29.9
Top 100 Largest	129,990	138,636	136,297	20.4	83.5

(1) Classified Loan Portfolio.
(2) Reference Equity.

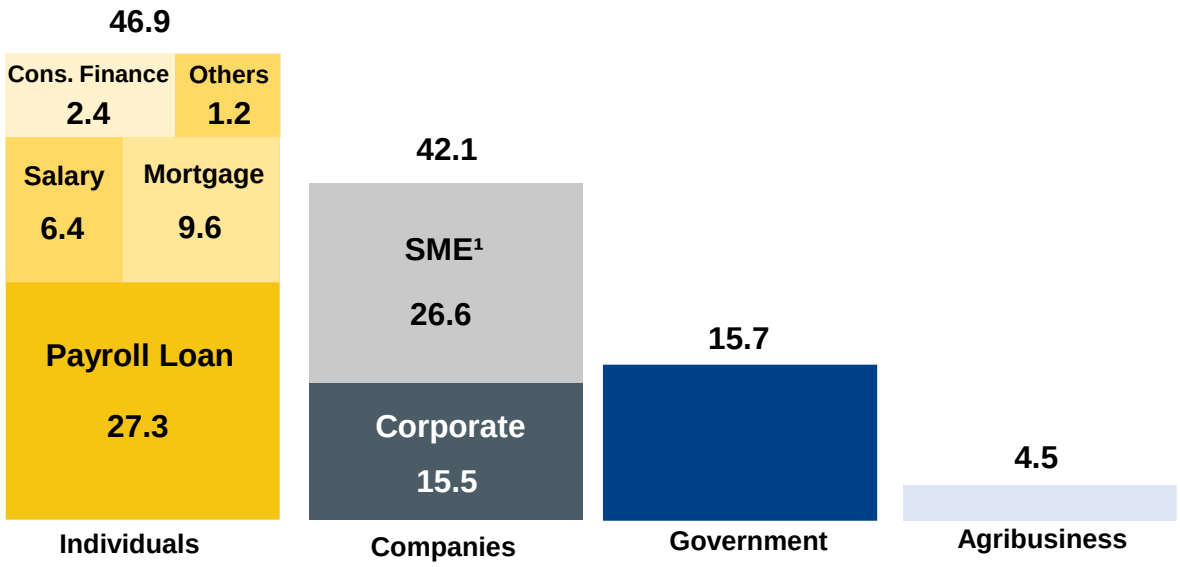
Support to customers in times of pandemic

Faced with the uncertainties brought about by the new coronavirus pandemic (Covid-19), Banco do Brasil has acted to provide our customers with serious, fast and safe support, while at the same time strengthening our commitment to society, based on actions that aim to support the country to overcome this difficult moment.

Extended Portfolio

The balance of the extended portfolio was R$109.2 billion in September/20 which represents 17.3% of the domestic loan portfolio, in more than 2.4 million operations. Of this amount, 95.0% of the operations have a rating between AA and C and 97.8% of the transactions had no history of overdue in the last 12 months. In addition, 64.6% have guarantees and mitigators. The average relationship time of the customers who extended operations is 17.4 years.

Figure 27. Composition of the Expanded Loan Portfolio – R$ billion



(1) 81.4% of the balance with companies of higher resilience. Calculated from the Resilience Matrix, which combines the Sector View with the Credit Risk Sensing.

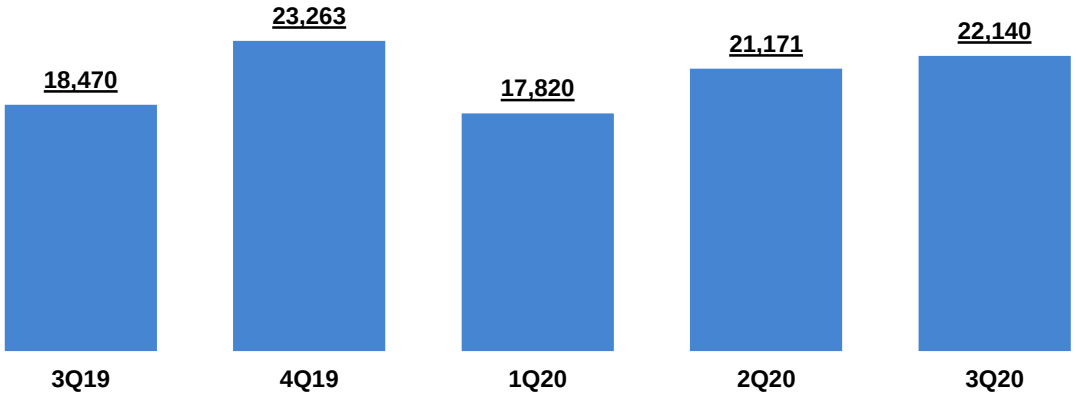
The potential impacts on the credit portfolio are assessed and monitored, considering the peculiarities of the various segments and credit lines, and we have adopted proactive measures for risk and capital management. We work to preserve the continuity of our operations and the long-term sustainability of our company and our relationship with our customers and shareholders.

Renovated Loans

Renovated loans are loan operations not past due renegotiated during the period to settle in whole or in part previous operations or any other kind of agreement that changes the maturity or payment terms originally agreed to, including the possibility of new disbursements.

In 3Q20 R$22.1 billion were renewed, an increase of R$3.7 billion compared to 3Q19. This disbursement reflects the lower interest rates in operations, especially in payroll loans. It is worth noting that part of these operations were carried out with new disbursements, boosting this portfolio. Renovated loans with maturing operations may be contained in the extended portfolio.

Figure 28. Renovated Loans – R$ million

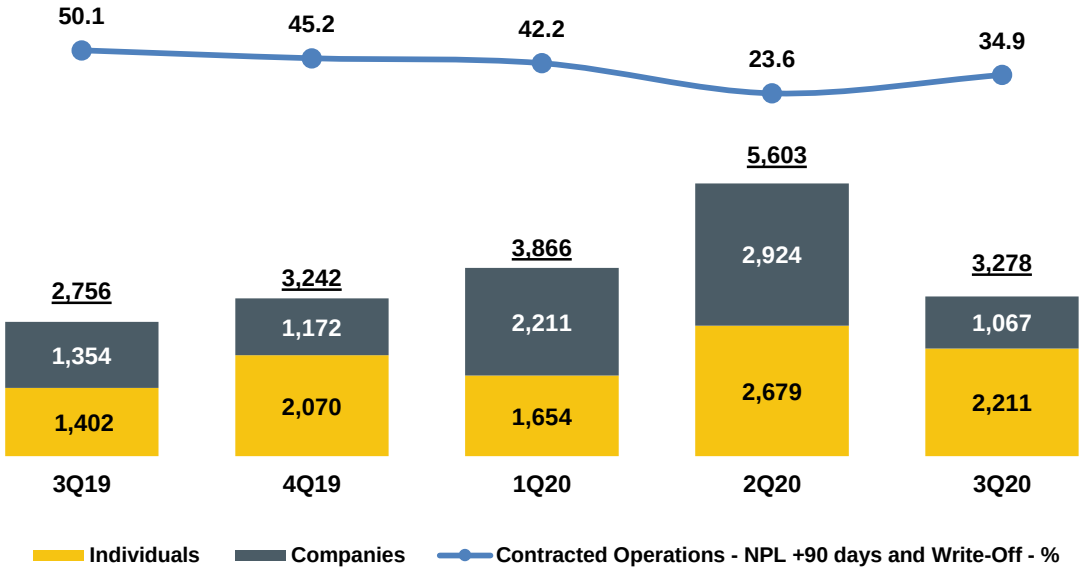


Credits Renegotiated When Past Due

The extended operations, within the scope of operations in time of pandemic, are not included in the line of credits renegotiated when past due in the graph below. The renegotiated portfolio also does not include the extended operations of the agribusiness portfolio.

The credits renegotiated when past due are operations renegotiated during the period due to payment delay. The Bank has been working in a preventive way in order to readjust the customers' portfolio to their ability to pay. In the quarter, of the total contracted renegotiated operations, 39.3% were in arrears for less than 15 days, 25.8% were in arrears between 15 and 90 days, 19.4% were in arrears for more than 90 days and 15.5% were in losses. The individuals segment was responsible for 67.5% of the disbursement.

Figure 29. Credits Renegotiated When Past Due Disbursement – Multiple Bank[1]– R$ million



(1) According to Financial Statements Note 12.j

In 3Q20, the final balance of the renegotiated portfolio was R$25.5 billion, down 0.1% over 2Q20. In 12 months it was already amortized more than R$8.4 billion, highlighting the 53.2% growth over 3Q19. In a prudential and conservative way, the coverage of the credits renegotiated when past due portfolio was 669.0%, the highest value since 1Q15.

Table 58. Credits Renegotiated When Past Due Balance – Multiple Bank[1]– R$ million

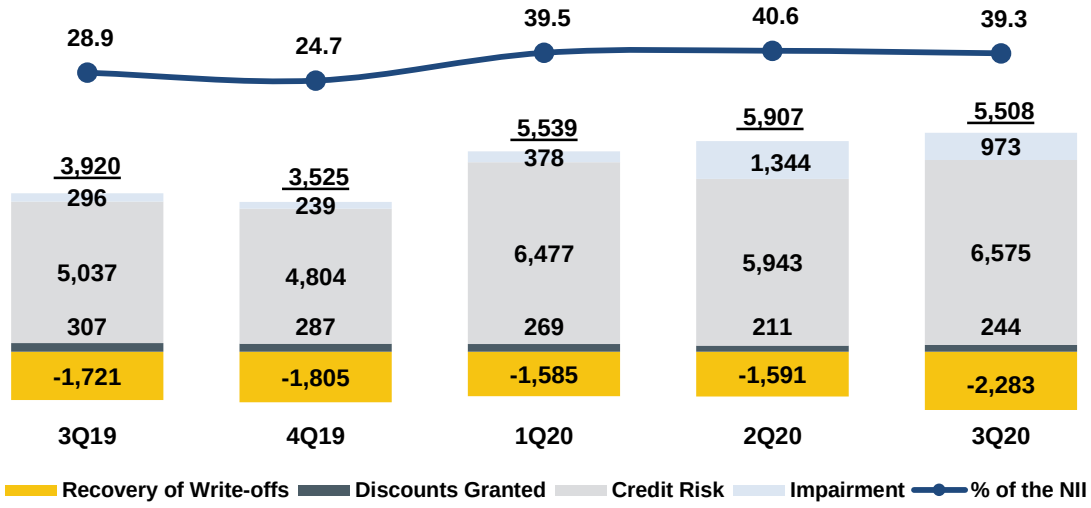
	3Q19	4Q19	1Q20	2Q20	3Q20	Chg. % on 3Q19	Chg. % on 2Q20
Initial Balance	**22,669**	**23,141**	**23,657**	**24,262**	**25,497**	12.5	5.1
New Transactions	**2,756**	**3,242**	**3,866**	**5,603**	**3,278**	18.9	(41.5)
No delay (From 0 to 14 days past due)	670	808	1,089	3,242	1,287	92.2	(60.3)
From 15 to 90 days past due	705	968	1,146	1,039	846	20.0	(18.6)
NPL + 90 days	857	930	876	766	636	(25.7)	(17.0)
Write-off credits	524	536	755	556	509	(3.0)	(8.6)
Amortization Net of Interest[1]	**(1,213)**	**(1,531)**	**(2,350)**	**(2,644)**	**(1,857)**	53.2	(29.8)
Write-Off	**(1,071)**	**(1,194)**	**(911)**	**(1,723)**	**(1,444)**	34.8	(16.2)
Credit Renegotiated When Past Due (A)	**23,141**	**23,657**	**24,262**	**25,497**	**25,474**	10.1	(0.1)
ALLL Balance (B)	**12,249**	**12,804**	**13,348**	**13,183**	**12,943**	5.7	(1.8)
NPL + 90 days (C)	**3,554**	**3,156**	**3,588**	**2,489**	**1,935**	(45.6)	(22.3)
Indicators - %							
ALLL / Loan Portfolio (B/A)	52.9	54.1	55.0	51.7	50.8		
NPL + 90 days / Loan Portfolio	15.4	13.3	14.8	9.8	7.6		
ALLL Balance/NPL + 90 days - %	344.7	405.6	372.1	529.6	669.0		
Credits Renegotiated/Classified Portfolio	3.7	3.8	3.7	3.9	3.8		

(1) According to Financial Statements Note 12.j
(2) Principal Payments and Interest Payment Net, including extended operations in the period.

Cost and Risk of Credit

ALLL expanded view composed by the net ALLL expenses, plus discounts granted and impairment, reduced R$398.8 million (-6.8%) over 2Q20, influenced by the increase in recovery of write-offs (+R$692.0 million and +43.5%) and reduction in impairment (-R$371.4 million and -27.6%).

Figure 30. ALLL Expanded View – R$ million



I. Credit Risk[5]: Increase of R$631.8 million (+10.6%) over 2Q20. In the quarter, there was the prudential anticipation that resulted in the reinforcement of ALLL of R$2.0 billion. Of this R$1.4 billion refers to the anticipation of extended operations risks aggravation, being R$894.2 million in the SME segment and R$542.3 million in the individuals segment. In the accumulated of the year, there was a prudential reinforcement of R$6.1 billion being 34.8% in the individuals, 46.7% in the companies and 18.5% in the Agribusiness.

II. Recovery of Write-Offs[6]: Increase of R$692.0 million (+43.5%) over 2Q20, influenced by the assignment of loan portfolio, mostly of loan losses, according to the July/20 Information to the Market.

[5] Allowances for loan and lease losses (ALLL) expenses, as Resolution 2,682/99.
[6] Recovery of Write-offs.

III. Discounts Granted[7]: Growth of R$32.7 million (+15.5%) over 2Q20.

IV. Impairment[8]: Decrease of R$371.4 million (-27.6%) over 2Q20. The previous quarter and 3Q20, to a lesser extent, were impacted by Large Corporate operations that were already classified as problematic assets.

Credit Risk

Banco do Brasil has maintained provision levels adherent to credit risks. The prudential movements of incorporation of provisions in the Portfolio have been occurring gradually, without excessive volatility, evidencing a more cautious stance regarding the necessary allocation of resources to absorb the impacts related to adverse and unprecedented effects generated by the pandemic crisis.

The prudential provisions are supported by methodologies and the monitoring of portfolio dynamics. They are individualized by customers and by segments and to build them we have a proprietary model of analytical intelligence that considers several factors such as the business or income dynamics of the customers, perspective for the segment in which the client is inserted and level of indebtedness.

The crisis, and the unprecedented effects derived from it, social isolation and business suspension, we are facing a new and unknown environment in the behavior of the economy, with different characteristics from other crises. The broad scope of government measures adopted, including the prerogative of renegotiations and debts, has significantly attenuated the negative impacts, but even so, a strong economic contraction is expected this year, with varying impacts on the different sectors and activities of the economy.

In order to understand this behavior, it was necessary to seek new data and instruments to evaluate and monitor credit risk. Based on evaluations of the level of impact on companies' revenues in the different sectors of the economy and its future perspective based on internal and market studies, the Resilience Indicator of companies and individuals was created, considering the fact that some may have more or less difficulty to go through this period of slower economy until its full recovery. Based on a Resilience Matrix, which combines, among other variables, the sector perspectives with the Credit Risk Sensing, it is possible to assign each company's Resilience Indicator, which has been used as an instrument for the adoption of differentiated strategies for new loan concessions and especially for the treatment of extended portfolios.

In the quarter, there was the prudential anticipation that resulted in the reinforcement of ALLL of R$2.0 billion. Of this R$1.4 billion refers to the anticipation of extended operations risks aggravation, being R$894.2 million in the SME segment and R$542.3 million in the individuals segment.

In 4Q19, an R$2.9 billion extraordinary prudential ALLL was constituted: R$1.2 billion for individuals, R$1.1 billion for companies and R$570 million for agroindustry.

In the accumulated of the year, there was a prudential reinforcement of R$6.1 billion being 34.8% in the individuals, 46.7% in the companies and 18.5% in the Agribusiness, as demonstrated below.

[7] Represents discounts granted in renegotiation of loan operations or other operations with characteristics of granting credit arising from loans.
[8] Grouping of accounts that record permanent losses in bonds and securities, expenses with provision for impairment in bonds and securities and the negative result from sales or transfers of financial assets that were written off by the selling or transferring institution.

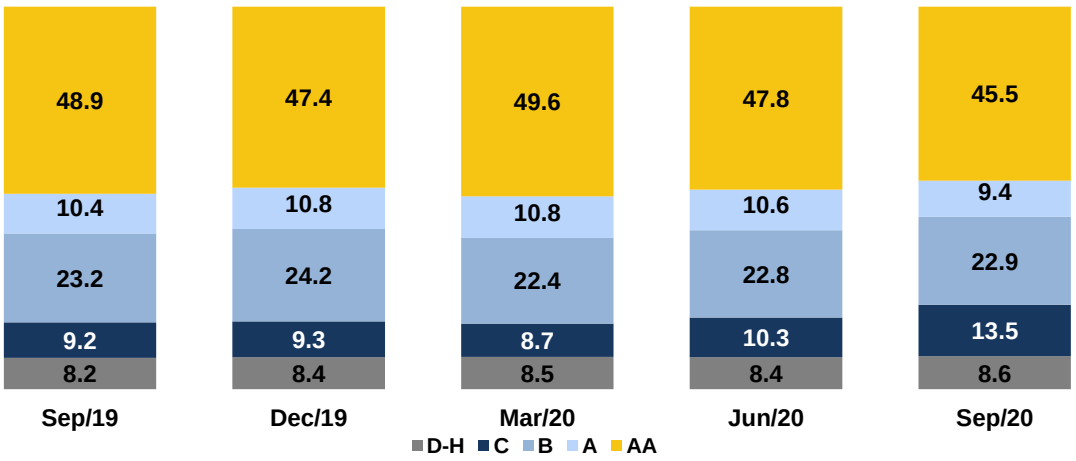
Table 59. Credit Risk – R$ million

	3Q19	4Q19	1Q20	2Q20	3Q20	Chg. % on 3Q19	Chg. % on 2Q20
Credit Risk	**(5,037)**	**(4,804)**	**(6,477)**	**(5,943)**	**(6,575)**	**30.5**	**10.6**
Risk Deterioration	**(5,754)**	**(8,550)**	**(7,098)**	**(6,015)**	**(6,499)**	**13.0**	**8.0**
Individuals	(2,281)	(3,491)	(3,586)	(2,203)	(2,476)	8.5	12.4
Companies	(2,085)	(2,968)	(1,854)	(1,457)	(2,946)	41.3	102.2
Agribusiness	(1,388)	(2,091)	(1,658)	(2,355)	(1,077)	(22.4)	(54.3)
Risk Improvement	**1,904**	**1,800**	**1,963**	**1,758**	**1,705**	**(10.4)**	**(3.0)**
Individuals	907	927	971	900	909	0.2	1.0
Companies	483	490	592	403	341	(29.4)	(15.4)
Agribusiness	514	383	401	455	455	(11.3)	0.1
New Transactions	**(1,038)**	**(1,291)**	**(1,200)**	**(1,225)**	**(1,283)**	**23.6**	**4.7**
Individuals	(679)	(724)	(743)	(734)	(444)	(34.6)	(39.5)
Companies	(248)	(472)	(395)	(386)	(700)	182.3	81.4
Agribusiness	(111)	(94)	(62)	(105)	(138)	25.1	32.5
Other[1]	**(150)**	**3,237**	**(142)**	**(461)**	**(498)**	232.9	8.2
Prudential Anticipation	**0**	**0**	**(2,041)**	**(2,006)**	**(2,050)**	0.0	2.2
Individuals	0	0	(1,171)	(412)	(540)	0.0	31.0
Companies	0	0	(824)	(532)	(1,490)	0.0	180.1
Agribusiness	0	0	(46)	(1,061)	(20)	0.0	(98.2)

(1) Other is the Abroad Loan Portfolio credit risk flow and other impacts (Amortization, settlement, release of installments and charge debt). In 4Q19, an R$2.9 billion extraordinary prudential ALLL was constituted.

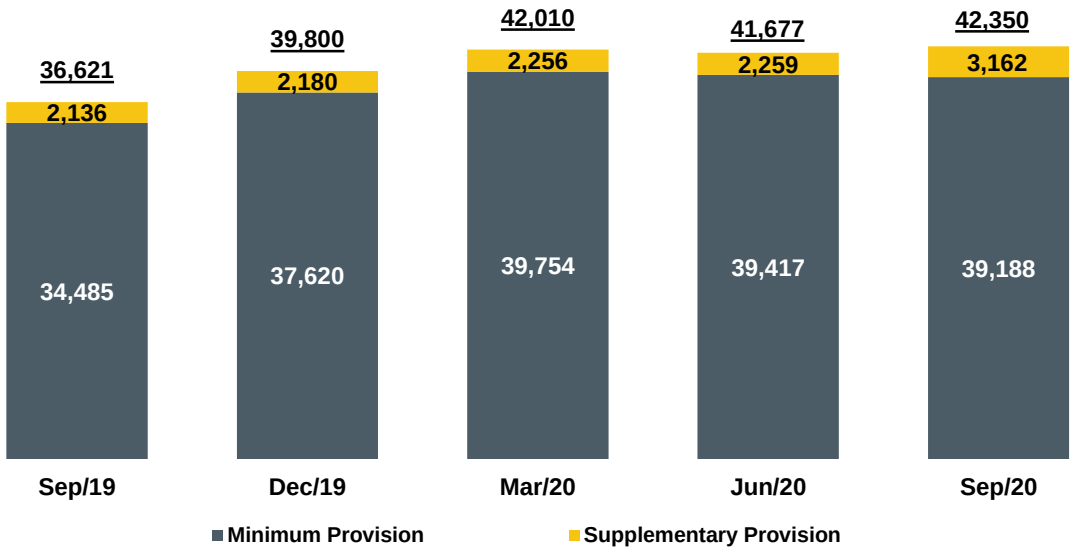
Over September/19, there was an increase in the percentage of operations classified as D-H risk levels, supported by an increase in the loan provision. In the last three quarters Banco do Brasil has carried out reinforcements and prudential anticipations of ALLL. The balance of loan provision went from R$36.6 billion to R$42.3 billion in the same period of comparison.

Figure 31. Classified Loan Portfolio by Risk Level – %



The next figure shows the Allowance for Loan and Lease Losses – ALLL, detailing the minimum provision, which is the provision corresponding to the nine risk levels (AA to H) pursuant to CMN Resolution 2,682/99, the supplementary provision, which corresponds to the provision of intermediate levels established by BB's Management, and the required provision, which corresponds to the sum of the previous ones.

Figure 32. ALLL – Classified Loan Portfolio – R$ million



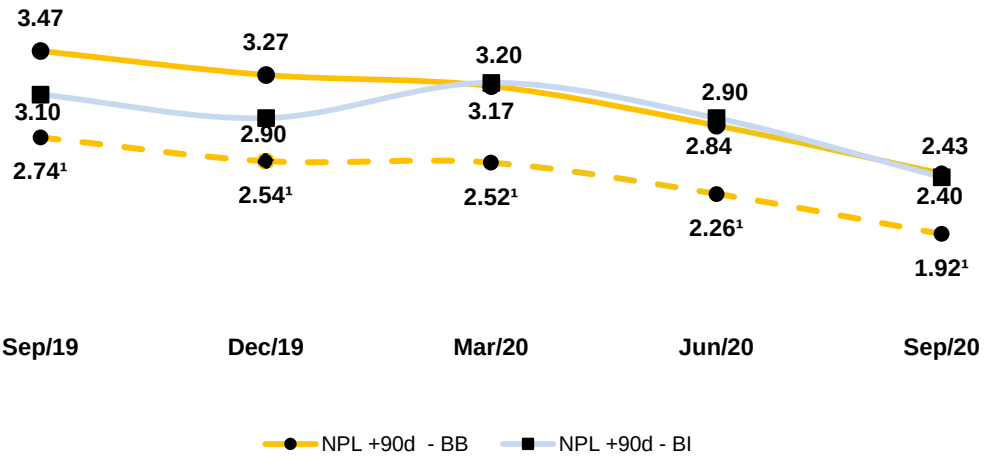
In 2Q19, as reported, there was a judicial reorganization of a group in the Large Corporate segment. Thus, the coverage ratios of the Credit Portfolio were affected, explaining the fluctuation in relation to previous periods. Thus, for the purpose of comparison, we created a base excluding the effect of the specific case so that the portfolio trends can be better observed. demonstrated, both in the tables and in the graphs arranged throughout the section.

To demonstrate how indices are behaving structurally, the graphs were adjusted to simulate (dashed line) this specific case exclusion.

The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), was 2.43% in September/20, a decrease over June//20. Excluding a specific case the NPL +90d would have been 1.92%.

The NPL's reduction in the quarter was influenced by the actions BB implemented to support customers in the current scenario by adjusting its financial commitments with extensions and the operations written off to losses.

Figure 33. NPL +90d – As % of the Classified Loan Portfolio

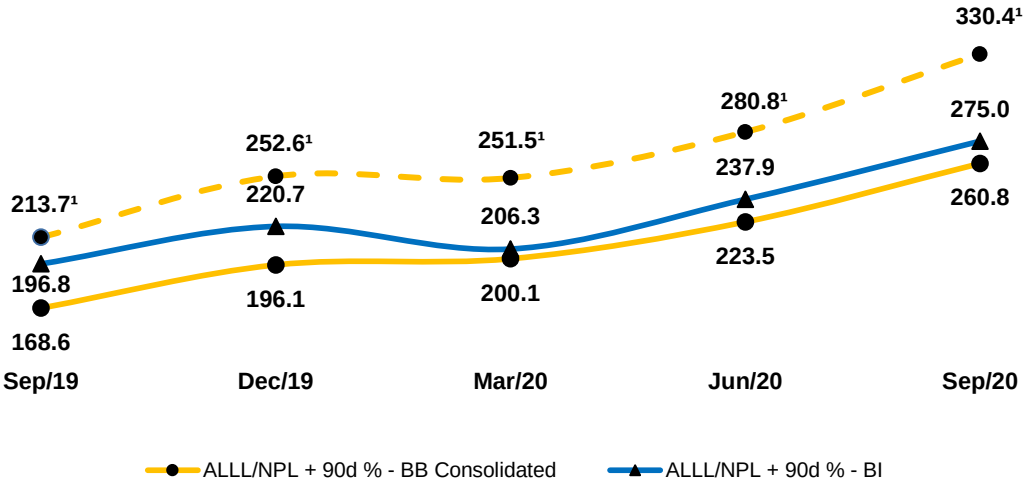


(1) Simulation excluding specific case effect.

The following figure is the coverage index of operations more than 90 days overdue, which expresses the ratio between the total balance of the provision and the balance of operations more than 90 days overdue.

The Bank maintains coverage compatible with the risk profile of its portfolio. The coverage rate was 260.8% in September/20. Excluding a specific case, the index would have been 330.4%.

Figure 34. Classified Loan Portfolio Coverage Index[1]

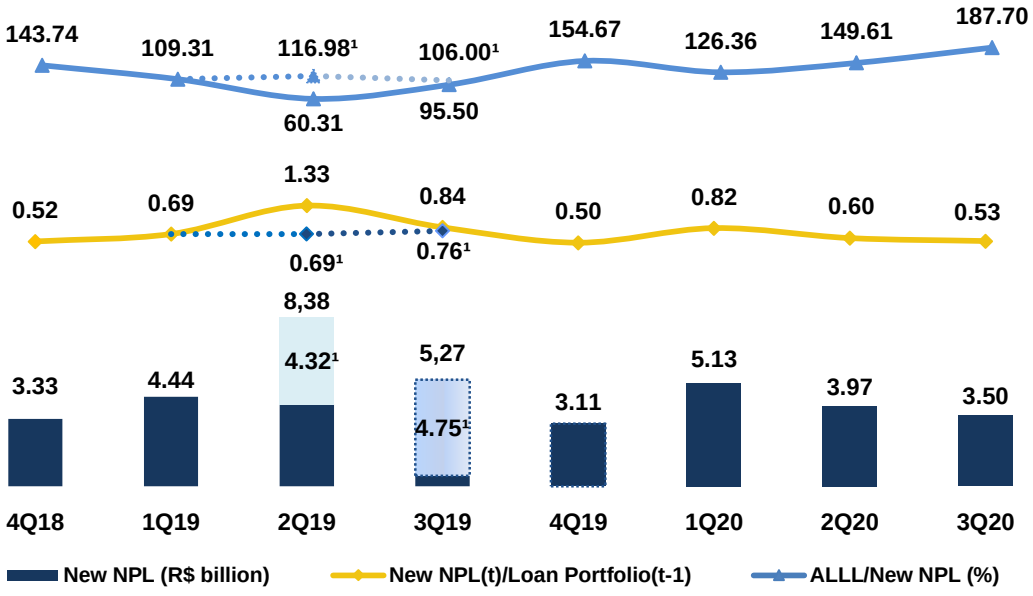


(1) Ratio between the total balance of the provision and the balance of operations more than 90 days overdue.
(2) Simulation excluding specific case effect.

The following chart shows the New NPL/Loan Portfolio index, which indicates the future delinquency trend. The index is calculated by the ratio between: (i) the quarterly change of the operations more than 90 days overdue balance plus the quarterly write-off, and (ii) the classified loan portfolio balance of the previous quarter.

The write-off process is strictly pursuant to CMN Resolution 2,682/99. Operations classified as H risk are accounted as write-off only after six months in delinquency at this risk level, never before that period. The index closed at 0.53% compared to 0.60% presented in 2Q20. New NPL coverage was 187.70%.

Figure 35. New NPL – % on the Classified Loan Portfolio



(1) Simulation excluding specific case effect.

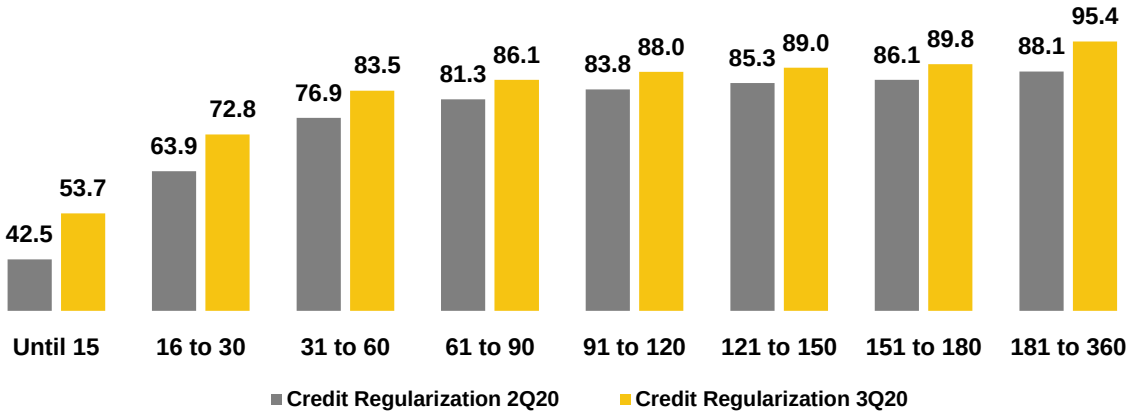
Recovery of Write-Offs and Discounts Granted

The discounts granted in renegotiation of loan operations or other operations with loan granting characteristics resulted in an increase of R$32.7 million (+15.5%) over 2Q20.

Recovery of Write-Offs showed an increase of R$692.0 million (+43.5%) over 2Q20, influenced by the assignment of loan portfolio, mostly of loan losses. The assigned portfolio had a book value of R$2.9 billion and the financial impact of the transaction was R$371 million, before taxes, accounted for in the 3Q20 result. This operation was a pilot of a recurring business model that we are developing to further optimize the management of the loan portfolio.

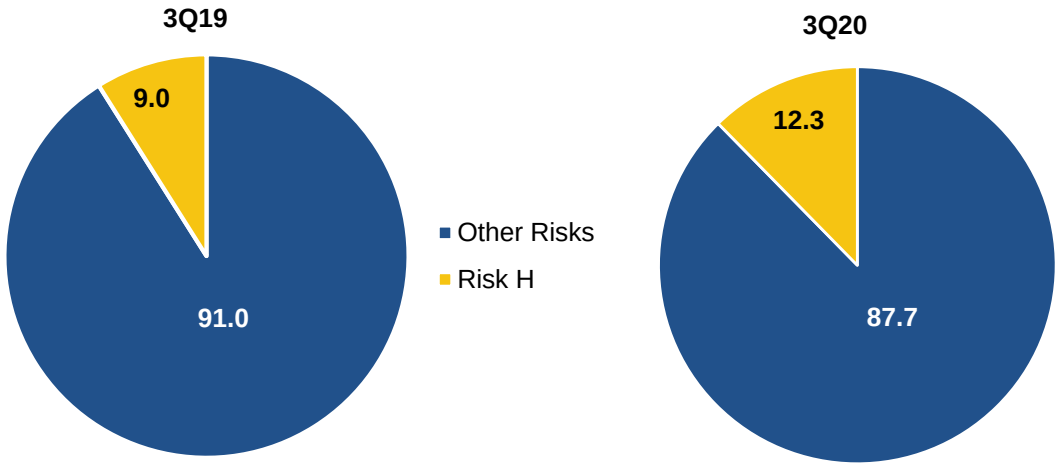
From the volume of credit that entered the collection process in the last 12 months before September/20, 95.4% were settled within 360 days.

Figure 36. Credit Regularization Rate Over Collection Period - %



BB prioritizes receiving past due operations as soon as possible, and even acting preventively to avoid worsening the risk and new write-offs. In the last 12 months, past due loans classified at risk H represented 12.3% of the total received. The other 87.7% were collected and settled while they were at better risk levels

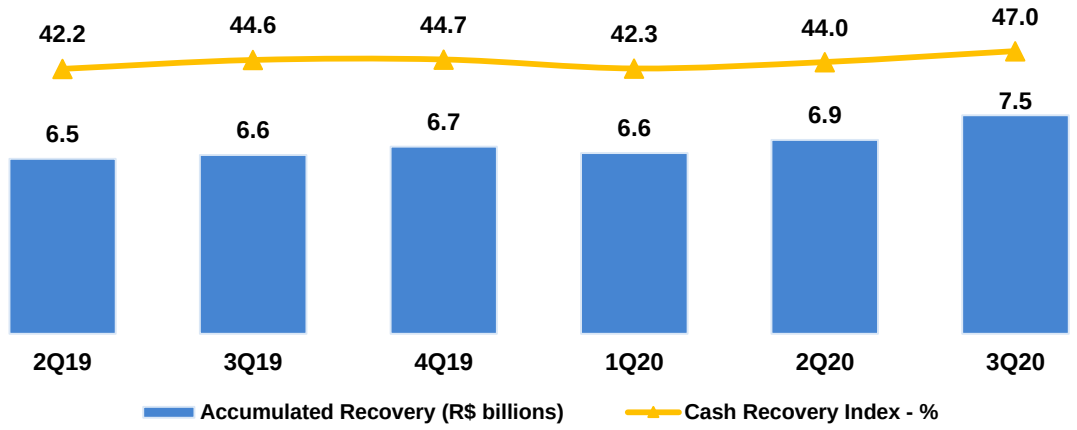
Figure 37. Collection and Regularization before Write Off[1] - %



(1) 12 months accumulated.

In the last 12 months R$7.5 billion were recovered. Of this total, the amount of R$3.5 billion was received in cash, maintaining a constant cash receipt percentage over time.

Figure 38. Accumulated Recovery (R$ billions) and Cash Recovery Index – %



7.1. Individuals Loan Portfolio

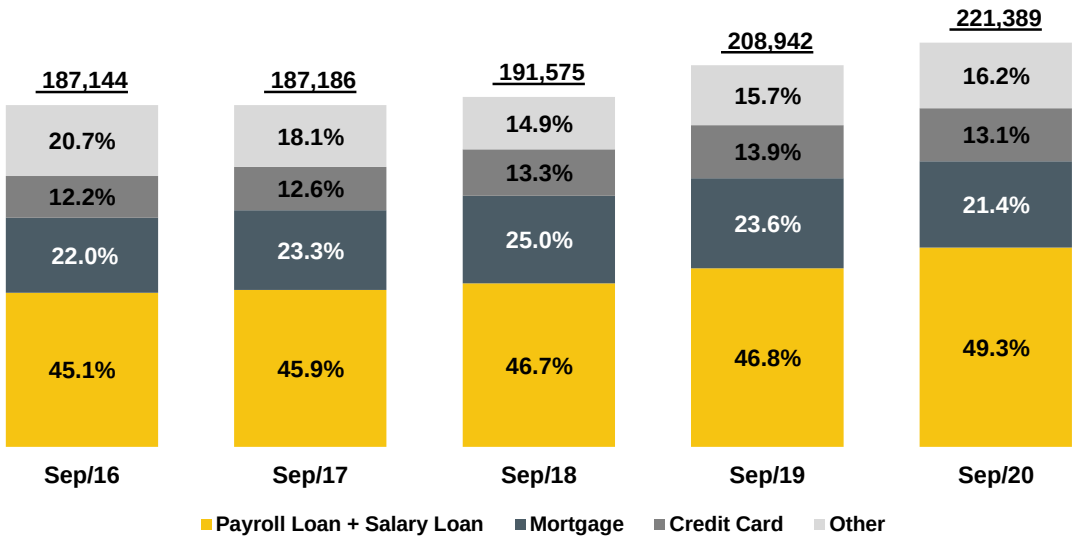
Over June/20, the growth of the individuals portfolio expanded view (+R$4.6 billion and +2.1%) can be explained by the return of the growth of the individuals credit card line (+R$3.3 billion and +13.0%) and payroll loan (+R$ 3.8 billion and +4.5%).

Table 60. Individuals Loan Portfolio – R$ million

							Chg. % on	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Organic Classified Loan Portfolio	**203,363**	**97.0**	**208,862**	**95.8**	**214,712**	**96.5**	**5.6**	**2.8**
Direct Consumer Credit	107,978	51.5	116,858	53.6	119,703	53.8	10.9	2.4
Payroll Loan	77,951	37.2	86,043	39.5	89,892	40.4	15.3	4.5
Salary Loan	19,789	9.4	19,555	9.0	19,184	8.6	(3.1)	(1.9)
Consumer Finance	10,238	4.9	11,259	5.2	10,627	4.8	3.8	(5.6)
Mortgage	49,261	23.5	47,939	22.0	47,358	21.3	(3.9)	(1.2)
Credit Card	29,087	13.9	25,659	11.8	28,999	13.0	(0.3)	13.0
Renegotiated Loan	10,268	4.9	12,160	5.6	12,330	5.5	20.1	1.4
Individuals	6,195	3.0	7,378	3.4	7,907	3.6	27.6	7.2
Rural Producer	4,073	1.9	4,781	2.2	4,423	2.0	8.6	(7.5)
Auto Loan	4,088	1.9	4,219	1.9	4,392	2.0	7.5	4.1
Overdraft Account	1,912	0.9	1,422	0.7	1,390	0.6	(27.3)	(2.3)
Microcredit	309	0.1	276	0.1	269	0.1	(12.7)	(2.4)
Other	461	0.2	330	0.2	270	0.1	(41.5)	(18.2)
Acquired Loan Portfolio	**5,579**	**2.7**	**7,972**	**3.7**	**6,677**	**3.0**	**19.7**	**(16.2)**
Auto Loan	5,484	2.6	7,957	3.6	6,668	3.0	21.6	(16.2)
Payroll Loan	95	0.0	14	0.0	9	0.0	(90.5)	(36.2)
Classified Loan Portfolio (a)	**208,942**	**99.7**	**216,834**	**99.4**	**221,389**	**99.5**	**6.0**	**2.1**
Private Securities and Guarantees (b)	688	0.3	1,213	0.6	1,211	0.5	76.0	(0.1)
Expanded View Loan Portfolio (a+b)	**209,630**	**100.0**	**218,047**	**100**	**222,600**	**100.0**	**6.2**	**2.1**

In 12 months, the individuals loan portfolio showed a growth of R$ 12.4 billion, with a highlight for payroll loan (+R$11.9 billion). Highlight to BB's strategy of growth in the portfolio participation in the payroll loan lines and salary from 45.1% in September/16 to 49.3% in September/20.

Figure 39. Composition of the Individuals Loan Portfolio Expanded View – R$ million



One of the important components of the loan methodology is the history that Banco do Brasil has of its customers. Of those with loan operations at BB, 94.7% have an account for at least five years. Considering the organic portfolio, direct consumer credit operations (Payroll, Salary and Consumer Finance), was R$119.7 billion in September/20. Of this amount, 91.0% was made with civil servants and INSS retirees and pensioners.

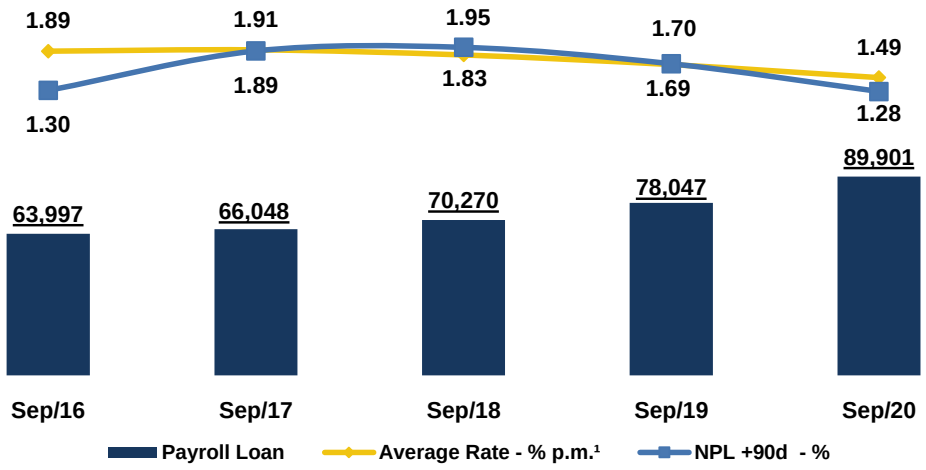
Payroll Loan

The BB organic payroll loan portfolio, of R$89.9 billion in September/20 (+15.3% in 12 months), is composed in almost its totality, by operations with civil servants and INSS retirees and pensioners customers (97.9%). This composition reflects on the stable behavior of the NPL +90d from 1.30% in September/16 to 1.28% in September/20.

Most of the payroll loan granted by BB in 3Q20 have a maturity over 60 months (84.3%). The profile of this portfolio allows customers to extend the term, generating loyalty and opportunity to offer other products during this time. Banco do Brasil has a 21.8% market share (+79.7 bps in 12 months), the highest value since December/16.

Part of the payroll loans agreements allow the product quotation and contracting through BB's App. This line has the convenience of "Duplo Sim", when the clients account manager in the branch formalizes the operation and the client, via password or biometrics directly in the app, confirms it, without having to attend the branch.

Figure 40. Payroll Loans – R$ million



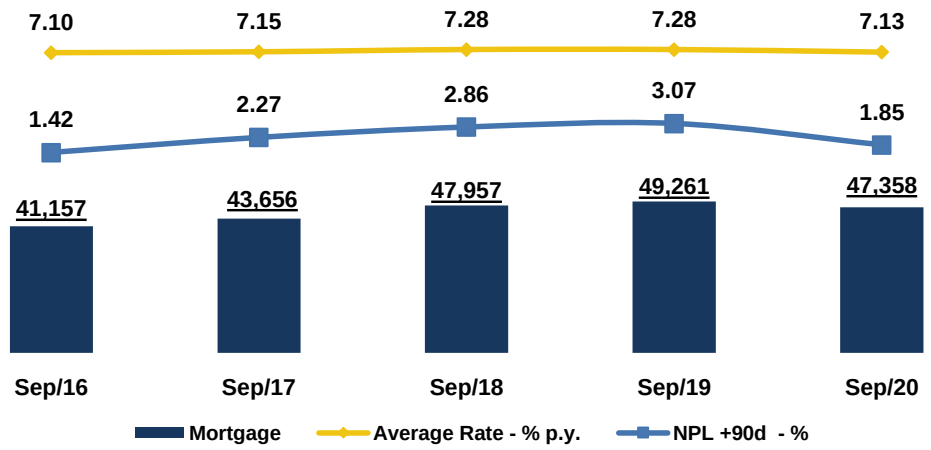
(1) Considers the portfolio

Mortgage

The mortgage portfolio was R$47.4 billion in September/20 (-3.9% in 12 months) and the percentage financed was 61.6% (Loan-to-Value LTV). In the same period, the average maturity of the portfolio was 293 months and the market share was 6.9% (-101.3 bps in 12 months), the lowest since March/15. The NPL +90d was 1.42% in September/16 and 1.85% in September/20, the reduction in 12 months was influenced by the operations written off to losses.

BB has implemented measures with the objective of increasing efficiency in the credit granting process, including the possibility for Banco do Brasil's client to contract the credit operation through the application itself, with the agency only having to attend the signing of the contract.

Figure 41. Mortgage – R$ million

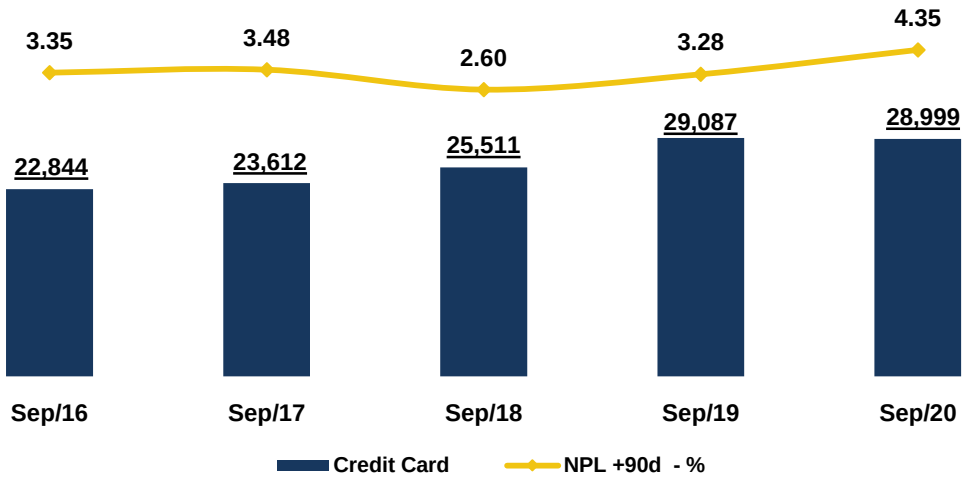


(1) Considers the portfolio.

Credit Card

Although the credit card has been impacted by the effects of the Covid-19 pandemic, especially in the months of April and May, in September there was a return of the growth (+R$3.3 billion and +13.0% in the quarter) driven by the increase in turnover (+27.4%). The NPL +90d increased over September/19 and decreased over June/20, the annual increase is mainly due to the current situation.

Figure 42. Credit Card – R$ million

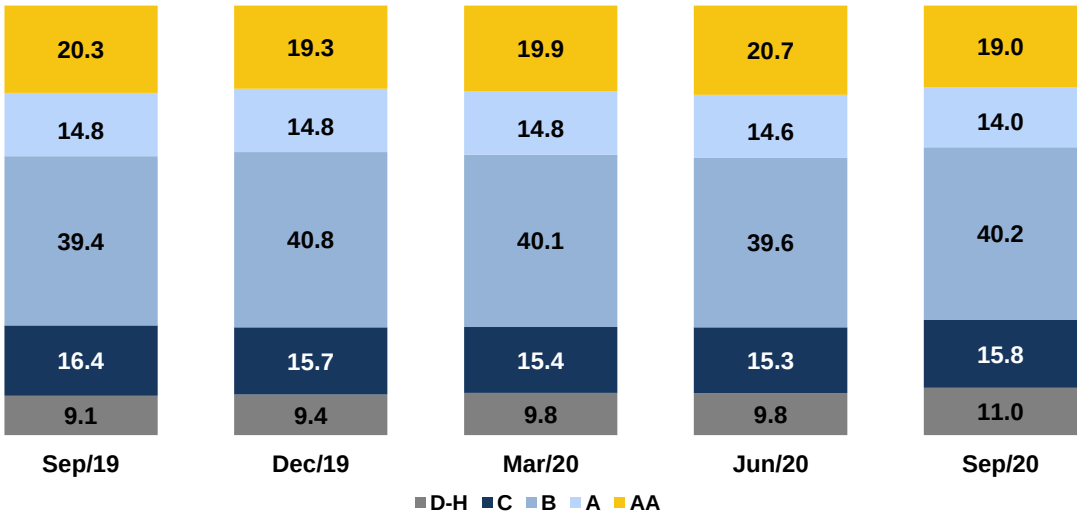


7.1.1. Individuals Credit Risk

Over September/19, there was an increase in the percentage of operations classified at D-H risk levels (+R$5.2 billion), supported by an increase in loan provision. In the last three quarters Banco do Brasil

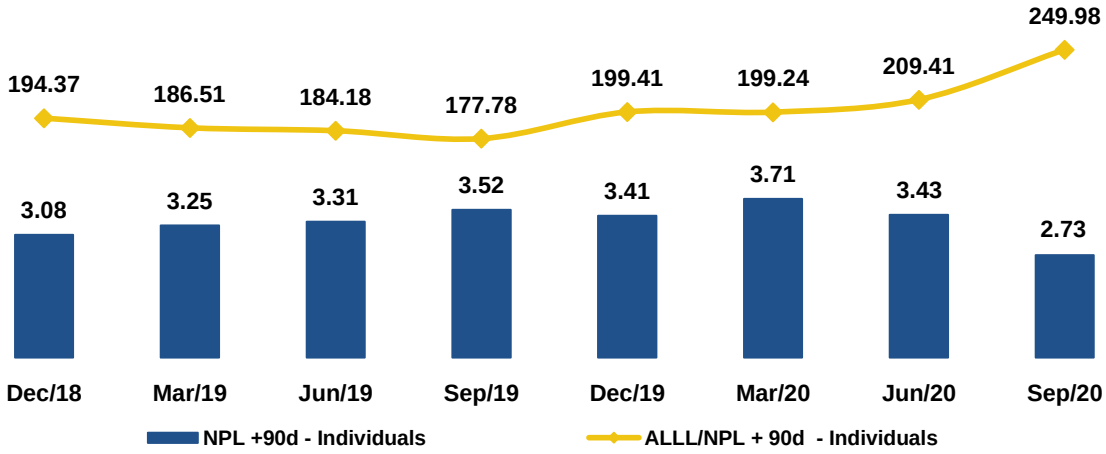
has carried out reinforcements and prudential anticipations of ALLL (+R$2.1 billion). The balance of individuals loan provision went from R$13.1 billion to R$15.1 billion in the same period of comparison.

Figure 43. Individuals Classified Loan Portfolio by Risk Level – %



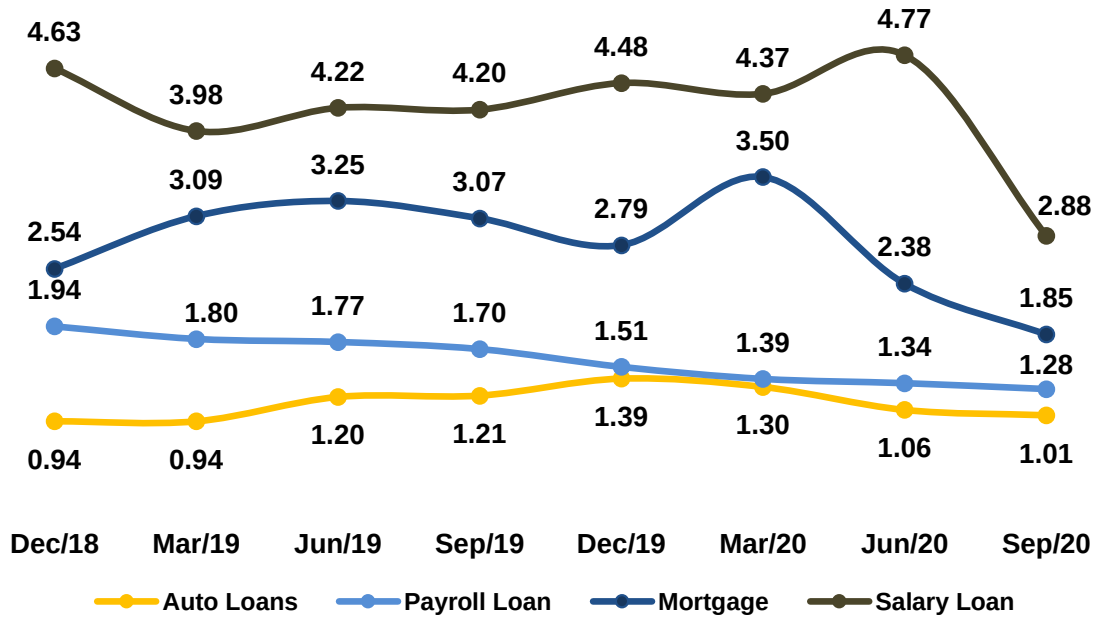
Over June/20, there was a decrease in NPL +90d influenced by the payroll loans and CDC salary lines and an increase in coverage that was 249.98% in September/20.

Figure 44. Individuals NPL +90d and Classified Loan Portfolio Coverage Index – %



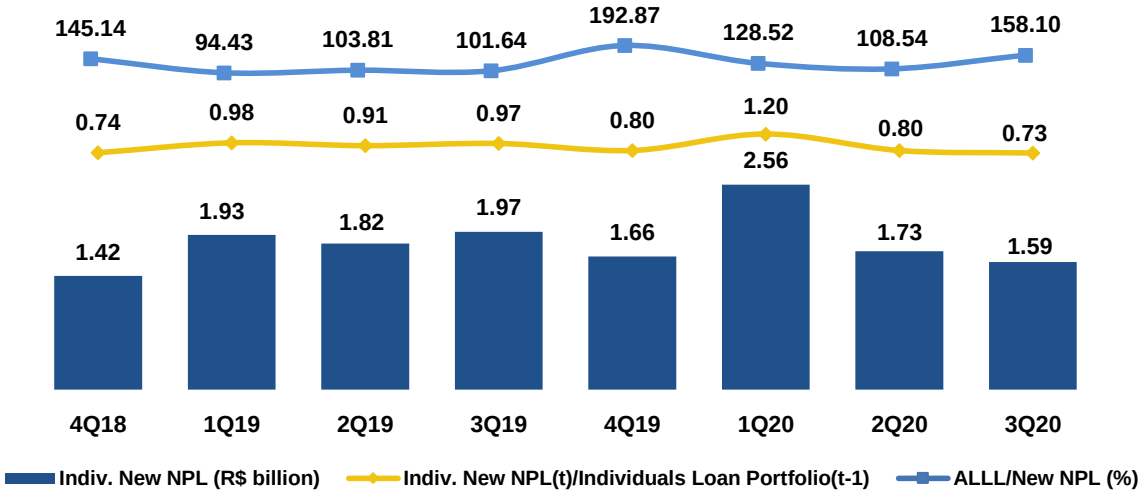
Over June/20, there was a reduction in NPL +90d of the main individuals loan lines. The NPL +90d of the CDC salary and mortgage lines were impacted by the increase in the operations written off to losses.

Figure 45. NPL +90d Individuals Portfolio – % by Credit Line



The next figure shows the individuals loan portfolio's new NPL in the last eight quarters. The index closed at 0.73% over 0.80% presented in 2Q20. New NPL coverage was 158.10%.

Figure 46. New NPL – Individuals Loan Portfolio



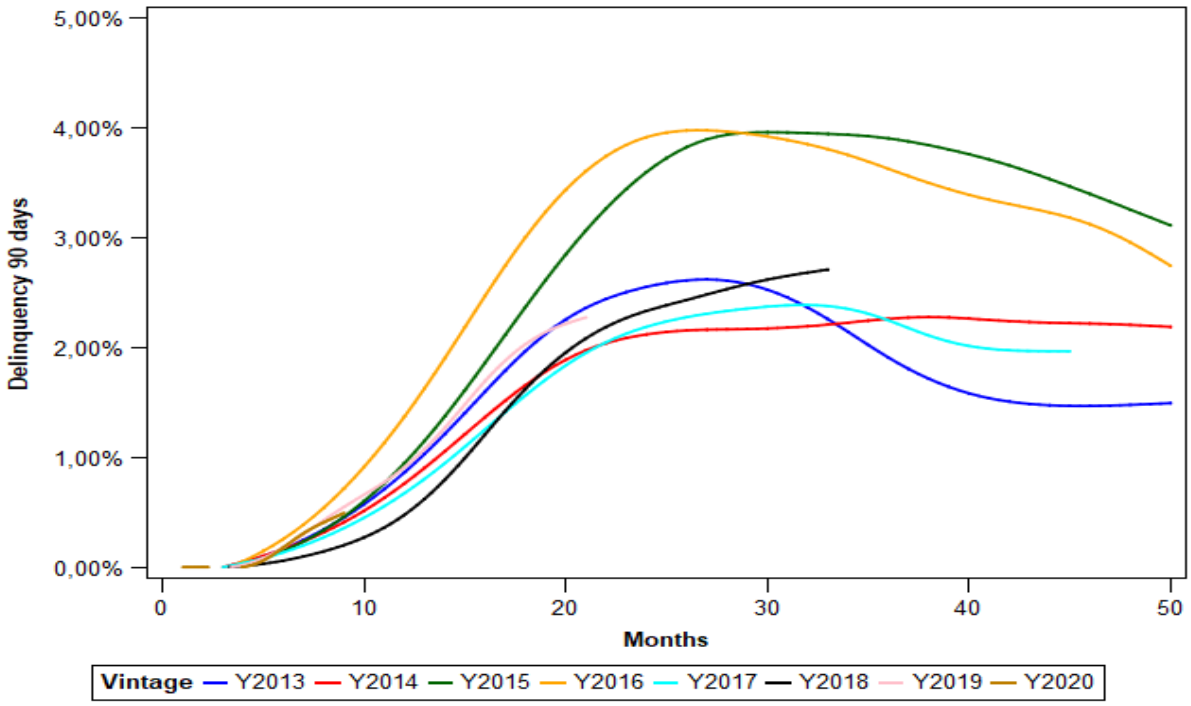
Vintage

The following graph shows the vintage of the individual's loan portfolio delinquency. This methodology provides greater detailing and is closer to the portfolio than traditional indicators, in order to evaluate how the delinquency of a set of operations contracted for in a particular period behaves over time.

Loans that have been nonperforming for more than 90 days are considered delinquent. Overdraft and credit card operations are not included in the individuals' loan portfolio.

The following graph shows the vintage by year, making it easier to interpret the data.

Figure 47. Individuals Loan Portfolio – Annual Vintage



7.2. Companies Loan Portfolio

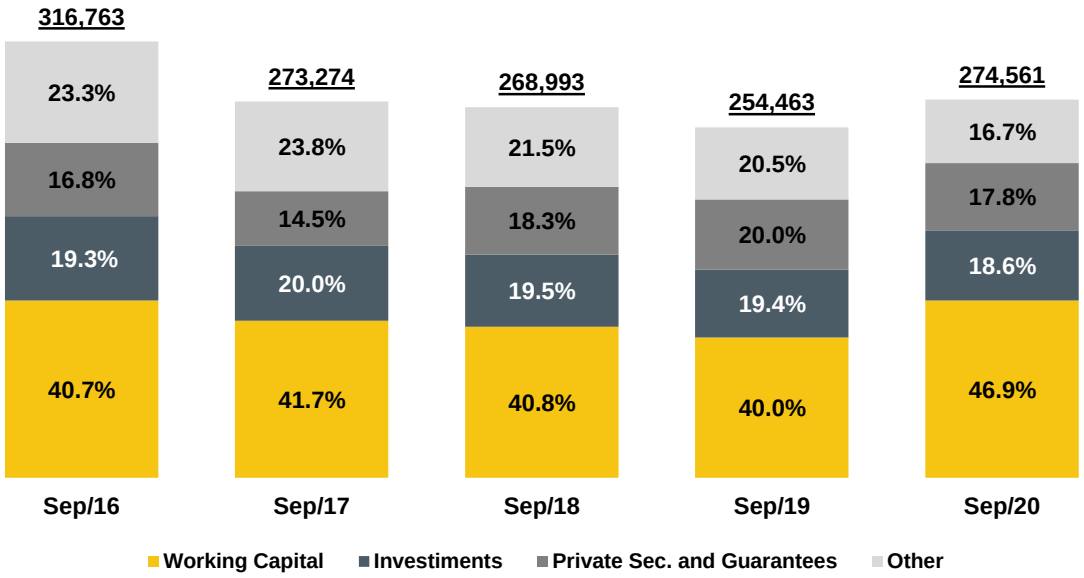
In the quarter, the companies loan portfolio expanded view was R$274.6 billion (+R$3.1 billion and +1.2%), with a highlight for the working capital line (+R$8.3 billion and +6.9%) and for the return of receivables growth (+R$322.3 million and +3.6%).

Table 61. Companies Loan Portfolio – R$ million

	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Chg. % on Sep/19	Chg. % on Jun/20
Classified Loan Portfolio (a)	**203,572**	**80.0**	**219,518**	**80.9**	**225,702**	**82.2**	**10.9**	**2.8**
Broad Working Capital	115,514	45.4	132,516	48.8	140,645	51.2	21.8	6.1
Working Capital	101,823	40.0	120,431	44.4	128,728	46.9	26.4	6.9
Receivables	11,510	4.5	8,939	3.3	9,261	3.4	(19.5)	3.6
Pre-Approved-Credit	1,782	0.7	2,816	1.0	2,355	0.9	32.2	(16.4)
Overdraft Account	399	0.2	330	0.1	300	0.1	(24.8)	(9.0)
Investiments	49,482	19.4	50,598	18.6	50,987	18.6	3.0	0.8
ACC/ACE	16,159	6.4	15,621	5.8	14,073	5.1	(12.9)	(9.9)
Renegotiated Loan	12,844	5.0	13,310	4.9	13,117	4.8	2.1	(1.4)
Credit Card	2,919	1.1	2,981	1.1	2,690	1.0	(7.9)	(9.8)
Mortgage	4,353	1.7	2,495	0.9	2,241	0.8	(48.5)	(10.2)
Other	2,303	0.9	1,997	0.7	1,949	0.7	(15.4)	(2.4)
Private Sec. and Guarantees (b)	50,891	20.0	51,898	19.1	48,859	17.8	(4.0)	(5.9)
Loan Portfolio - Expanded View (a+b)	**254,463**	**100.0**	**271,416**	**100**	**274,561**	**100.0**	**7.9**	**1.2**

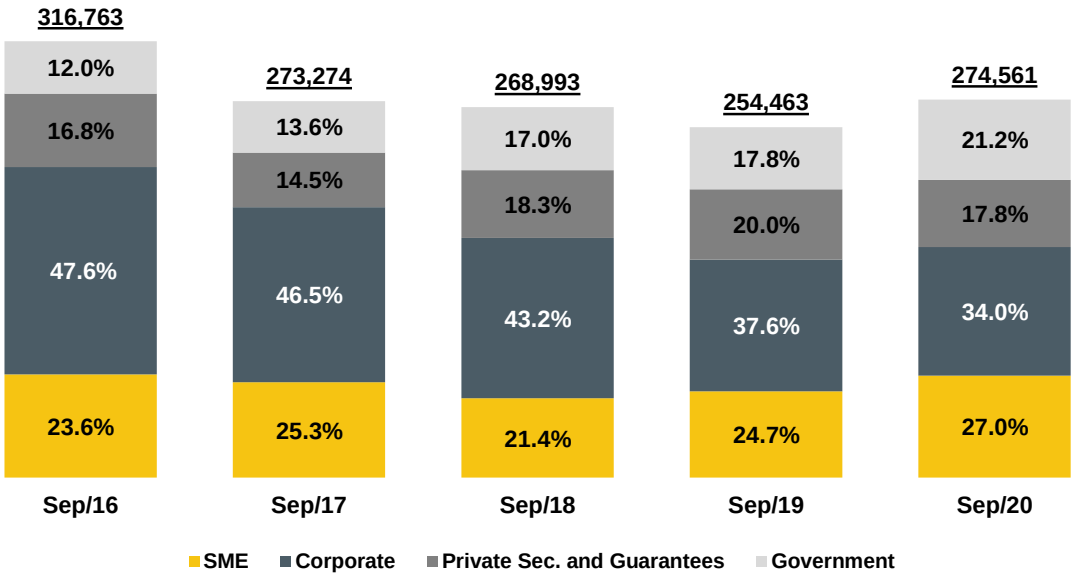
In the figure below we can observe BB's strategy of growth of the portfolio participation in the working capital lines (from 40.7% to 46.9%) and private securities and guarantees (from 16.8% to 17.8%).

Figure 48. Composition of the Companies Portfolio Expanded View – R$ million



We can see in the companies breakdown chart BB's strategy of reducing exposure in SME until 2018 (21.4% in September/18) and growth in participation from 2019 (27.0% in September/20) and reduction in corporate (from 47.6% in September/16 to 34.0% in September/20).

Figure 49. Companies Portfolio Breakdown – R$ million



Micro, Small and Medium-sized Enterprises

Micro, Small and Medium-sized Enterprises are included in the segment with annual revenues of up to R$200 million.

Loans to SME ended September/20, with a balance of R$74.0 billion (+R$ 7.0 billion and +10.5% in relation to June/20), with highlight to the growth in working capital operations (+R$7.9 billion and +24.1%). From the balance of this portfolio, 95.6% was concentrated by account holders for more than two years.

We have provided in July, the credit facility named BB Working Capital Pronampe Covid-19, developed based on the National Program to Support Micro and Small Businesses (Pronampe), created by the Federal Government for the development and improvement of small businesses, the purpose of which is to meet the working capital needs. The disbursement was of approximately R$5.09 billion in the first weeks of the program and more than 80 thousand customers have contracted the operation. In the

second phase of the release of Pronampe, more than 29 thousand companies benefited with the R$1.71 billion destined by the program to the Bank. The operation rate is Selic +1.25% p.a., and the operations are 100% guaranteed by the Operations Guarantee Fund (FGO) up to the limit of 85% of the portfolio. It should be noted that this operation has a low capital allocation, 12% being its Risk Weighting Factor (RWF).

Table 62. SME Loan Portfolio – R$ million

							Chg. % on	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
SME Classified Loan Portfolio	**62,760**	**100.0**	**66,977**	**100.0**	**74,009**	**100.0**	**17.9**	**10.5**
Broad Working Capital	33,225	52.9	37,598	56.1	45,170	61.0	36.0	20.1
Working Capital	26,703	42.5	32,753	48.9	40,634	54.9	52.2	24.1
Receivables	4,553	7.3	3,316	5.0	3,355	4.5	(26.3)	1.2
Pre-Approved-Credit	1,572	2.5	1,201	1.8	882	1.2	(43.9)	(26.5)
Overdraft Account	397	0.6	328	0.5	299	0.4	(24.9)	(9.0)
Investiments	13,188	21.0	13,292	19.8	13,117	17.7	(0.5)	(1.3)
Renegotiated Loan	7,702	12.3	8,329	12.4	8,460	11.4	9.8	1.6
ACC/ACE	3,666	5.8	3,830	5.7	3,364	4.5	(8.2)	(12.2)
Credit Card	1,985	3.2	1,894	2.8	2,156	2.9	8.6	13.8
Mortgage	2,244	3.6	1,424	2.1	1,360	1.8	(39.4)	(4.5)
Other	751	1.2	610	0.9	382	0.5	(49.1)	(37.4)

Loan to the Government

Banco do Brasil supports the states, Federal District and the municipalities in their demands, financing investment programs that aims to improve quality and transparency of public administration, urban mobility, health, education and public safety, generating real benefits for the population and contributing to the develop of the country.

The government, as well as the other segments, is an important client for the bank's business, and just as the bank's objective was to be close to its customers and help them at this time, with the government segment we do not act differently. In 3Q20, R$1.6 billion was disbursed, largely with Treasury guarantees, to the states and municipalities to enable capital expenditures and execution of investment programs included in the multi-annual plan of public entities.

Under Central Bank of Brazil Circular 3,644/2013, Article 37, a Risk Weighting Factor (FPR) of 0% must be applied to the portion of exposure covered by credit guarantees provided by the National Treasury transactions, without thereby compromising capital.

Concentration of Companies and Agro Companies by Macro-Sector

The next table shows the concentration of the companies and agro companies' considering the Multiple Bank portfolio, operations with guarantees and securities and abroad loan portfolio.

Each macro sector is divided into various economic sectors related with each other. The portfolio is in accordance with the main business of each customer.

Table 63. Concentration of Companies and Agro Companies Loan Portfolio by Macro-Sector – R$ million[1]

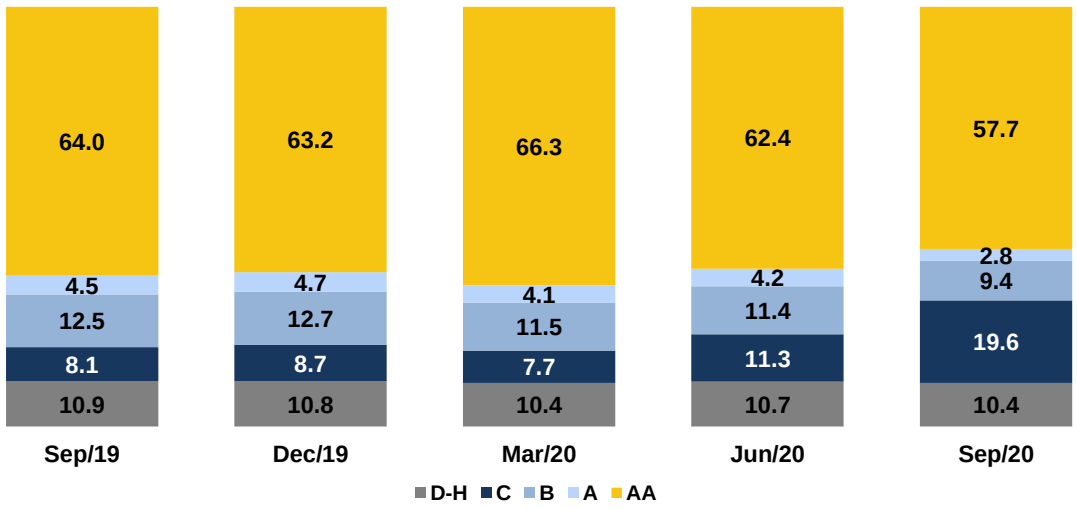
							Chg. % on	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Total	**313,438**	**100.0**	**329,622**	**100.0**	**329,387**	**100.0**	**5.1**	**(0.1)**
Public Administration	45,975	14.7	56,246	17.1	58,957	17.9	28.2	4.8
Food Products of Vegetable Origin	32,963	10.5	33,045	10.0	32,591	9.9	(1.1)	(1.4)
Oil and Gas	22,916	7.3	28,562	8.7	28,646	8.7	25.0	0.3
Services	19,925	6.4	23,249	7.1	26,941	8.2	35.2	15.9
Transportation	22,987	7.3	22,481	6.8	22,641	6.9	(1.5)	0.7
Electric Utilities	27,076	8.6	19,839	6.0	19,144	5.8	(29.3)	(3.5)
Metalworking and Steel	20,356	6.5	19,660	6.0	18,256	5.5	(10.3)	(7.1)
Automobiles and Components	14,306	4.6	19,185	5.8	16,423	5.0	14.8	(14.4)
Retail	11,437	3.6	13,080	4.0	13,281	4.0	16.1	1.5
Food Products of Animal Origin	12,914	4.1	12,602	3.8	11,325	3.4	(12.3)	(10.1)
Agricultural Inputs	8,277	2.6	8,005	2.4	7,667	2.3	(7.4)	(4.2)
Housing	9,963	3.2	7,972	2.4	7,953	2.4	(20.2)	(0.2)
Financials	9,282	3.0	7,967	2.4	8,463	2.6	(8.8)	6.2
Construction Materials	7,975	2.5	8,577	2.6	9,026	2.7	13.2	5.2
Electrical and Electronic Goods	6,642	2.1	8,265	2.5	7,898	2.4	18.9	(4.4)
Chemicals	6,445	2.1	7,044	2.1	6,969	2.1	8.1	(1.1)
Wholesale and Industries	6,237	2.0	6,621	2.0	6,409	1.9	2.8	(3.2)
Textiles	6,089	1.9	6,524	2.0	6,895	2.1	13.2	5.7
Telecommunication Services	5,992	1.9	5,212	1.6	4,520	1.4	(24.6)	(13.3)
Pulp and Paper	4,461	1.4	4,337	1.3	4,608	1.4	3.3	6.2
Heavy Construction	4,053	1.3	3,945	1.2	3,414	1.0	(15.8)	(13.5)
Furniture and Forest Products	4,075	1.3	3,891	1.2	4,017	1.2	(1.4)	3.2
Leather and Shoes	1,564	0.5	1,895	0.6	1,947	0.6	24.5	2.8
Beverages	1,324	0.4	1,310	0.4	1,271	0.4	(3.9)	(2.9)
Other Activities	204	0.1	108	0.0	126	0.0	(38.4)	16.2
Domestic Loan Portfolio	231,184		242,684		247,502			
Abroad Loan Portfolio	25,964		27,485		24,720			
Guarantees	15,156		19,464		17,914			
Securities	41,134		39,989		39,251			
Total	**313,438**		**329,622**		**329,387**			

(1) The agribusiness loan portfolio expanded view was revised as of december/18 to include the balance in the CDCA portfolio.

7.2.1. Companies Credit Risk

Over September/19, there was an increase in the percentage of operations classified at C risk levels, supported by an increase in loan provision. The balance of companies loan provision went from R$16.3 billion to R$18.7 billion in the same period of comparison. In the last three quarters Banco do Brasil has carried out reinforcements and prudential anticipations of ALLL (+R$2.8 billion).

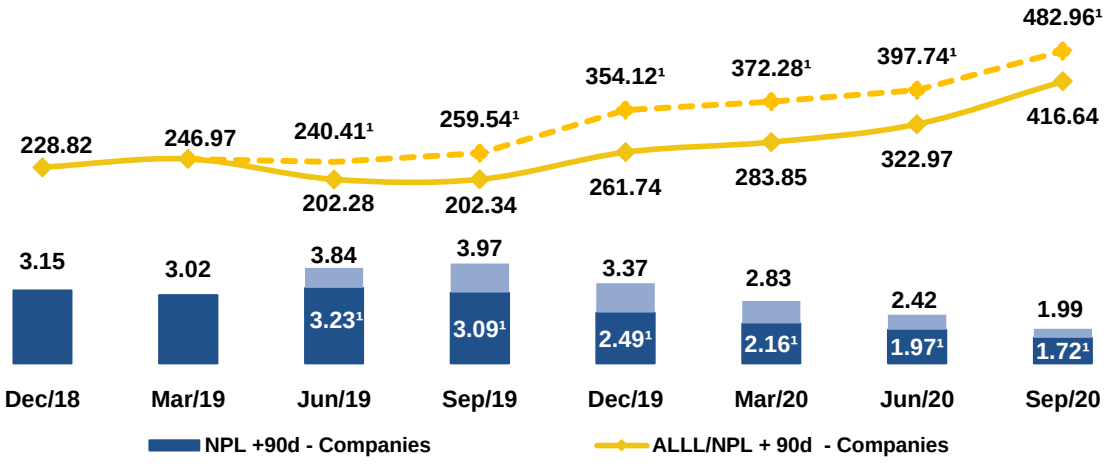
Figure 50. Companies Classified Loan Portfolio by Risk Level – %



The NPL +90d companies (ratio between operations overdue for more than 90 days and the balance of the companies classified loan portfolio) showed a reduction over June/20 and was 1.99% in September/20, the lowest value since 2014. When excluding the specific case effect, the index would be 1.72%. The coverage index was 416.64% in September/20, the highest value since 2014. When disregarding the specific case effect, the index would have been 482.96%.

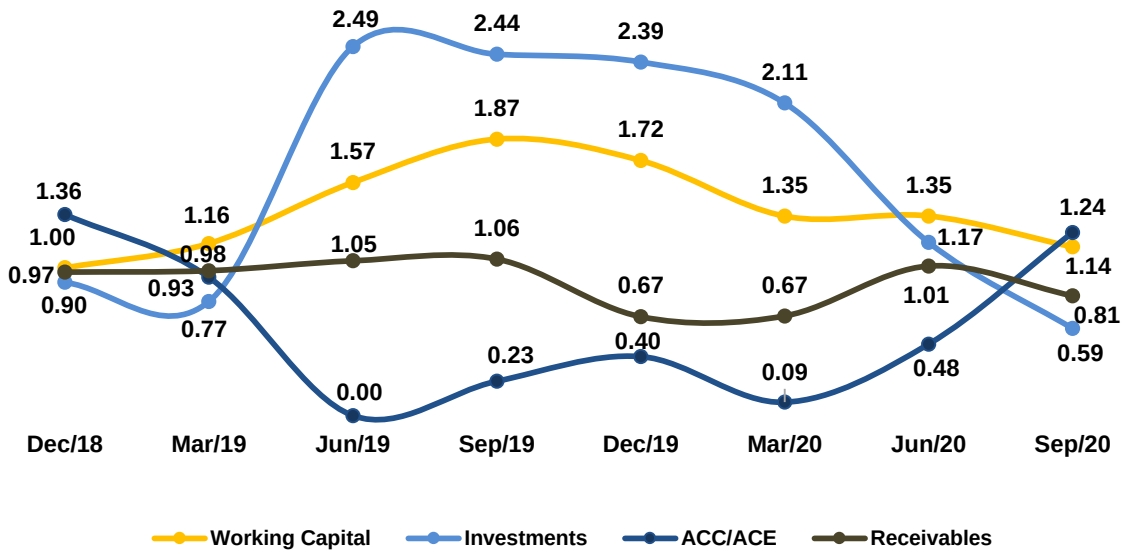
The NPL's reduction in the quarter was influenced by the actions BB implemented to support customers in the current scenario by adjusting its financial commitments with extensions and the operations written off to losses, in line with the movement to set up extraordinary prudential provisions in 4Q19.

Figure 51. Companies NPL +90d and Classified Loan Portfolio Coverage Index – %



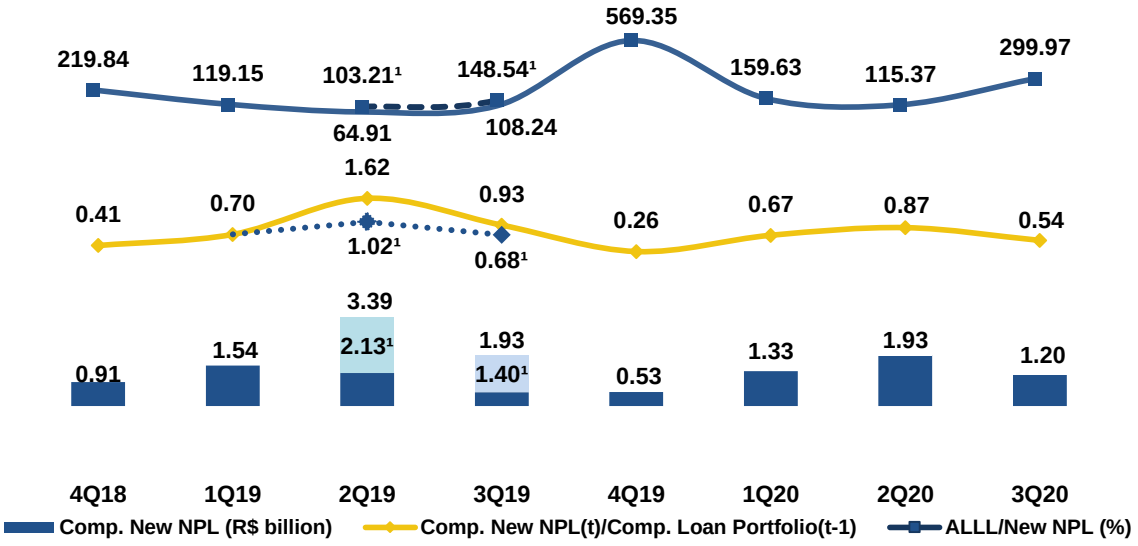
(1) Simulation excluding specific case effect.

Figure 52. NPL +90d Companies Portfolio – % by Credit Line



The next figure shows the companies' loan portfolio's new NPL in the last eight quarters. The index closed at 0.54% compared to 0.87% over 2Q20. New NPL coverage was 299.97%.

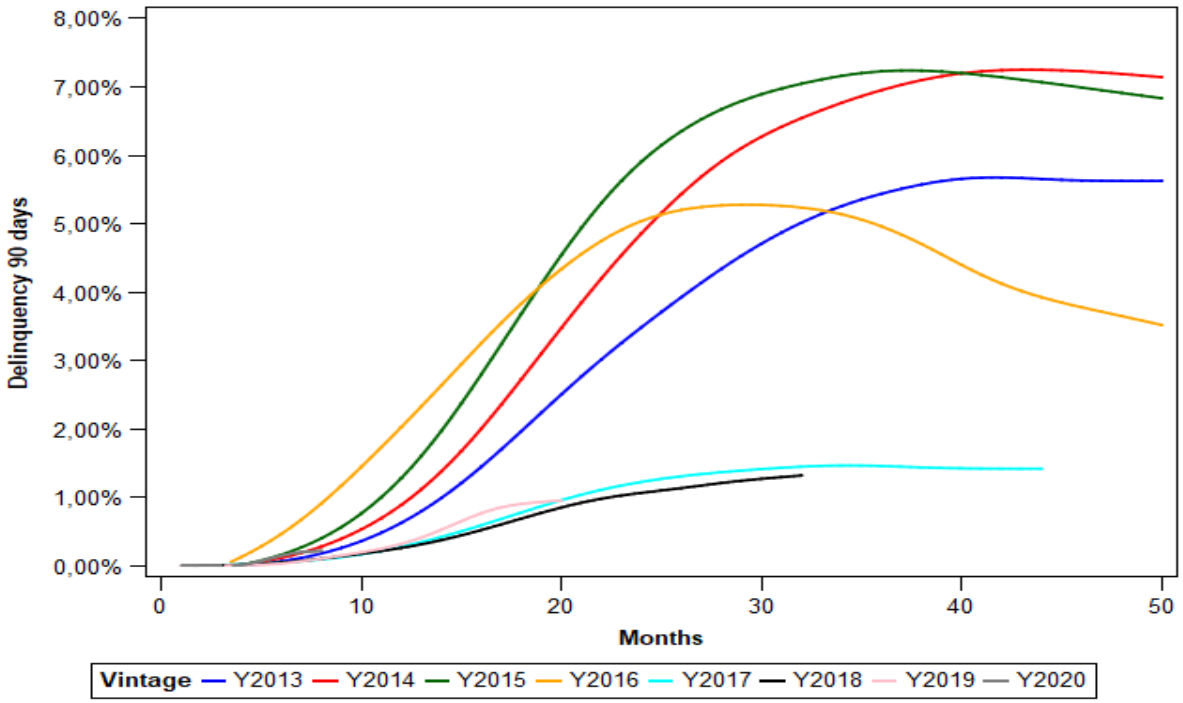
Figure 53. New NPL – Companies Loan Portfolio



(1) Simulation excluding specific case effect.

The following chart shows SME credit on an annual basis, making it easier to interpret the data.

Figure 54. SME Companies Loans Portfolio – Annual Vintage



7.3. Agribusiness Loan Portfolio

In the quarter, the Agribusiness Loan Portfolio was R$185.2 billion (+R$2.8 billion and +1.5%), with the growth of Rural Credit (+R$ 3.0 billion and +1.8%) and the reduction of loans to companies (-R$212.7 million and -1.7%). When considering the types of items financed, the greatest growth was in soy (+R$1.5 billion and +7.8%), machinery and equipment (+R$1.0 billion and 3.6%) and livestock (+R$858.1 million and 1.9%). The agricultural selling line can be explained by the high price of agricultural products, making the sale of the products more attractive to the market, in detriment to the storage.

The agribusiness loan portfolio expanded view was revised as of December/18 to include the balance in the Agribusiness Loan Rights Certificate (CDCA), a nominative loan security. Starting in December/18, the CDCA portfolio was R$867 million in September/20.

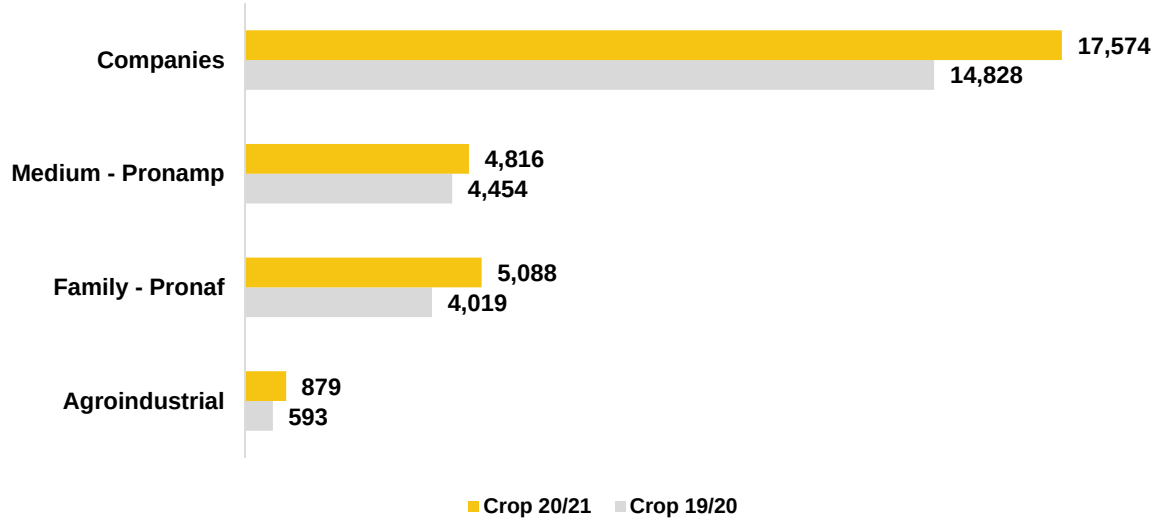
Table 64. Agribusiness Loan Portfolio[1] – R$ million

							Chg. % on	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Classified Loan Portfolio	**178,694**	**97.7**	**182,393**	**97.2**	**185,166**	**97.2**	**3.6**	**1.5**
Rural Credit	**164,317**	**89.9**	**169,976**	**90.6**	**172,962**	**90.8**	**5.3**	**1.8**
Pronaf	42,885	23.5	44,496	23.7	45,252	23.8	5.5	1.7
Work. Capital for Input Purchase	36,142	19.8	41,296	22.0	41,908	22.0	16.0	1.5
Pronamp	22,812	12.5	21,145	11.3	21,349	11.2	(6.4)	1.0
FCO Rural	18,911	10.3	20,824	11.1	21,202	11.1	12.1	1.8
Agricultural Investment	16,289	8.9	19,682	10.5	20,989	11.0	28.9	6.6
Low Carbon Agriculture Program	8,449	4.6	7,630	4.1	7,926	4.2	(6.2)	3.9
BNDES/Finame Rural	6,453	3.5	6,231	3.3	5,918	3.1	(8.3)	(5.0)
Agricultural Selling	8,948	4.9	5,065	2.7	4,807	2.5	(46.3)	(5.1)
Other	3,428	1.9	3,607	1.9	3,610	1.9	5.3	0.1
Loans to Companies	**14,377**	**7.9**	**12,417**	**6.6**	**12,204**	**6.4**	**(15.1)**	**(1.7)**
Rural Product Bills and Guarantees	3,850	2.1	4,438	2.4	4,419	2.3	14.8	(0.4)
CDCA	289	0.2	857	0.5	867	0.5	200.5	1.1
Loan Portfolio - Expanded View	**182,832**	**100.0**	**187,689**	**100**	**190,453**	**100.0**	**4.2**	**1.5**

(1) The agribusiness loan portfolio expanded view was revised as of december/18 to include the balance in the CDCA portfolio.

In the first quarter of the 20/21 crop (3Q20), Banco do Brasil disbursed R$28.4 billion in rural loan operations, with end of September/2020 position. The following figure shows a comparison of the disbursement in the 19/20 crop with the same period of the 20/21 crop, detailing the customer type.

Figure 55. Rural Credit Disbursements by Purpose – R$ million



Risk Mitigators

Banco do Brasil encourages the contracting of protection against bad weather (agricultural insurance or Proagro) in operations of working capital for input purchase. The strategy improves with each new crop, including the mass offering of options, such as seguro faturamento (price assurance).

The risk mitigation strategy takes into account several types of information on the customers' requested transactions, such as activity risk, type of crop to be financed and financing location. Those types of information allow the use of protective devices (agricultural insurance/Proagro or options) that best fit the risk profile of each transaction.

The following table shows the recent historic use of risk mitigators in the working capital for input purchases.

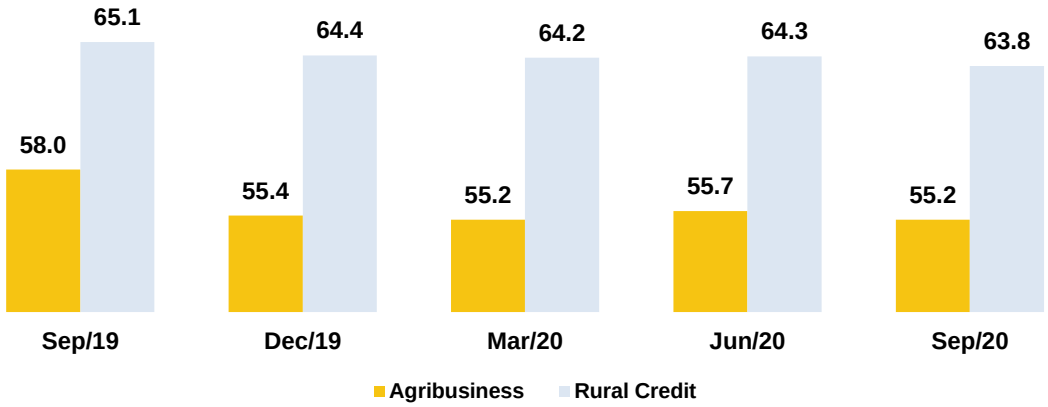
Table 65. Insurance in the Working Capital for Input Purchase – R$ million

	Crop 18/19	Share %	Crop 19/20	Share %	Crop 20/21	Share %
Working Capital for Input Purchase	**10,894**	**100.0**	**11,379**	**100.0**	**14,022**	**100.0**
Total Insured	**6,106**	**56.0**	**6,855**	**60.2**	**8,423**	**60.1**
Crop Insurance	3,633	33.3	4,512	39.7	6,578	46.9
Proagro	2,318	21.3	2,259	19.9	1,844	13.2
Hedge Price	155	1.4	84	0.7	1	0.0
Without Insurance	**4,788**	**44.0**	**4,524**	**39.8**	**5,599**	**39.9**

The distribution of risks assumed as a result of agricultural insurance of crop 20/21 were distributed as follows: 48.0% for IRB Brasil Resseguros, 24.0% for Mapfre Re, 20.0% for Brasilseg and 8.0% for Munich Re.

Historically, Banco do Brasil remains as the main agribusiness financial agent in the country, contributing significantly to supply the credit demand. According to Central Bank of Brazil's data, BB accounted for 55.2% of all financings granted to the agribusiness sector in September/20. Considering only rural credit operations, BB's market share would be 63.8%.

Figure 56. BB's Market Share in Agribusiness and Rural Credit – %



The distribution of agribusiness operations by Brazilian region shows the share of each in the loan portfolio.

Table 66. Classified Agribusiness Loan Portfolio by Region – %

	Rural Credit - %	Agroindustry - %	Total - %
Midwest	32.5	8.6	**30.9**
Southeast	24.3	74.5	**27.6**
South	26.0	13.6	**25.2**
Northeast	9.0	2.5	**8.6**
North	8.1	0.9	**7.6**

Agribusiness Securities

The macroeconomic scenario of inflation control and decrease of the Selic rate has provided a reduction in demand for subsidized rural loan resources and an increase in structured operations through the capital market. Additionally, operations contracted with higher interest rates and shorter terms may be replaced by advances on payments receivable, such as the Rural Product Bills and Guarantees (CPR) and the Agribusiness Loan Rights Certificate (CDCA). Between March/19 and September/20, while the Selic rate reduced from 6.5% p.a. to 2% p.a. the CPR and CDCA agribusiness securities grew from R$2.8 billion to R$5.3 billion (+88.0%). This trend is expected to increase in the 20/21 crop.

Rural Product Bills and Guarantees (CPR)

CPR enables the client to generate financial resources with coverage in pending or harvested agricultural production. It is an instrument that has gained importance in the agribusiness market due to its advantages and flexibility, and can be used for the acquisition of products and inputs, production financing and provision of collateral, among others. In June/17, the CPR was included in the list of assets that could meet the requirements of controlled rates for Agribusiness Letter of Credits (LCA) funding. In August/18, BB launched the issue of CPR Digital for the individual rural producer. The client can issue the title quickly and easily via mobile. The products currently covered by CPR are cotton, livestock, coffee, sugarcane, corn and soybean. In the 20/21 crop R$1.6 billion in CPR was disbursed, and 80% of the contracts were formalized by mobile. The CPR not honored by the issuer becomes a loan operation, has loan risk and impacts the NPL +90d of the portfolio.

Certificate of Agribusiness Loan Rights (CDCA)

The CDCA is an efficient instrument to help the agribusiness sectors, with release of resources to finance the entire production chain. It can be issued by agribusinesses, cooperatives of rural producers and other legal entities, which carry out activities of commercialization, processing or industrialization of agricultural products and inputs or machinery and implements used in agricultural production. The CDCA brings the possibility for companies to anticipate their cash flows, because it uses as ballast the already negotiated sales of agricultural products or the anticipated acquisition of products. We began the acquisition of these bonds at the end of 2018 and the work of disseminating the concept of the bond, with the possible issuers in 2019, led to an increase in demand in 2020, gaining relevance.

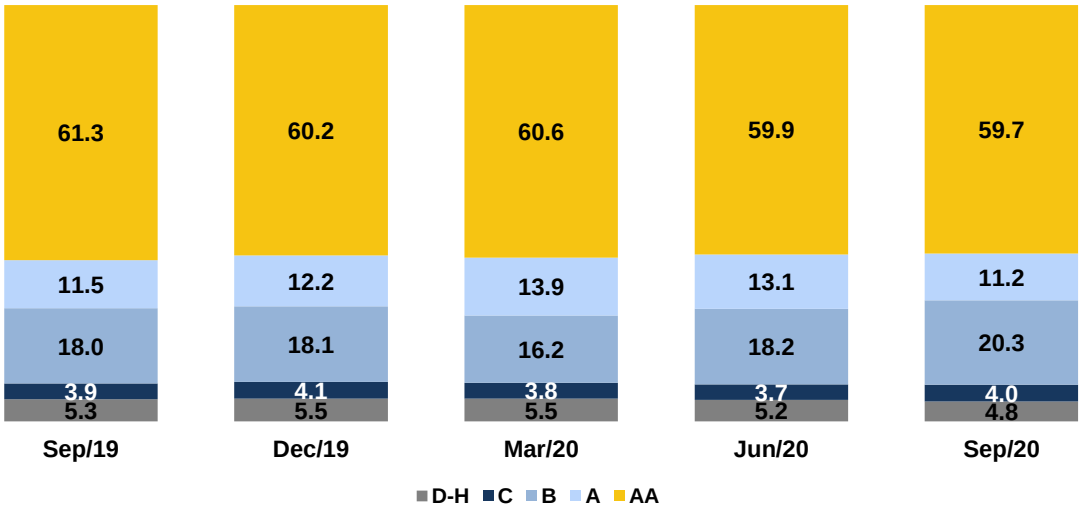
Programa ABC (ABC Program)

We have encouraged sustainable agricultural techniques that contributed to increase income, reduce the greenhouse gas emissions and protect the natural resources. We are pioneers in the operation of the Agricultural Program of Low Carbon (ABC Program). The purpose of the program is to finance sustainable systems for cattle raising production, with recognized capacity to reduce the Greenhouse Gas (GEE) emissions and promote the production of vegetation/biomass, food production, increase in productivity and income, and protection of environment. From 2011 to September/20, contracting reached over R$16 billion in hiring in this line.

7.3.1. Agribusiness Credit Risk

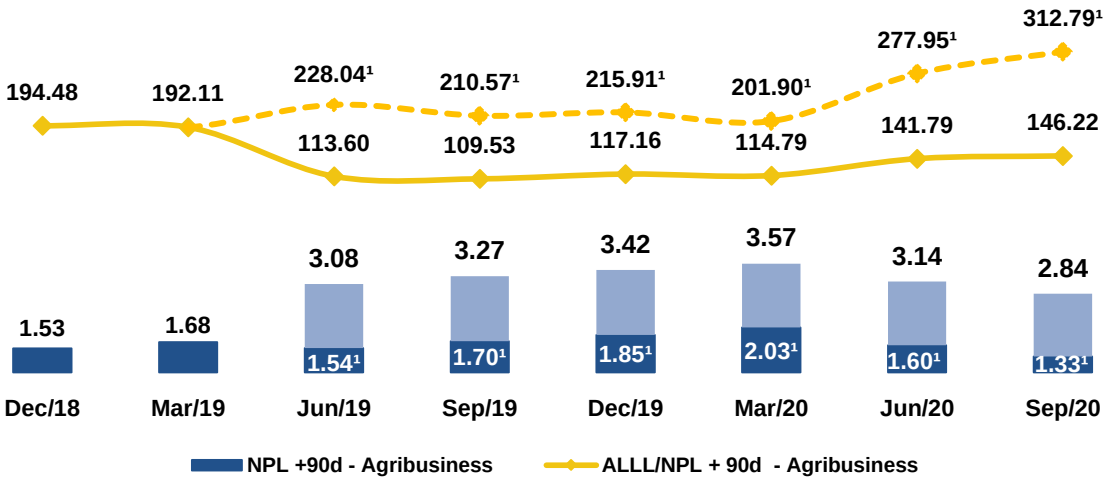
Over September/19 there was an increase in risk level B and a reduction in risk level D-H. In this period, the provision balance increased from R$ 6.4 billion to R$ 7.7 billion.

Figure 57. Agribusiness Classified Loan Portfolio by Risk Level – %



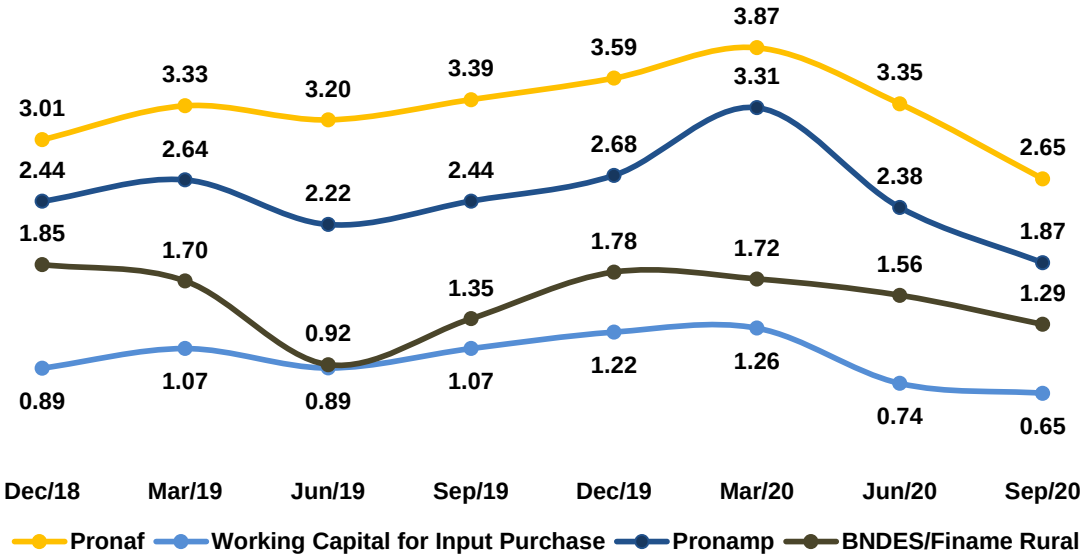
The following graph details the formation of Agribusiness Loan Portfolio NPL +90d over the past eight quarters. The default was 2.84% in the quarter (1.33% without a specific case), while the coverage was 146.22% (312.79% without a specific case). Considering the CPR balance, since the security not honored by the issuer becomes a loan operation, the NPL +90d would have been 2.78% and 1.32% disregarding a specific case.

Figure 58. Agribusiness NPL +90d and Classified Loan Portfolio Coverage Index – %



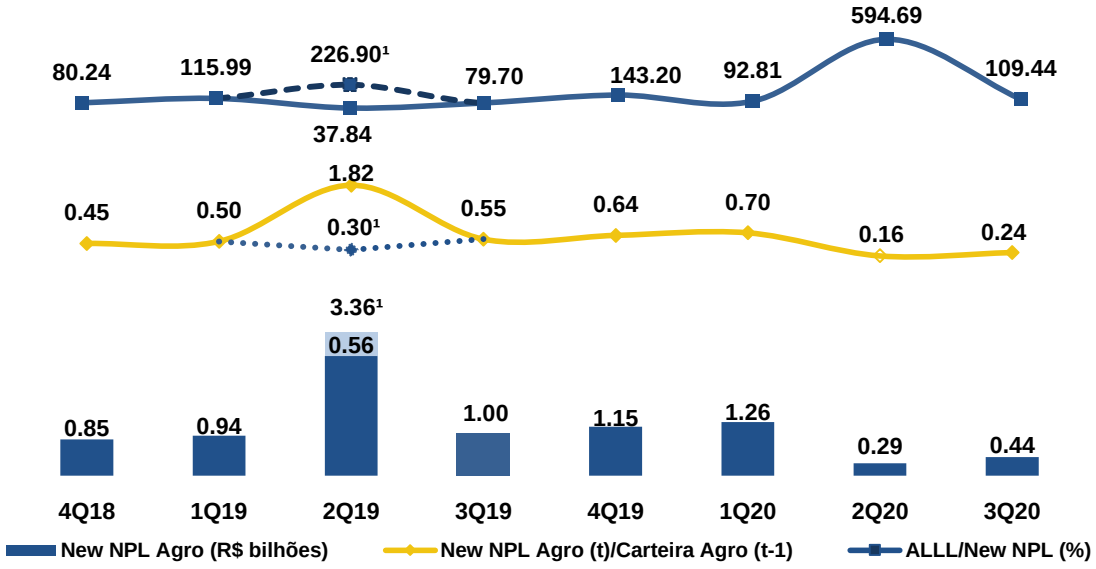
(1) Simulation excluding specific case effect.

Figure 59. NPL +90d Agribusiness Portfolio – % by Credit Line



The next figure shows the agribusiness loan portfolio's new NPL in the last eight quarters. The index closed at 0.24% compared to 0.16% over 2Q20. New NPL coverage was 109.44%.

Figure 60. New NPL – Agribusiness Loan Portfolio



(1) Simulation excluding specific case effect.

Portfolio with and without Rollover

The average portfolio risk is affected by extended transactions. CMN Resolution 2,682/99, which provides for the classification of risk and constitution of allowances for loan losses, requires the maintenance of risk of the renegotiated loans at the risk level of the time of renegotiation. Due to this regulation, renegotiated transactions increase the loan portfolio's average risk.

Table 67. Agribusiness Transactions with Rollover and without it – R$ million

	Portfolio without Rollover[1]			Portfolio with Rollover[1]		
	Balance	Provision	NPL +90 days	Balance	Provision	NPL +90 days
AA	106,698	0	0	3,027	0	0
A	19,342	108	0	1,368	8	0
B	34,588	405	0	3,222	42	0
C	5,757	240	55	1,847	76	8
D	603	53	115	577	61	21
E	552	97	192	611	182	58
F	283	141	195	349	175	63
G	290	203	224	279	195	82
H	1,891	1,832	1,280	3,881	3,880	2,972
Total	**170,004**	**3,079**	**2,060**	**15,162**	**4,620**	**3,205**
AA-C	166,385	752	55	9,465	126	8
D-H	3,620	2,326	2,005	5,697	4,494	3,197

(1) Non-performing loans at AA level refers to credit with third-party risk

8 – Funding

8.1. Commercial and Institutional Funding

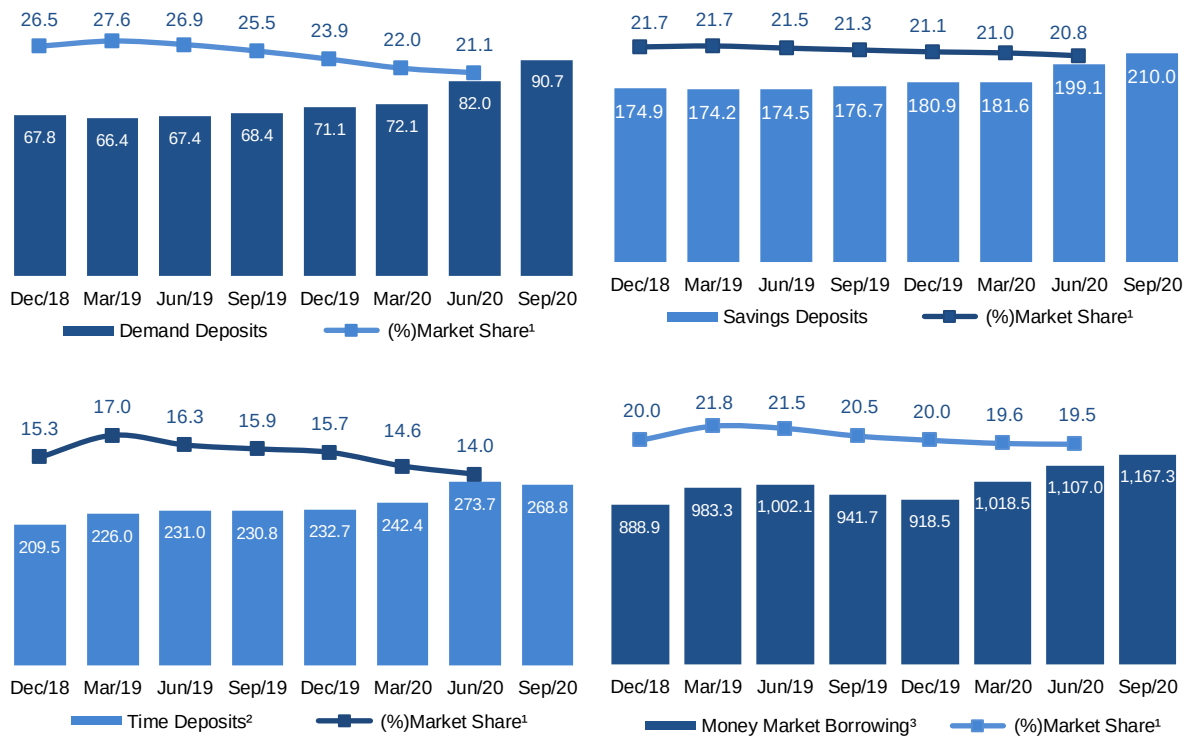
Commercial funding increased by 1.6% QoQ, mainly influenced by the performance of savings and demand deposits. In the YoY comparison, the 12.4% increase was influenced by the growth in savings, time and demand deposits, partially offset by the Agribusiness Letters of Credit decrease.

Table 68. Commercial Funding – R$ million

	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Chg. (%) Sep/19	Chg. (%) Jun/20
Commercial Funding	**618,872**	**100.0**	**684,147**	**100.0**	**695,367**	**100.0**	**12.4**	**1.6**
Savings Deposits	176,724	28.6	199,135	29.1	210,009	30.2	18.8	5.5
Judicial Deposits	156,764	25.3	164,810	24.1	160,233	23.0	2.2	(2.8)
Time Deposits[1]	74,249	12.0	109,222	16.0	108,916	15.7	46.7	(0.3)
Demand Deposits	68,433	11.1	81,998	12.0	90,715	13.0	32.6	10.6
Agribusiness Letters of Credits	82,222	13.3	74,526	10.9	73,352	10.5	(10.8)	(1.6)
Interbank Deposits	32,512	5.3	30,511	4.5	28,280	4.1	(13.0)	(7.3)
Mortgage Bonds[3]	15,492	2.5	13,296	1.9	12,524	1.8	(19.2)	(5.8)
Rep. Agreement with Private Securities[2]	12,478	2.0	10,649	1.6	11,338	1.6	(9.1)	6.5

(1) Includes the balance of other deposits presented in the Notes to the Consolidated Financial Statements.
(2) Includes part of the balances of Private Securities presented in the Notes to the Consolidated Financial Statements.
(3) Includes the balance of CRI (Certificates of Real Estate Receivables).

Figure 61. BB's Funding Market Share – R$ billion



(1) Market share in the BI was obtained from the report of the Central Bank of Brazil "Dados selecionados de Entidades Supervisionadas" available at < https://www3.bcb.gov.br/ifdata/# >. Position: June 2020.
(2) Includes judicial deposits.
(3) Includes total deposits and money market borrowing. Historical series updated by the Central Bank of Brazil.

The following table shows the balance of BB's institutional funding, which mostly consists of issuance of securities acquired by institutional investors.

Table 69. Institutional Funding – R$ million

							Chg. (%)	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Institutional Funding	**201,576**	**100.0**	**215,378**	**100.0**	**216,692**	**100.0**	**7.5**	**0.6**
Borrowing, Assignments and Onlending	108,317	53.7	105,905	49.2	105,232	48.6	(2.8)	(0.6)
Hybrid Capital Instruments	35,636	17.7	42,751	19.8	44,536	20.6	25.0	4.2
Securities Issued Abroad	31,080	15.4	40,951	19.0	41,785	19.3	34.4	2.0
Financial Letters	14,325	7.1	9,566	4.4	8,677	4.0	(39.4)	(9.3)
Subordinated Debt Overseas	12,219	6.1	16,205	7.5	16,463	7.6	34.7	1.6

The following tables show BB's funding abroad balance (by type and by product).

Table 70. Commercial Funding Abroad – Modality – US$ million

							Chg. (%)	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Funding Abroad	**33,652**	**100.0**	**31,703**	**100.0**	**29,518**	**100.0**	**(12.3)**	**(6.9)**
Issues and Certificates of Deposit	15,394	45.7	15,263	48.1	15,188	51.5	(1.3)	(0.5)
Interbanking Deposits and Loans	11,248	33.4	8,127	25.6	6,578	22.3	(41.5)	(19.1)
Businesses	3,516	10.4	4,794	15.1	4,232	14.3	20.4	(11.7)
Individuals	3,095	9.2	3,231	10.2	3,234	11.0	4.5	0.1
Repo	327	1.0	242	0.8	242	0.8	(26.0)	0.2
Special Account	71	0.2	46	0.1	44	0.1	(38.1)	(4.3)

Demand deposits, time deposits and savings funding abroad are part of BB's commercial funding.

Table 71. Commercial Funding Abroad - Product – US$ million

							Chg. (%)	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Funding Abroad	**33,652**	**100.0**	**31,703**	**100.0**	**29,518**	**100.0**	**(12.3)**	**(6.9)**
Issues and Certificates of Deposit	15,394	45.7	15,263	48.1	15,188	51.5	(1.3)	(0.5)
Time Deposits	9,055	26.9	8,564	27.0	6,916	23.4	(23.6)	(19.2)
Loans	4,480	13.3	3,554	11.2	3,037	10.3	(32.2)	(14.5)
Demand Deposits	1,973	5.9	2,323	7.3	2,384	8.1	20.8	2.6
Savings Deposits	1,085	3.2	1,183	3.7	1,073	3.6	(1.1)	(9.3)
Call Account	773	2.3	203	0.6	225	0.8	(70.9)	10.9
Repo	327	1.0	242	0.8	242	0.8	(26.0)	0.2
Pledge	312	0.9	61	0.2	60	0.2	(80.7)	(1.1)
Over	180	0.5	265	0.8	348	1.2	93.8	31.4
Special Account	71	0.2	46	0.1	44	0.1	(38.1)	(4.3)

Sources and Uses

The indicators presented in the following table shows the relation between funding sources and investments at Banco do Brasil. BB aims to diversify its funding sources by offering attractive alternatives to customers and providing a reduction in the funding cost for the Bank.

The loan portfolio remains the main use of funding with a share of 76.7% of total uses. The following table also shows the relation between the adjusted net loan portfolio and the commercial funding, which disregards the credit originated by domestic onlending.

More information on the Bank's liquidity can be found in the Risk Management Report, available at https://ri.bb.com.br/en/.

Table 72. Sources and Uses - R$ million

							Chg. (%)	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Sources	**778,433**	**100.0**	**852,049**	**100.0**	**867,228**	**100.0**	**11.4**	**1.8**
Commercial Funding	618,872	79.5	684,147	80.3	695,367	80.2	12.4	1.6
Total Deposits	508,681	65.3	585,676	68.7	598,152	69.0	17.6	2.1
Agrib. Letters of Credit and Mortgage Bonds	97,713	12.6	87,822	10.3	85,877	9.9	(12.1)	(2.2)
Repurch. Agreement with Private Securities[1]	12,478	1.6	10,649	1.2	11,338	1.3	(9.1)	6.5
Domestic Onlending	62,207	8.0	58,573	6.9	57,215	6.6	(8.0)	(2.3)
Subordinated Debt	50,570	6.5	51,307	6.0	50,953	5.9	0.8	(0.7)
Foreign Borrowing[2]	50,376	6.5	61,122	7.2	59,223	6.8	17.6	(3.1)
Hybrid Capital Instuments	35,636	4.6	42,751	5.0	44,536	5.1	25.0	4.2
Financial and Development Funds	16,772	2.2	20,929	2.5	21,614	2.5	28.9	3.3
Commercial Paper[3]	5,271	0.7	807	0.1	538	0.1	(89.8)	(33.4)
Compulsory Deposits	(61,273)	(7.9)	(67,587)	(7.9)	(62,217)	(7.2)	1.5	(7.9)
Uses	**778,433**	**100.0**	**852,049**	**100.0**	**867,228**	**100.0**	**11.4**	**1.8**
Net Loan Portfolio (a)	630,436	81.0	655,356	76.9	664,776	76.7	5.4	1.4
Classified Loan Portfolio	626,090	80.4	657,212	77.1	668,036	77.0	6.7	1.6
Private Securities	40,967	5.3	39,820	4.7	39,090	4.5	(4.6)	(1.8)
Allowance for Loan Losses	(36,621)	(4.7)	(41,677)	(4.9)	(42,350)	(4.9)	15.6	1.6
Available Funds	147,997	19.0	196,693	23.1	202,452	23.3	36.8	2.9
Domestic Onlending Loans (b)	**108,504**	**13.9**	**105,948**	**12.4**	**105,295**	**12.1**	**(3.0)**	**(0.6)**
Adjusted Net Loan Portfolio (a) - (b)	**521,932**	**67.0**	**549,408**	**64.5**	**559,481**	**64.5**	**7.2**	**1.8**
Indicators - %								
Net Loan Portfolio / Total Deposits	123.94		111.90		111.14			
Net Loan Portfolio / Commercial Funding	101.87		95.79		95.60			
Adjusted Net Loan Portfolio / Commercial Funding	84.34		80.31		80.46			
Net Loan Portfolio / Sources	80.99		76.92		76.66			

(1) Includes part of the balance of private securities presented in the Notes to the Consolidated Financial Statements.
(2) Includes foreign borrowings, foreign securities, foreign onlending, subordinated debt abroad and hybrid capital and debit instruments abroad.
(3) Includes letters of credit and debentures.

The following table presents the current bonds issued by BB in the international capital market.

The BB informed on 10/20/2020 that it exercised the option of total repurchase of the perpetual debt security issued in 2009 (Banbra 8.5%), in force under the Basel II rules. The repurchase will be made for 100% of its face value, plus interest incurred and not paid until this date.

Table 73. Current Bonds Issued Abroad

Issue Date	Maturity	Call Date	Issued Amount (US$ thousand)	Outstanding Amount (US$ thousand)	Cupon (%) [1]	Issue price	Return for Investor (%)	Spread over Treasury	Currency	Rating S&P/Moody's/Fitch
10/20/2009	PERPETUAL	10/20/2020	1,500,000	851,012	8.500 S	100.00	8.50	518.8	USD	SR / B2 / SR
10/05/2010	01/15/2021		660,000	660,000	5.375 S	99.32	5.46	300	USD	SR / Ba3 / SR
05/26/2011	01/26/2022		1,500,000	1,490,000	5.875 S	98.70	6.04	287.5	USD	SR / Ba3 / SR
01/20/2012	PERPETUAL	04/15/2023	1,000,000	535,950	9.250 S	100.00	9.25	732.7	USD	CCC+ / SR / SR
03/05/2012	PERPETUAL	04/15/2023	750,000	750,000	9.250 S	108.50	8.49		USD	CCC+ / SR / SR
06/19/2012	01/19/2023		750,000	741,115	5.875 S	99.02	6.00	434.1	USD	B- / Ba3 / SR
10/10/2012	10/10/2022		1,925,000	1,809,700	3.875 S	98.98	4.00	237.5	USD	BB- / Ba2 / BB-
01/31/2013	PERPETUAL	04/15/2024	2,000,000	1,950,000	6.250 S	100.00	6.25	439.8	USD	CCC+ / SR / SR
06/18/2014	PERPETUAL	06/18/2024	2,500,000	2,150,000	9.000 S	100.00	9.00	636.2	USD	CCC+ / B2 / SR
10/23/2017	01/15/2025		1,000,000	1,000,000	4.625 S	99.55	4.70	250.9	USD	BB-/ Ba2 / BB-
04/19/2018	04/19/2023		750,000	750,000	4.875 S	100.00	4.88	219.9	USD	BB-/ Ba2 / BB-
03/20/2019	03/20/2024		750,000	750,000	4.750 S	100.00	4.75	232	USD	BB-/ Ba2 / SR
07/02/2019	06/15/2026		200,000	200,000	3.70 Q	100.00	3.70	NA	USD	BBB
07/02/2019	06/15/2024		100,000	100,000	1.20 + 3mL Q	100.00	1.20 + 3mL	NA	USD	BBB
07/02/2019	06/15/2024		100,000	100,000	1.20 + 3mL Q	100.00	1.20 + 3mL	NA	USD	BBB

(1) A: annual; S: semiannual; Q: quarterly.

9 – Investment Advisory Services

9.1. Structure for investments in Retail

The Brazilian investment market has undergone major changes in recent years that have changed the dynamics of the actions of investors, banks and brokers. The consecutive reductions in interest rates, which reached the lowest historical level, the entry of other competitors in the market, such as investment fintechs and boutiques and the change in investor behavior, which were better informed and more knowledgeable about investment products, the main drivers of these transformations.

Banco do Brasil is aware of this market movement. On June 2017, a new structure was created, the Funding and Investments Unit (UCI), with the purpose of centralizing the management of fundraising and investment products, as well as acting in several processes related to clients with an investor profile, such as: suitability, allocation strategy, distribution strategy, advisory, innovation and induction.

The benefits involve improving the experience and client satisfaction with specialized investment advisory solutions, investor profitability and loyalty through a qualified and centralized offer, meeting the needs and profile of each investor, the expansion of the investing client base and sustainable revenue growth and diversification of the Conglomerate's sources of funding.

9.1.1. Focus on client, quality and sustainability of actions

The focus on investment advisory has improved the sales force induction model and the metrics of the results achieved, in order to privilege the interests and objectives of the clients, and thus promote sustainable results. Relationship managers and specialists are evaluated by indicators that measure client satisfaction and the total balance applied does not depend on which products clients are purchasing, which reinforces the investor-centric view and the exemption of employees from investment recommendations.

Portfolio with socio-environmental characteristics

BB DTVM (*Distribuidora de Títulos e Valores Mobiliários*) reaffirms its commitment to good social, environmental and governance (ESG) practices, and continues to make progress in generating sustainable business.

In June 2020, it adopted the Responsible Investment Directive, which guides the manager in the criteria and procedures that must be used to ensure best practices in the use of responsible investment, including the processes to evaluate, select and engage companies, considering the aspects of ASG.

This is a path that has been outlined for at least 10 years:

- In 2010, it became a signatory to the Principles for Responsible Investment - PRI;
- In 2016, it adhered to the Amec Code of Principles and Duties of Institutional Investors - Stewardship;
- In 2018, it signed the Women's Empowerment Principals - WEPs.

Currently BB DTVM manages eight investment funds with social and environmental characteristics. The following table presents these funds managed balance.

Table 74. Investment Funds with Social-Environmental Characteristics Management (R$ million)

				Chg. (%)	
	Sep/19	Jun/20	Sep/20	Sep/19	Jun/20
Total	1,539	1,702	1,924	25.1	13.1
BB Previdenciário Ações Governança	575	828	900	56.5	8.7
BB Referenciado DI Social 50	443	399	306	(31.0)	(23.4)
BB Ações Equidade Private FIC	183	174	170	(7.0)	(2.2)
BB Multi Global Acqua LP Private FI	156	111	214	37.4	91.9
BB MM LP Global Vita Private FI	120	118	264	119.7	124.0
BB Ações Equidade FIC	45	44	42	-	(3.6)
BB Ações ISE JOVEM	12	23	25	112.2	5.9
BB Ações Carbono Sustent. FIA	4	4	3	(28.5)	(10.4)

Source: Brazilian Securities and Exchange Commission - CVM

9.2. Performance pillars

9.2.1. Complete, accessible and competitive portfolio

The strategy of providing advice on investments of excellence involves offering a complete and diversified portfolio to all investors.

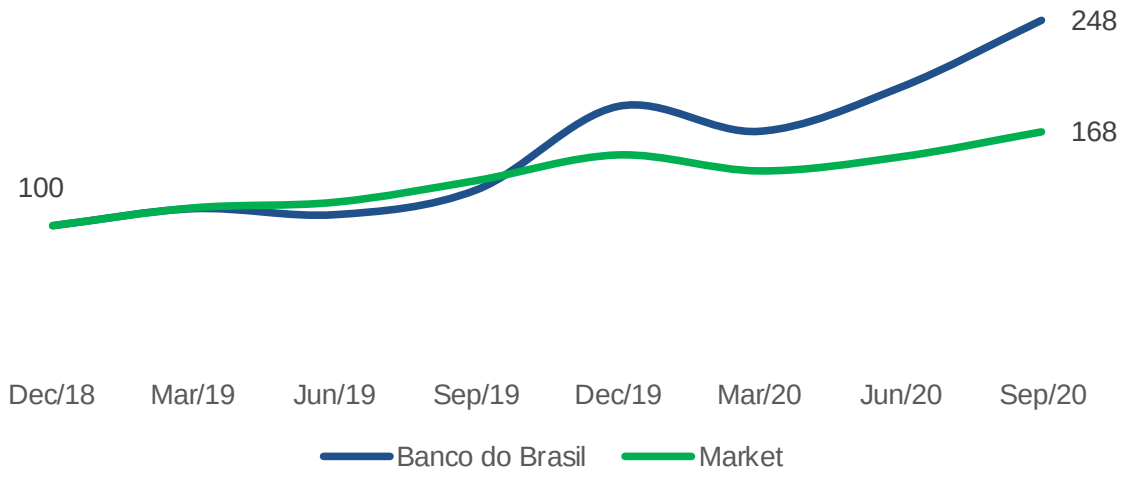
In 2004, the process of opening investment product architecture on our shelf was initiated, with funds from other asset management companies being made available to high-income clients. In 2017, the same movement reached clients in the Retail segment. Allied to this, Banco do Brasil revitalized the BB DTVM investment funds offered, with initiatives such as the merger of funds with similar characteristics (simplification), the reduction of incoming values (accessibility), the reduction of management fees (profitability), the opening of funds from the High Income and Private segment selected retail clients (democratization) and the launch of new sophisticated funds (diversification). On September 2020, BB reduced the initial investment amount of all equity funds managed by BB DTVM to R$0.01, which consolidated our operations in variable income.

Among the new products launched, the BB Equity and BB Shares US Biotech BDR Level I funds reinforce BB's commitment to corporate sustainability. The first one, which contemplates assets of companies that publicly assume the commitment to seek gender equity, and the second, which was the first fund in Brazil with a strategy aimed at investing in global companies in the biotechnology sector.

For retail clients, we increased the amount of funds for investment in international markets. In this context, the BB Stock Exchange American Fund was launched, which in 2020 accumulates a net worth of R$218.7 million and complemented the portfolio that had the BB Stocks Global BDR Level I fund, with Net Equity of R$ 440.2 million.

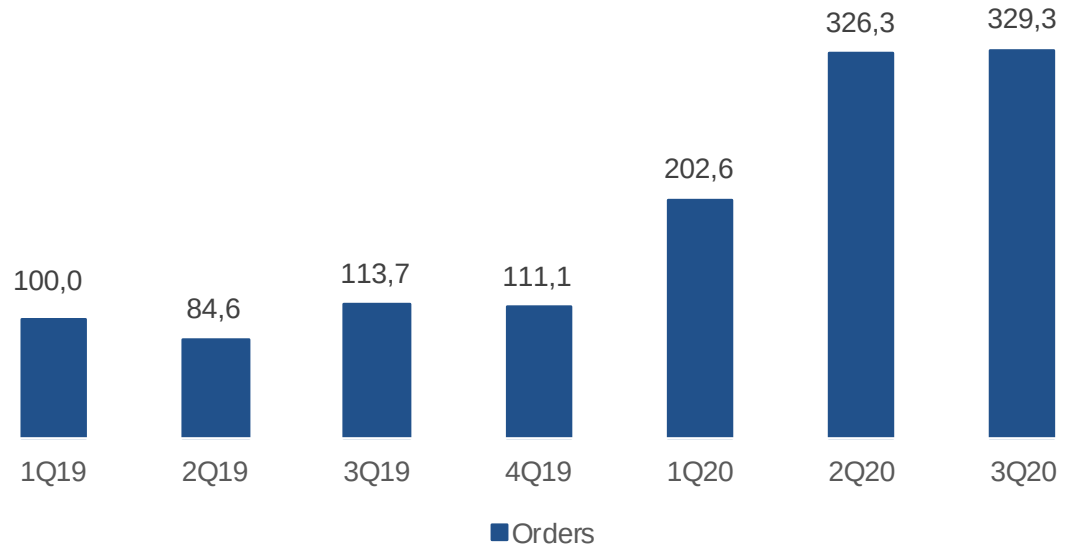
The strategy of democratizing access to the portfolio, combined with accuracy in the offer of products, presented relevant results in the last quarters. Banco do Brasil recorded a 33% growth in the balance of equity and multimarket funds for the Retail segment in 2020, whereas the market growth, in the same period, was 11%, according to Anbima (August/2020).

Figure 62. Evolution equity and multimarkets funds - Retail and Estilo - Base 100



In 2018, BB zeroed the Treasury Direct and Fixed Income custody fees, and in the first half of 2020, the custody fee was no longer charged and the brokerage fee on digital channels was reduced. These actions raised the number of daily orders at the home broker by 188% in the first nine months of 2020, compared to the same period in 2019.

Figure 63. Quarterly history BB home broker orders numbers - Base 100



Banco do Brasil is aware that a larger diversified and more accessible investment shelf may, for some investors, hinder the decision-making process. For this reason, the product offering follows a centralized allocation strategy, carried out by suggested portfolios customized according to the profile and objectives of each investor. The Suitability process defines the maximum percentages in each asset class, considering risk x return levels compatible with each client.

Depending on the investor's objectives, in addition to the portfolios suggested for the conservative, moderate, bold and aggressive profiles (the latter launched in early September), stock portfolios, Real Estate Funds, Social Security and, in recent movement, Direct Treasury and BDRs are made available. It is worth highlighting, among the variable income portfolios, the Portfolio 5+, which closed July and September 2020 in the first place in Ranking Valor.

In addition, within Banco do Brasil's commitment to investor financial education and encouraging diversification, this year two new investment funds that follow the suggested portfolio allocation strategies of moderate and bold profiles were launched, with BB Multimercado Carteira and BB Multimercado Carteira Plus funds, respectively. Together they have a net worth of R$1.34 billion.

9.2.2. Unbiased and specialized Human Advisory Team

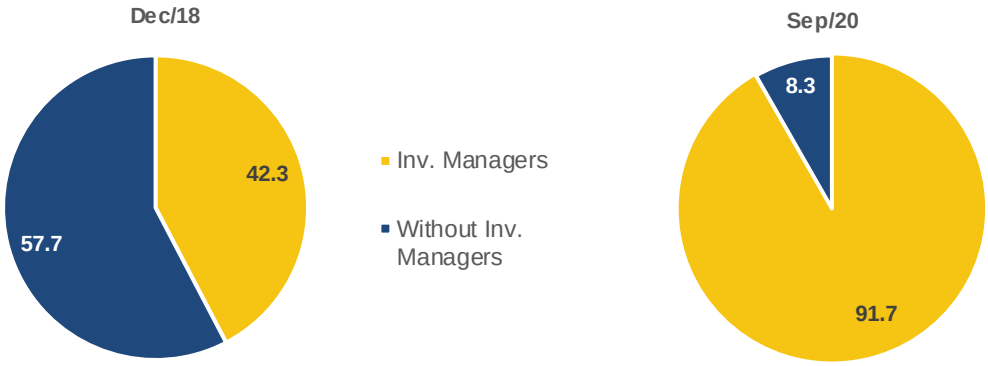
The availability of more sophisticated and accessible products is combined with investment advisory. The latest Investor X-Ray survey, released by Anbima on July 2020, showed that about 40% of Brazilians who invest in financial products seek information, in person, with the bank manager. This relevance reinforces the market differential of the capillarity of Banco do Brasil's branch network and its sales force

All BB's branches have professionals certified by Anbima (CPA-10 and/or CPA-20) to offer investment products. Altogether there are 45,147 by the institution. The employees work in customer service count on the support of automated tools to assist in offering products and customized investment portfolios, according to the investor's profile and objectives.

With a focus on unbiased and more specialized human advisory, in 2018, the Investment Advisory Management (Geinv) was created, which aims to provide support to branches and provide direct advice to clients. Advisory services are provided by investment specialists certified, at least, with CEA certification (Anbima Investment Specialist Certification).

The Bank has been expanding this specialized service structure, mainly to clients in the Style segment. The coverage of assets under management by Geinv increased from 42.3% on Dec/18 to 91.7% on Sep/20.

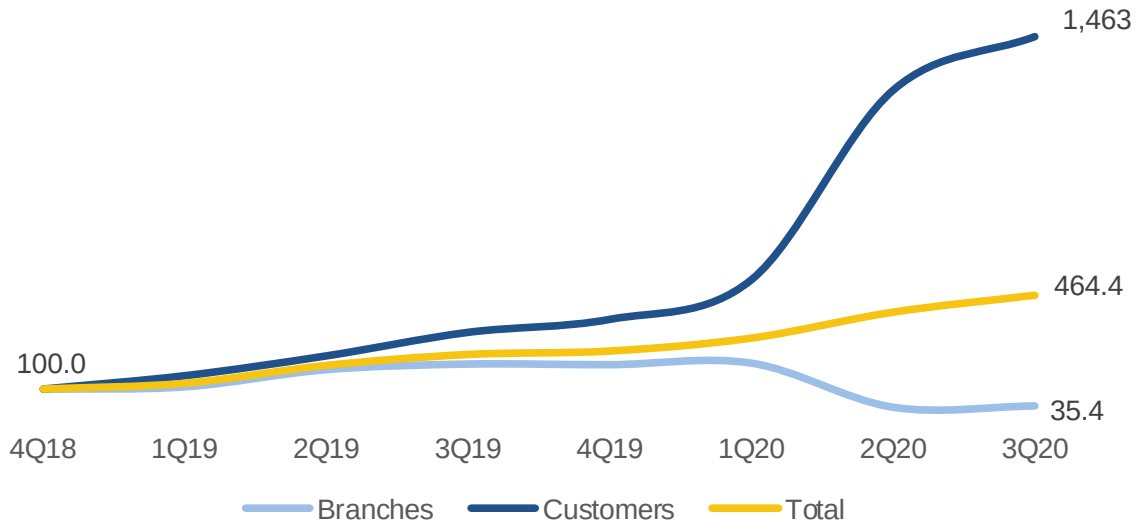
Figure 64. Geinv's participation in AuM[1] in Estilo Segment - %



(1) It does not include savings.

The figure below shows the evolution in the number of services provided by investment managers in support of branches and directly to clients. It is worth mentioning that, due to the pandemic, Banco do Brasil, as of March 2020, prioritized direct service to clients with increased access to specialized professionals, also using chat features in BB's application and video calls, as shown in the figure.

Figure 65. Number of Calls - Base 100



In addition to the Investment Advisory Management specialists, investing clients in the *Estilo* segment are grouped into specific portfolios and branches and are supported by banking managers with training geared towards the investment world. Currently, 8.9% Estilo relationship managers work exclusively with investing clients.

9.2.3. Advisory service and digital solutions

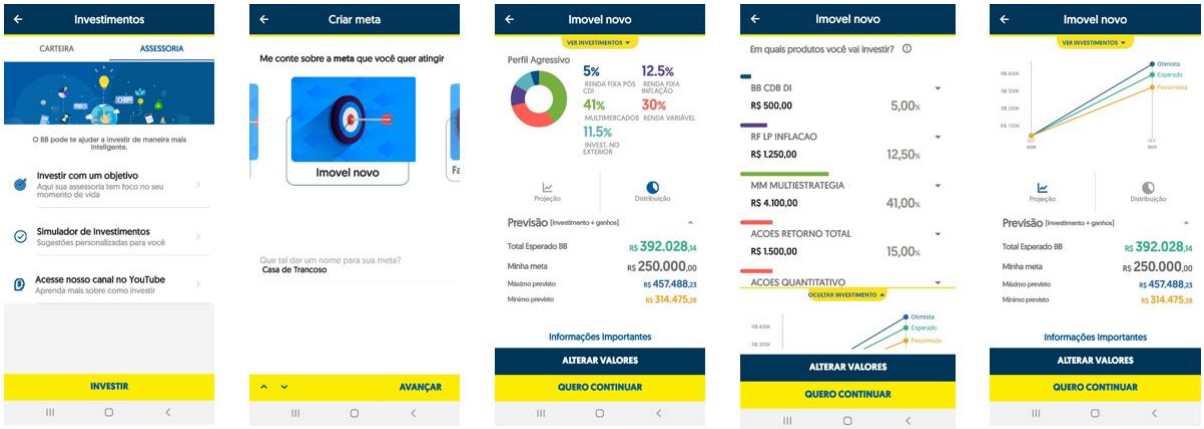
The Investor's X-Ray survey, mentioned in item 9.2.2, also points out that the choice for face-to-face assistance varies according to the age of the interviewees and decreases among the youngest. Within the strategy of providing the best experience to investors, Banco do Brasil has been working intensively in the development of self-service solutions and digital tools.

Combining the use of agile methodologies with the application of algorithms and investor profile analysis, digital solutions bring greater assertiveness in suggesting portfolios, suited to the client's objectives and moments in life.

The development of the Robot Advisor made it possible to automate advice on large-scale investments for all clients. The tool simplifies the way of consuming investment portfolios, making tangible the habit of investing through dreams and objectives. The solution, which was recognized with the 2019 eFinance

Award, offers customized portfolio options, according to the customer's profile, objective, risk tolerance, financial capacity and time horizon. The Robot uses behavioral finance and gamification to assist investors in achieving their goals. Since its launch in the second half of 2019, the tool has raised more than R$ 1.23 billion.

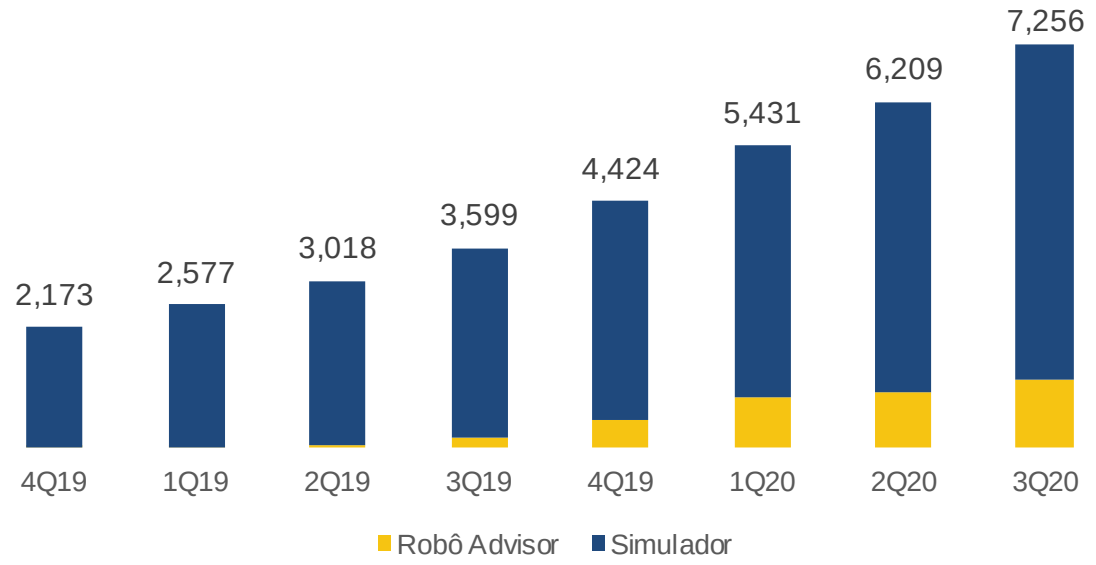
Figure 66. Robo Advisor



Precursor to Robot Advisor, the Investment Simulator, launched in 2017, remains available on BB's application and represents an important tool for expanding the investor base and financial education for BB's clients.

The two digital advisory solutions are already showing solid commercial results, in addition to simplifying access to diversification products, as shown below.

Figure 67. Volume contracted by Robot Advisor and Investment Simulator – (R$ million)



Banco do Brasil concentrates its digital solutions for investors in two applications: BB app and Investimentos BB app, in addition to their versions in Internet Banking.

With complementary digital journeys, the investor has access to simulations, applications and monitoring of their investments in a different way, and can choose which tool to use based on the level of sophistication in which it finds itself. In Investimentos BB application, the most sophisticated investor has access to tools for managing its portfolio, home broker, participation in public offers, access to fixed income products, among others. In 2020, the number of users and transactions grew by 37% and 93% respectively.

Banco do Brasil's digital advisory also includes actions to bring information and knowledge to investors in digital media. On July 2019, the InvesTalk playlist was launched on BB's YouTube channel. The playlist's programming, which has already reached 22 million views, includes investment suggestions, economic scenario, market analysis, tips, chats, among others, disseminating quality information and focusing on the prior experience of each investor, in an unbiased and uncomplicated manner. Currently,

InvesTalk is also on Spotify, through podcasts, including daily analysis. From July to September, investment content on Spotify experienced 194% increase in the number of total playbacks.

Figure 68. Financial education action in the social network

BB I Deseconomês – Fundos de Investimento

Clients can also access investment suggestions, reports and market analysis produced by Banco do Brasil specialists through the page bb.com.br/carteirasugerida.

9.3. BB Private

Banco do Brasil has been operating for 16 years in the private banking market and is one of the three largest players in terms of AuM (Assets Under Management) in the country, as well as a leader in the credit portfolio and RoCAL (Return on AuM and Credit).

BB has the largest capillarity of offices in Brazil, serving investors and mega rural producers in about 80 cities, with the highest exposure in São Paulo and Rio de Janeiro, the two most important in terms wealth creation. The segment has service at BB Miami branch and BB Securities, in the USA, and at BB Lisboa's branch in Portugal.

Figure 69. BB Private capillarity in Brazil

The segment has 263 bankers dedicated exclusively to full customer service, of which more than 80% are CFP (Certified Financial Planner) certified. Exceeding the parameters required by Anbima (Brazilian Association of Financial and Capital Markets Entities), Banco do Brasil is one of the institutions with the highest percentage of certified bankers, a fact that demonstrates the Bank's commitment to the specialization of employees to provide the best advice to clients in the segment.

BB Private's ambition is to add value to clients in their different moments of life and objectives in terms of wealth management. The whole structure, solidity and expertise of a large bank in wealth management attracts many clients to BB Private, but the purpose is to build long-term relationships, sustainable and based on trust and credibility. This is because a global resource management, agile and efficient in terms of profitability and risk management is, in BB's view, a basic condition to compete in this demanding segment.

9.3.1. Relationship Management

Recently BB made changes to the AuM tracks for segmentation in order to improve the experience, define the best approach and further specialize level of service to be offered to customers, including:

• Private (> R$3 million < R$15 million);

• Private Sophisticated (> R$15 million < R$50 million);

• UHNWI and Family Office (> R$50 million).

The differentials of the relationship begin in the delivery of the value proposition to customers, with solutions specifically and privately designed for each of them through personal knowledge of the bankers themselves, CRM - Customer Relationship Management, consumer behavior analysis, satisfaction surveys and NPS and Customer Council.

To tangibilize the perception of this value, we hold events of experience and relationship with customers, successors and prospects in order to strengthen relational ties, improve the customer experience and generate communication buzz.

In addition, the Bank has the structure and programming of the Banco do Brasil Cultural Centers, which offer exclusive attractions, such as guided and exclusive tours with the curators of the major exhibitions and even cocktails with the presence of the artists themselves who are part of the program.

There is also offer advantages and benefits such as exclusive pre-sale for musical shows and cultural events, discounts on purchases and bonuses in relationship programs and points (Livelo).

9.3.2. Sophistication and advice

The challenging economic context presents opportunities for investors seeking wealth generation and perpetuation of their financial assets. However, to take advantage of them it is necessary to have an investment plan appropriate to the objectives and tolerance for the strong price fluctuations. The differential becomes the quality of advice in the application of the classic concept of diversification of investments, a fundamental characteristic to stand out in any market, and is further reinforced when it comes to the Brazilian private banking market.

Thus, the private customer loyalty strategy permeates four fronts:

- Relationship - establishment of long-term relationship, trust, availability and relationship with the Family Group (retain generations);
- Advisory - specialization and holistic view of heritage;
- Solutions - wide offer in investment funds, treasury products, exclusive funds, variable income, pension plan and qualified custody of public securities with competitive conditions, performance and long-term instruments aimed at protecting the assets of clients in the Bank.
- Global positioning - relationship model and solutions available in Brazil and abroad.

Given the multi-bank character of private customers and the little differentiation of the products offered, BB believes in the relationship and holistic advice to become the "client trust advisor", which notedly results in increased business. This represents both an opportunity for customer/business attraction and a point of attention to maintaining current customer satisfaction and retaining the business it has achieved.

BB Private owns MAPA, our Asset Portfolio Allocation Model, which is based on the asset allocation theory with a focus on achieving consistent and adequate returns. The strategies are planned to bring together the best combination of assets and the model that has as premise to propose to clients a reflection on their current investment strategies.

BB realized that investors don't change their profile throughout their lives, but their investment strategies do. Therefore, the importance of BB Private has developed the model in question, which gives dynamism to the movements of changes in the portfolios, always adhering to the scenarios that our strategists outline.

9.3.3. Rural Megaproducer

Banco do Brasil was one of the pioneers in the market to identify the mega rural producer as a Private client. The capillarity in the field, BB's historical competence to support agribusiness and understand the potential of the interior of the country made it possible to develop solid positioning strategies to advance in this segment.

Currently with half of the market share in credit for the Private segment, Banco do Brasil focuses on the qualification strategy of the advisory with holistic vision, from the wealth management of the client, providing customized solutions that include allocation of resources, asset planning, tax and tax, consulting in derivatives, protection and mitigation of risks, offshore operations, implementation of governance models for equity , business and family, among others.

In the current context full of new players and important challenges for agribusiness, BB reiterates its commitment to innovate and offer a reference and appropriate advice for the management of rural businesses, fundamental for the growth of our country.

9.3.4. Wealth Management: Ultra High Net Worth Clients

BB Private's wealth management, a service available to high-wealth clients, is a concept that includes ultra-personalized service performed by highly qualified professionals, wealth management services, succession planning, structured operations, investment approaches in ASG (Environmental, Social and Governance), philanthropic planning, as well as on and offshore investments based on personal objectives and available capital. These solutions are tailored to a holistic approach that also involves aspects of the context and family history.

We advise the client of this segment in the construction of solutions for the transmission of equity interests and other assets, in Brazil and abroad, in addition to creating structures for the succession of financial assets through closed funds and pension funds, or equity holdings.

Among the anticipated benefits, BB's wealth management structure offers direct contact with the country's largest entrepreneurs, which expands the capacity to capture resources in liquidity events, such as public offerings of shares, sale of equity interests, distributions of profits and dividends, among others.

9.3.5. Successor Clients (Generations Program)

Created in 2018, the Generations program has as main objective to add value to all phases of families advised by BB Private. Through it, the Bank seeks to contribute to the formation and development of new leaders in topics such as family succession, asset management, innovation, digital transformation, human behavior, sustainability and legacy.

In the program, successor clients participate in meetings that address issues such as succession, planning, management and wealth management solutions of BB Private adhering to their family realities, in addition to promoting the exchange of experiences among participants. The events are held through experiences in Brazil and abroad, immersive and interactive lectures (face-to-face and online), with participation of national and international speakers and guests.

9.3.6. Portfolio management

In 2019 we started the process of reviewing investment strategies, deeming the portfolios to the new economic reality of Brazil: lower interest rate and low inflation.

In the 2H19, we launched three equity funds, a Strategy Fund Valor da Gestora de Recursos da BB DTVM, two multimanagers, three for allocation abroad and one focused on allocating resources in the infrastructure sector, enabling us to capture the tax incentive through these instruments We also inaugurated three mirror funds and a multi-manager fund, based on the concept of architecture open in pension funds. In relation to asset allocation, we started three funds based on the traditional investment strategy, for diversification, equity perpetuation and wealth generation.

After Covid-19, BB accelerated the opening of architecture for traditional and pension funds, launching another mirror equity fund, a macro strategy mirror fund, two fixed income funds, taking advantage of the opening of the interest curve abroad, and three more mirror pension funds

BB launched in February 2020, as an investment alternative, the Private Equity Fund (FIP), which encourages the expansion and development of the Porto de Itapoá in Santa Catarina. It is one of the most modern ports of private initiative in Brazil, with high potential for return to customers. The advantage is to apply in an investment that is already developed (brownfield), this reduces the risk of obtaining licenses for the start of operations.

9.3.7. Sustainable and impact investments

Increasingly investments with a sustainable footprint gain relevance in the decision of many investors, aware of the need for engagement in developing this type of solutions, BB constantly revisits investment products in order to adapt them to this growing demand.

With a relaunch in July/20, the BB Multimercado Global Green Private Long-Term Fund was the result of the expansion of the scope of a fund that will include in its portfolio shares of Brazilian companies and abroad, with investment related to sustainability and environmental preservation in a global way.

In addition, in order to encourage UHNWI clients to develop social investment initiatives, BB invited some families to the Brazilian Forum of Philanthropists and Social Investors (2019) organized by IDIS, an institute linked to CAF (Charities Aid Foundation).

BB made available in the year several types of funds to private clients, such as BB Ações Equidade, which invests in companies that practice equity; BB Global Vita Private, focused on quality of life, investment in the Brazilian and offshore markets and BB Global Innovation Private, which prioritizes companies recognized as innovative worldwide, among others.

9.3.8. Participation in Social Networks

BB Private has expanded its presence on social networks through the distribution of its own content on LinkedIn, YouTube and Spotify with the objective of relating more closely and positioning its brand to this audience, among them, we highlight Start (daily summary of the main financial indicators), PrivateCast (Morning Call), The Weekly Synthesis (main news of the global macroeconomics), the Investment Strategy (analysis and perspectives of the month that starts) and PrivateTalks (sporadic conversations with market experts).

9.4. Capital Markets

With the establishment of UBS BB, an association that was born out of partnership with UBS on September 30, 2020, BB accelerates its positioning strategy in the investment banking industry on a global scale, with a broader and more sophisticated offer of products and services to its corporate customers.

The strategic partnership is consolidated into a new company and its subsidiaries, starting its operations as a complete investment banking platform, combining BB's network of relationships in Brazil and its strong distribution capacity for individuals, with the expertise and global distribution capacity of UBS.

BB's corporate clients, in addition to the service and the complete offer of corporate banking solutions, through the network of agencies and specialized offices, now rely on ubs' global reach platform, providing differentiated access to investment banking products and services and expanding the offer of integrated solutions in these markets.

The retail distribution activity will be maintained at BB, so BB's individual client continues to count on investment solutions and access to the capital market, through the network of agencies and BB home broker tool.

9.4.1. Retail customer protagonism in the capital market

Non-institutional clients, especially in the Estilo and Private segments, have assumed a central role in the companies' fundraising strategy. This stance follows a market trend and remains under the domestic macroeconomic context.

Of the stock and fixed income offerings distributed by BB in the first nine months of 2020, non-institutional clients participated with an allocation of R$3 billion, an increase of 9% over the same period of 2019. BB is the leader in the retail distribution of variable income in the accumulated until September/20, with R$2.4 billion (52% of ANBIMA market share).

Customers have at their disposal an award-winning research team and completely focused on the retail market. The team, which monitors the main segments of the economy and markets, produces independent analyses and prepares monthly stock recommendations.

In October, three BB analysts were awarded among the top 10 in the Broadcast Analyst Ranking 2020, promoted by Agência Estado, including first and second place. The ranking is based on the theoretical return of the 2019 recommendations. It was the sixth time bb analysts were among the best in this ranking. Bb's retail analyst was also featured among the top 3 analysts in the segment in 2020 in the StarMine Analyst Awards ranking, promoted by Refinitiv.

Among the team's recommendations, several portfolios are available to clients, evaluating their profile and risk appetite, among them the 5+ Portfolio, the main portfolio of recommendations that consistently accumulates theoretical returns higher than the Ibovespa (until Sep/20, the 5+ portfolio accumulates a high of 3.9%, against Ibovespa -18.2%). The team also produces the Fundamentalist portfolios of Shares, Dividends, Real Estate Funds and BDR.

From October 2020, customers started to rely on the BB ESG Selection of the actions evaluated by the team of analysts who stand out in the application of the best sustainability practices, from the environmental, social and corporate governance perspective. In the fixed income market, the team brings novelty by launching the BB Debitum index to monitor the secondary market of private securities, whose growth trajectory has generated an increasing demand from our investor clients.

10 – Financial Services

10.1. Payment Methods

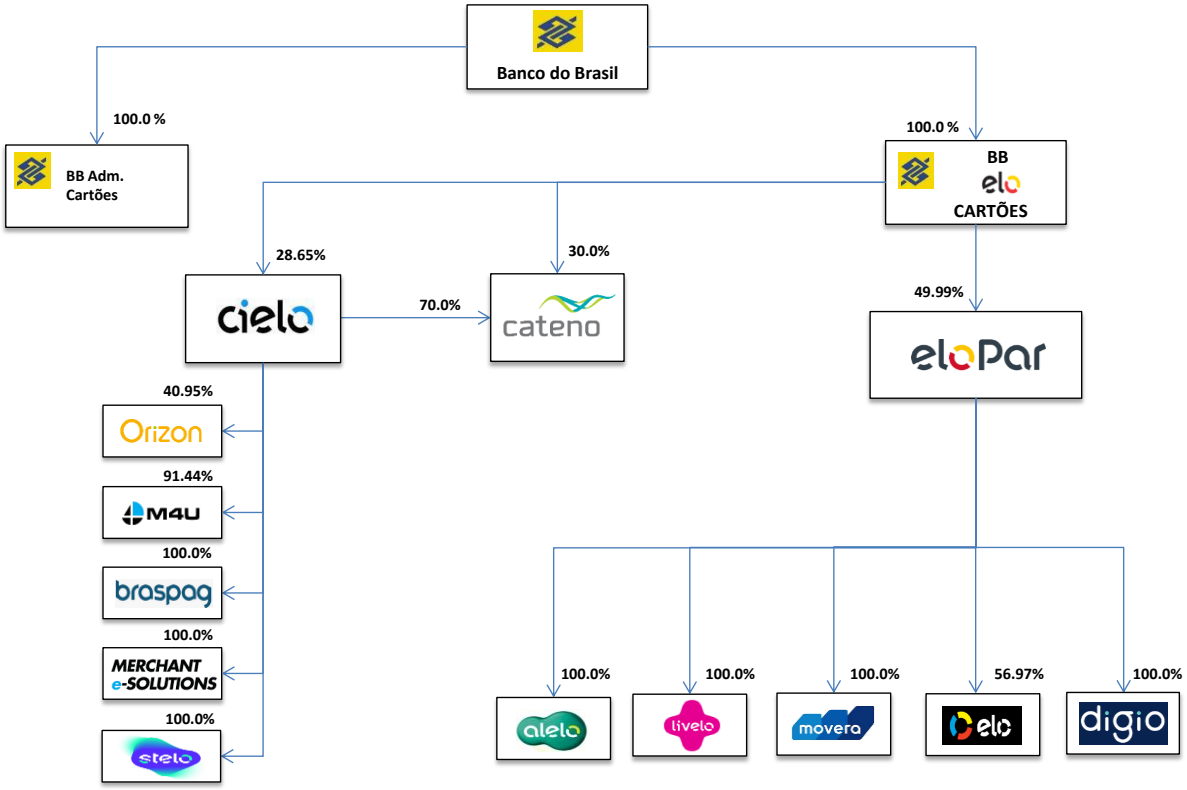
Banco do Brasil is one of the leaders in the e-payment segment.

With permanent investment in technology, BB provides to its customers the latest technological solutions available in the segment, aiming at productivity, agility and, above all, customer satisfaction. Highlight for the broad portfolio of payment solutions for individuals, companies, agribusiness and government.

With a focus on customer retention and loyalty, BB has invested to make the customer experience increasingly fluid, secure and digital, by offer solutions such as internet self-service, Banco do Brasil App, Ourocard App, Whatsapp service and Near Field Communication (NFC). In addition to optimizing the customer experience, such channels also deliver significant cost savings.

The chart below presents the main electronic payment businesses in which Banco do Brasil holds a direct or indirect equity interest.

Figure 70. Payment Methods Organizational Chart – Main Companies[1]



(1) As of Sept 30, 2020.

10.1.1. Cards Base and Turnover

Banco do Brasil's card base with recurring use is mostly composed of plastics with multiple functions (debit and credit).

In September/20, the card base with recurring use in the credit function grew 4.6% compared to the same period of the previous year. In the debit function, the performance was 5.5%. The growth of the card base in the period is a result of the actions of commercialization and use induction.

In 3Q20 there were 620 thousand new cards, an increase of 10.3% in relation to the same period in 2019, with emphasis on the increase in the number of customers who started using the credit function, with 460 thousand activated cards (+13.4%).

In 9M20, more than 1.2 million cards were activated, an increase of 20.8% compared to 2019. More than 1.6 million cards were sold, an increase of 9.1% compared to the previous year. Highlight for commercialization in digital environment, with more than 1 million cards between January and September, growth of 106% in relation to 9M19.

The following table shows the growth of the recurring card base in credit and debit functions.

Table 75. Cards Base – Recurring Use[1] [2] – Million

	3Q19	4Q19	1Q20	2Q20	3Q20	Chg. (%) 3Q19	Chg. (%) 2Q20
Credit Cards	9.2	9.5	9.5	9.4	9.6	4.6	2.8
Debit Cards	14.1	14.7	14.7	13.9	14.9	5.5	6.8

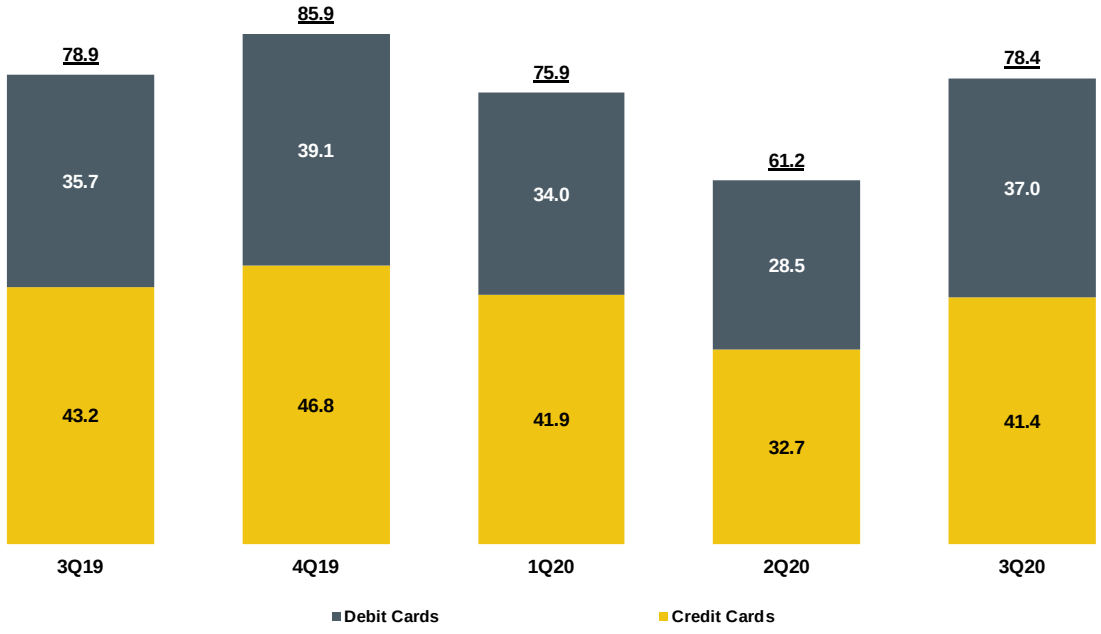
(1) At least one use in the quarter.
(2) Historical Series revised in 2Q20.

The total turnover volume through Banco do Brasil's cards in 3Q20 was R$78.4 billion, higher than in 1Q20 (pre-pandemic period). Compared to 3Q19, there was a reduction of 0.7%. In comparison with 3Q19, the turnover in the credit function decreased by 4.1%. In debit, the turnover increased 3.4%.

In 9M20, the total volume turnover through Banco do Brasil cards was R$215.5 billion, 2.7% lower than in 9M19. In credit transactions the reduction was 4.2% and in debit transactions a reduction of 0.7%.

Although turnover with individual cards was impacted by the effects of the pandemic, especially in April and May, in June there was a resumption in consumption, with the consequent evolution of turnover.

Figure 71. BB's Cards Turnover – R$ billion



10.1.2. Cards Business Income

Net income in 3Q20 decreased by 26.6% compared to the same period of the previous year, mainly impacted by the increase in expenses with Allowance for Loan Losses (ALLL).

The net income with BB issuance registered a contraction of 42.4% compared to 3Q19, and 62.1% compared to 2Q20.

For other businesses, the reduction of 14.7% in comparison with 3Q19, resulted from the lower performance of the accreditation market, which was mainly affected by the impacts caused by the pandemic and strong competition.

Table 76. Cards Business Income[1] – R$ million

	3Q19	4Q19	1Q20	2Q20	3Q20	Chg. (%) 3Q19	Chg. (%) 2Q20
Net Income	**489**	**434**	**474**	**537**	**359**	**(26.6)**	**(33.1)**
Net Income with BB issuance	210	172	261	319	121	(42.4)	(62.1)
Other Cards Results	279	262	213	218	238	(14.7)	9.2

(1) Historical Series revised in 2Q20.

10.1.3. Digital Solutions

Ourocard is even more digital. Now, the new individuals cards contracted as of September will have as a standard option the digital invoice or by email. The customer can, at any time, consult their expenses online, accessing the BB and Ourocard Apps, the bb.com.br portal and WhatsApp. The novelty encourages the use of digital channels, contributes to the reduction of expenses and reinforces Banco do Brasil's social and sustainability role.

Through BB's WhatsApp, 375 thousand card-related calls were made in the quarter, an increase of 85% compared to the previous quarter. The number of attendances in the year already exceeds 600 thousand. In 3Q20 the App Ourocard, exclusive for BB cards, showed a 58.3% growth in its active customer base compared to the same period in 2019, totaling 1.42 million users.

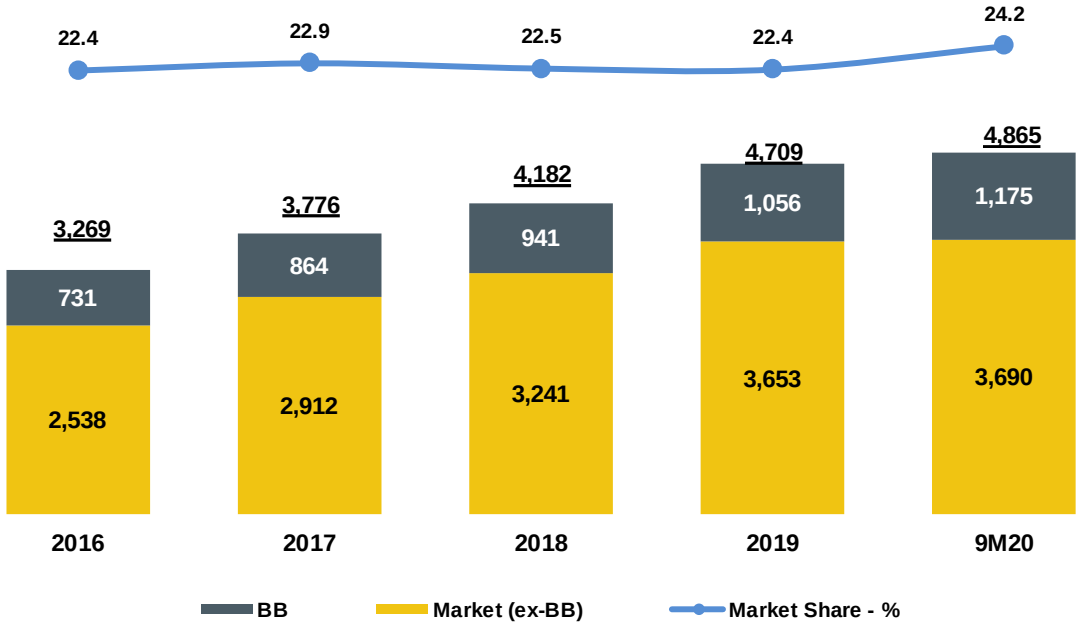
Another important point in the quarter was the achievement of 10 million contactless cards delivered to customers. The volume of purchases by approximation grew 373.2% in 9M20 compared to the same period in 2019.

10.2. Asset Management

The main activities of BB Gestão de Recursos DTVM S.A. include administration, management and distribution of funds and managed portfolios.

The following chart presents asset management's balance and BB DTVM market share in the Global Fund Administration of the Anbima Ranking (Brazilian Financial and Capital Markets Association).

Figure 72. Fiduciary Management and Market Share – R$ billion



Source: Anbima

The investment fund industry recorded a net funding of R$206.1 billion in the 3Q20, with highlight to the Fixed Income (R$114 billion) and Multimarket (R$51.5 billion) classes. On the other hand, in ETF, net redemptions of R$2.5 billion were recorded in the period. The fund industry recorded an increase of R$228.7 billion (4.9%) in its shareholders' equity when compared to June/2020, ending September/2020 with R$4.9 trillion in managed resources.

In 3Q20, BB DTVM registered net funding of R$77.8 billion, with the Fixed Income category (R$72.7 billion) being the segment that most influenced this performance. Among the 5 largest institutions in the Anbim Global Ranking, BB DTVM was the one that most raised funds in the quarter.

BB DTVM ended the third quarter of 2020 with a net worth of R$1.2 trillion, which represents a 24.2% of market share and ensuring the leadership of the Global Ranking of Management of Third Party Resources, as well as the leadership of the Institutional Investors, Government and Retail segments. BB DTVM also ranks second in the High Income, RPPS and Middle Market segments, in addition to third place in Corporate.

Since 1Q20, BBDTVM adopted a new process for managing and capturing information on the profile of investment fund shareholders, enabling greater alignment with the segmentation of clients in the ANBIMA Ranking view. This change explains part of the growth of funds for the Public Sector, as they could have been listed as Legal Entities in the past.

The following tables show resources managed by segment and by Anbima class.

Table 77. Investment Funds and Managed Portfolio by Segment – R$ million

							Chg. (%)	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Total	**1,052,424**	**100.0**	**1,089,082**	**100.0**	**1,175,158**	**100.0**	**11.7**	**7.9**
Institutional Investors	455,372	43.3	434,763	39.9	449,943	38.3	(1.2)	3.5
Government	162,026	15.4	225,776	20.7	280,431	23.9	73.1	24.2
Retail	131,800	12.5	117,282	10.8	125,610	10.7	(4.7)	7.1
High income	71,721	6.8	100,460	9.2	100,800	8.6	40.5	0.3
Corporate	85,326	8.1	77,613	7.1	78,748	6.7	(7.7)	1.5
RPPS	63,575	6.0	60,753	5.6	62,171	5.3	(2.2)	2.3
Private	48,387	4.6	40,265	3.7	41,526	3.5	(14.2)	3.1
Middle Market	25,912	2.5	23,873	2.2	26,465	2.3	2.1	10.9
Foreign Investors	8,305	0.8	7,657	0.7	7,979	0.7	(3.9)	4.2
Investment Funds	-	-	639	0.1	1,486	0.1	-	132.4

Source: Anbima.

Table 78. Investment Funds and Managed Portfolio by Anbima's Categories[2]

							Chg. (%)	
	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Sep/19	Jun/20
Total	**1,052,424**	**100.0**	**1,089,082**	**100.0**	**1,175,159**	**100.0**	**11.7**	**7.9**
Investment Fund	**1,056,910**	**100.4**	**1,089,521**	**100.0**	**1,180,491**	**100.0**	**11.7**	**8.3**
Fixed	630,170	59.6	681,704	62.6	759,300	64.3	20.5	11.4
Equity	51,178	4.8	38,764	3.6	45,432	3.8	(11.2)	17.2
Multimarket	17,202	1.6	23,716	2.2	28,246	2.4	64.2	19.1
Others[1]	358,361	33.9	345,337	31.7	347,514	29.4	(3.0)	0.6
Managed Portfolios	**19,093**	**1.8**	**20,067**	**1.8**	**21,774**	**1.9**	**14.0**	**8.5**
Fixed	18,736	1.8	19,614	1.8	21,351	1.8	14.0	8.9
Equity	357	0.0	453	0.0	423	0.0	18.6	(6.7)
Thirdy-party Funds	**(23,579)**	**(2.2)**	**(20,507)**	**(1.9)**	**(27,106)**	**(1.9)**	**15.0**	**32.2**

(1) Includes Pension, Exchange, FIP, ETF, Real Estate and Off Shore funds.
(2) Data on the Anbima's distribution by categories are disclosed without deduction of own and third-party quotas, which in June 2020 was R$20.5 billion.
Source: Anbima

Custody

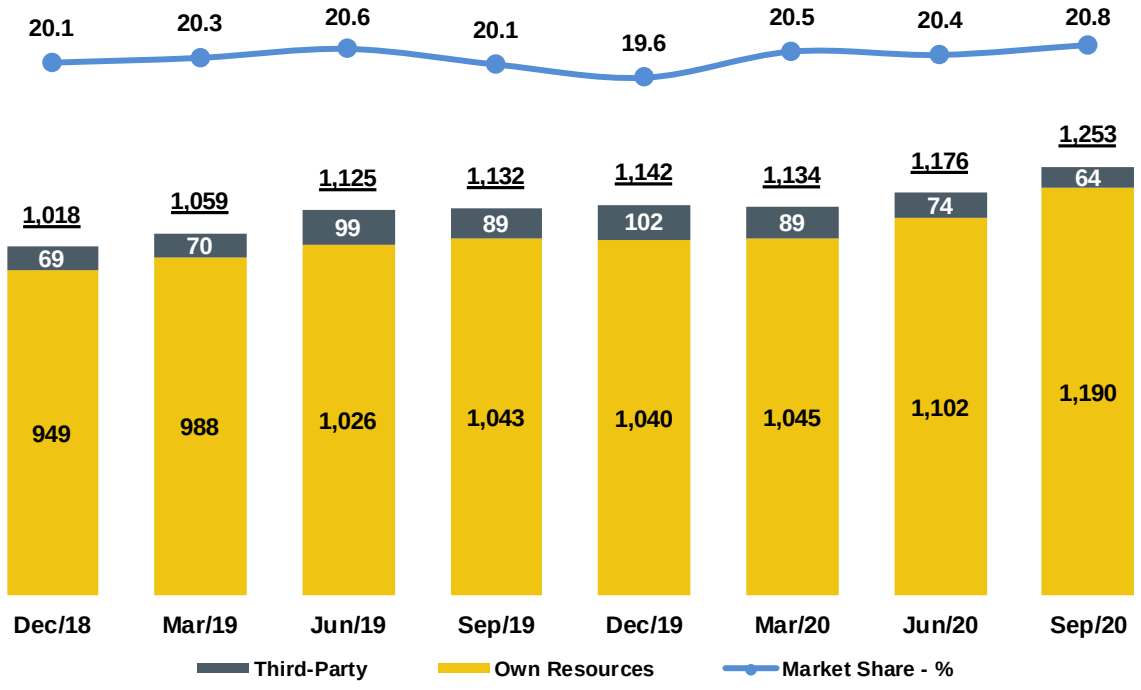
Banco do Brasil is one of the main leaders in assets custody and controllership. In September/20 the amount held in custody by BB was R$1.25 trillion, representing a 10.7% increase compared to the same period of the previous year.

In controllership, BB had a volume of R$2 trillion in 3Q20, an increase of 12.7% compared to September 2019.

The development of the fund industry and portfolio diversification ensure constant expansion to BB's volume on funds in custody.

The following figure presents the performance of the assets in custody at Banco do Brasil.

Figure 73. Total Domestic Custody Assets and Market Share – R$ billion



Source: Anbima.

10.3. Capital Market

Capital market is one of the main funding sources for production activities in economies worldwide. Funding instruments not only enable companies to grow, but also contribute to dilute the risk of new investments.

Banco do Brasil has a prominent presence in the Brazilian capital market through its whollyowned subsidiary BB – Banco de Investimento S.A. (BB-BI).

BB-BI's activities and portfolio include market research, transaction structuring and distribution, settlement and custody of assets, products, and services for individuals and companies. The main products and services are described below:

I. **Mergers and acquisitions:** provides financial advisory services in sales transactions, corporate reorganizations (mergers and spin-offs), private placements and tender offers.

II. **Gold:** The Bank offers gold purchase, sale and custody services, in batches of 25 grams.

III. **Private Equity:** BB-BI is member of 13 funds with equity interest in 33 companies located in different Brazilian regions, in the most diverse segments (energy, infrastructure, logistics, consumption, education, IT, services, agribusiness, etc.), in different development stages (consolidated, emerging companies and companies with innovative technologies).

IV. **Fixed Income:** (i) Domestic Market: BB-BI offers services of coordination, structuring, and distribution of debentures, promissory notes and financial bills; and (ii) International Market: BB-BI offers services of coordination, structuring, and distribution of new shares and debt management

processes for companies, banks and governments through brokers located in London, New York and Singapore, providing BB a global role in the capital market.

V. **Variable Income:** BB-BI offers advisory services in all stages of shares public offerings. It also operates in the structuring and distribution of Real Estate Investment Funds (*Fundos de Investimento Imobiliários – FII*). For individual investors the variable income portfolio covers share purchase and sale services, and for the private investors segment it also covers share rental services.

VI. **Securitization:** BB-BI acts in the coordination, structuring and distribution of securitization operations, a process whereby a relatively homogeneous group of assets is converted into negotiable securities, through the following products: Credit Rights Investment Funds (FIDC), Receivables Certificates Real Estate (CRI) and Agribusiness Receivables Certificates (CRA).

BB conglomerate operates in the international capital market through its whollyowned subsidiaries: BB Securites Ltd. (England), Banco do Brasil Securities LLC. (USA), and BB Securities Asia Pte Ltd. (Singapore).

In September 2020, BB began a strategic partnership with UBS to operate in investment banking and securities brokerage activities in the institutional segment in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. The strategic partnership offers a complete investment banking platform, which combines BB's relationship capacity and financial strength in the country with UBS's experience and global distribution.

The association is constituted through a holding company, which has the contribution of assets from BB and UBS. Considering the contributions of the two shareholders, the company's total share capital is divided at the rate of 50.01% for UBS and 49.99% for BB.

With the partnership, BB's corporate clients, in addition to the service and complete offer of corporate banking solutions, through the network of branches and specialized offices, now have the UBS global reach platform, providing differentiated access to products and investment banking services and with the expansion of the offer of integrated solutions in these markets.

BB's investing clients, in addition to the current portfolio of products and services, also now have access to a growing variety of funding and investment instruments linked to the capital market.

The partnership established is in line with BB's corporate strategy and reaffirms its commitment to improving customer service and generating shareholder value.

Performance in the Capital Market

In 3Q20, there was R$143 million in revenue from operations in the capital market, an increase of 12.6% compared to 2Q20.

Fixed Income – Domestic Market

In 3Q20 BB-BI participated in the origination of 11 operations, totaling R$13.5 billion in turnover, six of which are debenture operations, two securitization operations, two Real Estate Investment Fund operations and one Credit Rights Investment Funds operation.

In the Anbima Origination Ranking, BB-BI is in the fifth place in the Consolidated Fixed Income category and in the third place in the Securitization Fixed Income. In the Anbima Distribution Ranking, BB-BI is in third place in the distribution of FIDC and occupies the fourth position in Consolidated Fixed Income and Securitization.

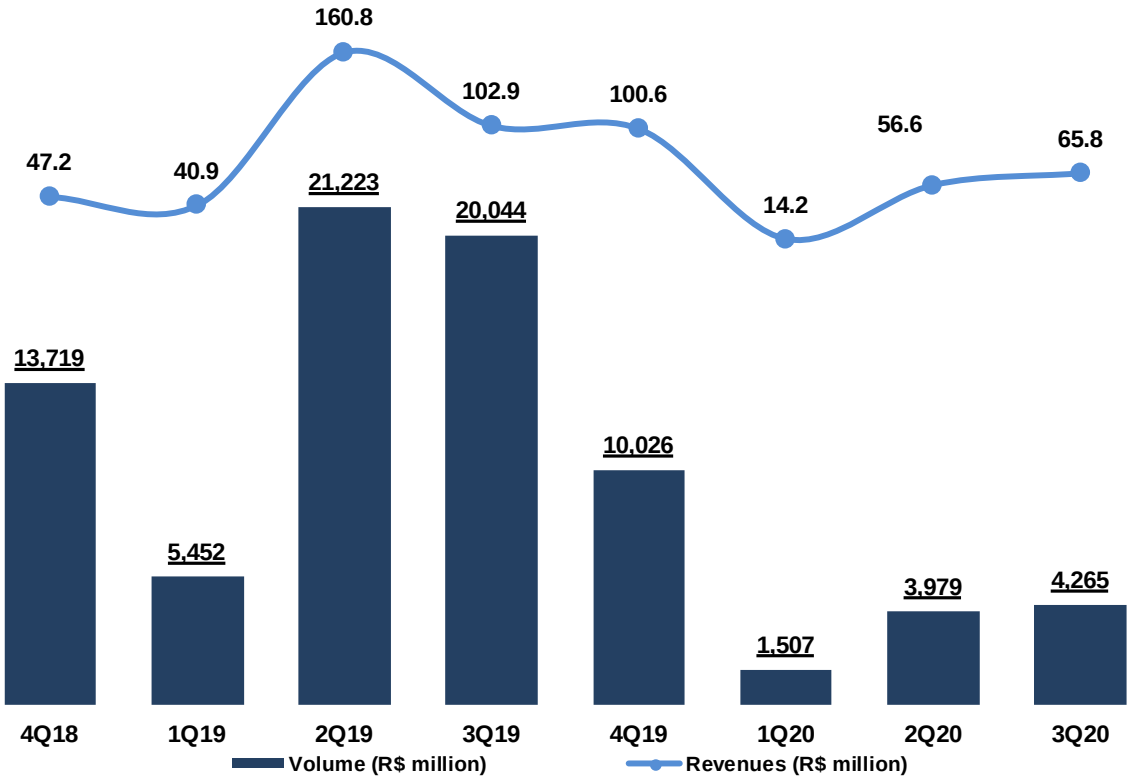
Fixed Income – International Market

In 3Q20 the international capital market (bonds) was accessed by five Brazilian issuers, issuing a total of US$ 3.8 billion. BB was mandated to act as Lead-Manager in four transactions. According to the Anbima Ranking of External Emissions, BB is in 14th place. BB also participated in three Liability Management operations which totaled US$ 6 billion.

BB participated as Co-Manager in two transactions by foreign issuers, with a total volume of US$ 1.4 billion.

The following chart presents the BB's performance in the origination of fixed income securities in Brazil and abroad.

Figure 74. Fixed Income Securities Origination – Domestic and International Markets



Fixed Income Retail – Secondary Market

In 2019 BB migrated its custody of fixed income assets from B3 S.A. – Brazil Stock Exchange (B3) to Cetip. In 3Q20 Cetip's volume traded was R$1.7 billion, an increase of 436% over the same period of 2019. In revenue, the growth observed in the period was 531%, from R$3.2 million in 3Q19 to R$20.3 million in 3Q20.

For retail investors, BB-BI offers trading of fixed income assets through BB's network of branches and offices, internet (https://investimentos.bb.com.br) and mobile (App Investimentos BB).

Variable Income Wholesale

In 3Q20 BB-BI participated in five operations with a volume of R$10.5 billion, four of which were IPO operations, with a volume of R$4.1 billion and a follow-on operation, with a volume of R$6.4 billion.

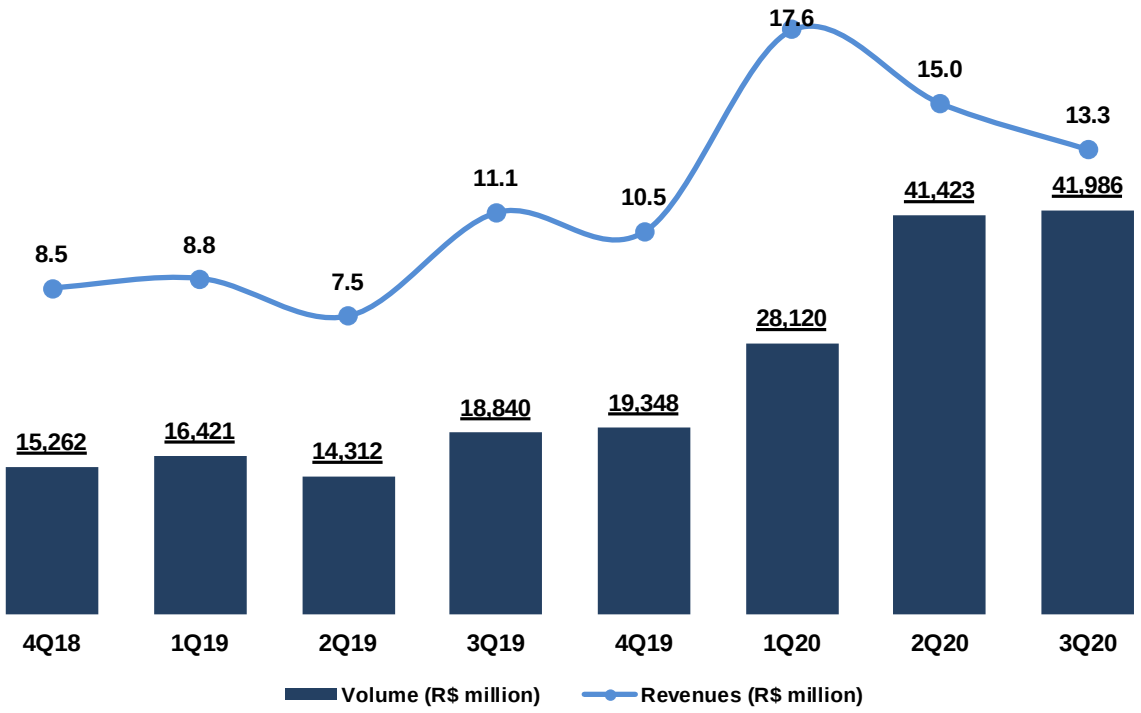
According to the Anbima Variable Income Ranking, BB-BI occupies the fifth position by number of operations, and in operations involving Initial Offers with and without Related Parties, it is fourth in the ranking. In terms of volume of offers, BB-BI is in the first position of Retail Offers.

Variable Income Retail – Secondary Market

The BB's volume traded was R$42 billion in 3Q20, which corresponds to a market share of 4.6% for the period.

For retail investors, BB-BI offers the service of buying and selling shares through BB's branch network, internet (https://investimentos.bb.com.br) and mobile (App Investimentos BB).

Figure 75. Individual Equity – Secondary Market



Private Equity

BB-BI is shareholder in 13 funds with 37 equity interests in companies located in several regions of the country. The total capital committed by BB-BI in the private equity industry is R$1.1 billion and the paid-up capital up to the end of 3Q20 was R$743.3 million.

Financing Structuring Assistance

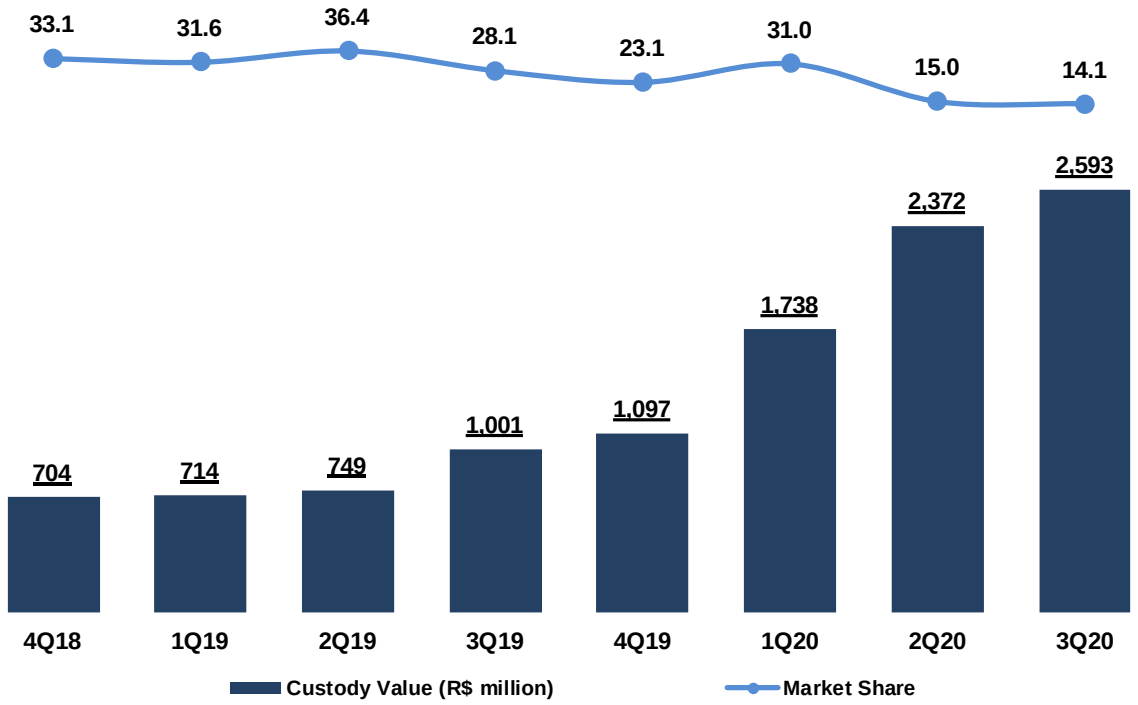
In 3Q20 BB-BI acted in the pre-auction advisory of two public lighting concession projects and in a sanitation and sewage concession project.

Table 79. Private Equity – Indirect Interest – R$ million

	Sep/19		Jun/20		Sep/20	
	Commited Capital of BB-BI	Share in Committed Capital of the Fund	Commited Capital of BB-BI	Share in Committed Capital of the Fund	Commited Capital of BB-BI	Share in Committed Capital of the Fund
Total	**1,095**	**Share %**	**1,095**	**Share %**	**1,095**	**Share %**
FIP Brasil Portos e Ativos Logísticos	169	18.8	169	18.8	169	18.8
FIP Brasil Agronegócio	160	19.0	160	19.0	160	19.0
FIP Fundo Brasil de Internacionalização de Empresas II	150	21.5	150	21.5	150	21.5
FIP Brasil Óleo e Gás	125	25.0	125	25.0	125	25.0
FIP Fundo Brasil de Internacionalização de Empresas	88	24.4	88	24.4	88	24.4
FIP Fundo Brasil de Governança Corporativa	83	13.8	83	13.8	83	13.8
FIP Angra Infraestrutura	60	8.1	60	8.1	60	8.1
FIP Logística Brasil	60	13.0	60	13.0	60	13.0
FIP Brasil Energia	60	5.8	60	5.8	60	5.8
FIP Infra Brasil	60	7.3	60	7.3	60	7.3
FIP Brasil Sustentabilidade	40	9.5	40	9.5	40	9.5
FMIEE Rio Bravo Nordeste II	20	15.1	20	15.1	20	15.1
FMIEE Jardim Botanico VC I	20	20.0	20	20.0	20	20.0

The figure below shows the balance and the custody at BB-BI in the gold market.

Figure 76. Gold – Custody



10.4. Insurance, Pension Plans and Capitalization

Banco do Brasil operates in the insurance business through BB Seguros. Established in 2012, the company is the result of corporate reorganizations undertaken since 2008. Its activities include the offer of insurance products, open pension plans, capitalization products and brokerage services.

Further information on BB Seguros and insurance business can be found in the company's MD&A available at http://www.bbseguridaderi.com.br/en.

10.5. Consortium

According to the latest data released by the Brazilian Association of Consortium Administrators (ABAC), the consortium market closed the first eight months on 2020 with R$92.3. billion in business volume, an expansion of 8.6% in relation to the same period in 2019. The number of participants was 7.5 million.

Between January and August in this year, 1.8 million new consortium quotas were sold, a decrease of 2.7% compared to the same period in 2019. However, R$33.8 billion in credits were made available, an expansion of 22.6 % compared to the previous year.

Banco do Brasil operates in the consortium market through its subsidiary, BB Administradora de Consórcios S.A., which in August 2020 had a 16.1% market share, growth of 3.7 b.p. over the same period in 2019, according to data provided by the Central Bank (August/2020).

In 3Q20, BB Consórcios recorded the sale of more than 75 thousand new consortium shares, constituting an amount of R$4.2 billion in turnover. The result is 9.5% higher than the same period in 2019.

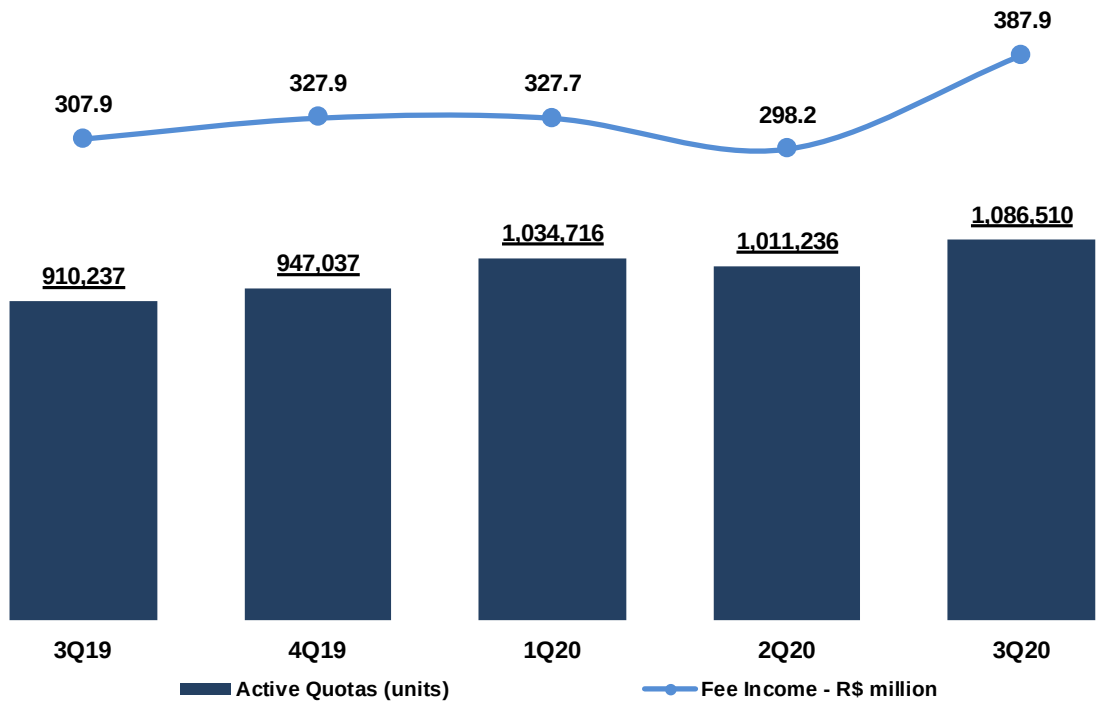
Sales through alternative channels was R$471.6 million in contracts through digital channels (Mobile, Internet and TAA) and R$519.5 million in the partner channel.

This result reflects the strategic focus and the use of sales opportunities, identified from the observation of customer behavior in the search for the advantages of financial planning that the consortium product offers.

Table 80. Consortium – Active Quotas by Modality

	Sep/19	Share %	Jun/20	Share %	Sep/20	Share %	Chg. (%) Sep/19	Chg. (%) Jun/20
Total	**910,237**	**100.0**	**1,011,236**	**100.0**	**1,086,510**	**100.0**	**19.4**	**7.4**
Auto	592,917	65.1	581,372	57.5	597,319	55.0	0.7	2.7
Motorcycle	182,410	20.0	211,643	20.9	236,593	21.8	29.7	11.8
Services	42,927	4.7	86,535	8.6	105,190	9.7	145.0	21.6
Electric and Electronic Devices	37,038	4.1	59,294	5.9	69,846	6.4	88.6	17.8
Mortgage	42,751	4.7	50,311	5.0	53,013	4.9	24.0	5.4
Tractor/Truck	12,194	1.3	22,081	2.2	24,549	2.3	101.3	11.2

Figure 77. Consortium – Fee Income and Active Quotas



The following tables present a comparison between the average balance, average term and average management rates of quotas sold in the period.

Table 81. Consortium – Average Ticket – R$

	3Q19	4Q19	1Q20	2Q20	3Q20
Tractor/Truck	130,536	118,854	126,536	130,925	141,976
Mortgage	118,695	121,286	99,423	146,375	123,650
Auto	47,894	45,500	46,314	51,965	49,063
Motorcycle	17,315	16,486	16,472	15,798	15,723
Services	10,572	8,820	6,824	9,588	5,651
Electric and Electronic Devices	5,488	4,805	6,729	9,076	5,073

Table 82. Consortium – Average Term and Average Management Rate

	3Q19		2Q20		3Q20	
	Average Term (months)	Average Rate (%)	Average Term (months)	Average Rate (%)	Average Term (months)	Average Rate (%)
Tractor/Truck	100	11.4	95	13.4	90	14.2
Mortgage	194	17.7	147	17.4	156	17.9
Auto	81	15.5	71	15.0	56	15.8
Motorcycle	63	19.9	57	19.8	51	19.6
Services	38	19.9	34	20.1	26	21.0
Electric and Electronic Devices	40	19.1	36	20.0	28	17.9

11 – Other Information

11.1. Actuarial Assets and Liabilities

11.1.1. Previ – *Plano* 1

BB records in its balance sheet actuarial assets and liabilities derived from benefit plans granted to its employees.

The most significant actuarial asset is Previ Plano 1 and the most significant actuarial liability is the health plan administered by Cassi. Amounts are assessed every six months based on an actuarial valuation report and the availability of funds is subject to the fulfillment of the requirements set forth by law and regulatory authorities.

The plan's actuarial balance is measured on a semiannual basis (June and December) and contemplates: (i) the plan's surplus/deficit amount at the end of the current semester and (ii) the plan's estimated financial results of the subsequent semester, considering current service cost projections, contributions, liabilities interest costs and return on assets.

BB makes an early monthly recognition based on the estimated financial result of the Plano 1 for the end of the following month, corresponding to one-sixth (1/6) of the projected gains or losses throughout the semester to which it refers.

The assets of the Plano are measured at fair value based on their market value or according to the discounted cash flow method, as set forth in the following table.

To define the amounts related to defined benefit plans, the Bank uses different methods and assumptions than those presented by the sponsored entities.

Technical Pronouncement CPC 33 (R1) details the issue of accounting as well as the effects that have or will occur on the sponsoring companies of employee benefit plans. In turn, the sponsored entities comply with the norms issued by the Ministry of Social Security, through the National Council of Supplementary Social Security - CNPC and the National Superintendence of Social Security - Previc. The most relevant differences are concentrated in the definition of the values related to Plan 1 - Previ. According to the Financial Statements for 1Q20, in notes 26 and 30 respectively, BB informs that on March 31, 2020, an interim assessment was carried out on the values of guaranteeing assets and actuarial liabilities, in view of the significant changes in market values and interest rates, resulting from the impacts of Covid-19.

On September 30, 2020, an intermediate assessment was carried out on the values of the guarantee assets and actuarial liabilities, due to the significant changes in market values and interest rates, resulting from the impacts of Covid-19.

Sensitivity Analysis

Sensitivity analyzes are based on changing one of the assumptions, keeping all the others constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods used in the elaboration of the sensitivity analysis did not change in relation to the previous period, being observed the updates in the discount rate parameters.

Further details on the Sensitivity Analysis can be found in Note 29.d and the Risk Management Report, published on the website bb.com.br/ir.

Table 83. Assets Breakdown - %

	Sep/19	Jun/20	Sep/20
Fixed Income	45.2	46.1	46.1
Variable Income[1]	45.6	43.8	43.8
Real Estate Investments	5.5	6.3	6.3
Loans and Financing	3.0	3.1	3.1
Others	0.7	0.7	0.7
Amounts Listed in Fair Value of Plan Asset			
In the Entity's Own Financial Instruments	5.2	3.6	3.6
In Properties or Other Assets Used by Entity	0.0	0.1	0.1

(1) Includes the amount of R$26,805,347 thousand (R$42,137,086 thousand on 12.31.2019), referring to assets not quoted in an active market.

Table 84. Main Actuarial Assumptions - %

	1H19	2019	1H20
Real Discount Rate (p.y.)[1]	4.0	3.5	4.2
Nominal Rate of Return on Investments (p.y.)	8.6	7.1	7.9

On September 30, 2020, the real discount rates (aa) used in the intermediate update of the plans were: Plan 1 - Previ 5.09%, Informal Plan - Previ 4.30%, Associates Plan - Cassi 5.20% and Other Plans 4.33%.

The actuarial asset (liability) of *Plano* 1 corresponds to 50% (parity) of the positive or negative difference between the assets at fair value and liabilities at present value.

Banco do Brasil recognizes in advance the variation projected for the following semester, reducing the actuarial assets/ liability volatility.

Contributions set forth in item "f" (contribution of funds) in the table below are derived from the Surplus Allocations Fund, which is detailed in section 11.1.2.

Table 85. Effects of Previ (*Plano* 1) Accounting - CVM Deliberation No.695/2012 – R$ million

	3Q19	4Q19	1Q20	2Q20	3Q20
(a) Fair Value of the Plan's Assets[1]	188,992	194,700	194,700	177,474	177,474
(b) Present Value of Actuarial Liabilities [1]	(195,325)	(211,165)	(211,165)	(190,767)	(190,767)
(c) Surplus/(Deficit) BB[1] = [(a) + (b)] x 50%	(3,167)	(8,232)	(8,232)	(6,646)	(6,646)
(d) Actuarial Assets (Initial Period)	(3,167)	(3,137)	(8,232)	(8,043)	(6,646)
(e) Anticipated Financial Results	(105)	(105)	(180)	(180)	(152)
(f) Contributions of Funds	134	368	137	170	135
(g) Actuarial Valuation	-	(5,358)	232	1,407	-
(h) Intermediate actuarial Valuation[2]					7,063
(h) Actuarial Assets/(Liabilities) (End Period)[3] = (d) + (e) + (f) + (g)	**(3,137)**	**(8,232)**	**(8,043)**	**(6,646)**	**400**
Actuarial assets/(liabilities) updated after interim movements (Notes to the Financial Statements 29.d.3)					
Fair Value of the Plan's Assets			158,840		177,165
Present Value of Actuarial Liabilities			174,926		(176,365)
Surplus/(Deficit)			(16,087)		800
Actuarial Assets/(Liabilities) (End Period)[3]			**(8,043)**		**400**

(1) As of September 30, 2020, they refer to the values included in the actuarial valuation of June 30, 2020, before the interim assessment.
(2) On September 30, 2020, an interim assessment was carried out on the values of guaranteeing assets and actuarial liabilities (Note 29. d.8).
(3) Refers to the sponsor's share of the surplus/deficit.

11.1.2. Previ – *Plano* 1: Surplus Allocation Fund

Fundo de Utilização

In 2Q11, the *Fundo de Utilização* was created through *Fundo de Destinação* resources transfers (2010). It represents the amount subject to use by Banco do Brasil and reflects Previ's accounting surplus distribution. The actuarial target (INPC + 5% p.y.) adjusts this reserve annually and its use is subject to

the confirmation of the full coverage of obligations under the plan (Article 25, CGPC Deliberation No. 26/2008).

As of 1Q14, as periodic contributions resumed, the sponsor started contributing through this fund.

Table 86. Previ (*Plano* 1) - *Fundo de Utilização* – R$ million

	3Q19	4Q19	1Q20	2Q20	3Q20
Initial Balance	**9,648**	**9,648**	**9,572**	**9,598**	**9,521**
Contributions to Plano 1	(134)	(368)	(137)	(170)	(135)
Restatement	134	292	163	94	271
Closing Balance	**9,648**	**9,572**	**9,598**	**9,521**	**9,657**

11.1.3. Cassi

The Bank sponsors a health plan administered by Cassi, whose main purpose is to assist members and their registered beneficiaries in the coverage of their health expenses.

On July 22, 2019, the National Supplementary Health Agency (ANS) published Operational Resolution No. 2,439, which establishes the tax office at Cassi. The ANS clarifies that the fiscal management regime is not an intervention. The agency has appointed a tax director, with no management powers at the operator, to assess Cassi's situation in person. It is up to the director to analyze the remedial measures proposed by the operator and to subsidize the ANS in its decisions. The tax office has a duration of up to 365 days and the regime may be renewed.

On October 31, 2019, Banco do Brasil S.A. (BB) announced that the Board of Directors approved a new proposal for bylaw reform presented by the Deliberative Council of Cassi. The proposal intends to change the Associate Plan's cost structure and to make improvements in Cassi's governance.

On November 28, 2019, the reform proposal, submitted to its members, was approved in the voting process, held between November 18, 2019 and November 28, 2019, with additional administrative expense of R$514 million in 2019. The proposal also provided for the early settlement by BB of a contractual obligation of R$450.9 million related to compensation for the deficit of the Group of Indirect Dependents, amount already provisioned, which will not affect the result. Cassi's actuarial liability, calculated in accordance with CVM Deliberation No. 695 will not be affected. Further facts, deemed important, will be promptly disclosed to the market.

The following table sets forth the evolution of Cassi's actuarial liability, pursuant to CVM Deliberation No. 695/2012.

Table 87. Effects of the Cassi Accounting - CVM Deliberation No.695/2012 - R$ million

	3Q19	4Q19	1Q20	2Q20	3Q20
(a) Fair Value of the Plan's Assets[1]	242	162	162	162	162
(b) Present Value of Actuarial Liabilities[1]	(12,368)	(13,234)	(13,234)	(12,078)	(12,078)
(c) Deficit BB[1] = [(a) + (b)]	(12,126)	(13,073)	(13,073)	(11,916)	(11,916)
(d) Actuarial Liabilities (Initial Period)	(12,368)	(12,468)	(13,234)	(10,755)	(12,078)
(e) Amounts recognized in statement of income	(275)	(275)	(248)	(304)	(458)
(f) BB - Amount paid	176	234	623	(258)	382
(g) Actuarial Valuation	-	(726)	2,103	(1,212)	-
(h) Reductions/Settlements				451	-
(i) Intermediate actuarial Valuation[2]					1,087
(j) Actuarial Liabilities (Period End)[3] = [(d) + (e) + (f) + (g)+ (h) + (i)	**(12,468)**	**(13,234)**	**(10,755)**	**(12,078)**	**(11,066)**
Actuarial assets/(liabilities) updated after interim movements (Notes to the Financial Statements 29.d.3)					
Fair Value of the Plan's Assets			162		162
Present Value of Actuarial Liabilities			(10,755)		(11,066)
Surplus/(Deficit)			(10,594)		(10,905)
Actuarial Assets/(Liabilities) (End Period)			**(10,594)**		**(10,905)**

(1) As of September 30, 2020, they refer to the values included in the actuarial valuation of June 30, 2020, before the interim assessment.
(2) On September 30, 2020, an interim assessment was carried out on the values of guaranteeing assets and actuarial liabilities (Note 29. d.8).
(3) Refers to the sponsor's share of the surplus/deficit.

11.2. International Businesses

BB's presence abroad aims to maintain its reference position for Brazilian companies and individuals in international markets.

The Bank's foreign service network consists of 23 subsidiaries located in 15 countries. In addition to this structure, Banco do Brasil has an agreement with others financial institutions abroad to service its customers. There were 689 banks acting as BB correspondents in 92 countries.

Table 88. Foreign Service Network

BRANCHES	SUB-BRANCHES	SHARED SERVICES UNITS
Asuncion - Paraguay	Hamamatsu - Japan	BB USA Servicing Center / Orlando - USA
Frankfurt - Germany	Nagoya - Japan	BB Europa Servicing Center / Lisbon - Portugal
Grand Cayman - Cayman Islands		
London - England	**SUBSIDIARIES**	**SECURITIES**
Miami - USA	BB Americas / Miami - USA [1]	Banco do Brasil Securities LLC - USA
New York - USA	Banco Patagonia / Buenos Aires - Argentina [2]	BB Securities Ltd - England
Santiago - Chile	BB AG (Aktiengesellschaft) / Vienna - Austria [3]	BB Securities Asia Pte Ltd - Singapore
Tokyo - Japan		
Shanghai - China		

(1) Banco do Brasil Americas has branches in Miami, Boca Raton, Lighthouse Point, Orlando and Aventura.
(2) Banco Patagonia has a service network in all provinces of Argentina.
(3) BB AG Vienna also has branches located in the cities of Madrid, Paris, Milan and Lisbon.

Table 89. Consolidated Abroad - Balance Sheet – R$ million

				Chg. (%)	
	Sep/19	Jun/20	Sep/20	Sep/19	Jun/20
ASSETS	**183,518**	**238,765**	**228,686**	**24.6**	**(4.2)**
Short-term Interbank Investments	28,197	54,848	44,139	56.5	(19.5)
Securities	18,428	28,941	33,951	84.2	17.3
Securities Available for Trading	3,879	6,919	7,162	84.6	3.5
Securities Available for Sale	11,884	18,203	21,924	84.5	20.4
Securities Held to Maturity	2,665	3,819	4,865	82.6	27.4
Loans	34,882	38,467	35,778	2.6	(7.0)
Public Sector	284	339	292	2.8	(13.9)
Private Sector	34,598	38,128	35,486	2.6	(6.9)
Other Assets	5,095	10,230	8,916	75.0	(12.8)
BB Group	96,916	106,279	105,902	9.3	(0.4)
LIABILITIES	**183,518**	**238,765**	**228,686**	**24.6**	**(4.2)**
Deposits	55,108	69,323	62,432	13.3	(9.9)
Demand Deposits	8,326	12,799	13,535	62.6	5.8
Time Deposits	18,759	31,813	29,293	56.2	(7.9)
Interbank Deposits	28,023	24,711	19,604	(30.0)	(20.7)
Funds from Acceptances and Securities Issuance	25,930	34,259	34,850	34.4	1.7
Borrowings	18,383	19,409	17,212	(6.4)	(11.3)
Subordinated Debt and Perpetual Bonuses	39,528	50,753	52,782	33.5	4.0
Other Liabilities	4,874	5,592	5,636	15.6	0.8
BB Group	23,193	41,015	35,654	53.7	(13.1)
Shareholders' Equity	**16,502**	**18,414**	**20,120**	**21.9**	**9.3**
Controlling	16,186	17,967	19,624	21.2	9.2
Non-Controlling Interest[1]	316	447	496	57.0	11.0

(1) It corresponds to non-controlling shareholders' participation of Banco Patagonia.

Table 90. Consolidated Abroad - Statement of Income – R$ million

				Chg. (%)				Chg. (%)
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Income after Taxes and Statutory Participations	459	691	498	8.5	(27.9)	1,724	2,097	21.6
Non-Controlling Interest[1]	43	93	69	60.5	(25.8)	175	215	22.9
Net Income	**502**	**784**	**567**	**13.0**	**(27.7)**	**1,898**	**2,313**	**21.9**

(1) It corresponds to non-controlling shareholders' participation of Banco Patagonia.

11.2.1. Banco Patagonia

All figures presented in this chapter reflect the integrally of the balances, equity and income accounts. More detailed information is available on Banco Patagonia's official website (https://www.bancopatagonia.com.ar).

The following tables presents the main equity highlights, results and structural data.

Table 91. Banco Patagonia - Balance Sheet Highlights - R$ million

				Chg. (%)	
	Sep/19	Jun/20	Sep/20	Sep/19	Jun/20
Assets	13,086	19,066	20,069	53.4	5.3
Loans	6,226	7,173	7,309	17.4	1.9
Deposits	8,298	14,113	14,917	79.8	5.7
Shareholders' Equity	1,613	2,282	2,531	56.9	10.9

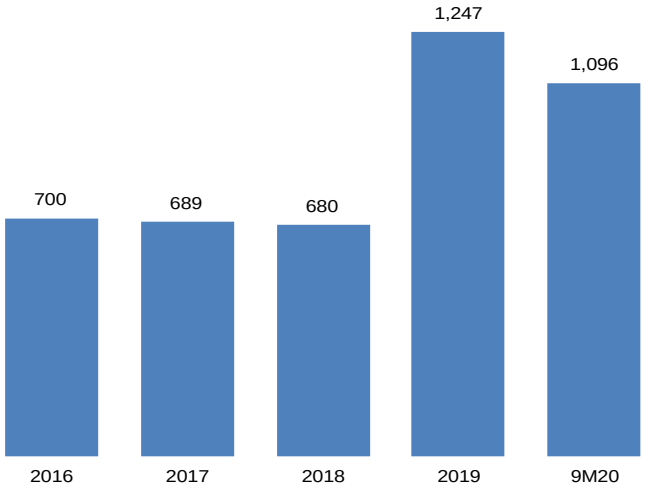
Table 92. Banco Patagonia – Funding - R$ million

				Chg. (%)	
	Sep/19	Jun/20	Sep/20	Sep/19	Jun/20
Total	**2,370**	**2,634**	**2,656**	**12.1**	**0.8**
Individuals	968	1,047	1,014	4.8	(3.2)
Companies	950	1,476	1,570	65.3	6.4
Interbanking	358	97	59	(83.6)	(39.6)
Issues	20	13	12	(41.0)	(7.5)
Repo	73	1	1	(98.6)	-

Table 93. Banco Patagonia - Main Earnings Items - R$ million

				Chg. (%)				Chg. (%)
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Net Income from Financial Intermediation	500	845	653	30.7	(22.6)	1,609	1,974	22.7
Fee income	193	220	230	18.9	4.3	604	649	7.5
Administrative Expenses	(254)	(308)	(319)	25.5	3.6	(742)	(874)	17.8
Other	(159)	(94)	(79)	(50.0)	(15.5)	(181)	(247)	36.4
Income Before Taxes	280	663	485	73.0	(26.9)	1,289	1,501	16.5
Income and Social Contribuition Taxes	(60)	(188)	(132)	117.9	(30.1)	(400)	(405)	1.5
Net Income	**220**	**474**	**353**	**60.6**	**(25.6)**	**889**	**1,096**	**23.2**

Figure 78. Banco Patagonia - Net Income - R$ million



Regarding the treasury result, it is worth mentioning the existence of an inflationary context in Argentina, which affects the financial situation, results and cash flows and therefore the impact of inflation must be taken in consideration. For management and control, Banco Patagonia has measurement tools that allow an integrated management of interest rate risk together with liquidity risk (ALM strategy).

Table 94. Banco Patagonia – Managerial Net Interest Income – R$ million

				Chg. (%)				Chg. (%)
	3Q19	2Q20	3Q20	3Q19	2Q20	9M19	9M20	9M19
Net Interest Income	**551**	**886**	**639**	**15.9**	**(27.9)**	**1,802**	**1,990**	**10.4**
Loan Operations	462	454	411	(11.1)	(9.5)	1,420	1,289	(9.2)
Funding Expenses	(476)	(295)	(453)	(4.8)	53.6	(1,392)	(1,084)	(22.1)
Financial Expense for Institutional Funding	(42)	(26)	(29)	(31.8)	9.3	(159)	(84)	(47.3)
Treasury	608	753	710	16.8	(5.8)	1,933	1,868	(3.4)

Table 95. Banco Patagonia - Profitability, Capital and Credit Indicators - %

	3Q19	2Q20	3Q20
ROE[1]	70.6	38.3	36.2
BIS Ratio	14.6	18.1	18.8
Coverage Index (+90 days)	193.6	213.8	223.5
NPL+90 days	2.6	2.3	2.0

(1) The calculation is annualized (multiplication of quarterly results by four).

Glossary

ADB: Average Daily Balance.

Adjusted Net Income: net income excluding one-off items.

Adjusted Return on Equity: calculated by the ratio between the adjusted net income and the average shareholders' equity deducted the minority interest and the benefit plans. The ratio is annualized by simple capitalization.

ALLL Expenses – Credit Risk: Allowances for loan and lease losses (ALLL) expenses, as Resolution 2,682/99.

ALLL Extended View: corresponds to the net ALLL Expenses, added to the discounts granted and impairment.

Annualized Return on Equity: ratio between the net income and the arithmetic average of shareholders' equity of the reporting period and the shareholders' equity for the previous period, excluding non-controlling interest. The ratio is annualized by simple capitalization.

Average Risk: required provisions over classified loan portfolio ratio.

Classified Loan Portfolio: sum of the credit transactions, financing, leasing, other credit with loan characteristics and acquired loan portfolio.

Commercial Funding: it includes Total Deposits, Agribusiness Letters of Credit - LCA, Mortgage Bonds - LCI and repurchase agreements transactions with private securities.

Correspondent Services: are companies contracted by financial institutions and other institutions authorized by the Central Bank of Brazil to provide services to clients and customers of such institutions.

Cost of risk: ratio between the net ALLL expenses and the average classified loan portfolio of the period.

Cost to Income Ratio: productivity indicator that measures the relation between administrative expenses and operating revenues. The smaller the ratio more efficient is the company.

Coverage Ratio Adjusted: indicates the magnitude of the coverage of administrative expenses by fees income.

Domestic Loan Portfolio – expanded view: classified Loan Portfolio plus guarantees provided and private securities booked in Brazilian branches.

Earnings Assets: reflects the sum of all assets that produce a financial return to the institution. The total return of these assets is included in the gross income from financial intermediation.

Extraordinary Items: relevant revenues or expenses registered in the Income Statement that are originated from transactions that are not part of the normal business of the Bank and/or refer to itens that should have been recorded in previous years.

Guarantees: transactions where the BB ensures the payment of its client's obligations towards third parties.

Impairment: grouping of accounts that record permanent losses in bonds and securities, expenses with provision for impairment in bonds and securities and the negative result from sales or transfers of financial assets that were written off by the selling or transferring institution.

Institutional Funding: includes funding raised from to institutional investors, with the use of instruments such Senior Debt, Letters Financial and Capital and Debt Hybrid Instrument (IHCD).

Interest Bearing Liabilities: includes the sum of all liabilities that carry an expense for the institution. The total financial cost of these liabilities reflects the expense of financial intermediation.

Leverage: financial indicator that measures the ratio between the total assets and shareholders' equity of the company.

Loan Portfolio – expanded view: it corresponds to the Classified Loan Portfolio added of the private securities and guarantees transactions.

Managerial Net Interest Income: calculated on the basis of the financial revenues received, less any opportunity costs and is defined according to each type of product.

Managerial Net Interest Margin: is the result of the Managerial Net Interest Income divided by the respective average balances. For Managerial Net Interest Income calculation, financial revenues classified by portfolio are calculated first. Subsequently, the opportunity costs defined for each of the portfolio lines are deducted. In the case of individuals and companies loan portfolios, with free resources, the opportunity cost is the average Selic rate. For the agribusiness portfolio and other directed loans, the opportunity cost is calculated according to the funding source and the need or not of compulsory investing part of this funding.

Market Return on Equity: reflects the metric that the main market analysts use to project results. Calculated by the ratio between the adjusted net income and the average shareholders' equity deducted the minority interest. The ratio is annualized by simple capitalization.

Micro, Small and Middle Market Companies (SME) – companies with up to R$200 million in annual revenues

Net ALLL Expenses: ALLL expenses, as Resolution 2,682/99, net recovery of Write-offs.

Net Interest Gain: defined as interest income from earning assets less interest expenses from interest bearing liabilities.

Net Interest Income (NII): it is calculated as the difference between income and expenses from financial intermediation considering the reallocations. It represents the performance of financial intermediation transactions before ALLL.

Net Interest Margin: net interest income divided by the average balance of earning assets.

Net Interest Rate: difference between average rate of earning assets and average rate of interest bearing liabilities.

NPL +15d: ratio between the balance of more than 15 days overdue operations and the loan portfolio balance.

NPL +60d: ratio between the balance of more than 60 days overdue operations and the loan portfolio balance.

NPL +90d: ratio between the balance of more than 90 days overdue operations and the loan portfolio balance.

Opportunity Cost: managerial assessment tool used to compare the effective result of active transactions and the hypothetical result of use in a replacement alternative. The Average Selic Rate (TMS) is generally considered.

Organic Domestic Loan Portfolio – expanded view: it corresponds to the Organic Domestic Loan Portfolio – expanded view concept considering acquired portfolio.

Organic Loan Portfolio: Loan Portfolio excluding the acquired portfolios.

Overdue Renegotiated Loan Portfolio: it comprises the renegotiated loans for debts composition due to delay in payments by customers. Furthermore, it does not comprise the rollover of agribusiness loans made in accordance with Federal Regulation.

Private Securities: transactions characterized by the acquisition of securities (commercial paper and debentures) mainly issued by private companies.

Reallocations: adjustments made in the Corporate Law Income Statement in order to provide a better understanding of the business and the company's performance.

Retail Loan Operations: corresponds to the individuals organic domestic loan portfolio - expanded view added to the classified loan portfolio Micro, Small and Medium Enterprises (SME);

Shareholders Return on Equity: return to BB’s shareholders. Calculated by the ratio between the adjusted net income and the average shareholders' equity deducted the minority interest and the core capital eligible instrument, which is not taken into account in the calculation because the payment of compensation is made with funds from accumulated earnings and profit reserves. The ratio is annualized by simple capitalization.

Structural Hedge: transactions made by the Bank to protect itself against variations in value of assets kept abroad in foreign currency.

Tax Hedge: transactions made by BB on top of the Structural Hedge to mitigate the effects of taxation on gains and losses made through the Hedge position.

Wholesale Loan Operations: considers Corporates with annual revenues greater than R$200 million, Agribusiness Loans to Companies and private securities**.**

Banco do Brasil's capital regulation:

Additional Tier 1 Capital: Hybrid Capital and Debt Instruments that meet the CMN Resolution nº 4,192/13 requirements can make up Tier 1, as long as they are authorized by Bacen.

Common Equity Tier 1: Shareholders' Equity and income accounts, deducted the Regulatory Adjustments.

Minimum Required Reference Equity (MRRE): is the equity required (capital volume required) from institutions, conglomerates, and other institutions authorized to operate by Bacen, to face the risks to which they are exposed due to the activities they are involved in, and it is definied by CMN Resolution nº 4,193/13.

Prudential Adjustments: the Regulatory Adjustments are deductions from the Common Equity Tier 1 Capital of elements that can degrade its quality due to their low liquidity, difficulty to evaluate or reliance on future profits to be realized.

Reference Equity (RE): sum of Tier 1 with Tier 2.

RWA_{CPAD}: weighting related to credit risk exposures, subject to the calculation of capital requirements under standardized approach.

RWA_{MPAD}: weighting related to market risk exposures, subject to the calculation of capital requirements under standardized approach.

RWA_{OPAD}: weighting related to capital requirement for operational risk exposures under standardized approach.

Tier 1: sum of Common Equity Tier 1 and Additional Tier 1 Capital.

Tier 2: Subordinated Debt Instruments that meet the CMN Resolution nº 4,192/13 requirements can make up Tier 2, as long as they are authorized by Bacen.

Vice Presidency of Financial Management and Investor Relations

Chief Financial Officer
Carlos Hamilton Vasconcelos Araújo

Head of Investor Relations and Sustainability
Daniel Alves Maria

Executive Manager
Ana Maria Rodrigues Borro Macedo
Janaína Marques Storti

Managers
Debora Stefani
Fabíola Lopes Ribeiro
Felipe de Mello Pimentel
Gabriel Maceron Santamaria
Henrique Leite de Vasconcellos
Hilzenar Souza Alves da Cunha
Marcio Luiz da Silva Gama

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Vitor Lopes Rodrigues
Viviane de Sousa
William Barbosa Pontes Junior
William Oliveira Camelo

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

Banco do Brasil S.A.

Independent Auditor's Limited Assurance Report on the Process of Compilation and Presentation of Supplementary Financial Information Included in the Performance Analysis Report for the Three- and Nine-month Periods Ended September 30, 2020

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT AUDITOR'S LIMITED ASSURANCE REPORT ON THE PROCESS OF COMPILATION AND PRESENTATION OF SUPPLEMENTARY FINANCIAL INFORMATION INCLUDED IN THE PERFORMANCE ANALYSIS REPORT FOR THE THREE- AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020

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

Introduction

We have been engaged by Banco do Brasil S.A. (the "Bank") to submit our limited assurance report on the process of compilation and presentation of supplementary financial information disclosed in the summarized financial statements included in item 1 of the Bank's Performance Analysis Report ("supplementary financial information"), for the three- and nine-month periods ended September 30, 2020, prepared by and under the responsibility of the Bank's Management.

The supplementary financial information was compiled and presented in reliance upon the financial information prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), for the three- and nine-month periods ended September 30, 2020, which was reviewed by us in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 - "Revisão de Informações Intermediárias Executada pelo Auditor da Entidade" and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity), on which we issued a review report dated November 4, 2020. The supplementary financial information compiled includes reclassifications in accordance with the interpretation and judgment of the Bank's Management, according to the criteria for preparation of such supplementary financial information described in items 1.2.1, 1.2.2 and 1.2.3 of the Performance Analysis Report.

Responsibilities of the Bank's Management for the process of compilation and presentation of supplementary financial information included in the Performance Analysis Report

The Bank's Management is responsible for the preparation of the Bank's individual and consolidated financial statements for the three- and nine-month periods ended September 30, 2020, prepared in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil - BACEN, as well as for the process of compilation and presentation of the supplementary financial information disclosed in the summarized financial statements included in item 1 of the Bank's Performance Analysis Report, including certain reclassifications made by the Bank's Management to allow an additional analysis, as described in items 1.2.1, 1.2.2 and 1.2.3 of the Performance Analysis Report, the amounts of which are obtained from the Bank's individual and consolidated financial statements, reviewed by us, or the Bank's accounting records.

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Independent auditor's responsibilities

Our responsibility is to express a conclusion on the process of compilation of the supplementary financial information disclosed in the summarized financial statements included in item 1 of the Bank's Performance Analysis Report for the three- and nine-month periods ended September 30, 2020, based on the limited assurance engagement conducted by us in accordance with NBC TO 3000 - "Trabalhos de Asseguração Diferente de Auditoria e Revisão", issued by the Brazilian Federal Accounting Council (CFC), equivalent to the International Standard ISAE 3000 - Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Federation of Accountants - IFAC, applicable to non-historical financial information.

This standard requires compliance with ethical requirements, including independence requirements, and that the engagement be conducted to obtain limited assurance that nothing has come to our attention that causes us to believe that the supplementary financial information disclosed in the summarized financial statements included in item 1 of the Bank's Performance Analysis Report, for the three- and nine-month periods ended September 30, 2020, has not been compiled, in all material respects, in accordance with the preparation criteria described in items 1.2.1, 1.2.2 and 1.2.3 of the Bank's Performance Analysis Report.

These assurance procedures were considered satisfactory to allow a limited level of assurance and do not include all the procedures that would otherwise be required to provide a higher level of assurance and, therefore, we do not express an opinion.

Conclusion

Based on the limited assurance procedures described above, nothing has come to our attention that causes us to believe that the process of compilation and presentation of the supplementary financial information disclosed in the summarized financial statements included in item 1 of the Bank's Performance Analysis Report, for the three- and nine-month periods ended September 30, 2020, referred to above, has not been followed by the Bank's Management, in all material respects, in accordance with the preparation criteria described in items 1.2.1, 1.2.2 and 1.2.3 of the Bank's Performance Analysis Report.

This independent auditor's limited assurance report has been translated into English for the convenience of readers outside Brazil.

Brasília, November 4, 2020

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Luiz Carlos Oseliero Filho
Engagement Partner

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Management Report

3rd Quarter 2020

BANCO DO BRASIL

Message from Management

Ladies and Gentlemen:

It is with the client at the center of our strategy that we develop our business, to offer the best experience.

The competitive scenario brings important trends that we are aware of. Competition has increased and is more diverse. New technologies bring changes in the relationship and will profoundly transform the sector. The client has changed, the market also changes rapidly, and Banco do Brasil has been building its position in view of these movements, concentrating its efforts on offering excellent service, focusing on the needs of the different client segments we serve. We understand that the competitive advantage of a company is in the relationship with its clients, especially in an environment where products tend to have low differentiation.

As technology is an important driver of this process, we have invested heavily in the consolidation of digital businesses. In August, we communicated additional investments of R$2.3 billion in technology for the next three years, especially in analytics, big data and artificial intelligence. This adds up to more than R$2.3 billion invested in this area in BB only in 2020. We also advanced in partnerships with fintechs and approved our Investment Program in Startups, to co-create solutions that can accelerate business and processes, taking into account the client journey and operational efficiency. In addition to enhancing partnerships, the program brings benefits such as cultural exchange with Startups, allows identifying and anticipating trends and accelerates the time to market in the development of new solutions. Pix arrived as one of the most innovative changes of recent times in the financial sector, and our infrastructure was ready, in advance,

The balance between digital and physical is also relevant in our performance. The size of the branches and the way to serve the client is already changing and this path is natural. There are clients who like to go to the branch and others who prefer the virtual relationship, and reflecting these demands from clients, our distribution network and our channel platform has been adapted to serve clients in the channels that are most convenient to them.

We maintain our commitment to controlling expenses and striving for efficiency, profitability and socio-environmental responsibility. In line with this purpose, we changed our personnel management model, which is now more performance-oriented, and implemented a new Career and Salary Plan. In this same context, we launched Flexy BB, a project that will enhance the occupancy of corporate environments, bringing a new work model, in addition to real estate efficiency and cost reduction. We believe in creating collective value, whether working in physical or virtual spaces. Flexy BB was structured to revolutionize the way we work, with associates increasingly integrated, engaged and connected. In addition, we have implemented energy eco-efficiency measures, which will be essential to reduce the impacts of operations on the environment and also generate business efficiency. Taken together, these initiatives will bring net savings of R$3.3 billion over the next 5 years.

Sustainability has been present in the dynamics of our daily lives for many years, being an important aspect in the management of business and processes. This allows anticipation and risk and opportunity management actions, which, in a competitive business and structural changing scenario, allows us to safeguard our ability to thrive in the medium and long term.

Finally, in October, we completed 212 years of history and what brought us here is exactly what will take us forward: the strength of our employees, their ability to overcome challenges, to reinvent themselves, to support our clients and contribute for the country's development. This, in addition to the pillars of focus on the client, the culture of innovation and operational efficiency will continue to guide our operations and support the generation of value for our stakeholders.

Operation during pandemic

In view of the scenario of uncertainty brought about by the pandemic of the new coronavirus (Covid-19), Banco do Brasil has acted to provide support to clients with seriousness, speed and security, while strengthening our commitment to society, through actions that aim to support the country to overcome this difficult moment.

We recognize the commitment and strength of our associates who have worked to ensure the provision of quality financial services to clients and society. In this context, remote work was quickly prioritized and reached more than 55 thousand employees. In addition, investments were made in technology and information security, leveraging digital service. We have also taken all necessary measures to keep the face-to-face service safe.

We help our clients to quickly navigate this turbulent period, enabling the financial adequacy of their commitments from the renegotiation of credit operations with a grace period for payment and term extension, depending on the credit facility.

Among the actions that support the economy, we also highlight:

(i) disbursements of R$6.8 billion to companies in the Program to Support Micro and Small Enterprises (Pronampe); (ii) the provision of a special credit facility aimed at financing up to two payrolls for companies, according to the rules provided for in Provisional Measure No. 944, of 04/03/2020, which exceeded R$780 million until September; (iii) we support the Federal Government, through the Ministry of Citizenship, in the payment of the emergency allowance provided for in Law 13.982, of April 02, 2020 with the provision of more than 6.7 million credits, totaling R$4.6 billion from April to September/2020, (iv) we were the main financial institution in the payment of the Emergency Employment and Income Preservation Benefit – BEm – granted to workers who had reduced working hours or suspended contract in order to preserve their employment and income. BEm is being paid to employees of companies that join the program, regardless of the fulfillment of any vesting period, length of employment or number of salaries received. Up to September 30, 15.6 million benefits were made available in the amount of R$12.7 billion, of which R$1.9 billion through automatic credit in BB savings accounts, R$8.8 billion in DOC's and R$1.8 billion in credits via bB Digital Portfolio; (v) in some States and Municipalities we support the payment of emergency allowance to meet basic needs and meals for students in the public school system who are beneficiaries of the *Bolsa Família* program. The credits were made available through the bB Digital Portfolio to more than 96 thousand beneficiaries and student representatives; (vi) we have negotiated other agreements for payment of benefits offered through the bB Digital Portfolio, offered by federal public management bodies, with national coverage. A specific call center was made available for the payment of Federal Government benefits (4003-5285) with 1.1 million telephone calls made and 610 thousand calls made via chat in bB Digital Portfolio, case winner of the Smart2020 award, category "Digital Relationship". (vii) We made, through an agreement with the Ministry of Health, the payment of bonuses to residents and students in the health area who participate in the "*O Brasil Conta Comigo*" initiative, through bB Digital Portfolio. The Ministry of Health's initiative makes it possible to call on health professionals interested in working with the Unified Health System (SUS) in places of need, to face the pandemic generated by COVID-19.

We assess and monitor the potential impacts of the crisis on the credit portfolio, considering the peculiarities of the different segments and credit facilities and we have adopted proactive measures to manage risk and capital. We work to preserve the continuity of our operations and the longevity of our company. In the last nine months, we made prudential provisions of R$6.1 billion, to enhance our balance sheet in relation to the future scenario.

The adaptability of our organizational culture and our solid corporate governance have been the cornerstone for decision making to include an integrated approach in all dimensions of our business. In addition, our investments in technology and innovation support our business, security in internal and external processes and the pursuit of our purpose: Taking care of what is valuable to people.

Clients

The client remains at the center of our attention and we have been working to best meet their demands and needs, preserving our historic partnership and support to individuals, legal entities, the public sector and the rural producer, emphasizing the use of digital channels as a form of service, with convenience and security.

Our communication channels are being used as a priority for the dissemination of content that brings security and convenience to clients. To date, we have run relational campaigns reaching over 14.3 million clients via Push, with a view to addressing clients with products and services that best suit their behavioral profile. Among the topics dealt with are changes to card limits, guidelines for INSS beneficiaries and their families, remote service facilities for Companies and encouragement to use self-service channels, especially the Application.

In August, we launched BB Digital PJ, a new digital service channel for companies. The new environment serves legal entities of all sizes and segments, as well as the Government and in the future Rural Producers. The channel has been remodeled for greater ease of use and a better browsing experience, in addition to allowing other 100% digital products to be made available to clients.

Our artificial intelligence web robot (Bot) (via WhatsApp and through the Twitter and Facebook message channels) answers users, clients and employees about the main questions and performs a first service to registered users and clients, speeding up calls. Since the beginning of the pandemic, the number of calls made by WhatsApp has multiplied more than three times with retention and resolvability of 62%. As it is a dynamic technology, the answers to each day evolve in general guidelines and internal procedures.

We offer clients the possibility of carrying out banking transactions, including the payment of taxes, via WhatsApp. In total, there were approximately 107 million interactions in remote services through this channel, among those carried out by Bot and associates.

We expanded the qualified human service in the App BB ("Fale.Com"), reaching more than 12.6 million clients with access to customer service via chat. We are pioneers in this context of solutions for clients. Due to the pandemic, there was a great expansion of service via chat, enabling more than 6.6 million new clients. Several groups were qualified, including those who attend branches and/or use ATMs, rural producers and investors. This movement contributed to reducing the movement of people in environments with agglomerations, delivering a practical and convenient experience. These clients

can ask questions, request financial advice, purchase products and services, request credit and negotiate debts directly with an employee digitally and remotely.

The service provided by the BB Relationship Center over the phone was also maintained and 71% of employees are serving in remote work situations. We provide exclusive assistance for emergency allowances, providing 2.1 million assistance. As of August, the Relationship Center started to make calls in the Fale.Com tool to the Individual and Corporate segments, with an average of 17 thousand calls/day and the forecast of reaching 25 thousand calls/days on December/20.

The “Mais BB” correspondent network is being expanded to provide greater convenience for our clients and to support the flow of people in the physical branches, especially in times of pandemic.

Payment methods enabled consumption, especially in online and application purchases. During this period, we expanded the initiatives of communication and guidance to our clients to use the different solutions available, such as cards with NFC technology, Xpay digital portfolio, Ourocard-e virtual card, Ourocard APP and the purchase by approach (NFC), which has evolved more 373.2% compared to 9M19.

We expanded the public served by investment advisory services, with the inclusion of pension institutes that have their own regime (RPPS) and clients of the Agro Style segment, in addition to the already advised clients of Retail Individuals and Wholesale Companies.

In the result of Bacen Complaints Ranking in the third quarter, we remained among the least demanded, maintaining the seventh place among financial institutions with more than four million clients and the fourth place in comparison with the top 5 banks. We followed our best sequence since the establishment of the current format to the Ranking in 2017, which demonstrates our commitment to the best customer service.

At *Semana Brasil* (Brazil’s Week – Federal Government initiative to stimulate the economy with the offer of products and services), which took place from September 07 to 13, we offered solutions that are appropriate to the client’s life, with a good price and exclusive advantages. Only In the first four days, we disbursed more than R$1.5 billion in credits to Individuals and Companies. In celebration of the Client’s Day (09/15), offers continued during the Client’s Week, which took place from September 14 to 20, with special discounts on the rates of credit facilities, benefits on insurance contracts, advantages on purchases with Ourocard, offers for receivables, Working Capital, Cielo machines and others.

Credit

At the beginning of the pandemic, we made available up to R$100 billion for credit facilities aimed at individuals (R$24 billion), companies (R$48 billion), agribusiness (R$25 billion) and health supplies by city halls and governments (R$3 billion). The funds are intended to improve existing credit facilities, especially those aimed at personal credit and working capital. The amount has already been exceeded.

In July, we launched the credit facility BB Working Capital Pronampe Covid-19, developed based on the National Program to Support Micro and Small Enterprises (Pronampe), a Federal Government program aimed at developing and strengthening small businesses. The disbursement was approximately R$5.09 billion in the first weeks of the program, with more than 80 thousand clients contracting the operation. In the second phase of Pronampe release, more than 29 thousand companies benefited from the R$1.71 billion allocated by the program to the Bank.

We offer an option for micro and small companies clients to extend the maturity of their credit operations, including through self-service, via Internet and Mobile. Thus, companies can rebalance their cash flow, freeing up funds to guarantee the payment of employees and service providers. The extended installments migrate to the end of the transaction schedule or are redistributed throughout the payment schedule, avoiding the accumulation of installments and the greater pressure on clients’ cash flow. The main credit facilities contemplated are working capital, investments and foreign trade, in addition to credit facilities with government funds.

For clients in default, we announce and provide a series of support and guidance measures. They are individuals, companies and rural producers who count, depending on the modality, on the flexibility of needs and reduction in the percentage of entry. The units that work on debt recovery are disclosing these new conditions and emphasizing the use of remote channels to access these solutions and give more breath to those who need it most.

Banco do Brasil’s clients can now renegotiate their debts, in a completely digital way, through a virtual assistant in the Application Programming Interface – WhatsApp Business API. The WhatsApp Business API allows medium and large companies to communicate with their clients via WhatsApp. The solution, unprecedented in the national financial market, makes use of artificial intelligence and accounts for more than R$14.7 million renegotiated via chatbot, since the beginning of August, when it came into full operation.

For students who contracted student financing – FIES – we offer the possibility of suspending the payment of up to four installments. The expression can be made by BB App. Resolution CG-FIES No. 39, of 07/27/2020 determined the

expansion of the conditions for the suspension of FIES installments. The new option was implemented in BB systems and made available for membership until the end of September, at the branches; and in the first half of October, on the Mobile channel. Funded students can opt for the benefit while the state of public calamity lasts.

In addition to the support for the extension and renegotiation of the credit facilities that we normally have with these clients, we offer technological solutions in a short period that allowed the extension of the onlending facilities, such as the Constitutional Fund of the Midwest (FCO) and credit facilities with funds from the National Bank for Economic and Social Development – BNDES Finame, BNDES Automático and BNDES Giro.

Considering the context of the pandemic, we extended the term for the installment of the total card balance from 24 to 36 times and we encourage adherence to the Emergency Credit Assessment, which allows the Bank to authorize purchases, payments or withdrawals in amounts higher than the single limit contracted for the card. We have also exempted the fee for companies to make bill payments on their credit card.

Foreign Trade

We have adopted measures to give importing and exporting clients alternatives in situations not expected when international operations are contracted. As a result, the credit facilities on Advances Against Exchange (ACC) and Advances Against Draft Presented (ACE) and import financing were extended or refinanced, which reinforces our commitment to be the main partner of clients working in Foreign Trade.

We provide the renewal, for up to 60 days, of the ACC operations in which the term exceeds the regulatory period (up to 360 days) and there was a delay in the shipment of the goods. As for the Import Refinancing, the requirement of 20% amortization in the amount of the main capital portion of the operation to carry out the operation was excluded.

Throughout the period in which face-to-face interactions were impaired due to social isolation, our relationship managers intensified their digital contacts with our partners, in order to support and offer the best solutions in international business. In addition, for our clients who operate in foreign trade, we have invested in the production and daily dissemination of content relevant to their business.

Public Sector

We have increased the volume of funds available to states and municipalities, and more than R$3.028 billion have already been disbursed.

In order to support our clients in this segment, we have not charged for the refund for the use of the e-Bidding platform - for electronic trading sessions until December 2020.

The expansion of the interface of the Bank's systems with the Courts have been intensified, seeking improvement and continuity of our services to society, in addition to accelerating the payment of permits by electronic means. Through the interface, we have already made payments in the amount of R$22.9 billion this year.

Also in 2020, BB distributed on behalf of FUNDEB (Fund for the Maintenance and Development of Basic Education and the Recognition of Education Professionals) R$124.3 billion to states, municipalities and the Federal District contributing to the universalization of education in Brazil.

As an integral part of Banco do Brasil's positioning strategy as an essential interlocutor of the innovation theme with the Federal Government, we maintain the partnership established in 2019 with the National School of Public Management (ENAP). This partnership focuses on improving and developing solutions aimed at improving the citizens' experience, stimulating innovation in public management. On the date hereof, we stress BB's support to the public challenges launched by ENAP on the open innovation platform, which seek solutions to fight Covid-19.

Service Providers

We are constantly in touch with our service providers, more than 11,000 across the country, to understand their financial conditions and those of their associates, assessing their contingency plans and capacity to respond to the Bank's demands, especially with those who provide services that are deemed strategic and essential.

Bearing in mind our commitment to the value chain, we are increasing procurement from small service providers (small businesses or self-employed services providers), promoting the strengthening of the local market (think global, buy local), encouraging the registration and expanding the use of our internal solution for managing small contracts (goods, materials and services) called Zápido (https://fornecedor.bb.com.br/zapido/). Zápido is a solution that connects our premises to local service providers, which now can be used by all premises in Brazil and includes more branches of activities, totaling 17

specialties, from locksmith, joiner, glazier, cleaning to the purchase of appliances and office supplies. There are already 4,800 service providers registered in the solution.

Associates and Organizational Culture

We are 92,106 associates working with great dedication to bring the best solutions to our diverse stakeholders. We understand that the peculiarities of this moment require quick and efficient responses and we are ready to act as a bridge to face the current scenario.

With investments in technology and information security, we have expanded remote work, which has become a reality for 36 thousand employees in 3Q20, with the possibility of up to 70 thousand simultaneous accesses. 86% of the employees in the general management and 29% of the employees in the network of branches are working from home. In addition to this, we have developed courses and complete training trails at our Corporate University to support and facilitate the development of remote work.

Since August, all BB employees may use a new feature: the virtual business card. The functionality allows you to share your contact information with clients and partners in a virtual way, replacing the old card exchange practice, in a more modern and sustainable way.

Society and Environment

Banco do Brasil Conglomerate has adopted relevant measures to contribute to fighting the effects of Covid-19. We highlight the measures taken by Banco do Brasil Foundation, with funds from BB Seguridade, in the amount of R$40 million, and by Banco BV, in the amount of R$15 million. The donation was intended for buying food, hygiene and cleaning products. The Foundation has also launched a website (coronavirus.fbb.org.br) to receive institutional donations and from volunteers who want to contribute with the actions. We have also funded imports of PPE and ventilators to base hospitals, which totaled US$309 million.

We have also announced a donation of R$20 million to Fundação Oswaldo Cruz (Fiocruz) for the production of one million quick diagnostic kits for Covid-19, destined for the Ministry of Health. All kits already have Brazilian technology developed by the foundation, internationally recognized and with a broad history in the fields of scientific research and technological development in the health area. The donation occurs through holding company EloPar, the majority shareholder of companies Alelo, Livelo, Veloe and Digio, in addition to Elo card brand.

The initiatives serve people in situations of social vulnerability due to the pandemic. Such action also supports micro and small entrepreneurs who will be the main service providers of the inputs, thus promoting a cycle of solidarity. The funds will be made available to society through non-profit assistance entities in all regions of the country.

Banco do Brasil's Volunteer Program, which has been consolidating concepts and assumptions of the act of volunteering in the organizational culture since 2001, supporting and encouraging the involvement of employees (current or retired), their family and friends for the provision of voluntary services, has been essential in this scenario. More than R$725 million, 156,000 points of loyalty program, 5,100 food baskets, 347,000 kilograms of food, 48,000 liters of food, 188,000 of personal hygiene items and 41,000 units of cleaning materials have been gathered since the beginning of the pandemic. Projects must support job, employment and income generation, and environmental protection actions.

We have launched the Zero Plastic (Plástico Zero) initiative, with the Federal District as a starting point, due to local legislation. The campaign will soon be extended to the entire country. The distribution of disposable plastic cups, used by employees to drink coffee and have snacks, and on coffee machines in corporate buildings will be gradually prohibited, until their complete elimination. In 3Q20, it was possible to notice a reduction of 35% in expenses with the purchase of disposable items compared to the previous quarter.

Shareholders and Holders of Debt Instruments

Banco do Brasil has a base of more than 750 thousand shareholders, of which 98% are individuals (PF) and 2% legal entities (PJ). Between January 2018 and September 2020, our individual shareholders base more than doubled, from 330,000 to 750,000. Between December 2019 and September 2020, more than 263 thousand people started to invest in Banco do Brasil. This achievement shows the trust of our shareholders and the strength of our company in scenarios of greater volatility.

We understand the importance of being close to our shareholders and holders of debt instruments, providing clarifications on the potential impacts on our results and updates on the actions taken for managing the business.

We have taken part in 116 services, reaching a total of 727 investors, market analysts and rating branches.

Our shares (BBAS3) maintained their presence in all B3 trading sessions and represented 2.34% of Ibovespa for the last four months. We have also kept a program of Level 1 ADR (BDORY) traded in the over-the-counter market in the United States.

Our shareholding structure, at the end of September, was distributed as follows:

Table 1. Shareholding Structure

	Sep/20
Total	100.00%
(a) Federal Government	50.00%
(b) Free Float	49.57%
PF	13.23%
PJ	15.71%
Foreign Capital	20.63%
Others [1]	0.43%
Free Float (%) - b/(a+b) [1]	49.78%

(1) Others refers to Treasury Shares, shares held by Members of the CA, CD and Executive Board and shares relating to the merger of BNC and BESC.

1. Corporate Strategy

In Banco do Brasil, the development of a clear and engaging corporate strategy through a structured, participatory process based on consolidated methodologies, strengthens the decisions on the company's operations for the next five years.

Our actions and decisions are all focused on the clients, at all organizational levels, in order to provide them with the best experience. For this, we continually strive to strengthen the relationship with clients, making BB their primary bank, and offer them customized and innovative solutions, serving them where and how they wish.

The digital consolidation, the expansion of the use of analytical models and the culture of innovation, with a view to simpler and more objective processes, will allow us to improve efficiency and offer solutions more adequate to the needs of each one. We have consolidated, on a daily basis with our employees, one of the main components of the Corporate Strategy of Banco do Brasil, the Purpose of "Taking care of what is valuable to people". This means that our focus is on people and what matters to them (return on investments, security, preservation of assets, achievements, etc.), and not simply on our products and services. Those people are our stakeholders, that is, clients, shareholders, employees and society as a whole.

Values are principles that guide the organization, emphasizing the focus on the client, efficiency, innovation, the sense of ownership, ethics, reliability and the public spirit. For the future, our Vision is "To be the company that provides the best experience in people's lives and promotes the development of society, in an innovative, efficient and sustainable way". To lead us in this direction, Banco do Brasil has established its main purposes for the next five years, which are divided into five performance perspectives, emphasizing:

a) Clients: we undertake the commitment and the challenge of providing valuable experiences to clients in all relationship channels, as well as prioritize actions that increase business and promote increased satisfaction, retention and attraction of new clients.

b) Financial: we prioritize the increase of profitability in a sustainable manner and seek to optimize the allocation of capital.

c) Processes: we continue to evolve in our digital strategy and investing in digital transformation and in the development of analytical intelligence, as well as maintaining the focus on operational efficiency and in the improvement of processes, products and channels, making them simpler, more agile, innovative and integrated into the client's experience .

d) People: we seek to transform the organizational culture with a focus on the client, innovation, agility and results, as well as to improve practices pertaining to the attraction, retention and succession of talents.

e) Sustainability: bearing in mind our commitment to social and environmental responsibility and merging social and environmental aspects in business and administrative practices, we seek to maintain the company's stability, with the

adoption of the best corporate governance and corporate sustainability practices, in order to generate value for our groups, minimize any negative impacts on the environment and society.

2. Corporate Sustainability

Corporate sustainability is incorporated into our strategy. For this reason, we seek to identify and manage future and current risks and opportunities so as to generate value for our groups and profitability and longevity for BB.

Social and Environmental Responsibility has been present for years in the management of our business and processes. We believe in the feasibility of reconciling the interests of the shareholders with socially and environmentally sustainable businesses through the establishment of ethical and responsible relationships with the various stakeholders. All that supported by a solid corporate governance.

The Social and Environmental Responsibility Policy (PRSA) guides our behavior with respect to social and environmental responsibility and social and environmental risks. Its principles are also expressed in other policies, guidelines and internal normative rulings, which causes us to take into account economic, social and environmental variables in the design and development of processes, products and services.

In June we disclosed the new version of BB Social and Environmental Guidelines – Restricted List and Exclusion List, which aim to disclose the practices adopted by Banco do Brasil when analyzing and granting credit to issues deemed controversial due to their specific characteristics, reinforcing compliance with internal rules and the current legislation, and in compliance with the principles of social and environmental responsibility set out in our general and specific policies.

Sustainable Finance Model

We have structured our sustainable finance model, which allows the Bank to access the debt securities market categorized as sustainable. The model is unprecedented in the Brazilian financial system, as it was designed to provide for, in addition to the financing categories with an environmental (green) and social impact, the SLLP (*sustainable linked loan*) and SLBP (*sustainable linked bond*) standards, which link the compensation on capital due to the positive performance in ASG indicators by the requesting institution. Some examples of indicators are: Diversity in the composition of the board, the amount of renewable energy used by the institution and sustainability goals for the coming years.

The construction of this model started with the Technical and Financial Cooperation Agreement between Banco do Brasil and the Inter-American Development Bank (IDB), and had the technical support of consulting company Sitawi Finanças do Bem. The model was revised by Sustainalytics, one of the main independent companies in the world of Second Party Opinion (SPO), which adds more strength to the model, following a set of international standards and guidelines.

The approved model is supported by BB's broad sustainable portfolio, especially projects that use systems deemed by low carbon agriculture as eligible assets.

Sustainability Plan - Agenda 30 BB

Our actions have been guided by the Sustainability Plan for 15 years, which more recently came to be called Agenda 30 BB, in line with the United Nations (UN) Sustainable Development Goals (SDGs). Bearing in mind the international scenario and the direction taken by the financial sector, through this instrument we have contributed to the sustainable development agenda and to the perpetuity of our business.

Image 1. ASG Timeline

In its seventh version, such Plan has 50 actions and 86 indexes linked to 21 challenges, which positively impact the global sustainable development agenda. We are currently in the process of defining and prioritizing the relevant topics in corporate sustainability that will guide BB's sustainability management and reporting in the coming years. This process is built through surveys with the Bank's stakeholders, bringing more consistency to the process.

Awards and Recognitions

Achieving positive social and environmental impacts, associated with profitability in the management of activities and businesses, is part of our actions, and the recognitions received show that we are on the right path.

In 2020, we were recognized, for the second year in a roll, as one of the most sustainable financial companies in the world by the Corporate Knights Global 100 Ranking, in an announcement made at the World Economic Forum in Davos, Switzerland. We were the only financial company in Latin America to be included in the index in 2020 and the most sustainable financial company in the world in 2019. And, for the first time, we have received the "AA" rating from Morgan Stanley Capital International (MSCI) ESG Rating, with emphasis on topics related to talent management, cybersecurity and risk management.

We received the Gold Class award at The Sustainability Yearbook 2020, released by S&P Global and RobecoSAM AG. The Sustainability Yearbook is one of the most comprehensive worldwide publications on corporate sustainability. Banco do Brasil was also considered an Industry Mover, as it presented a significant improvement in its performance, compared to the previous year, which shows BB's strong commitment to the theme and the generation of value for shareholders in the long term.

We also take part of international and national sustainability indexes, such as the Dow Jones Sustainability Index (DJSI) of the New York Stock Exchange, the FTSE4Good Index Series of the London Stock Exchange, and the Corporate Sustainability Index (ISE) of B3. In 2019, we returned to the DJSI "World" portfolio, reaching the second position in the "Banks" sector. We also emphasize the maintenance of our commitment to the actions set out in our Sustainability Plan and with the 10 Principles of the Global Treaty.

We were nominated in ALAS20 (Sustainable Leaders Agenda 2020) in the categories "Leading company in corporate governance" and "Leading company in investor relations". ALAS20 is an initiative organized by company GovernArt, which seeks to promote sustainable development in Latin America through leadership in business management and investment decisions.

For the second consecutive year, we received the “Most Innovative Bank in Latin America” award from Global Finance magazine, with the solution developed in Google Assistant. The Innovators 2020 award, offered by the magazine, recognizes the most innovative financial institutions in the world.

We reached first place for the second consecutive year in the Central Bank’s Top 5 Annual – 2019 Ranking, in the “IGP-M Annual Medium Term” category. And second place in the category “Exchange Rate – Annual Short Term”.

We have received the Top Employers Certification because we are among the best employers in 119 countries, according to the Top Employers Institute (TEI), which evaluates personnel management practices and policies.

We were recognized as the Best Bank in Brazil in 2020 by Euromoney magazine, one of the most important awards in the international financial industry.

We were recognized in several categories in the commemorative 50th anniversary award of the Top 1000 World Banks ranking - NEW performance ranking, by The Banker magazine (Financial Times group).

We were selected as one of the ten best Brazilian initiatives in the digital universe in the Digital Banks category for the iBest 2020 Award, which is the most important award on the internet in Brazil. BB Digital is a set of solutions offered to our clients for remote service.

We were the highlight in two categories of the ClienteSA Award, the main recognition of the best practices in client management in Latin America. Our SAC was the winner in the “Leader in Visionary Project” category and our External Ombudsman also received an award, in the “Integration Project” category, for presenting training programs and conflict resolution tools used by branches and that strengthen the role of employees in the relationship with and trust by clients.

For the fifth time, we have won the Top of Mind of HR, an award that recognizes the companies most remembered by the human resources community in a spontaneous voting. Banco do Brasil Corporate University (UniBB) was the highlight in the Corporate Education/e-Learning category. This year, we reached 55 years of corporate education, of which 18 years of UniBB.

3. Macroeconomic Scenario

Worldwide

The global economy showed the first signs of recovery over the third quarter, in line with plans to reopen activity in some countries. However, the speed and duration of this process are still uncertain, while the pace of growth between sectors is not uniform. In addition, the accelerating number of new coronavirus cases in the U.S. and other European countries has rekindled the discussion about possible new lockdowns. In addition to concerns about a second pandemic wave, uncertainties about the American elections, the trade disputes between U.S. and China and the renewed doubts about the United Kingdom’s organized exit from the European Union (Brexit) affected world markets and increased the volatility of active prices. In this environment, governments made significant use of tax policy to mitigate the effects of the crisis on the population and companies, while the Central Banks of the main economies maintained monetary policy in an expansionary field.

Brazil

In the midst of the recovery process of the global economy, the increase in the exchange rate increased the competitiveness of Brazilian products abroad and helped establish a more beneficial environment for the export sectors. These factors favored the evolution of the trade balance and external accounts. This dynamic, added to the boost given to the prices of agricultural commodities by the high Chinese demand for these products, contributed to sustain the performance of agribusiness in the period. From a regional point of view, this context has brought resilience to the locations with the greatest exposure to this sector.

In a complementary way to this movement, the indicators of the third quarter point to a relevant recovery in the level of activity, led by the commerce and industry sectors. The continuity of the emergency allowance, the beginning of the FGTS emergency withdrawal and the job preservation measures boosted the consumption of basic living essentials and staples.

Despite the acceleration of inflation in the period, driven mainly by high food and wholesale prices, the still comfortable level of the indexes and the high level of idleness in the economy acted as mitigating elements of these pressures, making room for the monetary authority to take basic interest rate for the historic low of 2% p.a. Combined with the maintenance of interest rates at historically low levels, credit incentive programs sponsored by the government and the Central Bank boosted the volume of loan operations in the National Financial System.

These measures contributed to mitigate the impact of the crisis on the most vulnerable strata of society and to guarantee the survival of companies that had their cash flow affected by the social distance measures. Finally, domestic assets (foreign exchange, risk, stock exchange and interest market) experienced high volatility in the period, influenced both by the external environment and by internal factors linked to tax uncertainties.

4. Digital Consolidation and Efficiency

Our investments in technology and the focus on digital transformation in recent years have proved to be fundamental in the current scenario. We approved for the next three years an additional investment of R$2.3 billion for technology and Analytics, to offer clients new experiences with more practical, safe and fast options in the digital world.

We believe that being present and interconnected in all channels, physical and digital, helps fully meet the demands of our clients. For this reason, the strategy of optimizing digital channels (*Opt-channel*) is essential in the centrality of the client, taking the Bank to the client wherever it is, improving our perception of presence and providing a greater delivery of value to the client.

We reached 19.5 million digital customers, while transactions carried out through the internet and mobile service channels represented 86.7% of transactions carried out by our customers.The BB App remained one of the best rated in the financial industry with a rating of 4.7 on Google play (the rating has already been assigned by more than 2.4 million users) and 4.7 in the Apple Store (rated by more than 1.8 million users). The maximum score is 5.

BB Portal (bb.com.br) is an important tool in supporting the Institution's new businesses. Daily more than 1.4 million people transit through this platform. By October 2020, approximately 89 million new users accessed the Portal. This number represents a growth of approximately 23.8% (21 million new users) when compared to 2019.

In March, the result of the CIO 100 Awards 2020 was announced, an award event held by the American magazine CIO, of the IDG-International Data Bank. We were awarded as one of the top 100 organizations in the world that drive and add value to their businesses through technological innovation. BB Banking Assistant in Google Assistant was the technological solution that represented us and was responsible for our rating.

We participated in a virtual way, for the first time, in the 30th edition of Ciab, the largest technology event for the financial sector in Latin America, on June 23, 24 and 25, 2020. The event was attended by our officials in debates on blockchain, artificial intelligence and other technological trends for the post-pandemic world.

We also launched, at our Corporate University (UniBB), the improvement of the Training Trail in Digital Transformation and we entered into specific partnerships with MBA Analytics, Alura Portal (Technology and Digital Business Courses) and DSA – Data Science Academy.

In September, we obtained ISO 20000 certification. With this BB brand maintains the official recognition of international quality standard in the management of Information Technology services. ISO 20000 is valid for two years.

An example of innovation is the Broto Platform – www.broto.com.br, developed by BB Seguridade and launched in 2020. With the purpose of increasing the maximum economic productivity of those working in Brazilian agribusiness, the platform will facilitate access to products and services that contribute to risk management and optimization of production factors. Still in its test phase focused on the sale of machines and equipment, the platform reached a milestone with the first BB Virtual Agro Fair, during October and November 2020.

In the following phases, the platform will expand its operations to all stages of the Brazilian agribusiness production chain, on 3 pillars: (i) Machines and equipment, (ii) Services to improve productivity and risk management, (iii) Information, bringing technology and concepts from the shared economy to the knowledge network developed by BB's traditional performance in this segment.

Energy Eco-efficiency

On March 2020, we inaugurated our first solar power plant of the distributed generation type. In October, the second plant was inaugurated and another 5 plants are scheduled for the coming months. The two projects in operation have a combined installed capacity of 6 megawatts (MW), will guarantee the supply of renewable energy to 141 branches, allowing the institution to save R$53.7 million over 15 years. Both projects will enable an average reduction of 45% in the energy bill of our branches and will contribute to the diversification of the renewable energy matrix in Brazil. When all the plants are in operation, 3.150 tons of carbon dioxide will no longer be emitted per year, which corresponds to the planting of around 21 thousand trees.

Below, we present our work on the main topics of digital consolidation and efficiency:

Pix, it's now

Pix is an Instant Payment System created by the Central Bank of Brazil, in which transfers and payments are made in seconds, 24 hours a day, 7 days a week. With it, Brazil will reduce the manufacture of paper money, the issuance of slips and the transfer charges. In other words, Pix is more sustainable for you and for everyone. We are the first bank to meet the regulator's requirements. For the Public Sector, we are developing collection solutions that incorporate the use of Pix in the payment of taxes, fines and different fees. With the novelty, public managers will be able to expand the offer of the currently available collection channels, without the need for new investments.

We are prepared to serve our clients safely, quickly and cost-effectively. Further information is available at www.bb.com.br/pix.

LGPD – Protection and Privacy of Personal Data

We believe in respect for privacy and assurance of the protection of personal data as one of the guidelines for the exercise of its activities and for the constant development of society's well-being, allowing us to generate services of higher quality, relevance and with even more transparent processes. These factors are protagonists in the current growth dynamics of digital businesses, since people seek to prioritize companies committed to a fair and sustainable relationship.

In view of the General Law on Data Protection (LGPD), effective as of 09/18/20, one of our challenges is to make clients recognize their rights, providing clarity regarding the policies for the use of information and its content. Our decision was to provide clear information in a friendly and accessible interface, including mobile applications, so that the holders know their data and can exercise their rights. Both in BB App and in our Internet Banking, through the option "my privacy", any holder accesses its personal data, consults about the treatments performed on behalf of the bank's services and requests the document for data portability, for example.

Open Banking

In addition to meeting regulatory requirements, which determine the sharing of data, products and services, Open Banking brings opportunities to distribute its own products and services in third-party channels, with a focus on expanding digital capillarity, and also offering third-party products and services in the company's own channels, focusing on the client's experience. In general, this opening broadens the frontiers of operations, bringing more competitiveness, but also allowing offers with greater added value. To allow better experience and efficiency in connection with the digital ecosystem, we have expanded our portfolio of APIs and created, on the Developer Portal, an environment for testing before contracting.

Flexy BB

Believing in our purpose and in our commitment to the digital and cultural transformation of our organization, we launched Flexy BB, designed and structured to revolutionize the way we work, with increasingly integrated, engaged and connected associates. We believe in creating collective value, whether working in physical or virtual spaces. For that, the work experience must be attractive and the best possible anytime, anywhere. This will accelerate the transformation of our organizational culture, with an increasing focus on the client, agility, innovation and results.

Flexy BB will optimize the occupancy of corporate environments, bringing a new work model, in addition to real estate efficiency and cost reduction. It will also improve the experience of our client, as the solutions will be increasingly integrated, innovative and totally digital. In addition, the more rational use of our spaces, with less displacement of people, less consumption of water, paper and energy will reinforce our commitment to the sustainability of our planet and

Virtual Auction

In 2020, we started to conduct official auctions exclusively virtual and use the seuimovelbb.com.br platform for the sale of properties released from use, which the Bank is no longer occupying, and those arising from bad debts. Through digital channels, 71 properties were sold at official auctions (six in 3Q20), for the market value of R$44 million, and 477 properties sold through seuimovelbb.com.br platform (316 in 3Q20), for a market value of R$67 million. The platform made it possible for the Bank to make our offers available seven days a week and 24 hours a day, in addition to providing a fully digital experience for the purchaser, from the proposal to the bookkeeping and registration of the property purchase.

5. Highlights of the Financial Statements Results

Net Profit of R$ 9.5 billion in 9M20

The net income was R$9.5 billion in the 9M20, down 23.8 % (-R$3.0 billion) compared to the 9M19. By virtue of the current challenging scenario for the financial system as a whole, the result was impacted especially by the 31.9% (-R$4.7 billion) increase ALLL, highlighting the prudential reinforcement of R$6.1 billion. The administrative expenses totaled R$24.7 billion, increase of 1.7%, while service revenue decreased 1.8%. Provisions for civil, tax and labor claims fell by R$5.3 billion in 9M20 compared to 9M19.

We present below the main figures relating to our performance in the semester.

Table 2. Financial Highlights

	Banco do Brasil Financial Statements		Consolidated Financial Statements	
	9M20	9M19	9M20	9M19
Earnings (R$ million)				
Net Income	9,385	12,282	9,498	12,468
Financial Intermediation	11,338	21,436	20,067	25,285
Fee Income	14,350	14,883	21,313	21,701
Administrative Expenses[1]	(23,469)	(23,185)	(24,721)	(24,301)

(1) Refers to the sum of Personnel Expenses and Other Administrative Expenses.

	Sep/20	Dec/19	Sep/20	Dec/19
Equity (R$ million)				
Assets	1,839,773	1,550,760	1,769,923	1,481,095
Classified Loan Portfolio	654,637	610,786	668,036	621,345
Total Deposits	549,793	473,726	569,872	485,002
Shareholders Equity	112,088	98,896	122,334	108,565

Table 3. Capital Market

	Sep/20	Dec/19
BBAS3 - Stock Book Value (R$)	39.28	34.68
BBAS3 - Closing Price (R$)	29.62	52.82
ADR Price (US$)	5.37	12.93
BIS Ratio (%)	21.21	18.58
	9M20	9M19
Earnings per Share (R$)	3.29	4.41
Interest on Own Capital (R$ million)	2,623	4,988

Financial Intermediation Results

The financial intermediation result corresponds to the sum of the financial intermediation revenues and the financial intermediation expenses, as well as the provision for losses associated with the credit risk (ALLL). In 9M20, totaled R$20.1 billion, decrease of 20.6% compared to the 9M19.

Amongst the components of the financial intermediation revenues, we highlight the credit operations with an increase of 13.5% in the year and and a 38.9% reduction in expenses with customer funds, negatively compensated by the increase of Allowance for Loan Losses and expenses with funds from financial institutions.

Our asset structure impacted the result, in view of the increase in securities recorded in the balance sheet, compared to the credit portfolio expansion. The commercial expenses were reduced in the main accounts, due to the decrease of 51.2% of the Selic average rate for the period.

Provision of Services Revenue

The revenues from services provided and revenues from banking fees decreased by 1.8% in 9M20, decrease of R$21.3 billion due to the current economic scenario and the business dynamics in our network.

The accounts of managed funds increased by 4.6% due to the increase in the average balance for the period. The result was partially impacted by the reduction of the management rates, which negatively impacted the performance of some funds. The managed assets totaled R$1.1 trillion.

In insurance, pension plans and premium bonds, the increase of R$199.4 million reflects the good commercial performance observed in rural, credit life and life insurance, as well as in the collection of savings bonds. In addition, highlight to the amount of R$371.3 million for receiving performance bonuses, which represents a growth of 37.7% in relation to the total for the same period in 2019 (R$269.7 million).

The strategy remains focused on the relationship, segmented service and continuous improvements of the client's experience.

Administrative Expenses

Administrative expenses reached R$24.7 billion in the period, an increase of 1.7% in the period, below official inflation.

Personnel expenses grew by R$181.7 million, mainly due to the payment of the bonus negotiated in the 2020-2021 Collective Agreement. This increase was partially offset by the reduction of the workforce by 1,766 employees, due to natural dismissal, and (b) the new movements that occurred since February 3, 2020, the launch date of the Performa Program, with the respective salaries in line with the new remuneration model for employees.

Other administrative expenses increased by R$238.9 million, mainly due to the increase in cash transportation expenses due to the events resulting from the pandemic and the increase of R$60 million due to the expansion of the target audience of the Performa program, which rewards the best performing employees.

6. Group Business

We seek to offer the most complete financial solution to clients. In addition to credit, the most relevant business, our solutions include funding operations, investments, treasury, payments and services in general. In synergy with these businesses, we also operate through companies in several segments.

The following are the main markets in which we operate:

Credit

Our loan portfolio reached R$668.0 billion in September/2020, an increase of 7.5% (+R$46.7 billion) compared to December/19, with emphasis on discounted loans and credit rights and financing that grew 14.2% (+R$ 30.4 billion) and 9.9% (+R$ 12.6 billion) respectively. The modalities of real estate financing and credit card transactions decreased by 4.1% (-R$2.2 billion) and 9.7% (-R$3.0 billion) respectively.

We announced R$103 billion for 2020/2021 crop Plan, of which R$61 billion for funding, R$14.2 billion for marketing and other purposes, R$17.5 billion for investments and R$ 10.3 billion for the industry companies. The amount is 11.3% higher than the R$ 92.5 billion disbursed by BB in the 2019/2020 crop.

We encourage the use of sustainable agricultural techniques that contribute to improving income, reducing greenhouse gas emissions and preserving natural resources. We are pioneers in the operationalization of the Low Carbon Agriculture Program (ABC Program). The Program aims to finance sustainable agricultural production systems, with a recognized

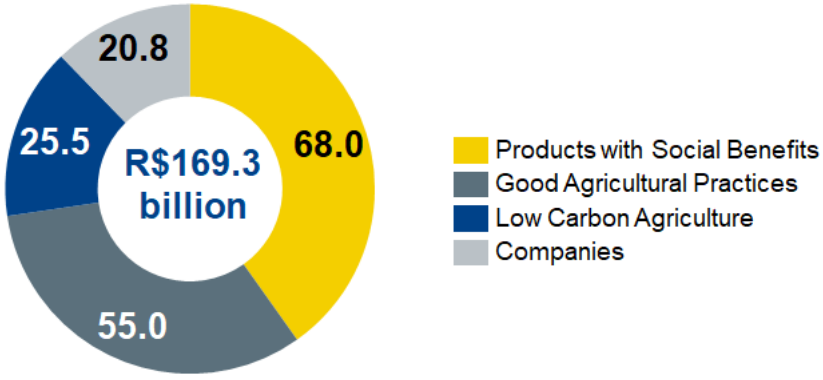
capacity to reduce/sequester greenhouse gas (GHG) emissions, and promote vegetation/biomass production, food production, increased productivity and income and preservation of the environment. From 2011 to September 2020, we reached over R$16 billion contracts of this credit facility.

Sustainable Business Portfolio

Based on a methodology developed by the Brazilian Federation of Banks (Febraban), which deals with the measurement and identification of funds allocated to sectors of the Green Economy, BB's portfolio of sustainable business recorded a balance on September/2020. It is made up of credit and loan operations for the sectors of renewable energy, energy efficiency, construction, sustainable transport and tourism, water, fishing, forestry, sustainable agriculture and waste management. In addition, to foster an inclusive economy, this portfolio considers areas of a social nature, such as: education, health and local and regional development. The volume of resources was intended to clients in all segments, such as Individuals (Retail and Private), companies of different sizes (MPE, Corporate, Wholesale) and for the Public Sector.

Further information is available at our Investor Relations and Sustainability website.

Table 2. Structure of Sustainable Business Portfolio



Insurance

BB Seguridade is the Banco do Brasil's company that concentrates the insurance, open pension, capitalization, reinsurance, dental plans and brokerage businesses.

BB Seguridade won nine other finalists to win the first place in the Broadcast Empresas Award for 2019. This event is held annually by Agência Estado in partnership with the financial information platform Economática. The survey has been analyzing the performance of publicly traded companies since 2000. The methodology assesses seven indicators that are part of the daily lives of investors and financial market professionals. The award ceremony was attended by 187 companies with shares above R$ 10 million, balance sheets released within the legal term and being up to date with their creditors in the period under analysis.

Further information about BB Insurance and the insurance segment businesses is available at the Performance Analysis report, available on BB's Insurance Investor Relations website (bbseguridaderi.com.br).

Payment Methods

Our wide client base, the quality and the diversity of the services provided make us one of the main issuers of Elo, Visa and Mastercard brands, with cards of multiple functions. We are pioneers in the use of emerging technologies that optimize the performance of payment methods, increase the base of active cards and improve the experience of our clients, in addition to reducing the cost of serving.

In the segment, the holding company BB Elo Cartão Participações S.A. concentrates the stake in the capital of Cielo S.A, in addition to the business of Alelo, Cateno and Livelo. Further information about Cielo, and the analysis of its results, can be consulted on the company's Investor Relations website (ri.cielo.com.br).

We are the first bank to issue more than 10 million cards with NFC technology in Brazil. The solution has been available on Ourocard card since 2018, but between March and June 2020 there was an increase of 30% in the use of payments by

approximation. The reasons for this growth are convenience, hygiene in times of pandemic, the possibility of use in public transport in some cities, and mainly, the increase in issuance.

Asset Management

BB Asset Management DTVM (BB DTVM) maintained its leadership in the investment fund industry, with a market share of 24.2% and a total of R$1.1 trillion in managed resources (including funds managed by BB DTVM and by other institutions), growth of 11.7% in relation to the same period of the previous year.

BB DTVM, by strategic direction, performs extensive asset screening considering the socio-environmental and corporate governance aspects.

Through its own ASG (environmental, social and governance analysis) methodology, which uses a combination of positive and negative screening, it ended the period with R$132.1 billion in assets subject to positive screening of this methodology, representing 11.2 % of the total managed assets. The other assets that make up the managed Shareholders' Equity (PL) are not subject to this assessment because they are federal or low liquidity government securities. Since 2002, with the creation of the first fund, the asset manager has been managing and distributing eight investment funds with socio-environmental characteristics to the different investor segments, which added up to R$1.9 billion in shareholders' equity in 3Q20.

To expand the portfolio of products for diversification to our clients, we launched the BB Shares US Biotech BDR Level I fund, the first fund in Brazil with a strategy focused on investment in global companies operating in the biotechnology sector.

Table 3. ASG Funds – R$ Million

				Var. (%)	
	Sep/19	June/20	Sep/20	Sep/19	June/20
Total	**1,539**	**1,702**	**1,924**	25.1	13.1
BB Previdenciário Ações Governança	575	828	900	56.5	8.7
BB Referenciado DI Social 50	443	399	306	(31.0)	(23.4)
BB Ações Equidade Private FIC	183	174	170	(7.0)	(2.2)
BB Multi Global Acqua LP Private FI	156	111	214	37.4	91.9
BB MM LP Global Vita Private FI	120	118	264	119.7	124.0
BB Ações Equidade FIC	45	44	42	-	(3.6)
BB Ações ISE JOVEM	12	23	25	112.2	5.9
BB Ações Carbono Sustent. FIA	4	4	3	(28.5)	(10.4)

Capital Markets

On September 30, BB-Banco de Investmento S.A. ("BB-BI"), a wholly-owned subsidiary of BB, and UBS AG ("UBS") formalized the definitive documents that establish the beginning of the strategic partnership to operate in investment bank and stock broker activities in the institutional segment in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay, after fulfilling all the conditions precedent for the closing of the transaction, under the regulatory and contractual aspects.

The total capital stock of the new company, UBS BB Banco de Investimento ("UBS BB"), is divided in the proportion of 50.01% for UBS and 49.99% for BB-BI. BB, through BB-BI, paid in the right of access to corporate clients for prospecting and origination of typical investment bank businesses and UBS contributed to its investment bank operating platform in the region and its bond and securities broker in the segment in the Country.

The strategic partnership is consolidated in a new company and its subsidiaries, starting its operations as a complete investment bank platform, combining BB's network of relationships in Brazil and its strong distribution capacity for individuals, with the expertise and capacity of global distribution of UBS.

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

Retail distribution activity will be maintained at BB, so BB's individual client continues to rely on investment solutions and access to the capital market, through the branches network and the Home Broker BB tool. In addition to the current portfolio of products and services, investors also have access to a growing range of funding and investment instruments in this market.

Until the partnership was effective, we operated in the domestic capital market through BB-Banco de Investmento S.A. (BB-BI), and abroad through the brokerage firms BB Securities Ltd (London), Banco do Brasil Securities LLC (United States) and BB Securities Asia Pte. Ltd. (Singapore), focusing on retail and institutional investors. We will continue to work with our individual public offering investment and access solutions to the capital market, acting as a retail broker.

In the total variable income market, BB is the leader in retail distribution of variable income in the cumulated for 2020, with R$2.4 billion (52 % of participation) and advanced to 7th position, with participation in the coordination of initial and subsequent offers, which totals R$1.9 billion in 2020, until September/2020, compared to 8th place in the last twelve months.

Since June, BB has been acting as a registrar for Decarburization Certificates (CBIO), an instrument adopted as a tool to achieve annual decarburization goals for the fuel sector. The targets for reducing carbon emissions will be determined by ANP (National Petroleum Agency) individually for each fossil fuel distributor. Through bookkeeping, custody and negotiation of CBIOs, which are a new source of fundraising for clients producing biofuels, the Bank supports its clients in improving the Brazilian energy matrix, contributing to the achievement of the country's commitments within the scope of Paris Agreement.

In September, we structured the issuance of a green debenture in the amount of R$ 160 million for a company in the renewable energy sector. The issuance, which had preferential access to the papers for our clients, restates BB's position to support sustainable business with its different audiences and contributes to the strategy of diversifying revenues in the capital market.

We have a team of analysts covering more than 70 companies from 15 different sectors of the economy such as Retail, Steel and Mining, Agribusiness, Food and Beverage, Financial Sector, Education, Oil and Gas. In 2020, we had an investment analyst recognized by Refinitiv StarMine Analyst Awards (former Thompson Reuters Analyst Awards) as one of the best market analysts in Latin America in the retail sector, and three others in the Broadcast Analysts award of the Estadão group, in partnership with Insper, of which two of them won the first and second places. Over the past few years, this is the fourth time that our analysts have been included in the Refinitiv Analyst Awards and the sixth time for the Agência Estado award.

The research team recently launched a recommended portfolio of BRDs and a Selection of Companies that stand out in ESG shares, in line with market demand. BB's recommended portfolios are highlighted among the main brokers in the market. The 5+ portfolio ranked first in Valor Econômico on September/2020 and cumulated a 3.9% increase, versus an 18.2% drop in Ibovespa in the period.

Consortiums

We sold more than 329 thousand new consortium quotas, totaling a turnover of R$10.3 billion, an increase of 4.8% compared to 3Q19. Of this total, R$1.3 billion were obtained via digital channels. Accumulated revenues from services rendered up to the third quarter of 2020 were R$ 1 billion, an increase of 13.2% over the same period in the previous year.

We adopted biometrics technology as an alternative in consortium contracts. The new functionality brought increased security to the solution, thus simplifying the contracting process and making it sustainable.

Further banking business

Banco BV

Headquartered in São Paulo, Banco BV was the result of a strategic partnership between Banco do Brasil and Votorantim S.A., and is Brazil's fifth largest private bank in total assets. Banco BV is noted for its consistent leadership in the Brazilian used vehicle financing market, in addition to its diversified operations in segments such as consumer finance, corporate banking, capital markets, and asset management for third parties.

For more information, please go to: https://www.bancobv.com.br/web/site/pt/banco/relacoes-com-investors/

Banco Patagonia

Banco Patagonia is a retail bank based in Argentina. Since April 2011, Banco do Brasil S.A. is the majority shareholder, with an 80.39% interest in the capital stock as of September 30, 2019. Banco Patagonia is a solid institution and works with local companies, especially in payroll management and retail banking. In addition, it offers products and services to educational institutions, bank and non-bank financial entities and national, provincial and municipal public agencies. In a context of constant evolution and transformation of financial services. Banco Patagonia invests in technology and focuses on the continuous innovation of its processes, systems, products and services. Guided by its customer-centered vocation, Banco Patagonia develops efficient service channels, providing an agile, differentiated and effective connection.

For more information, please go to: https://www.bancopatagonia.com.ar/relacionconinversores/portugues/institucional.shtml

7. Personnel Management

Personnel management policies and practices are guided by meritocracy, commitment to company values, focus on client experience, digital transformation, and innovation. The profile of our employees is laid out below:

Table 4. Employee Profile

	Sep 20	Sep 19
Employees Profile		
Employees	92,106	93,872
Female	38,757	39,273
Male	53,349	54,599
Education's Level		
High School	11,827	13,165
College	32,602	35,600
Specialization, Master's and Doctorate	47,517	44,934
Others	160	173
Geographic Distribution		
North	4,002	4,085
Northeast	15,185	15,560
Mid West	16,469	16,593
Southeast	40,243	41,132
South	16,207	16,502
Turnover (%)	0.32	0.48

In order to boost the digital strategy and promote alignment between all organizational levels, educational initiatives were put in place to develop critical skills for cultural transformation. Some of these initiatives focused on leadership, such as updating the Alta Management Track (Bank higher managers), the Leader 4,0 program (managers of strategic units) and the Game Leader in Action (managers from various segments).

Other initiatives were focused on all Bank employees by offering different learning paths composed of educational initiatives related to client experience, hard skills, soft skills, cultural transformation, and change leadership. Learning tracks were also created to discuss the context and scenario of change, which also enabled the development of skills for remote work and to monitor the transformations in the market and the world, such as self-knowledge, client-centricity, and techniques for value proposition, negotiation and relational intelligence.

Table 5. Compensation and Benefits

	Individual Financial Statements		Consolidated Financial Statements	
R$ million	9M20	9M19	9M20	9M19
Payroll	13,305	13,271	14,410	14,238
Supplementary Pension [2]	1,255	1,211	1,255	1,211
Health Care Plans	2,128	942	2,128	942
Statutory Profit Sharing;	1,223	1,598	1,227	1,604
Training [4]	25	43	28	47

(1) Expenses with salaries, benefits, social duties and administrative provisions are according to the explanatory note on Personnel Expenses, (2) Funding of supplementary pension and health plans is according to the Explanatory Note on Benefits to Employees. (3) Amount allocated to Statutory Profit Sharing is according to the Statement of Income for the Year, (4) According to Explanatory Note on Personnel Expenses.

8. Corporate Governance

BB's corporate governance structure is comprised of the Shareholders' General Meeting; the Management Council (CA) and its advisory committees - Audit Committee (Coaud), Risk and Capital Committee (Coris); People, Compensation and Eligibility Committee (Corem) and Technology, Strategy and Innovation Committee (Cotei); the Executive Board (Direx), comprised of the Board of Directors (President and Vice-Presidents) and other statutory Directors; the Fiscal Council (CF); and Internal Audit (Audit).

The Management Council, an independent collegiate decision-making body, as provided for in Law and Bylaws of Banco do Brasil, has strategic, guiding, elective and supervisory functions, is comprised of eight members elected by the General Meeting, with a unified management term two years, each with a maximum of three consecutive reelections, At least 30% of the members of the Management Council are Independent Directors, as defined in the legislation and in the B3's New Market Regulation, as well as in the Governance Highlight Program for State-Owned Companies, which includes the directors elected by the minority shareholders.

Decisions are taken collectively at all levels of the Bank and management establishes committees to ensure agility and security in the decision-making process.

9. Capital

Soundness and reliability are essential characteristics in a Bank, for this reason, we have a Capital Plan with a three-year prospective view, considering (a) the Declaration of Appetite for and Tolerance to Risk, (b) the Corporate Strategy and (c) the Corporate Budget,

We reached 13.11% in the Principal Capital Index (ICP in the Brazilian acronym) in September 2020, while the Basel Index (IB) reached 21.21%, The Tier I Capital Ratio was 17.34%,

We remain focused on organic capital generation, in addition, following the Declaration of Appetite for and Tolerance to Risk and the Capital Plan, our aim for January 2022 is to maintain at least 11.0% of the Principal Capital Index.

10. Risk Management, Internal Controls and Institutional Security

We operate based on policies and processes approved by management, which are materialized in activities associated with risk management, internal controls and institutional security.

Risk Management

The Risk Appetite Statement (RAS), guides BB in our strategic planning, our policies and guidelines related to activities that involve the assumption of risk, directing budget and capital towards sustainable and optimized allocations.

The risk management structure identifies, measures, evaluates, monitors, reports, controls and mitigates risk, in addition to ensuring the continuous improvement of our management. We invested in an Analytics platform, in artificial intelligence and other working models, with matrixed teams and agile methodologies.

In creating and approving the new Specific Climate Risk Management Policy, BB is in line with global performance standards and the regulatory framework on the topic. The development of guidelines for proactive action in risk management favors the fusing of environmental, social and governance (ESG) indicators with business and processes.

The process revisions of the modelled risk management structure and the Reference Model for Lines of Defense (MRLD in the Brazilian acronym) enabled a more agile framework, which improved efficiency and fluidity in our decisions while preserving quality, safety and good governance practices.

Cyber risks are managed in an integrated manner by the Bank, with active participation of Risk Management, Institutional Security, Information Technology and Internal Controls areas, In this context, the Bank permanently assesses our risk exposure footprint and adopts proactive and reactive measures to mitigate those risks. In addition, the Bank invests relevant resources in infrastructure security, in our information technology systems, in the improvement of our processes, as well as provides continuous training to our teams to ensure our operations, as well as our businesses and customer information, are protected. The running of scenarios and impact assessments and the periodic review of the Cyber Incident Prevention and Response Plan, providing important inputs for the continuous improvement of management, are also part of cyber risk management.

Taking into account the increase in the exposure footprint resulting from our strategy of expanding digital tools and channels, and bearing in mind the commitment of Banco do Brasil to strengthening our cyber resilience, not simply to comply with regulatory requirements under CMN Resolution 4,658/2018, but mainly to increase our level of maturity, of international cooperation, and to foster a culture of cybersecurity. The Bank has been taking important initiatives to improve our resilience to and management of cyber risk, which include:

- Perennial cyber resilience testing;
- Strategy to increase the level of maturity in cybersecurity;
- Structuring of a cyber risk management policy;
- Raising the issue to the highest level of Corporate Strategy;
- Strengthening partnerships and cooperation with other financial institutions, government agencies and national; and international companies in the cyber sector; and
- Implementation of culture dissemination and training programs in security and cyber risks.

Internal Controls

Our Internal Controls System (SCI in the Brazilian acronym) is robust, based on the Defense Lines Reference Model to ensure all areas of the Bank have clearly developed competencies and responsibilities, under an integrated and coordinated structure, contributing to effective internal controls and sustainable results.

Initiatives include stronger monitoring of external rules being published (laws, resolutions, ordinances, among others) which, in the midst of the pandemic, showed a significant increase. In this sense, we implemented the “Regulatory Radar” tool, which automatically searches over 400 sources and uses an artificial intelligence (AI) solution, enabling Strategic Units to be more efficient and adopt timely responses to adapt our processes to the most current rules. We have also developed and implemented compliance risk management indicators, ensuring the current status of BB’s compliance function.

Regarding the relationship with our clients and users, we made progress especially due to: (i) the involvement of Higher Management; (ii) dissemination initiatives for the entire workforce; (iii) increasing the quantity and relevance of indicators related to clients in the internal incentive programs; and (iv) defining a methodology for treating vulnerable publics, This perception was ratified by the Central Bank in a semiannual meeting with BB’s higher management.

Still from the perspective of the client’s experience, we created Product Certification, an indicator to assess the quality of the Bank’s various products, from pre-contracting to closing, in order to induce the continued improvement of the solutions offered.

Within the context of digital strategies, among other initiatives we carry out assessments of PIX and Open Banking implementations, with a focus on identifying opportunities and impacts on customer experience, in addition to verifying compliance with current, specific regulations on these matters.

Also with a focus on digital strategy, with the support of product, security and technology managers, we implemented biometrics-based signing personal loan and consortium contracts, and in the delivery and release of account cards, In addition to gains in operational efficiency and agility in serving our customers, electronic signatures will contribute to mitigating operational risks, We estimate a reduction of up to 14 million impressions per year with this measure alone.

For more information on the Internal Controls, Programs and Policies System, please read the Reference Form and the Compliance Program, available on the Investor Relations website (bb,com,br/ri).

Institutional Security

As a result of the WHO having maintained a status of pandemic, the role of the Strategic Crisis Management Group - GEGC (in the Brazilian acronym) and the contingency initiatives for the protection of people (the society and our associates) have intensified and, given the challenging scenario in which the population is feeling anxious and insecure about the future, several initiatives related to the dissemination of information, guidelines and prevention tips that were already underway, have been reinforced. Also in line with the legislation, the Bank adapted to the new Bacen Circulars 3978 and 4001 and ICVM 617 which involved, among other measures, the implementation of new symptoms and revision of the current ones, some of those specific for monitoring emergency resources resulting from the Pandemic and the expansion of identification and authentication of clients and users in cash and self-service terminals.

Special procedures for monitoring environments were implemented to mitigate the risks of incidents and adapt to the new reality, and in addition to reinforcing the guidelines and best practices to ensure the physical well-being of our associates, we implemented live online broadcasts ("lives") as a periodic means of communication and to offer guidance on preventive measures.

Due to the increased use of virtual channels, usability and access to equipment has been upgraded, improving the client experience without prejudice to monitoring initiatives, with the adoption of proactive and reactive measures in cyber risk management.

11. Legal Information

According to criteria defined by the National Micro and Small Business Statute (General Micro and Small Business Law), 95,8% of our corporate clients in the retail segment are classified as micro and small businesses. The volume of resources used by these businesses reached R$32 billion in September/2020. The balance of working capital operations contracted by micro businesses totaled R$3,2 billion and R$22,2 billion for small businesses. Investment operations directed to micro businesses reached R$481,9 million and R$5,9 billion to small businesses.

Independent Audit – CVM Instruction No, 381

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

Non-Audit Agreements with the Independent Auditor

Hiring Company	Hiring Date	Duration	Description of Services
Banco Patagonia S,A,	07/01/2020	11 months	Tax compliance and tax advisory
Banco Patagonia S,A,	07/01/2020	11 months	Tax Consulting
Banco do Brasil AG - Espanha	10/26/2017	35 months	Financial reporting support (CIRBE)
Banco do Brasil AG - Espanha	10/26/2017	35 months	Financial reporting support (FINREP)

1 – Estimated duration in month based on the expected termination date of the agreements,

We contracted Deloitte Touche Tohmatsu Auditores Independentes for provision of services not related to external audit in an amount less than 5% of the total compensation for external audit services. For this evaluation, all agreements in force between Jan/2020 and Sep/2020 have been considered.

Justification of Independent Auditors

In compliance with CVM Instruction 381/2003, we inform that Deloitte Touche Tohmatsu Auditores Independentes did not provide services that could affect their independence, ratified by the compliance of their professionals with the relevant ethical and independence standards, which meet or exceed the standards enacted by IFAC, PCAOB, SEC, AICPA, CFC, CVM, Bacen, Susep, Previc and the other regulatory bodies. These policies and procedures covering areas such as

personal independence, post-employment relations, turnover of professionals, as well as the approval of audit services and other services, are subject to constant monitoring.

Bonds and Securities

In accordance with article 8 of Bacen Letter 3,068/2001, we affirm that we have the intention and the financial capacity to maintain, until maturity, the securities classified in the category "Securities Held to Maturity". Financial capacity is supported by a cash flow projection that does not consider the possibility of selling these securities.

The opening of securities by category and the reclassification of bonds and securities can be found in note 10 – Bonds and Securities and Derivative Financial Instruments, The amounts referring to unrealized gains and losses in the period, related to bonds and securities, are disclosed in note 30 – Risks and Capital Management.

Associated and Subsidiaries Information

In compliance with article 243 of Law 6,404/76, we inform that the company's investments in associated and subsidiary companies are listed in notes 2 – Presentation of Financial Statements and 14 – Investments.

Further Clarifications

I. Fixed investments in the period totaled the amount of R$1,046,5 billion on 3Q20, highlighting the investment in new service points and in improving the ambience of the branches (R$391,1 million) and in information technology (R$616,4 million).

II. We have R$ 1,71 billion (individual) and R$1,73 billion (consolidated) of non-activated tax credits presented in note 22 – Taxes on Individual and Consolidated Financial Statements (subitem "f") due to the requirements established by CMN Resolutions 3,059/02 and 3,355/06.

III. We have recorded in the clearing accounts, according to the rules set out in the Accounting Plan of the Financial institutions (Cosif), the amount of R$11,6 billion resulting from Co-obligations and Risks in Guarantees Provided to clients and companies that are members of Banco do Brasil Conglomerate.

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

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

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

Financial Statements

3rd quarter 2020

BANCO DO BRASIL

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BALANCE SHEET

ASSETS	Note	Banco do Brasil		BB Consolidated	
		Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Cash and cash equivalents	7	**73,212,951**	**69,713,238**	**77,891,341**	**71,936,023**
Financial assets		**1,691,621,813**	**1,407,555,979**	**1,630,970,244**	**1,348,975,603**
Central Bank compulsory reserves	8	62,217,040	65,124,107	62,217,040	65,124,107
Interbank investments	9	628,466,094	445,057,031	537,421,971	367,712,523
Securities	10	240,784,923	192,997,852	254,599,834	202,120,768
Derivative financial instruments	11	5,160,722	823,113	5,179,095	820,935
Loan portfolio	12	654,636,741	610,786,159	668,035,546	621,344,555
Other financial assets	13	100,356,293	92,767,717	103,516,758	91,852,715
(Allowance for losses associated with credit risk)		**(44,343,805)**	**(41,558,545)**	**(44,934,725)**	**(41,995,019)**
(Loan portfolio)	12	(42,116,530)	(39,592,667)	(42,349,863)	(39,799,866)
(Other financial assets)	13	(2,227,275)	(1,965,878)	(2,584,862)	(2,195,153)
Tax assets		**66,497,823**	**67,223,491**	**69,314,570**	**68,835,569**
Current tax assets		7,929,751	8,792,228	9,205,084	9,372,637
Deferred tax assets (tax credit)	22	58,568,072	58,431,263	60,109,486	59,462,932
Investments	14	**32,464,313**	**28,297,912**	**15,489,128**	**14,959,449**
Investments in subsidiaries, associates and joint ventures		32,286,592	28,134,582	15,188,516	14,690,382
Other investments		215,676	183,928	368,542	320,560
(Impairment losses)		(37,955)	(20,598)	(67,930)	(51,493)
Property for use	15	**7,730,126**	**7,698,876**	**7,925,262**	**7,882,695**
Property and equipment		18,972,744	18,183,285	19,392,770	18,554,259
(Accumulated depreciation)		(11,220,242)	(10,462,033)	(11,444,782)	(10,647,816)
(Impairment losses)		(22,376)	(22,376)	(22,726)	(23,748)
Intangible	16	**6,292,368**	**5,784,356**	**6,366,255**	**5,920,549**
Intangible assets		13,528,611	11,759,011	13,672,794	12,033,513
(Accumulated amortization)		(6,226,700)	(4,964,994)	(6,296,995)	(5,103,282)
(Impairment losses)		(1,009,543)	(1,009,661)	(1,009,544)	(1,009,682)
Other assets	13	**6,297,810**	**6,044,802**	**6,901,124**	**4,580,295**
TOTAL ASSETS		**1,839,773,399**	**1,550,760,109**	**1,769,923,199**	**1,481,095,164**

See the accompanying notes to the financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Banco do Brasil		BB Consolidated	
		Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Financial liabilities		**1,656,198,009**	**1,374,118,210**	**1,568,688,063**	**1,286,176,843**
Customers resources	17	549,793,307	473,726,182	569,872,093	485,002,305
Financial institutions resources	18	775,438,465	605,979,736	672,312,448	512,689,942
Funds from issuance of securities	19	216,859,300	209,499,082	215,587,645	206,330,526
Derivative financial instruments	11	7,177,475	3,050,673	5,012,031	961,612
Other financial liabilities	20	106,929,462	81,862,537	105,903,846	81,192,458
Provisions	21	**30,764,784**	**30,219,601**	**31,659,880**	**30,734,619**
Provisions for tax, civil and labor claims		25,738,660	25,239,763	26,239,800	25,480,105
Other provisions		5,026,124	4,979,838	5,420,080	5,254,514
Tax liabilities		**10,467,474**	**9,798,845**	**13,663,149**	**12,571,121**
Current tax libilities		7,874,191	7,877,064	10,646,947	10,501,481
Deferred tax libilities	22	2,593,283	1,921,781	3,016,202	2,069,640
Other liabilities	20	**30,254,896**	**37,727,454**	**33,578,443**	**43,047,687**
Shareholders' equity	23	**112,088,236**	**98,895,999**	**122,333,664**	**108,564,894**
Capital	23.b	90,000,000	67,000,000	90,000,000	67,000,000
Instruments qualifying as common equity tier 1 capital	23.c	--	--	8,100,000	8,100,000
Capital reserves	23.e	1,398,436	1,365,081	1,399,891	1,366,443
Revaluation reserves	23.d	2,057	2,169	2,057	2,169
Profit reserves	23.e	34,860,401	54,134,135	34,590,726	53,814,656
Other comprehensive income	23.i	(16,932,283)	(23,280,948)	(16,932,283)	(23,282,394)
Retained earnings/accumulated losses		3,038,876	--	3,038,876	--
(Treasury shares)	23.m	(279,251)	(324,438)	(280,706)	(339,636)
Non-controlling interests	23.j	--	--	2,415,103	1,903,656
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,839,773,399**	**1,550,760,109**	**1,769,923,199**	**1,481,095,164**

See the accompanying notes to the financial statements.

STATEMENT OF INCOME

	Note	Banco do Brasil				BB Consolidated			
		3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
INCOME FROM FINANCIAL INTERMEDIATION		**26,328,148**	**37,570,669**	**103,452,864**	**100,535,418**	**26,616,669**	**37,796,810**	**103,714,786**	**100,555,412**
Loan portfolio	12.b	19,947,168	22,575,415	70,062,791	61,832,266	20,723,782	23,327,797	72,191,237	63,617,999
Interbank investments	9.b	4,079,705	8,939,777	15,126,850	26,428,962	2,888,122	7,716,373	11,273,812	22,746,352
Securities	10.b	1,870,175	3,795,127	12,874,615	8,798,198	2,526,525	4,357,976	14,743,618	10,373,095
Derivative financial instruments	11.b	507,314	1,100,617	4,344,891	933,590	529,743	1,175,996	4,493,870	1,117,431
Reserve requirement	8.b	266,169	602,017	1,070,634	1,834,377	266,169	602,017	1,070,634	1,834,377
Other financial assets	13.d	(342,383)	557,716	(26,917)	708,025	(317,672)	616,651	(58,385)	866,158
EXPENSES FROM FINANCIAL INTERMEDIATION		**(13,813,300)**	**(27,406,870)**	**(72,894,606)**	**(64,336,665)**	**(12,338,462)**	**(25,456,809)**	**(64,269,858)**	**(60,580,215)**
Financial institutions resources	18.d	(8,638,324)	(17,914,266)	(53,470,253)	(37,375,684)	(6,664,308)	(15,474,298)	(43,616,097)	(32,206,950)
Customers resources	17.c	(2,934,023)	(6,154,860)	(10,703,318)	(17,923,267)	(3,395,460)	(6,638,028)	(11,810,410)	(19,334,639)
Funds from issuance of securities	19.e	(1,720,738)	(2,537,633)	(5,774,836)	(7,729,555)	(1,778,788)	(2,607,864)	(5,959,814)	(7,791,500)
Other funding expenses	20.c	(520,215)	(800,111)	(2,946,199)	(1,308,159)	(499,906)	(736,619)	(2,883,537)	(1,247,126)
ALLOWANCE FOR LOSSES ASSOCIATED WITH CREDIT RISK		**(6,616,248)**	**(5,095,740)**	**(19,220,545)**	**(14,762,713)**	**(6,716,145)**	**(5,156,389)**	**(19,377,557)**	**(14,690,211)**
Loan portfolio	12.f	(6,577,054)	(4,982,047)	(18,957,680)	(15,091,938)	(6,574,533)	(5,037,239)	(18,993,409)	(14,944,046)
Other financial assets	13.b	(39,194)	(113,693)	(262,865)	329,225	(141,612)	(119,150)	(384,148)	253,835
NET INCOME FROM FINANCIAL INTERMEDIATION		**5,898,600**	**5,068,059**	**11,337,713**	**21,436,040**	**7,562,062**	**7,183,612**	**20,067,371**	**25,284,986**
OTHER OPERATING INCOME/EXPENSES		**(2,348,135)**	**(302,909)**	**(2,785,217)**	**(4,080,457)**	**(2,527,773)**	**(2,567,676)**	**(7,559,173)**	**(5,446,666)**
Service fee income	24	4,788,840	5,096,832	14,349,696	14,883,180	7,280,554	7,466,391	21,312,928	21,700,668
Personnel expenses	25	(4,781,275)	(4,797,291)	(13,974,258)	(13,930,896)	(5,175,699)	(5,133,957)	(15,102,778)	(14,921,055)
Other administrative expenses	26	(3,183,678)	(3,150,600)	(9,494,753)	(9,254,210)	(3,220,160)	(3,204,130)	(9,618,586)	(9,379,651)
Tax expenses	22.c	(964,363)	(665,248)	(2,596,621)	(2,512,742)	(1,314,531)	(1,021,448)	(3,606,080)	(3,534,398)
Net gains from equity method investments	14.a	2,505,868	4,697,557	11,151,870	8,593,833	781,781	1,027,550	2,171,023	3,066,887
Other operating income/expenses	27	(713,527)	(1,484,159)	(2,221,151)	(1,859,622)	(879,718)	(1,702,082)	(2,715,680)	(2,379,117)
PROVISIONS	**21.d**	**(801,271)**	**(1,976,473)**	**(2,419,242)**	**(7,621,655)**	**(1,053,156)**	**(2,047,564)**	**(2,708,774)**	**(7,719,668)**
Tax, civil and labor claims		(667,810)	(2,045,464)	(2,199,915)	(7,694,524)	(919,332)	(2,116,653)	(2,489,898)	(7,793,364)
Other provisions		(133,461)	68,991	(219,327)	72,869	(133,824)	69,089	(218,876)	73,696
OPERATING INCOME		**2,749,194**	**2,788,677**	**6,133,254**	**9,733,928**	**3,981,133**	**2,568,372**	**9,799,424**	**12,118,652**
NET NON-OPERATING INCOME		**(2,570)**	**(10,796)**	**9,030**	**26,816**	**42,926**	**3,563,546**	**157,496**	**3,618,190**
PROFIT BEFORE TAXATION AND PROFIT SHARING		**2,746,624**	**2,777,881**	**6,142,284**	**9,760,744**	**4,024,059**	**6,131,918**	**9,956,920**	**15,736,842**
INCOME TAX AND SOCIAL CONTRIBUTION	**22.a**	**688,180**	**1,933,669**	**4,465,902**	**4,118,520**	**(103,634)**	**(125,153)**	**1,972,131**	**354,306**
EMPLOYEE AND DIRECTORS PROFIT SHARING		**(397,328)**	**(549,814)**	**(1,222,852)**	**(1,597,656)**	**(397,358)**	**(551,800)**	**(1,226,540)**	**(1,603,525)**
NON-CONTROLLING INTERESTS	**23.j**	**--**	**--**	**--**	**--**	**(438,165)**	**(1,198,825)**	**(1,204,180)**	**(2,019,390)**
NET INCOME		**3,037,476**	**4,161,736**	**9,385,334**	**12,281,608**	**3,084,902**	**4,256,140**	**9,498,331**	**12,468,233**
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS									
Shareholders of the bank		3,037,476	4,161,736	9,385,334	12,281,608	3,084,902	4,256,140	9,498,331	12,468,233
Non-controlling interests		--	--	--	--	438,165	1,198,825	1,204,180	2,019,390
EARNINGS PER SHARE	**23.f**								
Weighted average number of shares - basic		2,852,656,791	2,787,130,436	2,852,229,008	2,786,670,009				
Weighted average number of shares - diluted		2,852,321,221	2,786,770,907	2,852,014,936	2,786,381,529				
Basic and diluted earnings per share (R$)		1.06	1.49	3.29	4.41				

STATEMENT OF COMPREHENSIVE INCOME

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Net income attributable to controlling interests	**3,037,476**	**4,161,736**	**9,385,334**	**12,281,608**	**3,084,902**	**4,256,140**	**9,498,331**	**12,468,233**
Net income attributable to non-controlling interests	--	--	--	--	438,165	1,198,825	1,204,180	2,019,390
Net income attributable to shareholders	**3,037,476**	**4,161,736**	**9,385,334**	**12,281,608**	**3,523,067**	**5,454,965**	**10,702,511**	**14,487,623**
Items that may be subsequently reclassified to the Statement of Income								
Financial assets available for sale	**69,189**	**574,126**	**(369,975)**	**1,899,889**	**38,052**	**634,888**	**(574,132)**	**1,949,727**
Unrealized gains/(losses) on financial assets available for sale	(1,169,333)	279,952	(2,336,648)	2,195,074	(1,226,280)	395,451	(2,726,540)	2,274,747
Realized (gains)/losses on financial assets available for sale - reclassified to profit or loss	804,314	523,856	1,592,039	424,623	793,887	510,994	1,623,069	405,700
Tax effect	434,208	(229,682)	374,634	(719,808)	470,445	(271,557)	529,339	(730,720)
Share in the comprehensive income of subsidiaries, associates and joint ventures	**108,867**	**67,398**	**(115,319)**	**104,999**	**110,838**	**23,245**	**63,638**	**63,363**
Unrealized gains/(losses) on financial assets available for sale	125,813	112,305	(254,729)	202,911	144,579	39,866	61,170	157,074
Unrealized gains/(losses) on cash flow hedge	63,451	(20,523)	78,324	(78,285)	63,451	(20,523)	78,324	(78,285)
Unrealized gains/(losses) on other comprehensive income	--	--	6,787	(2,415)	--	--	6,787	(2,415)
Tax effect	(80,397)	(24,384)	54,299	(17,212)	(97,192)	3,902	(82,643)	(13,011)
Foreign currency exchange adjustments	**(80,593)**	**(338,849)**	**433,177**	**(577,142)**	**(100,934)**	**(410,082)**	**479,610**	**(699,672)**
Items that will not be subsequently reclassified to the Statement of Income								
Defined benefit pension plans	**4,759,994**	**--**	**6,400,782**	**(6,300,688)**	**4,759,994**	**--**	**6,400,782**	**(6,300,688)**
Gains/(losses) related to remeasurement of defined benefit pension plans	8,654,534	--	11,639,229	(10,504,518)	8,654,534	--	11,639,229	(10,504,518)
Tax effect	(3,894,540)	--	(5,238,447)	4,203,830	(3,894,540)	--	(5,238,447)	4,203,830
Other comprehensive income net of tax effects	**4,857,457**	**302,675**	**6,348,665**	**(4,872,942)**	**4,807,950**	**248,051**	**6,369,898**	**(4,987,270)**
Comprehensive income	**7,894,933**	**4,464,411**	**15,733,999**	**7,408,666**	**8,331,017**	**5,703,016**	**17,072,409**	**9,500,353**
Comprehensive income attributable to controlling interests	**7,894,933**	**4,464,411**	**15,733,999**	**7,408,666**	**7,942,359**	**4,558,815**	**15,848,442**	**7,595,291**
Comprehensive income attributable to non-controlling interests	**--**	**--**	**--**	**--**	**388,658**	**1,144,201**	**1,223,967**	**1,905,062**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Banco do Brasil										
	Note	Capital	Capital reserves	Revaluation reserves	Profit reserves		Other comprehensive income	Treasury shares	Retained earnings/ accumulated losses	Total
					Legal reserve	Statutory reserves				
Balances at Dec 31, 2018		**67,000,000**	**13,468**	**2,240**	**7,738,497**	**35,221,664**	**(16,154,116)**	**(1,832,207)**	**--**	**91,989,546**
Accumulated other comprehensive income of financial instruments, net of taxes	23.i	--	--	--	--	--	2,053,462	--	--	2,053,462
Accumulated other comprehensive income - benefit plans, net of taxes	23.i	--	--	--	--	--	(6,302,283)	--	--	(6,302,283)
Foreign exchange variation of investments abroad	23.i	--	--	--	--	--	(577,142)	--	--	(577,142)
Cash flow hedge	23.i	--	--	--	--	--	(46,979)	--	--	(46,979)
Share-based payment transactions		--	44,705	--	--	--	--	36,258	--	80,963
Expired dividends and interest on own capital		--	--	--	--	--	--	--	4,749	4,749
Realization of revaluation reserve in associates and subsidiaries	23.d	--	--	(53)	--	--	--	--	53	--
Net income	23.h	--	--	--	--	--	--	--	12,281,608	12,281,608
Allocation - Reserves		--	--	--	405,993	7,250,681	--	--	(7,656,674)	--
- Interest on own capital	23.g	--	--	--	--	(4,519,734)	--	--	(467,976)	(4,987,710)
Balances at Sep 30, 2019		**67,000,000**	**58,173**	**2,187**	**8,144,490**	**37,952,611**	**(21,027,058)**	**(1,795,949)**	**4,161,760**	**94,496,214**
Changes in the period		**--**	**44,705**	**(53)**	**405,993**	**2,730,947**	**(4,872,942)**	**36,258**	**4,161,760**	**2,506,668**
Balances at Dec 31, 2019		**67,000,000**	**1,365,081**	**2,169**	**8,633,464**	**45,500,671**	**(23,280,948)**	**(324,438)**	**--**	**98,895,999**
Capital increase - capitalization of reserves	23.b	23,000,000	--	--	--	(23,000,000)	--	--	--	--
Accumulated other comprehensive income of financial instruments, net of taxes	23.i	--	--	--	--	--	(532,684)	--	--	(532,684)
Accumulated other comprehensive income - benefit plans, net of taxes	23.i	--	--	--	--	--	6,405,597	--	--	6,405,597
Foreign exchange variation of investments abroad	23.i	--	--	--	--	--	433,177	--	--	433,177
Cash flow hedge	23.i	--	--	--	--	--	42,575	--	--	42,575
Share-based payment transactions		--	32,536	--	--	--	--	45,187	--	77,723
Subsequent offering of shares (follow on)		--	819	--	--	--	--	--	--	819
Expired dividends and interest on own capital		--	--	--	--	--	--	--	2,977	2,977
Realization of revaluation reserve in associates and subsidiaries	23.d	--	--	(112)	--	--	--	--	112	--
Net income	23.h	--	--	--	--	--	--	--	9,385,334	9,385,334
Allocation - Reserves		--	--	--	317,393	5,862,066	--	--	(6,179,459)	--
- Interest on own capital	23.g	--	--	--	--	(2,453,193)	--	--	(170,088)	(2,623,281)
Balances at Sep 30, 2020		**90,000,000**	**1,398,436**	**2,057**	**8,950,857**	**25,909,544**	**(16,932,283)**	**(279,251)**	**3,038,876**	**112,088,236**
Changes in the period		**23,000,000**	**33,355**	**(112)**	**317,393**	**(19,591,127)**	**6,348,665**	**45,187**	**3,038,876**	**13,192,237**

See the accompanying notes to the financial statements.

BB Consolidated												
	Note	Capital	Instruments qualifying to common equity tier 1 Capital	Capital reserves	Revaluation reserves	Profit reserves		Other comprehensive income	Treasury shares	Retained earnings/accumulated losses	Non-controlling interest	Total
						Legal reserve	Statutory reserves					
Balances at Dec 31, 2018		**67,000,000**	**8,100,000**	**14,692**	**2,240**	**7,738,497**	**34,874,085**	**(16,154,116)**	**(1,833,431)**	**--**	**2,510,915**	**102,252,882**
Accumulated other comprehensive income of financial instruments, net of taxes	23.i	--	--	--	--	--	--	2,053,462	--	--	--	2,053,462
Accumulated other comprehensive income - benefit plans, net of taxes	23.i	--	--	--	--	--	--	(6,302,283)	--	--	--	(6,302,283)
Foreign exchange variation of investments abroad	23.i	--	--	--	--	--	--	(577,142)	--	--	--	(577,142)
Cash flow hedge	23.i	--	--	--	--	--	--	(46,979)	--	--	--	(46,979)
Share-based payment transactions		--	--	44,843	--	--	--	--	36,120	--	--	80,963
Expired dividend/interest on own capital		--	--	--	--	--	--	--	--	4,749	--	4,749
Realization of revaluation reserve in associates and subsidiaries	23.d	--	--	--	(53)	--	--	--	--	53	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	1,138,374	1,138,374
Net income	23.h	--	--	--	--	--	--	--	--	12,468,233	--	12,468,233
Interest on instruments qualifying to common equity		--	--	--	--	--	--	--	--	(187,668)	--	(187,668)
Unrealized gains		--	--	--	--	--	(1,043)	--	--	1,043	--	--
Allocation - Reserves		--	--	--	--	405,993	7,250,681	--	--	(7,656,674)	--	--
- Interest on own capital	23.g	--	--	--	--	--	(4,519,734)	--	--	(467,976)	--	(4,987,710)
Balances at Sep 30, 2019		**67,000,000**	**8,100,000**	**59,535**	**2,187**	**8,144,490**	**37,603,989**	**(21,027,058)**	**(1,797,311)**	**4,161,760**	**3,649,289**	**105,896,881**
Changes in the period		**--**	**--**	**44,843**	**(53)**	**405,993**	**2,729,904**	**(4,872,942)**	**36,120**	**4,161,760**	**1,138,374**	**3,643,999**
Balances at Dec 31, 2019		**67,000,000**	**8,100,000**	**1,366,443**	**2,169**	**8,633,464**	**45,181,192**	**(23,282,394)**	**(339,636)**	**--**	**1,903,656**	**108,564,894**
Capital increase - capitalization of reserves	23.b	23,000,000	--	--	--	--	(23,000,000)	--	--	--	--	--
Accumulated other comprehensive income of financial instruments, net of taxes	23.i	--	--	--	--	--	--	(531,238)	--	--	--	(531,238)
Accumulated other comprehensive income - benefit plans, net of taxes	23.i	--	--	--	--	--	--	6,405,597	--	--	--	6,405,597
Foreign exchange variation of investments abroad	23.i	--	--	--	--	--	--	433,177	--	--	--	433,177
Cash flow hedge	23.i	--	--	--	--	--	--	42,575	--	--	--	42,575
Share-based payment transactions		--	--	32,629	--	--	--	--	45,094	--	--	77,723
Expired dividend/interest on own capital		--	--	--	--	--	--	--	--	2,977	--	2,977
Disposal of treasury shares (follow on)		--	--	819	--	--	--	--	13,836	--	--	14,655
Realization of revaluation reserve in associates and subsidiaries	23.d	--	--	--	(112)	--	--	--	--	112	--	--
Change in noncontrolling interest		--	--	--	--	--	--	--	--	--	511,447	511,447
Net income	23.h	--	--	--	--	--	--	--	--	9,498,331	--	9,498,331
Interest on instruments qualifying to common equity		--	--	--	--	--	--	--	--	(63,193)	--	(63,193)
Unrealized gains		--	--	--	--	--	49,804	--	--	(49,804)	--	--
Allocation - Reserves		--	--	--	--	317,393	5,862,066	--	--	(6,179,459)	--	--
- Interest on own capital	23.g	--	--	--	--	--	(2,453,193)	--	--	(170,088)	--	(2,623,281)
Balances at Sep 30, 2020		**90,000,000**	**8,100,000**	**1,399,891**	**2,057**	**8,950,857**	**25,639,869**	**(16,932,283)**	**(280,706)**	**3,038,876**	**2,415,103**	**122,333,664**
Changes in the period		**23,000,000**	**--**	**33,448**	**(112)**	**317,393**	**(19,541,323)**	**6,350,111**	**58,930**	**3,038,876**	**511,447**	**13,768,770**

See the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

	Note	Banco do Brasil		BB Consolidated	
		Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Cash flows from operating activities					
Income before taxation and profit sharing		**6,142,284**	**9,760,744**	**9,956,920**	**15,736,842**
Adjustments to income before taxation and profit sharing		**27,768,561**	**14,346,815**	**31,347,696**	**15,824,139**
Provision for credit losses	12 and 13	19,220,545	14,762,713	19,377,557	14,690,211
Depreciation and amortization		2,273,688	2,106,818	2,316,657	2,115,540
Exchange (gain) loss on the conversion of assets and liabilities into foreign currency		22,065,201	(717,151)	22,700,774	(4,312)
(Reversal) expenses from impairment		17,723	982,690	16,681	983,757
Share of (earnings) losses of subsidiaries, associates and joint ventures	14.a	(5,582,242)	(8,593,833)	(2,171,023)	(3,066,887)
(Gain) loss on the disposal of assets		(47,491)	(47,991)	(53,752)	(91,790)
Capital (gain) loss		39,148	47,132	(121,378)	(3,502,980)
(Reversal) provision for devaluation of other assets		10,882	2,521	10,902	2,578
Amortization of goodwill	14.d	21,368	29,405	21,368	169,135
Tax, civil and labor lawsuits provisions	21.d	2,199,915	6,417,203	2,489,898	6,472,359
Adjustment of actuarial assets/liabilities and surplus allocation funds		1,021,959	(333,834)	1,021,959	(333,834)
Commissions income deferred		--	--	(185,879)	(272,777)
Effect of changes in foreign exchange rates in cash and cash equivalents		(13,477,268)	(1,921,110)	(14,079,722)	(752,940)
Other adjustments		5,133	1,612,252	3,654	(583,921)
Income adjusted before taxation and profit sharing		**33,910,845**	**24,107,559**	**41,304,616**	**31,560,981**
Changes in assets and liabilities		**8,745,500**	**34,536,619**	**16,605,721**	**27,978,749**
(Increase) decrease in central bank compulsory reserves		2,907,067	(1,262,861)	2,907,067	(2,157,861)
(Increase) decrease in short-term interbank investments		(183,409,064)	(36,864,901)	(169,709,448)	(28,253,677)
(Increase) decrease in trading securities		88,596	629,468	(722,929)	(361,779)
(Increase) decrease in derivatives		(210,806)	(1,649,662)	(307,741)	(771,590)
(Increase) decrease in loans, net of provision		(45,005,648)	(1,558,537)	(47,848,623)	1,557,617
(Increase) decrease in other financial assets		1,260,731	2,757,782	559,240	(1,998,531)
(Increase) decrease in other assets		(5,324,598)	112,023	(1,599,039)	3,500,166
Income tax and social contribution paid		(37,213)	(321,994)	(2,909,688)	(4,201,343)
(Decrease) increase in customer resources		77,411,886	26,815,076	86,214,549	23,862,152
(Decrease) increase in financial institution resources		139,386,184	29,909,363	135,119,589	22,677,170
(Decrease) increase in funds from issuance of securities		(765,179)	94,153	1,384,125	1,155,584
(Decrease) increase in other financial liabilities		21,367,456	11,657,965	12,627,573	9,471,612
(Decrease) increase in other liabilities		1,076,088	4,218,744	891,046	3,499,229
CASH PROVIDED BY OPERATING ACTIVITIES		**42,656,345**	**58,644,178**	**57,910,337**	**59,539,730**
Cash flows from investing activities					
Purchase of securities available for sale		(124,488,773)	(121,617,524)	(135,827,203)	(122,754,214)
Disposal of securities available for sale		79,761,908	86,278,729	87,722,874	88,522,550
Purchase of securities held to maturity		(3,859,063)	(740,401)	(4,474,798)	(398,036)
Disposal of securities held to maturity		340,288	1,672,761	340,288	496,349
Dividends received from associates and joint ventures		6,799,508	7,088,032	1,842,657	1,873,702
Purchase of property and equipment		(1,051,291)	(847,245)	(1,086,281)	(870,139)
Disposal of property and equipment		74,195	53,400	68,590	54,842
Acquisition of investments		--	(895,000)	(12,750)	--
Disposal of investments		--	--	2,625	--
Purchase of intangible assets		(1,729,323)	(719,415)	(1,722,562)	(727,150)
Cash received on BB Seguridade's capital decrease		1,791,795	--	--	--
Redemption of preferred shares of UBS BB	5.a	--	--	145,000	--
Net cash received on disposal of IRB – Brasil Resseguros S.A.	5.b	--	--	--	4,181,779
Net cash received on disposal of Neoenergia S.A.		--	--	--	1,732,689
CASH USED IN INVESTING ACTIVITIES		**(42,360,756)**	**(29,726,663)**	**(53,001,560)**	**(27,887,628)**
Cash flows from financing activities					
(Decrease) increase in subordinated debts		(4,939,942)	(8,255,864)	(4,935,908)	(8,258,310)
(Decrease) increase in equity and debt hybrid securities		(2,023,146)	2,388,695	(2,023,296)	2,400,620
(Acquisition) disposal of treasury shares		--	36,258	15,268	36,120
Dividends paid to non-controlling shareholders		--	--	(1,871,080)	--
Interest on own capital paid		(3,310,056)	(5,577,849)	(3,310,056)	(5,577,849)
Amount paid to non controlling interests due to BB Seguridade's capital decrease		--	--	(908,109)	--
CASH USED IN FINANCING ACTIVITIES		**(10,273,144)**	**(11,408,760)**	**(13,033,181)**	**(11,399,419)**
Net variation of cash and cash equivalents		**(9,977,555)**	**17,508,755**	**(8,124,404)**	**20,252,683**
At the beginning of the period		69,713,238	56,063,399	71,936,023	60,335,451
Effect of changes in foreign exchange rates in cash and cash equivalents		13,477,268	1,921,110	14,079,722	752,940
At the end of the period		73,212,951	75,493,264	77,891,341	81,341,074
Increase (decrease) in cash and cash equivalents		**(9,977,555)**	**17,508,755**	**(8,124,404)**	**20,252,683**

See the accompanying notes to the financial statements.

STATEMENT OF VALUE ADDED

	Note	Banco do Brasil				BB Consolidated			
		Jan 1 to Sep 30, 2020		Jan 1 to Sep 30, 2019		Jan 1 to Sep 30, 2020		Jan 1 to Sep 30, 2019	
Income		**94,431,447**		**94,671,758**		**100,777,091**		**102,436,112**	
Income from financial intermediation		103,452,864		100,535,418		103,714,786		100,555,412	
Service fee income		14,349,696		14,883,180		21,312,928		21,700,668	
Allowance for losses associated with credit risk		(19,220,545)		(14,762,713)		(19,377,557)		(14,690,211)	
Capital gains		6,124		9,949		167,637		3,720,578	
Other income/(expenses)		(4,156,692)		(5,994,076)		(5,040,703)		(8,850,335)	
Expenses from financial intermediation		**(72,894,606)**		**(64,336,665)**		**(64,269,858)**		**(60,580,215)**	
Inputs purchased from third parties		**(5,528,124)**		**(5,532,572)**		**(5,450,055)**		**(5,430,401)**	
Materials, water, electric and gas	26	(392,572)		(432,152)		(412,181)		(452,828)	
Expenses with outsourced services	26	(661,193)		(601,542)		(730,594)		(652,969)	
Communications	26	(509,031)		(530,590)		(554,817)		(565,559)	
Data processing	26	(589,295)		(585,059)		(329,825)		(331,258)	
Transport	26	(611,370)		(568,380)		(652,604)		(617,371)	
Security services	26	(842,466)		(839,338)		(865,738)		(858,726)	
Financial system services	26	(598,169)		(545,537)		(671,409)		(600,945)	
Advertising and marketing	26	(259,683)		(296,751)		(266,283)		(316,130)	
Maintenance and upkeep	26	(713,450)		(742,341)		(546,462)		(566,800)	
Other		(350,895)		(390,882)		(420,142)		(467,815)	
Gross added value		**16,008,717**		**24,802,521**		**31,057,178**		**36,425,496**	
Depreciation and amortization	26	(2,295,056)		(2,136,223)		(2,338,025)		(2,281,259)	
Value added produced by entity		**13,713,661**		**22,666,298**		**28,719,153**		**34,144,237**	
Value added received through transfer		**11,151,870**		**8,593,833**		**2,171,023**		**3,066,887**	
Net gains from equity method investments		11,151,870		8,593,833		2,171,023		3,066,887	
Added value to distribute		**24,865,531**	**100.00%**	**31,260,131**	**100.00%**	**30,890,176**	**100.00%**	**37,211,124**	**100.00%**
Value added distributed		**24,865,531**	**100.00%**	**31,260,131**	**100.00%**	**30,890,176**	**100.00%**	**37,211,124**	**100.00%**
Personnel		**14,701,224**	**59.12%**	**15,806,124**	**50.56%**	**15,784,259**	**51.10%**	**16,744,619**	**45.00%**
Salaries and fees		8,937,949		10,124,301		9,764,749		10,843,262	
Employee and directors profit sharing		1,222,852		1,597,656		1,226,540		1,603,525	
Benefits and staff training		2,533,840		2,323,780		2,643,938		2,423,206	
FGTS (Government severance indemnity fund for employees)		523,951		544,077		543,852		564,176	
Other charges		1,482,632		1,216,310		1,605,180		1,310,450	
Taxes, rates and contributions		**(179,695)**	**(0.72%)**	**2,212,975**	**7.08%**	**3,385,757**	**10.96%**	**4,973,520**	**13.37%**
Federal		(984,877)		1,379,923		2,144,312		3,695,904	
State		626		1,055		626		1,055	
Municipal		804,556		831,997		1,240,819		1,276,561	
Interest on third parties' capital		**958,668**	**3.86%**	**959,424**	**3.07%**	**1,017,649**	**3.29%**	**1,005,362**	**2.70%**
Rent	26	958,668		959,424		1,017,649		1,005,362	
Interest on own capital		**9,385,334**	**37.74%**	**12,281,608**	**39.29%**	**10,702,511**	**34.65%**	**14,487,623**	**38.93%**
Federal government's interest on own capital		1,311,641		2,530,035		1,311,641		2,530,035	
Other shareholders' interest on own capital		1,311,640		2,457,675		1,311,640		2,457,675	
Interest on the instrument eligible to the federal government's common equity tier 1 capital		--		--		63,194		187,669	
Retained earnings		6,762,053		7,293,898		6,811,856		7,292,854	
Non-controlling interest in retained earnings		--		--		1,204,180		2,019,390	

See the accompanying notes to the financial statements.

1 - THE BANK AND ITS OPERATIONS

Banco do Brasil S.A. (Banco do Brasil or the Bank) is a publicly-traded company, which explores economic activity pursuant to art. 173 of the Brazilian Federal Constitution, subject to the rules of Brazilian Corporate Law, and is governed by Laws 4,595/1964, 13,303/2016 and the respective ruling Decree. The Brazilian Federal Government controls the Bank. Its headquarters and domicile are located at Setor de Autarquias Norte, Quadra 5, Lote B, Edifício Banco do Brasil, Brasília, Federal District, Brazil.

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

The Bank is a multiple bank with operations throughout the national territory; it also develops activities in important global financial centers. The Bank's business activities include the following:

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

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

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

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

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

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

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

More information about the subsidiaries is included in Note 2, while Note 6 contains a description of the Bank's business segments.

2 - PRESENTATION OF FINANCIAL STATEMENTS

a) Statement of compliance

These financial statements have been prepared in accordance with accounting practices adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil (Bacen), including accounting guidelines issued by the Brazilian Corporate Law in compliance with the rules and instructions of the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM), when applicable. All relevant information specific to the financial statements is disclosed and corresponds to that used by Management in its administration.

These individual and consolidated financial statements were approved by the Executive Board of Directors and authorized for issuance on November 3, 2020.

b) Functional and presentation currency

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

c) Going concern

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

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

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

d) Changes in accounting policies

These individual and consolidated financial statements were prepared using the same policies and accounting methods used to prepare the individual and consolidated financial statements for the year ended December 31, 2019.

e) Changes in the presentation of the individual and consolidated financial statements

The CMN Resolution 4,720/2019 and its complementary regulations, changed, as of January 1st, 2020, the general criteria for preparation and disclosure of financial statements. Based on that Resolution and Bacen Circular 3,959/2019, the Bank changed the disclosure of its Financial Statements to comply with the respective Circular. Among other changes, the Bank highlights:

Balance Sheet

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

Statement of Income

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

Notes to the Financial Statements

Readjustment of the presentation structure of the Notes to the Financial Statements due to the adoption of new nomenclatures and groupings of equity and income items. Inclusion of Note 4 - Main accounting judgments and estimates.

Other Information

The Bank did not adopt the prerogative of CMN Resolution 4,720/2019 to prepare condensed interim financial statements and disclosure with selected notes. Also in accordance with the Resolution, the Statement of Comprehensive Income (DRA) is being disclosed as a mandatory financial statement.

In compliance with Bacen Circular 3,959/2019, the Bank is presenting leasing portfolio at present value of the total amounts to be receivable, including the allowance for losses associated with credit risk. The Bank also observed CPC 41 to calculate earnings per share.

f) Consolidated financial statements

The consolidated financial statements include the Bank's operations performed by their domestic and abroad agencies, and the operations of its controlled entities. The consolidated financial statements reflect assets, liabilities, income and expenses of Banco do Brasil and its controlled entities, in accordance with CPC 36 (R3) - Consolidated financial statements.

In the preparation of the consolidated financial statements, amounts resulting from transactions between consolidated companies, including the equity interest held by one in another, balances, revenues, expenses and unrealized profits, net of tax effects, were eliminated. Non-controlling interest in net equity and in income were separately disclosed in the financial statements. The profit and loss with foreign exchange from branches operations are presented in the groupings of income in which the charges and income on these transactions are recognized. The foreign exchange profit and loss on abroad investments are presented in the grouping of Borrowings and onlendings, in order to eliminate the effect of protection for the exchange rate fluctuations of these investments.

In the consolidated financial statements, there was a reclassification of the Instrument qualifying as CET1 - hybrid capital and debt instrument to Shareholder's equity. This adjustment is also performed in the Prudential Conglomerate financial statement and to the financial stament prepared according to the IFRS, in order to improve the quality and transparency of these consolidated financial statements.

Equity interest included in the consolidated financial statements, segregated by business segments:

	Activity	Functional currency	Sep 30, 2020	Dec 31, 2019
			% of Total Share	
Banking segment				
Banco do Brasil AG	Banking	Real	100.00%	100.00%
BB Leasing S.A. - Arrendamento Mercantil	Leasing	Real	100.00%	100.00%
BB Securities Asia Pte. Ltd.	Broker	Real	100.00%	100.00%
Banco do Brasil Securities LLC.	Broker	Real	100.00%	100.00%
BB Securities Ltd.	Broker	Real	100.00%	100.00%
BB USA Holding Company, Inc.	Holding	Real	100.00%	100.00%
BB Cayman Islands Holding	Holding	Real	100.00%	100.00%
Banco do Brasil Americas	Banking	American Dollar	100.00%	100.00%
Banco Patagonia S.A.	Banking	Argentinian Peso	80.39%	80.39%
Investment segment				
BB Banco de Investimento S.A.	Investment bank	Real	100.00%	100.00%
Segment of fund management				
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	Asset management	Real	100.00%	100.00%
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	Asset management	Real	99.62%	99.62%
Segment of insurance. private pension fund and capitalization				
BB Seguridade Participações S.A. (1)	Holding	Real	66.36%	66.36%
BB Corretora de Seguros e Administradora de Bens S.A. (1)	Broker	Real	66.36%	66.36%
BB Seguros Participações S.A. (1)	Holding	Real	66.36%	66.36%
Segment of payment methods				
BB Administradora de Cartões de Crédito S.A.	Service rendering	Real	100.00%	100.00%
BB Elo Cartões Participações S.A.	Holding	Real	100.00%	100.00%
Other segments				
Ativos S.A. Securitizadora de Créditos Financeiros	Credits acquisition	Real	100.00%	100.00%
Ativos S.A. Gestão de Cobrança e Recuperação de Crédito	Credits acquisition	Real	100.00%	100.00%
BB Administradora de Consórcios S.A.	Consortium	Real	100.00%	100.00%
BB Tur Viagens e Turismo Ltda. (2)	Tourism	Real	100.00%	100.00%
BB Asset Management Ireland Limited	Credits acquisition	Real	100.00%	100.00%
BB Tecnologia e Serviços (1)	IT	Real	99.99%	99.99%

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

(2) The financial statements refers to August/2020.

The consolidated financial statements also include securitization vehicles and investment funds controlled by the Bank, directly or indirectly, described below:

Dollar Diversified Payment Rights Finance Company (SPE Dollar)

SPE Dollar was organized under the laws of the Cayman Islands for the following purposes:

(i) fund raising by issuance of securities in the international market;

(ii) use of resources obtained by issuing securities to pay for the purchase, with the Bank, of the rights to payment orders issued by banking correspondents located in the U.S. and by the agency of BB New York, in U.S. dollars, for any agency in Brazil (Rights on Consignment); and

(iii) making payments of principal and interest on securities issued and other payments defined in the contract of issuance of these securities.

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

Loans Finance Company Limited (SPE Loans)

SPE Loans was organized organized under the laws of the Cayman Islands for the following purposes:

(i) fund raising by issuance of securities in the international market;

(ii) closing and booking repurchase agreements with the Bank; and

(iii) purchasing of protection against credit risk of the Bank through a credit derivative, which is actionable only in case of Bank's default in any of the obligations assumed in repurchase agreements.

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

Compesa Fundo de Investimento em Direitos Creditórios Cia. Pernambucana de Saneamento (FI Compesa)

Securitization vehicle was organized as a closed-end fund with a finite useful life (96 months). This vehicle allows for early settlement.

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

Its purpose is to provide its quota holders with an appreciation of their shares through the acquisition of: (i) credit rights in the basic sanitation services segment provided by Companhia Pernambucana de Saneamento (assignor); and (ii) financial assets. The credit rights acquired by the fund come from water and sewage bills, collected in accordance with the transferor's collection contracts.

BB Ações US Biotech BDR Nível I Fundo de Investimento em Cotas de Fundos de Investimento (Fund)

On September 17, 2020, the Fund was organized as an open fund with undetermined useful life.

Its purpose is to invest in funds that have a portfolio of financial assets directed, preferably, by assets related to North American companies belonging to the sectors of biotechnology, pharmaceutical, health and intensive research and development related to the areas of health and biotechnology.

Other information

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

g) Convergence to international accounting standards

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

CPC	
CPC 00 (R1) - Conceptual framework for Financial Reporting	CMN Resolution 4,144/2012
CPC 01 - Impairment of Assets	CMN Resolution 3,566/2008
CPC 03 (R2) - Statement of Cash Flows	CMN Resolution 4,720/2019
CPC 05 (R1) - Related Party Disclosures	CMN Resolution 4,636/2018
CPC 10 (R1) - Share-based Payment	CMN Resolution 3,989/2011
CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors	CMN Resolution 4,007/2011
CPC 24 - Events after the Reporting Period	CMN Resolution 3,973/2011
CPC 25 - Provisions, Contingent Liabilities and Contingent Assets	CMN Resolution 3,823/2009
CPC 33 (R1) - Employee Benefits	CMN Resolution 4,424/2015
CPC 41 - Earnings per Share	Bacen Circular 3,959/2019
CPC 46 - Fair Value Measurement	CMN Resolution 4,748/2019

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

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

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

The Bank also applied the following pronouncements that are not in conflict with Bacen rules, as determined by art. 22, paragraph 2, of Law 6,385/1976:

CPC Pronouncement
CPC 09 - Statement of Added Value (DVA)
CPC 12 - Present Value Adjustment
CPC 22 - Operating Segments
CPC 36 (R3) - Consolidated Financial Statements

h) Standards to be adopted in future periods

Below is a summary of the new standards that have recently been issued by regulatory bodies, to be adopted by the Bank at a date after September 30, 2020:

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

CMN Resolution 4,817/2020 is effective as of January 1st, 2022.

CMN Resolution 4,818, of May 29, 2020. The standard consolidates the general criteria for the preparation and disclosure of individual and consolidated financial statements by financial institutions. It also defines for January 1st, 2022 the preparation of consolidated interim financial in accordance with the IFRS, translated into portuguese by a brazilian entity authorized by the International Financial Reporting Standards Foundation (IFRS Foundation).

CMN Resolution 4,818/2020 comes into force as of January 1st, 2021, except for the preparation of consolidated interim financial statements adopting IFRS, which will only be effective in January 1st, 2022, and early application is prohibited (art. 10, sole paragraph).

BCB Resolution 2, of August 12, 2020. The standard consolidates the general criteria for the preparation and disclosure of individual and consolidated financial statements by consortium administrators and payment institutions; and the procedures for the preparation, disclosure and remittance of financial statements by financial and other institutions authorized to operate by Bacen.

The Resolution aims to review, update, simplify and consolidate the normative acts related to the preparation, disclosure and remittance to Bacen of individual and consolidated financial statements. The Resolution consolidates (and replaces) the following standards: Bacen Circular 3,578/2012, Bacen Circular 3,901/2018, arts. 1 to 14 of Bacen Circular 3,950/2019, Bacen Circular 3,959/2019 and Bacen Circular 3,964/2019 in a single normative act, which does not change the substance of the current standards.

BCB Resolution 2/2020 comes into effect as of January 1st, 2021, except for the arts. 10 and 11, which relate to the preparation of consolidated interim financial statements adopting IFRS, which will only be effective in January 1st, 2022.

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

3 - DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of income

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

b) Present value measurement

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

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

c) Cash and cash equivalents

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

d) Interbank investments

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

e) Securities

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

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

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

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

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

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

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

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

f) Derivative financial instruments

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

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

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

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

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

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

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

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

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

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

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

h) Taxes

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

Taxes	Rate
Income tax (15.00% + additional 10.00%)	25.00%
Social Contribution on Net Income - CSLL (1)	20.00%
Social Integration Program/Public servant fund program(PIS/Pasep) (2)	0.65%
Contribution to Social Security Financing – (Cofins) (2)	4.00%
Tax on services of any kind – (ISSQN)	Up to 5.00%

(1) Rate applied to Banco do Brasil and Banco de Investimentos, in accordance with the Constitutional Amendment 103, dated November 12, 2019. For other financial and non-financial companies in the areas of insurance, private pension plans and capitalization the rate remains 15%. For others non-financial companies, the CSLL rate is 9%.

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

Deferred tax assets (DTA) and deferred tax liabilities are recorded by applying the current rates of taxes on their respective bases. Before the increase in the CSLL established in art. 32 of Constitutional Amendment 103, dated November 12, 2019, and the provisions of Bacen Circular 3,171/2002, art. 1, paragraph 2, the increased rate of 20% for the CSLL was considered, since the base date of December, 2019. For the recording, maintaining and writing-off of deferred tax assets, the Bank follows the established criteria by CMN Resolution 3,059/2002, amended by CMN Resolutions 3,355/2006, CMN 4,192/2013 and CMN 4,441/2015 and they are supported by a study of their realizability.

i) Prepaid expenses

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

j) Permanent assets

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

In the consolidated financial statements, the subsidiaries are fully consolidated and the associates and joint ventures are accounted under the equity method.

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

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

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

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

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

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

k) Impairment of non-financial assets

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

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

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

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

Property and equipment in use

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

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

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

Investments and goodwill on acquisition of investments

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

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

Intangible

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

Software – the Bank continuously invests in the modernization and adequacy of its internally developed software to accompany new technologies and meet the demands of the business. Since there is no similar software in the market, and because of the significant cost associated with developing models to calculate value in use, the Bank evaluates the ongoing utility of its software to test for impairment.

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

l) Employee benefits

Employee benefits related to short-term benefits for current employees are recognized on the accrual basis as the services are provided. Post-employment benefits, comprising supplementary retirement benefits and medical assistance for which the Bank is responsible, are assessed in accordance with criteria established by CPC 33 (R1) - Employee benefits, approved by CVM Resolution 695/2012 and by the CMN Resolution 4,424/2015. The evaluations are performed semiannually.

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

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

The Bank recognizes the components of defined benefit cost in the period in which the actuarial valuation was performed, in accordance with criteria established by CPC 33 (R1), as follows:

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

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

m) Deposits and Securities sold under repurchase agreements

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

n) Provisions, contingent assets and liabilities and legal obligations

The Bank recognizes a provision when:

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

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

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

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

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

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

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

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

o) Debt instrument issue expense

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

p) Other assets and liabilities

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

q) Earnings per share

Two different methods are used to calculate earnings per share:

- basic earnings per share: calculated by dividing net income attributable to the Bank’s shareholders by the weighted average number of common shares outstanding during each of the periods presented; and
- diluted earnings per share: calculated by dividing net income attributed to the Bank’s shareholders by the weighted average of outstanding common shares, adjusted to reflect the effect of all dilutable common shares.

r) Functional and presentation currency

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

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

4 - SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

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

There are certain alternatives to accounting treatments. The Bank's results may differ if alternative accounting principles had been used. Management believes its choice of accounting principles to be appropriate and that the individual and consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of the Bank's operations.

Significant classes of assets and liabilities subject to estimates and the use of assumptions cover items for which fair value valuation is required. The following components of the consolidated financial statements require the highest degree of judgment and use of estimates:

a) Fair value of financial instruments

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

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

The Bank's mark-to-market models were reviewed to observe the possible impacts of Covid-19 on the economic and financial indicators used in the projection of scenarios, especially in the calculation of the fair value of financial instruments classified at level 2 and level 3 in the fair value hierarchy.

Changes in the fair value of financial instruments, identified so far as a result of the Covid-19 pandemic, impacted these financial statements.

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

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

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

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

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

c) Permanent loss of securities

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

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

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

d) Impairment of non-financial assets

At each reporting date, based on internal and external sources of information, the Bank determines if there are any indicators that a non-financial asset may be impaired. If an indicator exists, the Bank calculates the asset’s recoverable amount, which is the highest of: (i) its fair value less costs to sell it; and (ii) its value in use.

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

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

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

e) Income taxes

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

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

f) Recognition and assessment of deferred taxes

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

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

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

g) Pensions and other employee benefits

The Bank sponsors defined contribution and defined benefit pension plans, accounted for in accordance with CPC 33 (R1). Actuarial valuations for defined benefit plans are based on a series of assumptions, including:

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

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

h) Provisions, contingent assets and liabilities and legal obligations

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

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

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

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

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

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

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

5 - ACQUISITIONS, DISPOSALS AND CORPORATE RESTRUCTURING

a) UBS A.G. Strategic partnership

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

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

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

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

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

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

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

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

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

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

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

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

Accordingly, the amount recognized as unrealized income correspond to the full amount of the intangible asset contributed to UBS Serviços, net of tax effects, and will be realized in the same amortization schedule for that asset, which is equivalent to the term of the association. Other information are disclosed in Note 14.

b) IRB-Brasil RE

On July 10, 2019, Banco do Brasil's Board of Directors oriented the Bank's representatives on the Board of BB Seguridade Participações S.A. to initiate a secondary public offering with restricted efforts relating to 15.23% of common shares issued by IRB-Brasil RE, that are held by BB Seguros, a wholly-owned subsidiary of BB Seguridade Participações S.A.

On July 19, 2019, the Bank informed that it was established the value per share of R$ 88.00, within the scope of secondary public offering with restricted efforts of shares issued by IRB-Brasil RE.

Considering the Bank's indirect participation in the capital of IRB-Brasil RE, the sale had a positive impact on Banco do Brasil's 2019 results in the amount of R$ 1,537,966 thousand, net of taxes.

c) Corporate Restructuring BB-BI and BB Elo

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

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

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

6 - INFORMATION BY SEGMENT

The segment information was prepared based on internal reports used by the Executive Board of Directors to assess performance, and make decision about the allocation of fund for investment and other purposes. The framework also takes into account the regulatory environment and the similarities between goods and services. The information was prepared based on internal management reports (Management Information), reviewed regularly by Management.

The Bank's operations were mainly in Brazil, divided into five segments: banking, investments, fund management, insurance (insurance, pension and capitalization) and payment methods. The Bank also engages in other activities, including consortium business and other services aggregated in "Other Segments".

The measurement of managerial income and of managerial assets and liabilities by segment takes into account all income and expenses as well as all assets and liabilities recorded by the controlled companies (Note 2). There were no common income or expenses nor common assets or liabilities allocated between the segments, for any distribution criteria.

Transactions between segments were eliminated in the column “Intersegment transactions”. They were conducted at the same terms and conditions as those practiced with unrelated parties for similar transactions. These transactions do not involve any unusual payment risks.

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

a) Banking segment

The result was mainly from operations in Brazil with a wide array of products and services, including deposits, loans and services provided to customers through different distribution channels, located in the country and abroad.

The banking segment includes business with the retail, wholesale and public sector, which were carried out by the Bank’s network and customer service teams. It also engages in business with micro-entrepreneurs and low-income population, undertaken through banking correspondents.

b) Investments segment

This segment was responsible for operations in the domestic capital markets, acting in intermediation and distribution of debts in the primary and secondary markets, as well as being responsible for equity investments and the rendering of some financial services.

The income from financial intermediation of this segment were the accrued interest on securities investments net of interest expenses from third party funding costs. The principal equity investments were those in the associates, subsidiary companies and joint ventures. Financial service fee income were from economic/financial advisory services and the underwriting of fixed and variable income.

c) Fund management segment

This segment comprises purchase, sale and custody of securities, portfolio management, and management of investment funds and clubs. Income consists mainly of commissions and management fees for services charged to investors.

d) Insurance, pension and capitalization segment

In this segment, products and services offered were related to life, property and automobile insurance, private pension and capitalization plans.

The income were mainly from revenues from insurance premiums issued, contributions to private pension plans, capitalization bonds and investments in securities. The amounts offset by selling cost, technical insurance provision and expenses related to benefits and redemptions.

e) Payment methods segment

This segment comprises funding, transmission, processing and settlement of operations via electronic means.

Revenues were mainly from commissions and management fees charged to businesses and financial institutions for the services rendered, as well as income from rent, installation and maintenance of electronic terminals.

f) Other segments

Other segments comprise the consortium management and other services segments, which have been aggregated as they were not individually significant.

Their revenues were originated mainly from rendering services not covered in previous segments, such as: credit recovery; consortium management; development, manufacturing, sale, lease and integration of digital electronic systems and equipment, peripherals, programs, inputs and computing supplies; and intermediation of air tickets, lodging and organization of events.

g) Information of external customers by geographic region

	Jan 1 to Sep 30, 2020		Jan 1 to Sep 30, 2019	
	Brazil	Abroad	Brazil	Abroad
Income from external customers	**125,022,860**	**6,553,513**	**127,190,970**	**6,511,453**
Income from financial intermediation	**98,275,816**	**5,438,970**	**95,252,569**	**5,302,843**
Loan portfolio	70,121,274	2,069,963	61,570,927	2,047,072
Interbank investments	10,710,548	563,264	22,036,185	710,167
Securities	12,299,368	2,444,250	8,311,152	2,061,943
Derivative financial instruments	4,317,060	176,810	903,170	214,261
Reserve requirement	1,070,634	--	1,834,377	--
Other financial assets	(243,068)	184,683	596,758	269,400
Other income	**26,747,044**	**1,114,543**	**31,938,401**	**1,208,610**
Service fee income	20,424,398	888,530	20,850,276	850,392
Share of earnings (losses) of associates and joint ventures	2,171,023	--	3,066,887	--
Other	4,151,623	226,013	8,021,238	358,218
Non-current assets (1)	**29,332,933**	**447,712**	**26,521,320**	**371,575**

(1) Except for financial instruments, deferred tax assets and post-employment benefit assets.

Revenues from abroad were mainly obtained by operations held by the branches in South America and Central America in the period from January 01, 2020 to September 30, 2020 (South America and North America in the period from January 01, 2019 to September 30, 2019).

h) Breakdown of managerial information by segment and accounting reconciliation

	Jan 1 to Sep 30, 2020							
	Managerial Information by Segment							
	Banking	Investments	Fund Management	Insurance, pension and capitalization	Payment methods	Other segments	Intersegment transactions	BB Consolidated
Income from financial intermediation	**103,516,985**	**141,484**	**27,695**	**10,381**	**83,659**	**146,000**	**(211,418)**	**103,714,786**
Loan portfolio	72,192,333	--	--	--	--	--	(1,096)	72,191,237
Interbank investments	11,314,538	554	24,215	--	--	144,807	(210,302)	11,273,812
Securities	14,504,016	140,930	3,480	10,381	83,659	1,152	--	14,743,618
Derivative financial instruments	4,493,870	--	--	--	--	--	--	4,493,870
Reserve requirement	1,070,634	--	--	--	--	--	--	1,070,634
Other financial assets	(58,406)	--	--	--	--	41	(20)	(58,385)
Expenses from financial intermediation	**(64,365,481)**	**(40,976)**	**--**	**--**	**--**	**(174,691)**	**311,290**	**(64,269,858)**
Financial institutions resources	(43,886,386)	(40,976)	--	--	--	--	311,265	(43,616,097)
Customers resources	(11,810,435)	--	--	--	--	--	25	(11,810,410)
Funds from issuance of securities	(5,785,624)	--	--	--	--	(174,190)	--	(5,959,814)
Other funding expenses	(2,883,036)	--	--	--	--	(501)	--	(2,883,537)
Provision for credit losses	**(19,272,090)**	**(9,631)**	**22**	**--**	**--**	**(95,858)**	**--**	**(19,377,557)**
Loans portfolio	(18,993,409)	--	--	--	--	--	--	(18,993,409)
Other financial assets	(278,681)	(9,631)	22	--	--	(95,858)	--	(384,148)
Other income	**19,224,108**	**282,114**	**2,192,264**	**4,317,883**	**544,607**	**2,554,351**	**(1,253,740)**	**27,861,587**
Service fee income	15,112,013	254,274	2,188,263	2,730,774	27,081	1,774,171	(773,648)	21,312,928
Net gains from equity method investments	349,715	6,006	--	1,467,283	348,019	--	--	2,171,023
Other	3,762,380	21,834	4,001	119,826	169,507	780,180	(480,092)	4,377,636
Other expenses	**(33,979,541)**	**(138,612)**	**(272,538)**	**(622,745)**	**(27,602)**	**(1,376,094)**	**1,153,868**	**(35,263,264)**
Personnel expenses	(14,661,628)	(38,903)	(77,873)	(46,890)	(3,860)	(277,090)	3,466	(15,102,778)
Other administrative expenses	(7,526,411)	(57,305)	(20,432)	(187,075)	(1,230)	(297,333)	809,225	(7,280,561)
Amortization	(1,359,516)	--	--	--	--	(2,363)	--	(1,361,879)
Depreciation	(961,849)	--	--	(7)	--	(14,290)	--	(976,146)
Tax expenses	(2,830,219)	(28,490)	(147,263)	(321,233)	(15,636)	(263,239)	--	(3,606,080)
Other	(6,639,918)	(13,914)	(26,970)	(67,540)	(6,876)	(521,779)	341,177	(6,935,820)
PROVISIONS	**(2,451,787)**	**354**	**(13,983)**	**968**	**(204)**	**(244,122)**	**--**	**(2,708,774)**
Tax, civil and labor claims	(2,232,911)	354	(13,983)	968	(204)	(244,122)	--	(2,489,898)
Other provisions	(218,876)	--	--	--	--	--	--	(218,876)
Profit before taxation and profit sharing	**2,672,194**	**234,733**	**1,933,460**	**3,706,487**	**600,460**	**809,586**	**--**	**9,956,920**
Income tax and social contribution	3,980,015	(100,825)	(772,997)	(765,279)	(95,774)	(273,009)	--	1,972,131
Employee and directors profit sharing	(1,222,853)	--	(1,686)	--	--	(2,001)	--	(1,226,540)
Non-controlling interests	(214,887)	--	--	(989,307)	--	14	--	(1,204,180)
NET INCOME	**5,214,469**	**133,908**	**1,158,777**	**1,951,901**	**504,686**	**534,590**	**--**	**9,498,331**
Balance sheet								
Interbank investments	539,230,099	18,562	1,610,278	1,818,105	469,098	5,677,628	(11,401,799)	537,421,971
Securities and derivative financial instruments	253,849,707	1,317,222	10,168	1,051,100	3,175,357	503,467	(128,092)	259,778,929
Loan portfolio net of provisions	625,685,683	--	--	--	--	--	--	625,685,683
Investments	20,839,970	899,366	46,252	3,810,549	5,505,917	27	(15,612,953)	15,489,128
Other assets	326,098,966	1,123,558	537,036	2,370,582	542,724	3,953,519	(3,078,897)	331,547,488
TOTAL ASSETS	**1,765,704,425**	**3,358,708**	**2,203,734**	**9,050,336**	**9,693,096**	**10,134,641**	**(30,221,741)**	**1,769,923,199**
Liabilities	1,646,202,896	2,784,353	1,101,987	3,346,503	118,662	8,087,654	(14,052,520)	1,647,589,535
Customers resources	570,037,085	--	--	--	--	--	(164,992)	569,872,093
Financial institutions resources	681,904,868	1,809,379	--	--	--	--	(11,401,799)	672,312,448
Funds from issuance of securities	208,653,143	--	--	--	--	6,934,502	--	215,587,645
Provision	31,260,454	1,300	18,075	17,735	430	380,496	(18,610)	31,659,880
Other liabilities	154,347,346	973,674	1,083,912	3,328,768	118,232	772,656	(2,467,119)	158,157,469
Shareholders' equity	**119,501,529**	**574,355**	**1,101,747**	**5,703,833**	**9,574,434**	**2,046,987**	**(16,169,221)**	**122,333,664**
TOTAL LIABILITIES	**1,765,704,425**	**3,358,708**	**2,203,734**	**9,050,336**	**9,693,096**	**10,134,641**	**(30,221,741)**	**1,769,923,199**

	Jan 1 to Sep 30, 2019									
	Managerial Information by Segment							Reconciliation to accounting information		
	Banking	Investments	Fund Management	Insurance, pension and capitalization	Payment methods	Other segments	Intersegment transactions	Management information	Consolidation Adjustments	BB Consolidated
Income from financial intermediation	**104,943,053**	**35,390**	**46,496**	**3,101,163**	**345,649**	**162,021**	**(243,467)**	**108,390,305**	**(7,834,893)**	**100,555,412**
Loan portfolio	67,331,919	--	--	--	--	--	(5,328)	67,326,591	(3,708,592)	63,617,999
Interbank investments	23,170,711	1,315	44,312	--	--	160,094	(332,742)	23,043,690	(297,338)	22,746,352
Securities	10,850,211	34,075	2,184	21,515	368,736	1,929	3,296	11,281,946	(908,851)	10,373,095
Derivative financial instruments	791,929	--	--	--	(23,087)	--	--	768,842	348,589	1,117,431
Reserve requirement	1,852,060	--	--	--	--	--	--	1,852,060	(17,683)	1,834,377
Other financial assets	946,223	--	--	--	--	(2)	--	946,221	(80,063)	866,158
Financial results from insurance, pension and capitalization operations	--	--	--	3,079,648	--	--	91,307	3,170,955	(3,170,955)	--
Expenses from financial intermediation	**(62,983,468)**	**(127,429)**	**--**	**(2,438,281)**	**(48,065)**	**(149,124)**	**529,014**	**(65,217,353)**	**4,637,138**	**(60,580,215)**
Financial institutions resources	(33,716,434)	(127,429)	--	--	(48,065)	--	528,995	(33,362,933)	1,155,983	(32,206,950)
Customers resources	(19,654,329)	--	--	--	--	--	19	(19,654,310)	319,671	(19,334,639)
Funds from issuance of securities	(7,476,024)	--	--	--	--	(146,566)	--	(7,622,590)	(168,910)	(7,791,500)
Other funding expenses	(2,136,681)	--	--	--	--	(2,558)	--	(2,139,239)	892,113	(1,247,126)
Financial expenses from technical provisions of insurance, pension plans and capitalization	--	--	--	(2,438,281)	--	--	--	(2,438,281)	2,438,281	--
Provision for credit losses	**(15,617,483)**	**(8,723)**	**(18)**	**--**	**--**	**(1,239)**	**--**	**(15,627,463)**	**937,252**	**(14,690,211)**
Loans portfolio	(15,886,048)	--	--	--	--	--	--	(15,886,048)	942,002	(14,944,046)
Other financial assets	268,565	(8,723)	(18)	--	--	(1,239)	--	258,585	(4,750)	253,835
Other income	**22,642,901**	**902,560**	**1,929,378**	**9,261,269**	**3,603,950**	**2,327,225**	**(1,740,207)**	**38,927,076**	**(5,780,065)**	**33,147,011**
Service fee income	16,109,805	779,572	1,925,981	2,315,103	3,011,585	1,708,724	(1,188,891)	24,661,879	(2,961,211)	21,700,668
Net gains from equity method investments	155,508	102,081	--	87,808	44,347	--	--	389,744	2,677,143	3,066,887
Results from insurance, pension plan and capitalization operations	--	--	--	2,958,178	--	--	173,528	3,131,706	(3,131,706)	--
Other	6,377,588	20,907	3,397	3,900,180	548,018	618,501	(724,844)	10,743,747	(2,364,291)	8,379,456
Other expenses	**(36,614,787)**	**(357,733)**	**(260,475)**	**(1,763,059)**	**(2,584,187)**	**(1,246,544)**	**1,454,660**	**(41,372,125)**	**6,396,638**	**(34,975,487)**
Personnel expenses	(15,052,219)	(43,965)	(74,125)	(248,983)	(163,950)	(261,377)	5,417	(15,839,202)	918,147	(14,921,055)
Other administrative expenses	(7,905,593)	(56,312)	(20,307)	(420,259)	(415,099)	(316,120)	1,072,228	(8,061,462)	963,070	(7,098,392)
Amortization	(1,285,222)	(40,637)	--	(53,273)	(59,715)	(3,273)	--	(1,442,120)	87,415	(1,354,705)
Depreciation	(924,682)	--	--	(8,383)	(2,578)	(14,374)	--	(950,017)	23,463	(926,554)
Tax expenses	(2,924,531)	(60,572)	(130,680)	(582,605)	(355,159)	(251,438)	--	(4,304,985)	770,587	(3,534,398)
Other	(8,522,540)	(156,247)	(35,363)	(449,556)	(1,587,686)	(399,962)	377,015	(10,774,339)	3,633,956	(7,140,383)
PROVISIONS	**(7,878,221)**	**(128)**	**(775)**	**(3,183)**	**(18,350)**	**(46,633)**	**--**	**(7,947,290)**	**227,622**	**(7,719,668)**
Tax, civil and labor claims	(7,855,347)	(128)	(775)	(3,183)	(18,350)	(46,633)	--	(7,924,416)	131,052	(7,793,364)
Other provisions	(22,874)	--	--	--	--	--	--	(22,874)	96,570	73,696
Profit before taxation and profit sharing	**4,491,995**	**443,937**	**1,714,606**	**8,157,909**	**1,298,997**	**1,045,706**	**--**	**17,153,150**	**(1,416,308)**	**15,736,842**
Income tax and social contribution	3,400,682	(166,753)	(684,423)	(2,773,609)	(397,244)	(328,784)	--	(950,131)	1,304,437	354,306
Employee and directors profit sharing	(1,670,588)	--	(1,546)	(20,236)	(18,704)	(4,322)	--	(1,715,396)	111,871	(1,603,525)
Non-controlling interests	(174,431)	--	--	(1,844,954)	--	(5)	--	(2,019,390)	--	(2,019,390)
NET INCOME	**6,047,658**	**277,184**	**1,028,637**	**3,519,110**	**883,049**	**712,595**	**--**	**12,468,233**	**--**	**12,468,233**
Balance sheet										
Interbank investments	402,338,654	7,679	960,364	6,105,758	450,562	4,137,769	(13,338,712)	400,662,074	(4,051,057)	396,611,017
Securities and derivative financial instruments	198,346,949	1,024,478	34,738	225,736,082	6,965,161	229,189	(71,742)	432,264,855	(243,663,939)	188,600,916
Loan portfolio net of provisions	616,092,991	--	--	--	--	--	(15,000)	616,077,991	(26,608,814)	589,469,177
Investments	16,233,526	866,672	39,637	23,816	1,429,801	27	(15,411,107)	3,182,372	11,982,441	15,164,813
Other assets	318,739,739	1,432,188	296,072	10,784,495	25,090,999	3,385,711	(6,619,483)	353,109,721	(29,792,832)	323,316,889
TOTAL ASSETS	**1,551,751,859**	**3,331,017**	**1,330,811**	**242,650,151**	**33,936,523**	**7,752,696**	**(35,456,044)**	**1,805,297,013**	**(292,134,201)**	**1,513,162,812**
Liabilities	**1,451,836,088**	**2,774,815**	**824,759**	**232,742,164**	**24,702,354**	**5,830,020**	**(19,310,068)**	**1,699,400,132**	**(292,134,201)**	**1,407,265,931**
Customers resources	483,959,674	--	--	--	--	--	(127,388)	483,832,286	(7,662,874)	476,169,412
Financial institutions resources	567,873,874	1,814,700	--	--	1,913,210	15,000	(13,353,711)	558,263,073	(10,892,973)	547,370,100
Funds from issuance of securities	226,735,823	--	--	--	--	5,149,557	--	231,885,380	(19,714,414)	212,170,966
Provision	29,430,851	1,624	6,589	3,882,969	735,631	148,961	(57,291)	34,149,334	(5,468,386)	28,680,948
Technical provisions for insurance, pension plans and capitalization	--	--	--	224,575,228	--	--	(293)	224,574,935	(224,574,935)	--
Other liabilities	143,835,866	958,491	818,170	4,283,967	22,053,513	516,502	(5,771,385)	166,695,124	(23,820,619)	142,874,505
Shareholders' equity	**99,915,771**	**556,202**	**506,052**	**9,907,987**	**9,234,169**	**1,922,676**	**(16,145,976)**	**105,896,881**	**--**	**105,896,881**
TOTAL LIABILITIES	**1,551,751,859**	**3,331,017**	**1,330,811**	**242,650,151**	**33,936,523**	**7,752,696**	**(35,456,044)**	**1,805,297,013**	**(292,134,201)**	**1,513,162,812**

7 - CASH AND CASH EQUIVALENTS

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Cash and due from banks	**17,047,260**	**12,800,038**	**19,381,755**	**14,171,188**
Local currency	12,406,447	8,004,888	12,407,742	8,006,672
Foreign currency	4,640,813	4,795,150	6,974,013	6,164,516
Interbank investments (1)	**56,165,691**	**56,913,200**	**58,509,586**	**57,764,835**
Securities purchased under resale agreement – securities not repledged/ re-sold	18,117,208	23,585,812	25,648,620	29,516,903
Interbank deposits	38,048,483	33,327,388	32,860,966	28,247,932
Total	**73,212,951**	**69,713,238**	**77,891,341**	**71,936,023**

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

8 - CENTRAL BANK COMPULSORY RESERVES

a) Breakdown

	Banco do Brasil		BB Consolidated	
	Set 30, 2020	Dec 31, 2019	Set 30, 2020	Dec 31, 2019
Savings deposit requirements	34,534,207	35,862,524	34,534,207	35,862,524
Demand deposit requirements	15,356,229	12,955,660	15,356,229	12,955,660
Time deposit requirements	11,883,366	15,870,135	11,883,366	15,870,135
Resources for microfinance	99,751	183,424	99,751	183,424
Other	343,487	252,364	343,487	252,364
Current assets	62,217,040	65,124,107	62,217,040	65,124,107
Non-current assets	--	--	--	--
Total	**62,217,040**	**65,124,107**	**62,217,040**	**65,124,107**

b) Income due to Reserve Requirements

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Savings deposit requirements	205,845	398,985	782,004	1,217,323	205,845	398,985	782,004	1,217,323
Time deposit requirements	60,324	203,032	288,630	617,054	60,324	203,032	288,630	617,054
Total	**266,169**	**602,017**	**1,070,634**	**1,834,377**	**266,169**	**602,017**	**1,070,634**	**1,834,377**

9 - INTERBANK INVESTMENTS

a) Breakdown

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Securities purchased under resale agreement	**536,764,190**	**367,223,883**	**530,737,374**	**361,325,268**
Reverse repos - own resources (1)	**1,256,991**	**--**	**1,271,149**	**90,588**
National Treasury bills	--	--	13,135	--
Other securities	1,256,991	--	1,258,014	90,588
Reverse repos - financed position	**535,507,199**	**367,223,883**	**529,466,225**	**361,234,680**
Treasury financial bills	330,227,953	339,355,977	324,328,096	333,457,363
National Treasury bills	38,699,512	26,515,023	38,601,255	26,515,023
National Treasury notes	162,725,523	1,049,994	162,682,663	1,049,994
Other securities	3,854,211	302,889	3,854,211	212,300
Interbank deposits (1)	**91,701,904**	**77,833,148**	**6,684,597**	**6,387,255**
Total	**628,466,094**	**445,057,031**	**537,421,971**	**367,712,523**
Current assets	545,280,030	383,361,842	530,006,000	364,179,672
Non-current assets	83,186,064	61,695,189	7,415,971	3,532,851

(1) The amounts of operations with an original maturity of 90 days or less are reclassified to Cash and Cash Equivalents.

b) Income from interbank investments

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Income from securities purchased under resale agreement	**2,751,760**	**7,498,809**	**10,581,219**	**21,985,787**	**2,813,469**	**7,515,876**	**10,694,144**	**22,044,004**
Funded position	2,680,471	6,927,760	10,220,723	20,418,648	2,680,471	6,927,760	10,220,725	20,418,648
Own portfolio position	71,289	571,049	360,496	1,567,139	132,998	588,116	473,419	1,625,356
Income from investments in interbank deposits	**1,327,945**	**1,440,968**	**4,545,631**	**4,443,175**	**74,653**	**200,497**	**579,668**	**702,348**
Total	**4,079,705**	**8,939,777**	**15,126,850**	**26,428,962**	**2,888,122**	**7,716,373**	**11,273,812**	**22,746,352**

10 - SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

a) Securities

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

Maturity in days	Banco do Brasil										
	Sep 30, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
1 - Trading securities	**447**	**5,454**	**2,422**	**580,287**	**12,049,261**	**12,778,268**	**12,637,871**	**(140,397)**	**715,894**	**718,815**	**2,921**
Federal government bonds	**--**	**5,454**	**--**	**577,057**	**11,984,206**	**12,707,517**	**12,566,717**	**(140,800)**	**707,947**	**710,806**	**2,859**
National Treasury bills	--	5,454	--	574,234	11,513,619	12,232,111	12,093,307	(138,804)	301,959	304,070	2,111
Treasury financial bills	--	--	--	--	312,582	313,427	312,582	(845)	306,329	306,607	278
National Treasury notes	--	--	--	--	158,005	159,616	158,005	(1,611)	98,730	99,217	487
Brazilian foreign debt securities	--	--	--	2,823	--	2,363	2,823	460	--	--	--
Other	--	--	--	--	--	--	--	--	929	912	(17)
Private securities	**447**	**--**	**2,422**	**3,230**	**65,055**	**70,751**	**71,154**	**403**	**7,947**	**8,009**	**62**
Debentures	--	--	69	--	48,419	48,498	48,488	(10)	2,283	2,315	32
Agribusiness Receivables Certificates	--	--	2,353	3,230	16,636	22,228	22,219	(9)	5,063	5,052	(11)
Shares Investment Funds	447	--	--	--	--	25	447	422			
Real estate receivables certificates	--	--	--	--	--	--	--	--	601	642	41
2 - Available for sale securities	**2,010,297**	**409,579**	**15,855,370**	**10,404,081**	**176,221,337**	**205,316,557**	**204,900,664**	**(415,893)**	**167,995,624**	**168,305,631**	**310,007**
Federal government bonds	**--**	**8,014**	**13,356,522**	**7,945,249**	**152,569,786**	**173,889,739**	**173,879,571**	**(10,168)**	**134,358,288**	**135,237,963**	**879,675**
Treasury financial bills	--	--	12,737,991	7,944,893	115,965,199	137,342,659	136,648,083	(694,576)	97,979,381	98,006,085	26,704
Brazilian foreign debt securities	--	--	115,392	--	12,364,349	12,045,296	12,479,741	434,445	6,481,559	6,885,471	403,912
National Treasury notes	--	--	--	--	10,557,465	10,742,127	10,557,465	(184,662)	12,732,542	12,986,658	254,116
National Treasury bills	--	--	--	--	10,808,041	10,601,089	10,808,041	206,952	14,591,045	14,778,431	187,386
Foreign Government bonds	--	8,014	503,115	--	2,228,322	2,557,593	2,739,451	181,858	2,482,061	2,485,863	3,802
Agricultural debt securities	--	--	24	356	479	869	859	(10)	1,436	1,414	(22)
Other	--	--	--	--	645,931	600,106	645,931	45,825	90,264	94,041	3,777
Private securities	**2,010,297**	**401,565**	**2,498,848**	**2,458,832**	**23,651,551**	**31,426,818**	**31,021,093**	**(405,725)**	**33,637,336**	**33,067,668**	**(569,668)**
Debentures	--	--	296,694	482,622	16,855,834	18,482,863	17,635,150	(847,713)	21,065,606	19,810,465	(1,255,141)
Eurobonds	--	--	260,626	--	3,698,025	4,359,196	3,958,651	(400,545)	2,250,560	1,998,693	(251,867)
Rural product bills - commodities	--	393,748	1,939,624	1,938,040	113,550	4,305,473	4,384,962	79,489	4,027,011	4,083,073	56,062
Shares in Investment Funds	2,010,253	--	--	--	1,260,858	2,572,723	3,271,111	698,388	4,025,005	4,963,532	938,527
Certificates of agribusiness credit rights	--	--	274	31,926	843,661	867,099	875,861	8,762	287,989	287,872	(117)
Promissory notes	--	6,185	--	6,244	246,436	262,994	258,865	(4,129)	528,428	520,904	(7,524)
Real estate receivables certificates	--	--	--	--	24,881	21,457	24,881	3,424	277,590	128,305	(149,285)
Shares	44	--	--	--	--	218	44	(174)	218	43	(175)
Certificate of Deposit	--	--	--	--	--	--	--	--	201,726	202,107	381
Other	--	1,632	1,630	--	608,306	554,795	611,568	56,773	973,203	1,072,674	99,471

Maturity in days	Banco do Brasil										
	Sep 30, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
3 - Held to maturity securities	**--**	**--**	**1,241,320**	**245,400**	**20,438,103**	**23,246,388**	**21,924,823**	**(1,321,565)**	**23,973,406**	**23,032,037**	**(941,369)**
Federal government bonds	**--**	**--**	**793,263**	**--**	**9,810,927**	**10,203,909**	**10,604,190**	**400,281**	**11,800,618**	**12,085,918**	**285,300**
National Treasury bills	--	--	--	--	6,479,032	6,479,032	6,479,032	--	9,696,375	9,696,375	--
Brazilian foreign debt securities	--	--	--	--	3,331,895	2,934,213	3,331,895	397,682	2,104,243	2,389,543	285,300
Foreign Government bonds	--	--	793,263	--	--	790,664	793,263	2,599	--	--	--
Private securities	**--**	**--**	**448,057**	**245,400**	**10,627,176**	**13,042,479**	**11,320,633**	**(1,721,846)**	**12,172,788**	**10,946,119**	**(1,226,669)**
Debentures	--	--	448,057	245,400	10,423,117	12,659,177	11,116,574	(1,542,603)	11,808,601	10,487,153	(1,321,448)
Real estate receivables certificates	--	--	--	--	204,059	383,302	204,059	(179,243)	364,187	458,966	94,779
Total	**2,010,744**	**415,033**	**17,099,112**	**11,229,768**	**208,708,701**	**241,341,213**	**239,463,358**	**(1,877,855)**	**192,684,924**	**192,056,483**	**(628,441)**

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

Maturity in days	Banco do Brasil										
	Sep 30, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
Total by portfolio	**2,010,744**	**415,033**	**17,099,112**	**11,229,768**	**208,708,701**	**241,341,213**	**239,463,358**	**(1,877,855)**	**192,684,924**	**192,056,483**	**(628,441)**
Own portfolio	2,010,744	415,033	8,996,084	7,454,399	152,361,071	173,124,015	171,237,331	(1,886,684)	135,531,376	134,581,124	(950,252)
Subject to repurchase agreements	--	--	7,239,050	2,853,774	43,920,379	53,971,559	54,013,203	41,644	52,390,949	52,687,021	296,072
Pledged in guarantee	--	--	863,978	921,595	12,427,251	14,245,639	14,212,824	(32,815)	4,762,599	4,788,338	25,739

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

Maturity in years	Banco do Brasil								
	Sep 30, 2020							Dec 31, 2019	
	Fair value					Total		Total	
	Without maturity	Due in up to one year	Due from 1 to 5 years	Due from 5 to 10 years	Due after 10 years	Cost value	Fair value	Cost value	Fair value
Total by category	**2,010,744**	**28,743,913**	**151,214,281**	**46,817,344**	**10,677,076**	**241,341,213**	**239,463,358**	**192,684,924**	**192,056,483**
1 - Trading securities	447	588,163	11,948,112	22,640	78,509	12,778,268	12,637,871	715,894	718,815
2 - Available for sale securities	2,010,297	26,669,030	124,173,137	41,449,634	10,598,565	205,316,557	204,900,664	167,995,624	168,305,631
3 - Held to maturity securities	--	1,486,720	15,093,032	5,345,070	2	23,246,388	21,924,823	23,973,406	23,032,037

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

	Banco do Brasil					
	Sep 30, 2020			Dec 31, 2019		
	Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Total by portfolio	**42,803,918**	**197,981,005**	**240,784,923**	**34,428,935**	**158,568,917**	**192,997,852**
Own portfolio	30,926,789	141,577,133	172,503,922	22,662,464	112,906,332	135,568,796
Subject to repurchase agreements	10,094,155	43,976,621	54,070,776	9,032,982	43,607,735	52,640,717
Pledged in guarantee	1,782,974	12,427,251	14,210,225	2,733,489	2,054,850	4,788,339

a.5) Summary of the portfolio by category

	Banco do Brasil			
	Sep 30, 2020		Dec 31, 2019	
Total by category				
1 - Trading securities	12,637,871	5%	718,815	1%
2 - Available for sale securities	204,900,664	85%	168,305,631	87%
3 - Held to maturity securities	23,246,388	10%	23,973,406	12%
Portfolio book value	**240,784,923**	**100%**	**192,997,852**	**100%**
Mark to market - held to maturity	(1,321,565)	--	(941,369)	--
Portfolio fair value	**239,463,358**	**--**	**192,056,483**	**--**

a.6) Breakdown of the consolidated portfolio by category, type of bonds and maturity

Maturity in days	BB Consolidated										
	Sep 30, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
1 - Trading securities	**963,043**	**4,795,486**	**1,462,711**	**746,332**	**13,517,019**	**21,468,606**	**21,484,591**	**15,985**	**5,352,023**	**5,704,898**	**352,875**
Federal government bonds	**--**	**4,795,486**	**1,362,579**	**737,743**	**12,612,310**	**19,628,505**	**19,508,118**	**(120,387)**	**3,945,705**	**4,161,706**	**216,001**
National Treasury bills	--	5,454	--	574,234	11,513,619	12,232,111	12,093,307	(138,804)	301,959	304,070	2,111
Foreign Government bonds	--	4,790,032	929,914	147,861	434,345	6,281,970	6,302,152	20,182	2,756,325	2,970,153	213,828
Treasury financial bills	--	--	--	--	312,582	313,427	312,582	(845)	306,329	306,607	278
National Treasury notes	--	--	--	--	158,005	159,616	158,005	(1,611)	98,730	99,217	487
Brazilian foreign debt securities	--	--	576	5,686	107,610	114,561	113,872	(689)	116,944	114,625	(2,319)
Other	--	--	432,089	9,962	86,149	526,820	528,200	1,380	365,418	367,034	1,616
Private securities	**963,043**	**--**	**100,132**	**8,589**	**904,709**	**1,840,101**	**1,976,473**	**136,372**	**1,406,318**	**1,543,192**	**136,874**
Debentures	--	--	89,255	--	731,049	866,222	820,304	(45,918)	577,185	564,683	(12,502)
Shares in investment funds	886,492	--	--	--	--	748,148	886,492	138,344	679,328	809,319	129,991
Eurobonds	--	--	8,524	--	127,580	137,012	136,104	(908)	--	--	--
Agribusiness Receivables Certificates	--	--	2,353	3,230	46,080	55,568	51,663	(3,905)	38,232	32,551	(5,681)
Shares	45	--	--	--	--	6	45	39	6	10	4
Real estate receivables certificates	--	--	--	--	--	--	--	--	601	642	41
Other	76,506	--	--	5,359	--	33,145	81,865	48,720	110,966	135,987	25,021

Maturity in days	BB Consolidated										
	Sep 30, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
2 - Available for sale securities	**2,098,012**	**832,059**	**16,267,874**	**10,707,357**	**180,240,177**	**210,719,746**	**210,145,479**	**(574,267)**	**172,907,792**	**173,291,612**	**383,820**
Federal government bonds	**--**	**265,942**	**13,654,586**	**8,140,482**	**153,034,394**	**175,071,888**	**175,095,404**	**23,516**	**135,170,320**	**136,072,642**	**902,322**
Treasury financial bills	--	--	12,737,991	7,944,893	115,965,199	137,342,659	136,648,083	(694,576)	97,989,651	98,016,555	26,904
Brazilian foreign debt securities	--	--	115,392	3,383	12,706,063	12,364,456	12,824,838	460,382	6,711,851	7,131,142	419,291
National Treasury notes	--	--	--	--	10,557,464	10,742,127	10,557,464	(184,663)	12,732,542	12,986,658	254,116
National Treasury bills	--	--	--	--	10,808,041	10,601,089	10,808,041	206,952	14,591,045	14,778,431	187,386
Foreign Government bonds	--	265,942	801,179	191,850	2,338,979	3,410,502	3,597,950	187,448	3,025,828	3,033,015	7,187
Agricultural debt securities	--	--	24	356	479	869	859	(10)	1,436	1,414	(22)
Other	--	--	--	--	658,169	610,186	658,169	47,983	117,967	125,427	7,460
Private securities	**2,098,012**	**566,117**	**2,613,288**	**2,566,875**	**27,205,783**	**35,647,858**	**35,050,075**	**(597,783)**	**37,737,472**	**37,218,970**	**(518,502)**
Debentures	--	--	296,694	482,622	20,057,168	21,855,310	20,836,484	(1,018,826)	24,473,616	23,161,472	(1,312,144)
Eurobonds	--	--	275,043	--	3,886,800	4,546,935	4,161,843	(385,092)	2,250,560	1,998,693	(251,867)
Rural product bills - commodities	--	393,748	1,939,624	1,938,040	113,550	4,305,473	4,384,962	79,489	4,027,011	4,083,073	56,062
Shares in investment funds	2,072,635	48,506	97,340	108,043	1,416,697	3,068,753	3,743,221	674,468	4,510,611	5,545,218	1,034,607
Certificates of agribusiness credit rights	--	--	274	31,926	843,661	867,099	875,861	8,762	287,989	287,872	(117)
Promissory notes	--	6,185	--	6,244	246,436	262,994	258,865	(4,129)	528,428	520,904	(7,524)
Shares	25,377	--	--	--	--	37,725	25,377	(12,348)	2,947	3,155	208
Real estate receivables certificates	--	--	--	--	28,330	25,086	28,330	3,244	281,176	131,976	(149,200)
Certificate of Deposit	--	--	2,683	--	--	2,683	2,683	--	206,124	206,505	381
Other	--	117,678	1,630	--	613,141	675,800	732,449	56,649	1,169,010	1,280,102	111,092

Maturity in days	BB Consolidated											
	Sep 30, 2020								Dec 31, 2019			
	Fair value					Total			Total			
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
3 - Held to maturity securities	**--**	**--**	**1,608,517**	**620,786**	**19,567,402**	**22,969,764**	**21,796,705**	**(1,173,059)**	**23,124,258**	**22,335,706**	**(788,552)**
Federal government bonds	**--**	**--**	**885,914**	**279,887**	**10,605,034**	**11,343,618**	**11,770,835**	**427,217**	**12,266,255**	**12,552,443**	**286,188**
National Treasury bills	--	--	--	--	6,479,032	6,479,032	6,479,032	--	9,696,375	9,696,375	--
Brazilian foreign debt securities	--	--	--	--	3,331,896	2,934,212	3,331,896	397,684	2,104,243	2,389,543	285,300
Foreign Government bonds	--	--	885,914	279,887	794,106	1,930,374	1,959,907	29,533	465,637	466,525	888
Private securities	**--**	**--**	**722,603**	**340,899**	**8,962,368**	**11,626,146**	**10,025,870**	**(1,600,276)**	**10,858,003**	**9,783,263**	**(1,074,740)**
Debentures	--	--	448,057	245,400	8,554,944	10,669,434	9,248,401	(1,421,033)	9,863,313	8,691,508	(1,171,805)
Promissory Notes	--	--	274,546	95,499	203,365	573,410	573,410	--	--	--	--
Real estate receivables certificates	--	--	--	--	204,059	383,302	204,059	(179,243)	364,187	458,966	94,779
Eurobonds	--	--	--	--	--	--	--	--	105,897	108,183	2,286
Other	--	--	--	--	--	--	--	--	524,606	524,606	--
Total	**3,061,055**	**5,627,545**	**19,339,102**	**12,074,475**	**213,324,598**	**255,158,116**	**253,426,775**	**(1,731,341)**	**201,384,073**	**201,332,216**	**(51,857)**

a.7) Breakdown of the consolidated portfolio by financial statement classification and maturity date

Maturity in days	BB Consolidated										
	Sep 30, 2020								Dec 31, 2019		
	Fair value					Total			Total		
	Without maturity	0 to 30	31 to 180	181 to 360	More than 360	Cost value	Fair value	Mark to market	Cost value	Fair value	Mark to market
Total by portfolio	**3,061,055**	**5,627,545**	**19,339,102**	**12,074,475**	**213,324,598**	**255,158,116**	**253,426,775**	**(1,731,341)**	**201,384,073**	**201,332,216**	**(51,857)**
Own portfolio	3,061,055	5,627,545	11,236,073	8,293,579	165,916,864	195,957,185	194,135,116	(1,822,069)	158,063,730	157,528,516	(535,214)
Subject to repurchase agreements	--	--	7,239,050	2,859,301	34,959,989	44,935,149	45,058,340	123,191	38,551,617	38,991,785	440,168
Pledged in guarantee	--	--	863,979	921,595	12,447,745	14,265,782	14,233,319	(32,463)	4,768,726	4,811,915	43,189

a.8) Breakdown of the consolidated portfolio by category and maturity in years

Maturity in years	BB Consolidated								
	Sep 30, 2020							Dec 31, 2019	
	Fair value					Total		Total	
	Without maturity	Due in up to one year	Due from 1 to 5 years	Due from 5 to 10 years	Due after 10 years	Cost value	Fair value	Cost value	Fair value
Total by category	**3,061,055**	**37,041,122**	**151,192,036**	**51,166,726**	**10,965,836**	**255,158,116**	**253,426,775**	**201,384,073**	**201,332,216**
1 - Trading securities	963,043	7,004,529	12,705,418	656,078	155,523	21,468,606	21,484,591	5,352,023	5,704,898
2 - Available for sale securities	2,098,012	27,807,290	124,702,446	44,727,420	10,810,311	210,719,746	210,145,479	172,907,792	173,291,612
3 - Held to maturity securities	--	2,229,303	13,784,172	5,783,228	2	22,969,764	21,796,705	23,124,258	22,335,706

a.9) Summary of the consolidated portfolio by financial statement classification

	BB Consolidated					
	Sep 30, 2020			Dec 31, 2019		
	Book value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Total by portfolio	**53,619,196**	**200,980,638**	**254,599,834**	**40,619,432**	**161,501,336**	**202,120,768**
Own portfolio	41,736,539	153,597,657	195,334,196	28,787,965	129,719,501	158,507,466
Subject to repurchase agreements	10,099,683	34,935,236	45,034,919	9,074,507	29,726,878	38,801,385
Pledged in guarantee	1,782,974	12,447,745	14,230,719	2,756,960	2,054,957	4,811,917

a.10) Summary of the consolidated portfolio by category

	BB Consolidated			
	Sep 30, 2020		Dec 31, 2019	
Total by category				
1 - Trading securities	21,484,591	8%	5,704,898	4%
2 - Available for sale securities	210,145,479	84%	173,291,612	86%
3 - Held to maturity securities	22,969,764	8%	23,124,258	10%
Portfolio book value	**254,599,834**	**100%**	**202,120,768**	**100%**
Mark to market - held to maturity	(1,173,059)	--	(788,552)	--
Portfolio fair value	**253,426,775**	**--**	**201,332,216**	**--**

b) Income from operations with securities

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Fixed-income securities	956,456	2,332,245	4,755,230	7,317,841	1,581,796	2,886,336	6,501,756	9,129,241
Variable-income securities	913,719	1,462,882	8,119,385	1,480,357	944,729	1,471,640	8,241,862	1,243,854
Total	**1,870,175**	**3,795,127**	**12,874,615**	**8,798,198**	**2,526,525**	**4,357,976**	**14,743,618**	**10,373,095**

c) Reclassification of securities

In the period from January 01 to September 30, 2020, the Bank carried out a reclassification of securities (debentures) from the category "Securities for Trading" to the category "Securities Available for Sale", in the amount of R$ 23,315 thousand (cost value) and R $ 21,438 thousand (market value). The negative mark to market of R$ 1,877 thousand remained in the results for the 1st half/2020. The reclassification occurred due to the criteria for the allocation of papers in the category “Securities for Trading”, which establishes a maximum term for trading of 270 days. There was no reclassification of marketable securities during 2019.

11 - DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

The main risks inherent to derivative financial instruments resulting from the business of the Bank and its subsidiaries are credit, market, liquidity and operational, which management process is presented in Note 28.

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

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

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

Strategies are developed based on:

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

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

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

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

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

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

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

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

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

Accordingly, the calculated VaR for the Bank derivatives portfolio, on September 30, 2020, was R$ 257,135 thousand (R$ 158,277 thousand on September 30, 2019).

Total credit exposure from swaps is R$ 210,390 thousand on September 30, 2020 (R$ 445,746 thousand on September 30, 2019).

a) Portfolio

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

By Index	Banco do Brasil						BB Consolidated					
	Sep 30, 2020			Dec 31, 2019			Sep 30, 2020			Dec 31, 2019		
	Notional value	Cost value	Fair value	Notional value	Cost value	Fair value	Notional value	Cost value	Fair value	Notional value	Cost value	Fair value
Future contracts												
Purchase commitments	**27,967,565**	**--**	**--**	**12,958,175**	**--**	**--**	**29,171,541**	**--**	**--**	**12,958,174**	**--**	**--**
Interbank deposits	10,373,875	--	--	4,439,418	--	--	10,373,875	--	--	4,439,417	--	--
Currencies	11,425,444	--	--	8,508,366	--	--	12,629,420	--	--	8,508,366	--	--
Libor	6,074,449	--	--	--	--	--	6,074,449	--	--	--	--	--
Commodities	93,797	--	--	10,391	--	--	93,797	--	--	10,391	--	--
Sales commitments	**12,574,204**	**--**	**--**	**6,252,392**	**--**	**--**	**13,151,265**	**--**	**--**	**6,263,653**	**--**	**--**
Interbank deposits	10,165,659	--	--	3,523,785	--	--	10,165,659	--	--	3,523,785	--	--
Currencies	2,154,790	--	--	7,957	--	--	2,731,851	--	--	19,218	--	--
Libor	--	--	--	2,521,629	--	--	--	--	--	2,521,629	--	--
Commodities	253,755	--	--	199,021	--	--	253,755	--	--	199,021	--	--
Forward operations												
Asset position	**24,132,445**	**3,302,298**	**3,371,950**	**9,945,595**	**289,348**	**318,781**	**24,188,669**	**3,320,677**	**3,390,329**	**10,031,354**	**294,545**	**323,981**
Term securities	644,146	644,146	644,146	--	--	--	644,146	644,146	644,146	--	--	--
Term currencies	23,314,797	2,639,798	2,709,514	9,745,577	271,151	239,261	23,371,021	2,658,177	2,727,893	9,831,336	276,348	244,461
Term commodities	173,502	18,354	18,290	200,018	18,197	79,520	173,502	18,354	18,290	200,018	18,197	79,520
Liability position	**11,282,314**	**(2,049,853)**	**(2,005,102)**	**12,790,620**	**(472,916)**	**(388,037)**	**12,010,358**	**(2,049,905)**	**(2,005,154)**	**12,879,633**	**(489,380)**	**(404,500)**
Term securities	644,146	(644,146)	(644,146)	--	--	--	644,146	(644,146)	(644,146)	--	--	--
Term currencies	10,377,675	(1,387,305)	(1,306,386)	12,760,071	(470,089)	(378,430)	11,105,719	(1,387,357)	(1,306,438)	12,849,084	(486,553)	(394,893)
Term commodities	260,493	(18,402)	(54,570)	30,549	(2,827)	(9,607)	260,493	(18,402)	(54,570)	30,549	(2,827)	(9,607)
Option market												
Purchase commitments - long position	**--**	**--**	**--**	**4,031**	**152**	**209**	**--**	**--**	**--**	**4,031**	**152**	**209**
Foreign currency	--	--	--	4,031	152	209	--	--	--	4,031	152	209
Sale commitments - long position	**--**	**--**	**--**	**565,000**	**183**	**12,612**	**--**	**--**	**--**	**565,000**	**183**	**12,612**
Interbank deposit	--	--	--	565,000	183	12,612	--	--	--	565,000	183	12,612
Purchase commitments - short position	**2,172,200**	**(29,685)**	**(63,624)**	**2,117,623**	**(28,814)**	**(23,654)**	**18,315**	**(1,179)**	**(11,875)**	**24,865**	**(1,219)**	**(1,253)**
Foreign currency	5,653	(328)	(397)	1,635	(43)	(3)	5,653	(328)	(397)	1,635	(43)	(3)
Pre-fixed	2,153,885	(28,506)	(51,749)	2,092,758	(27,621)	(22,427)	--	--	--	--	(26)	(26)
Bovespa Index	16	(1)	(2)	58	(3)	1	16	(1)	(2)	58	(3)	1
IPCA	3,335	(446)	(356)	6,913	(851)	(895)	3,335	(446)	(356)	6,913	(851)	(895)
Commodities	9,311	(404)	(11,120)	16,259	(296)	(330)	9,311	(404)	(11,120)	16,259	(296)	(330)
Sale commitments - short position	**2,449,426**	**(2,131,049)**	**(2,098,952)**	**3,092,780**	**(2,084,255)**	**(2,108,253)**	**295,541**	**(5,670)**	**3,216**	**1,000,022**	**(6,736)**	**(25,134)**
Foreign currency	172,863	(2,204)	5,484	31,995	(904)	(1,131)	172,863	(2,204)	5,484	31,995	(904)	(1,131)
Pre-fixed	2,153,885	(2,125,379)	(2,102,168)	2,092,758	(2,077,519)	(2,083,119)	--	--	--	--	--	--
Interbank deposit	9,797	(146)	(706)	726,073	(1,069)	(15,069)	9,797	(146)	(706)	726,073	(1,069)	(15,069)
Commodities	112,881	(3,320)	(1,562)	241,954	(4,763)	(8,934)	112,881	(3,320)	(1,562)	241,954	(4,763)	(8,934)

By Index	Banco do Brasil						BB Consolidated					
	Sep 30, 2020			Dec 31, 2019			Sep 30, 2020			Dec 31, 2019		
	Notional value	Cost value	Fair value	Notional value	Cost value	Fair value	Notional value	Cost value	Fair value	Notional value	Cost value	Fair value
Swap contracts												
Asset position	**8,985,968**	**1,653,935**	**1,656,758**	**9,069,205**	**433,087**	**466,072**	**6,832,083**	**1,653,935**	**1,656,745**	**9,069,206**	**433,088**	**466,072**
Interbank deposits	1,392,769	18,441	24,975	526,645	8,103	15,166	1,392,769	18,441	24,974	526,645	8,103	15,166
Foreign currency	5,430,389	1,635,375	1,630,924	5,730,890	396,164	352,141	5,430,389	1,635,375	1,630,924	5,730,891	396,165	352,141
Pre-fixed	2,162,810	119	859	2,811,670	28,820	98,765	8,925	119	847	2,811,670	28,820	98,765
Liability position	**20,416,396**	**(2,730,830)**	**(2,876,083)**	**14,602,788**	**(411,212)**	**(439,850)**	**20,416,396**	**(2,730,830)**	**(2,876,083)**	**12,497,674**	**(411,212)**	**(439,846)**
Interbank deposits	28,293	(29)	(144)	6,799,758	(94,932)	(203,440)	28,293	(29)	(144)	4,694,644	(94,932)	(203,436)
Foreign currency	20,234,515	(2,720,276)	(2,859,528)	7,471,831	(119,651)	(198,425)	20,234,515	(2,720,276)	(2,859,528)	7,471,831	(119,651)	(198,425)
Pre-fixed	134,288	(10,068)	(14,492)	297,199	(196,607)	(35,378)	134,288	(10,068)	(14,492)	297,199	(196,607)	(35,378)
IPCA	19,300	(457)	(1,919)	34,000	(22)	(2,607)	19,300	(457)	(1,919)	34,000	(22)	(2,607)
Credit Derivatives [1]												
Asset position												
Brazilian public debt securities	203,065	2,338	2.471	--	--	--	203,065	2,338	2,471	--	--	--
Liability position												
Brazilian public debt securities	203,065	(2,338)	(2,471)	--	--	--	203,065	(2,338)	(2,471)	--	--	--
Other Derivatives [2]												
Asset position												
Foreign currency	5,317,537	125,840	129,543	1,743,802	34,241	25,439	5,317,537	125,847	129,550	1,483,075	26,210	18,061
Liability position												
Foreign currency	3,389,718	(122,005)	(131,243)	6,156,241	(51,396)	(90,879)	3,125,072	(110,435)	(119,664)	6,167,502	(51,396)	(90,879)

(1) Refers to credit derivatives originating from a structure involving CDS (Credit Default Swap) and CLN (Credit Linked Notes) operations, whose risk received and transferred are offset. In the period from January 01, 2020 to September 30, 2020, these operations did not impact the Reference Equity and there were no credit events provided for in the contract.

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

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

Maturity in days	Banco do Brasil						BB Consolidated					
	0 to 30	31 to 180	181 to 360	More than 360	Sep 30, 2020	Dec 31, 2019	0 to 30	31 to 180	181 to 360	More than 360	Sep 30, 2020	Dec 31, 2019
Futures	1,098,649	15,882,341	8,680,106	14,880,673	40,541,769	19,210,567	2,879,685	15,882,341	8,680,106	14,880,674	42,322,806	19,221,828
Forwards	4,503,895	12,049,289	13,231,569	5,630,006	35,414,759	22,736,215	5,288,163	12,049,289	13,231,569	5,630,006	36,199,027	22,910,987
Options	4,316,117	275,961	17,576	11,972	4,621,626	5,779,434	4,316,116	(4,031,808)	17,576	11,972	313,856	1,593,918
Swap	942,085	5,979,396	15,870,592	6,610,291	29,402,364	23,671,993	942,084	3,825,512	15,870,592	6,610,291	27,248,479	21,566,880
Credit derivatives	--	11,280	394,850	--	406,130	--	--	11,280	394,850	--	406,130	--
Other	2,549,967	4,683,363	1,154,614	319,311	8,707,255	7,900,043	2,285,321	4,683,363	1,154,614	319,311	8,442,609	7,650,577

a.3) Breakdown of the derivative portfolio by trading market and counterparty (notional value on September 30, 2020)

	Banco do Brasil						BB Consolidated					
	Futures	Forwards	Options	Swaps	Credit derivatives	Other	Futures	Forwards	Option market	Swaps	Credit derivatives	Other
Stock Exchange												
B3	34,467,320	--	122,192	--	--	--	36,248,357	--	122,192	--	--	--
Over-the-counter												
Financial Institutions	6,074,449	1,288,292	4,307,770	24,587,989	406,130	8,707,255	6,074,449	2,072,560	--	22,434,104	406,130	8,442,609
Clients	--	34,126,467	191,664	4,814,375	--	--	--	34,126,467	191,664	4,814,375	--	--

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

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Treasury financial bills	4,729,174	5,943,578	4,729,174	5,943,578

a.5) Portfolio of derivatives designated as hedge accounting

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Market risk hedge				
Hedging instruments				
Liabilities	**(771,727)**	**(41,793)**	**(771,727)**	**(41,793)**
Swaps	(771,727)	(41,793)	(771,727)	(41,793)
Hedged items				
Assets	**3,453,886**	**2,291,874**	**3,453,886**	**2,291,874**
Interbank deposits	3,453,886	2,291,874	3,453,886	2,291,874
Liabilities	**(2,638,500)**	**(2,217,511)**	**(2,638,500)**	**(2,217,511)**
Foreign securities	(2,638,500)	(2,217,511)	(2,638,500)	(2,217,511)

In order to protect itself from possible fluctuations in the interest and exchange rates of its foreign securities and investments, the Bank uses swaps (cross currency interest rate swaps) to hedge funding and foreign investments. These hedge operations were considered effective, in accordance with Central Bank Circular No. 3,082/2002, which requires evidence of hedge effectiveness in the range of 80 % to 125 %.

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

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Hedge items losses	(170,455)	--	(216,928)	(114,209)	(170,455)	--	(216,928)	(114,209)
Hedging instruments gains	166,425	--	212,882	114,209	166,425	--	212,882	114,209
Net effect	**(4,030)**	**--**	**(4,046)**	**--**	**(4,030)**	**--**	**(4,046)**	**--**
Hedge items gains	174,207	91,339	880,398	193,889	174,207	91,339	880,398	193,889
Hedging instruments losses	(174,230)	(91,359)	(877,480)	(191,674)	(174,230)	(91,359)	(877,480)	(191,674)
Net effect	**(23)**	**(20)**	**2,918**	**2,215**	**(23)**	**(20)**	**2,918**	**2,215**

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

	Banco do Brasil				BB Consolidated			
	Sep 30, 2020		Dec 31, 2019		Sep 30, 2020		Dec 31, 2019	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Assets								
Forwards	2,920,753	451,197	285,502	33,279	2,939,132	451,197	290,702	33,279
Options	--	--	12,821	--	--	--	12,821	--
Swap	1,542,056	114,702	88,397	377,675	1,542,043	114,702	88,397	377,675
Credit derivatives	2,471	--	--	--	2,471	--	--	--
Other Derivatives	129,543	--	25,439	--	129,550	--	18,061	--
Total	**4,594,823**	**565,899**	**412,159**	**410,954**	**4,613,196**	**565,899**	**409,981**	**410,954**
Liabilities								
Forwards	(1,926,491)	(78,611)	(324,663)	(63,374)	(1,926,543)	(78,611)	(341,126)	(63,374)
Options	(2,161,598)	(978)	(2,130,728)	(1,179)	(7,681)	(978)	(25,208)	(1,179)
Swap	(1,889,415)	(986,668)	(258,478)	(181,372)	(1,889,415)	(986,668)	(258,474)	(181,372)
Credit derivatives	(2,471)	--	--	--	(2,471)	--	--	--
Other Derivatives	(111,913)	(19,330)	(90,879)	--	(100,334)	(19,330)	(90,879)	--
Total	**(6,091,888)**	**(1,085,587)**	**(2,804,748)**	**(245,925)**	**(3,926,444)**	**(1,085,587)**	**(715,687)**	**(245,925)**

b) Income from derivative financial instruments

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Swaps	(470,141)	423,995	(1,249,259)	685,274	(470,223)	432,286	(1,249,979)	693,473
Forwards	575,484	311,092	3,441,293	250,546	597,653	314,419	3,479,509	252,291
Options	(10,500)	(44,087)	(41,383)	(163,777)	638	3,331	7,718	170
Futures	353,994	430,601	2,064,278	(14,720)	339,304	430,601	2,045,013	(14,720)
Credit derivatives	763	--	1,128	--	763	--	1,128	--
Other Derivatives	57,714	(20,983)	128,834	176,268	61,608	(4,640)	210,481	186,218
Total	**507,314**	**1,100,617**	**4,344,891**	**933,590**	**529,743**	**1,175,996**	**4,493,870**	**1,117,431**

12 - LOAN PORTFOLIO

a) Loan portfolio by modality

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Loans	**602,325,816**	**557,348,266**	**614,183,495**	**566,632,869**
Loans and discounted credit rights	236,416,698	207,510,278	244,662,242	214,293,911
Financing	139,823,340	127,457,654	140,560,722	127,931,373
Rural financing	176,480,545	169,651,248	176,480,545	169,651,248
Real estate financing	49,329,454	52,398,335	52,204,207	54,425,586
Loans sold under assignment (1)	275,779	330,751	275,779	330,751
Other receivables with loan characteristics	**52,310,925**	**53,437,893**	**53,679,785**	**54,520,375**
Credit card operations	26,695,014	29,986,587	28,063,874	31,069,069
Advances on exchange contracts (Note 13.c)	14,100,558	12,205,192	14,100,558	12,205,192
Other receivables purchase under assignment (2)	6,677,076	4,522,612	6,677,076	4,522,612
Receivables acquisition	4,071,093	5,737,671	4,071,093	5,737,671
Guarantees honored	220,403	446,862	220,403	446,862
Other	546,781	538,969	546,781	538,969
Leasing	**--**	**--**	**172,266**	**191,311**
Total loan portfolio	**654,636,741**	**610,786,159**	**668,035,546**	**621,344,555**
Current assets	152,920,396	167,953,102	160,629,477	174,376,432
Non-current assets	501,716,345	442,833,057	507,406,069	446,968,123
Allowance for losses associated with credit risk	**(42,116,530)**	**(39,592,667)**	**(42,349,863)**	**(39,799,866)**
(Allowance for loan losses - loans)	(39,998,282)	(37,560,369)	(40,203,917)	(37,751,311)
(Allowance for other losses - other receivables with loan characteristics)	(2,118,248)	(2,032,298)	(2,141,774)	(2,044,773)
(Allowance for lease losses - leasing transactions)	--	--	(4,172)	(3,782)
Total loan portfolio net of provisions	**612,520,211**	**571,193,492**	**625,685,683**	**581,544,689**

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

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

b) Loan portfolio income

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Loans income	**19,892,832**	**22,455,839**	**69,843,935**	**61,484,049**	**20,662,101**	**23,196,258**	**71,948,015**	**63,509,673**
Loans and discounted credit rights	10,434,881	11,093,457	31,976,807	33,153,618	10,844,135	11,512,838	33,220,529	34,482,727
Financing	2,901,297	4,786,872	18,842,530	8,312,894	2,904,744	4,822,031	18,878,843	8,406,498
Rural financing	2,913,509	2,695,986	8,388,875	8,024,526	2,913,509	2,695,986	8,388,875	8,024,526
Recovery of loans previously written-off as loss (1)	1,973,049	1,475,378	4,779,676	4,469,768	2,282,694	1,721,139	5,458,664	4,940,599
Real estate financing	970,687	997,388	2,839,377	3,084,168	1,013,663	1,033,625	2,971,074	3,192,319
Equalization of rates - agricultural crop- Law 8,427/1992	260,961	722,281	1,224,381	2,319,718	260,961	722,281	1,224,381	2,319,718
Income from foreign currency financing	138,613	164,722	718,507	350,607	139,080	161,728	715,408	346,329
Export financing	196,017	365,195	711,388	1,226,982	196,017	365,195	711,388	1,226,982
Receivables acquisition	42,431	83,431	178,881	256,400	42,431	83,431	178,881	256,400
Advances to depositors	49,962	59,752	130,373	199,266	53,442	66,627	146,832	227,473
Guarantees honored	2,682	992	26,132	53,679	2,682	992	26,132	53,679
Other	8,743	10,385	27,008	32,423	8,743	10,385	27,008	32,423
Leasing transactions income/(expenses)	**--**	**--**	**--**	**--**	**6,698**	**10,216**	**21,758**	**33,551**
Transfer of financial assets income/(expenses)	**54,336**	**119,576**	**218,856**	**348,217**	**54,983**	**121,323**	**221,464**	**74,775**
Total	**19,947,168**	**22,575,415**	**70,062,791**	**61,832,266**	**20,723,782**	**23,327,797**	**72,191,237**	**63,617,999**

(1) The amount of R$ 97,599 thousand in the 3rd quarter/2020 (with impact on the income of R$ 51,183 thousand) and R$ 117,081 thousand in 3rd quarter/2019 (with impact on the income of R$ 66,982 thousand), R$ 163,600 thousand in the period from January 01, 2020 to September 30, 2020 (with impact on the income of R$ 85,796 thousand) and R$ 234,703 thousand in the period from January 01, 2019 to September 30, 2019 (with impact on the income of R$ 134,273 thousand) was received from assignments without recourse of written off credits to entities outside the financial system, in accordance with CMN Resolution 2,836/2001. The book value of these transactions were R$ 102,757 thousand, R$ 80,265 thousand, R$ 242,951 thousand and R$ 209,820 thousand, respectively.

c) Breakdown of the loan portfolio by sector

	Banco do Brasil				BB Consolidated			
	Sep 30, 2020	%	Dec 31, 2019	%	Sep 30, 2020	%	Dec 31, 2019	%
Public sector	**74,416,158**	**11.4**	**62,163,139**	**10.2**	**74,707,703**	**11.2**	**62,401,684**	**10.0**
Public administration	57,929,003	8.9	44,612,404	7.3	58,220,548	8.7	44,830,623	7.2
Oil sector	12,044,694	1.8	11,202,797	1.8	12,044,694	1.8	11,202,797	1.8
Electricity	3,733,325	0.6	4,586,334	0.8	3,733,325	0.6	4,586,334	0.7
Services	469,121	0.1	567,709	0.1	469,121	0.1	567,709	0.1
Other activities	240,015	--	1,193,895	0.2	240,015	--	1,214,221	0.2
Private sector	**580,220,583**	**88.6**	**548,623,020**	**89.8**	**593,327,843**	**88.8**	**558,942,871**	**90.0**
Individuals	**385,639,908**	**58.9**	**370,298,322**	**60.6**	**389,286,981**	**58.3**	**373,080,297**	**60.0**
Companies	**194,580,675**	**29.7**	**178,324,698**	**29.2**	**204,040,862**	**30.5**	**185,862,574**	**30.0**
Agribusiness of plant origin	29,893,086	4.6	28,240,078	4.6	30,634,536	4.6	28,982,816	4.7
Services	21,668,874	3.3	15,673,616	2.6	23,035,003	3.4	16,535,921	2.7
Transportation	16,392,858	2.5	14,377,246	2.3	16,547,596	2.5	14,513,945	2.4
Automotive sector	14,713,573	2.2	11,066,997	1.8	15,363,555	2.3	11,829,036	1.9
Mining and metallurgy	13,887,620	2.1	12,586,496	2.1	14,313,922	2.1	13,215,136	2.1
Retail commerce	10,741,984	1.6	9,278,186	1.5	10,986,043	1.6	9,518,827	1.5
Agribusiness of animal origin	10,450,615	1.6	9,539,048	1.6	10,791,788	1.6	9,849,103	1.6
Real estate agents	6,498,319	1.0	7,339,434	1.2	7,291,466	1.1	7,923,857	1.3
Electricity	7,058,119	1.1	7,093,564	1.2	7,175,706	1.1	7,111,590	1.1
Fuel	6,534,536	1.0	6,244,745	1.0	7,158,042	1.1	6,755,371	1.1
Agricultural inputs	6,948,353	1.1	7,524,061	1.2	6,995,587	1.0	7,528,519	1.2
Specific activities of construction	6,455,204	1.0	6,450,447	1.1	6,723,799	1.0	6,632,904	1.1
Financial services	5,133,278	0.8	7,069,520	1.2	6,645,219	1.0	7,693,137	1.2
Wholesale and various industries	5,787,562	0.9	5,721,452	0.9	6,543,673	1.0	6,244,586	1.0
Chemical	6,084,040	0.9	5,433,130	0.9	6,506,580	1.0	6,051,352	1.0
Textile and clothing	5,933,919	0.9	5,293,135	0.9	5,984,703	0.9	5,344,701	0.9
Electronics	5,939,711	0.9	5,623,337	0.9	5,982,799	0.9	5,662,511	0.9
Woodworking and furniture market	3,863,597	0.6	4,026,577	0.7	3,894,077	0.6	4,058,347	0.7
Pulp and paper	3,250,953	0.5	3,072,689	0.5	3,422,307	0.5	3,252,891	0.5
Heavy construction	2,277,446	0.3	2,140,691	0.3	2,472,903	0.4	2,343,976	0.4
Telecommunications	2,119,152	0.3	1,957,723	0.3	2,243,886	0.3	2,128,727	0.3
Other activities	2,947,876	0.5	2,572,526	0.4	3,327,672	0.5	2,685,321	0.4
Total	**654,636,741**	**100.0**	**610,786,159**	**100.0**	**668,035,546**	**100.0**	**621,344,555**	**100.0**

d) Loan portfolio by risk level and maturity

	Banco do Brasil										
	AA	A	B	C	D	E	F	G	H	Sep 30, 2020	Dec 31, 2019
	Loans not past due										
Installments falling due											
01 to 30	11,836,483	4,380,579	11,885,788	10,476,447	961,376	152,024	43,565	123,743	294,196	40,154,201	40,554,119
31 to 60	8,868,447	2,472,336	4,859,402	3,938,229	481,039	224,102	29,078	161,153	176,885	21,210,671	19,994,266
61 to 90	8,987,397	2,459,592	4,198,574	3,029,262	267,838	192,210	26,225	21,905	467,970	19,650,973	16,865,861
91 to 180	24,714,831	5,944,924	9,860,599	8,097,484	873,119	1,492,000	65,735	52,461	515,829	51,616,982	55,102,638
181 to 360	44,586,851	6,702,838	26,642,186	12,886,242	1,239,070	768,797	127,498	92,128	984,222	94,029,832	86,833,188
More than 360	201,722,943	36,135,647	87,851,015	48,912,354	8,177,007	6,250,203	1,060,814	1,078,852	11,139,447	402,328,282	361,452,788
Installments overdue											
Up to 14 days	334,538	29,019	60,509	89,872	31,901	28,401	7,838	2,529	41,906	626,513	498,423
Subtotal	**301,051,490**	**58,124,935**	**145,358,073**	**87,429,890**	**12,031,350**	**9,107,737**	**1,360,753**	**1,532,771**	**13,620,455**	**629,617,454**	**581,301,283**
	Loans past due										
Installments falling due											
01 to 30	--	--	30,373	161,648	92,977	117,173	33,097	36,920	155,255	627,443	645,380
31 to 60	--	--	18,939	38,937	41,437	27,500	17,045	26,595	94,706	265,159	346,198
61 to 90	--	--	15,326	38,483	38,327	29,551	24,891	15,016	88,355	249,949	326,433
91 to 180	--	--	41,930	91,628	100,518	96,402	54,890	36,451	331,174	752,993	969,193
181 to 360	--	--	99,109	185,160	190,408	178,585	107,259	78,666	675,417	1,514,604	2,031,481
More than 360	--	--	2,572,918	1,358,630	1,122,622	1,345,168	1,188,598	557,146	6,429,866	14,574,948	18,012,353
Installments overdue											
01 to 14	--	--	2,887	10,642	19,528	50,555	6,396	4,626	31,473	126,107	120,030
15 to 30	--	--	74,338	130,328	61,853	29,574	17,297	11,430	110,199	435,019	487,224
31 to 60	--	--	15,136	225,928	113,562	99,697	42,814	20,437	212,472	730,046	946,801
61 to 90	--	--	1	15,776	178,797	59,534	22,543	19,542	531,679	827,872	580,552
91 to 180	--	--	--	10,656	43,079	280,688	235,890	257,328	671,886	1,499,527	1,551,547
181 to 360	--	--	--	11	2	34,538	68,779	44,250	2,028,725	2,176,305	2,500,491
More than 360	--	--	199	462	--	3,134	1,765	89	1,233,666	1,239,315	967,193
Subtotal	**--**	**--**	**2,871,156**	**2,268,289**	**2,003,110**	**2,352,099**	**1,821,264**	**1,108,496**	**12,594,873**	**25,019,287**	**29,484,876**
Total	**301,051,490**	**58,124,935**	**148,229,229**	**89,698,179**	**14,034,460**	**11,459,836**	**3,182,017**	**2,641,267**	**26,215,328**	**654,636,741**	**610,786,159**

	BB Consolidated										
	AA	A	B	C	D	E	F	G	H	Sep 30, 2020	Dec 31, 2019
	Loans not past due										
Installments falling due											
01 to 30	12,166,165	6,748,654	13,436,172	10,479,583	962,543	152,350	43,667	123,885	297,448	44,410,467	42,340,964
31 to 60	8,874,032	2,606,698	4,869,132	3,949,098	481,119	224,138	29,086	161,155	177,712	21,372,170	20,514,037
61 to 90	9,217,716	2,678,848	4,246,064	3,109,439	267,878	192,248	26,228	21,909	468,771	20,229,101	17,272,575
91 to 180	25,100,940	6,661,929	9,912,257	8,102,113	873,887	1,492,069	65,776	52,477	523,699	52,785,147	56,113,551
181 to 360	44,956,661	7,477,058	26,816,496	12,895,413	1,239,783	769,041	127,673	92,171	990,778	95,365,074	87,660,025
More than 360	203,361,919	36,889,370	90,943,458	48,979,894	8,180,640	6,251,074	1,061,520	1,097,464	11,170,408	407,935,747	365,897,883
Installments overdue											
Up to 14 days	334,538	39,683	125,717	97,322	31,980	28,425	7,856	2,545	42,018	710,084	1,910,187
Subtotal	**304,011,971**	**63,102,240**	**150,349,296**	**87,612,862**	**12,037,830**	**9,109,345**	**1,361,806**	**1,551,606**	**13,670,834**	**642,807,790**	**591,709,222**
	Loans past due										
Installments falling due											
01 to 30	--	--	30,373	161,653	92,977	117,173	33,097	36,919	155,275	627,467	645,474
31 to 60	--	--	18,939	38,943	41,437	27,500	17,045	26,595	94,724	265,183	346,290
61 to 90	--	--	15,326	38,489	38,327	29,551	24,891	15,016	88,369	249,969	326,494
91 to 180	--	--	41,930	91,646	100,518	96,402	54,890	36,451	331,214	753,051	969,350
181 to 360	--	--	99,109	185,192	190,408	178,585	107,259	78,666	675,490	1,514,709	2,031,623
More than 360	--	--	2,572,918	1,358,659	1,122,622	1,345,168	1,188,598	557,146	6,430,024	14,575,135	18,012,638
Installments overdue											
01 to 14	--	--	2,887	10,642	19,528	50,555	6,396	4,626	31,485	126,119	120,054
15 to 30	--	--	161,532	131,186	62,170	29,635	17,306	11,441	111,050	524,320	517,892
31 to 60	--	--	15,136	249,992	114,025	99,831	42,896	20,468	213,538	755,886	976,393
61 to 90	--	--	1	15,776	190,869	59,617	22,581	19,558	532,871	841,273	601,543
91 to 180	--	--	--	10,656	43,079	284,348	237,523	259,724	674,364	1,509,694	1,568,735
181 to 360	--	--	--	11	2	34,538	68,779	44,250	2,052,894	2,200,474	2,524,225
More than 360	--	--	199	462	--	3,134	1,765	89	1,278,827	1,284,476	994,622
Subtotal	**--**	**--**	**2,958,350**	**2,293,307**	**2,015,962**	**2,356,037**	**1,823,026**	**1,110,949**	**12,670,125**	**25,227,756**	**29,635,333**
Total	**304,011,971**	**63,102,240**	**153,307,646**	**89,906,169**	**14,053,792**	**11,465,382**	**3,184,832**	**2,662,555**	**26,340,959**	**668,035,546**	**621,344,555**

e) Allowance for loan losses by risk level

Level of risk	% Minimum provision	Banco do Brasil							
		Sep 30, 2020				Dec 31, 2019			
		Value of loans	Minimum required allowance	Supplementary allowance (1)	Total	Value of loans	Minimum required allowance	Supplementary allowance (1)	Total
AA		301,051,490	--	--	--	291,882,829	--	--	--
A	0.5	58,124,935	290,625	37,888	328,513	62,798,880	313,994	41,906	355,900
B	1	148,229,229	1,482,292	581,250	2,063,542	146,204,422	1,462,044	543,035	2,005,079
C	3	89,698,179	2,690,945	2,339,834	5,030,779	58,049,783	1,741,493	1,382,653	3,124,146
D	10	14,034,460	1,403,446	191,916	1,595,362	9,970,630	997,063	196,197	1,193,260
E	30	11,459,836	3,437,951	4,513	3,442,464	6,808,195	2,042,459	8,699	2,051,158
F	50	3,182,017	1,591,009	646	1,591,655	3,772,255	1,886,128	5,939	1,892,067
G	70	2,641,267	1,848,887	--	1,848,887	7,764,132	5,434,892	1,132	5,436,024
H	100	26,215,328	26,215,328	--	26,215,328	23,535,033	23,535,033	--	23,535,033
Total		**654,636,741**	**38,960,483**	**3,156,047**	**42,116,530**	**610,786,159**	**37,413,106**	**2,179,561**	**39,592,667**

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

Level of risk	% Minimum provision	BB Consolidated							
		Sep 30, 2020				Dec 31, 2019			
		Value of loans	Minimum required allowance	Supplementary allowance (1)	Total	Value of loans	Minimum required allowance	Supplementary allowance (1)	Total
AA		304,011,971	--	--	--	294,239,332	--	--	--
A	0.5	63,102,240	315,511	37,928	353,439	66,827,896	334,139	41,956	376,095
B	1	153,307,646	1,533,076	581,775	2,114,851	150,152,446	1,501,524	543,278	2,044,802
C	3	89,906,169	2,697,185	2,345,143	5,042,328	58,086,001	1,742,580	1,382,759	3,125,339
D	10	14,053,792	1,405,379	191,927	1,597,306	9,997,194	999,719	196,216	1,195,935
E	30	11,465,382	3,439,615	4,513	3,444,128	6,819,860	2,045,958	8,699	2,054,657
F	50	3,184,832	1,592,416	647	1,593,063	3,780,796	1,890,398	5,939	1,896,337
G	70	2,662,555	1,863,789	--	1,863,789	7,784,871	5,449,410	1,132	5,450,542
H	100	26,340,959	26,340,959	--	26,340,959	23,656,159	23,656,159	--	23,656,159
Total		**668,035,546**	**39,187,930**	**3,161,933**	**42,349,863**	**621,344,555**	**37,619,887**	**2,179,979**	**39,799,866**

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

f) Changes in allowance for losses associated with credit risk

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

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Opening balance	**41,409,210**	**35,266,540**	**39,592,667**	**33,791,305**	**41,676,660**	**35,546,921**	**39,799,866**	**34,350,503**
Addition/(reversal)	6,577,054	4,982,047	18,957,680	15,091,938	6,574,533	5,037,239	18,993,409	14,944,046
Minimum required allowance	5,679,038	4,831,693	17,981,194	15,243,738	5,671,789	4,886,806	18,011,455	15,095,859
Supplementary allowance [1]	898,016	150,354	976,486	(151,800)	902,744	150,433	981,954	(151,813)
Exchange fluctuation - foreign allowances	21,850	41,839	166,627	33,365	7,626	(28,602)	211,183	(64,008)
Write off	(5,891,584)	(3,894,559)	(16,600,444)	(12,520,741)	(5,908,956)	(3,934,512)	(16,654,595)	(12,609,495)
Closing balance	**42,116,530**	**36,395,867**	**42,116,530**	**36,395,867**	**42,349,863**	**36,621,046**	**42,349,863**	**36,621,046**

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

g) Leasing portfolio by maturity

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Up to 1 year (1)	--	--	90,377	98,526
More than 1 year and up to 5 years	--	--	81,889	92,781
Over 5 years	--	--	--	4
Total present value	**--**	**--**	**172,266**	**191,311**

(1) Includes amounts related to overdue installments.

h) Concentration of loans

	Sep 30, 2020	% of credit portfolio	Dec 31, 2019	% of credit portfolio
Largest debtor	13,806,104	2.1	12,112,454	1.9
10 largest debtors	66,928,709	10.0	58,823,503	9.5
20 largest debtors	87,453,012	13.1	76,023,142	12.2
50 largest debtors	116,745,860	17.5	101,665,529	16.4
100 largest debtors	136,297,245	20.4	119,396,953	19.2

i) Renegotiated credits

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Credits renegotiated during the period	**25,417,494**	**21,225,501**	**73,876,991**	**58,329,097**	**25,418,926**	**21,225,760**	**73,878,423**	**58,329,356**
Renegotiated when past due (1)	3,277,615	2,755,721	12,746,355	7,828,045	3,277,615	2,755,721	12,746,355	7,828,045
Renovated (2)	22,139,879	18,469,780	61,130,636	50,501,052	22,141,311	18,470,039	61,132,068	50,501,311
Changes on credits renegotiated when past due								
Opening balance	**25,497,445**	**22,668,793**	**23,657,317**	**22,874,209**	**25,497,445**	**22,668,793**	**23,657,317**	**22,874,209**
Contracts (1)	3,277,615	2,755,721	12,746,355	7,828,045	3,277,615	2,755,721	12,746,355	7,828,045
Interest (received) and appropriated	(1,857,475)	(1,212,539)	(6,851,738)	(3,493,681)	(1,857,475)	(1,212,539)	(6,851,738)	(3,493,681)
Write off	(1,444,041)	(1,071,317)	(4,078,390)	(4,067,915)	(1,444,041)	(1,071,317)	(4,078,390)	(4,067,915)
Closing balance (3)	**25,473,544**	**23,140,658**	**25,473,544**	**23,140,658**	**25,473,544**	**23,140,658**	**25,473,544**	**23,140,658**
Allowance for loan losses of the portfolio renegotiated when past due			12,943,072	12,248,833			12,943,072	12,248,833
(%) Allowance for loan losses on the portfolio			50.8%	52.9%			50.8%	52.9%
90 days default of the portfolio renegotiated when past due			1,934,645	3,554,053			1,934,645	3,554,053
(%) Portfolio default			7.6%	15.4%			7.6%	15.4%

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

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

(3) Includes the amount of R$ 26,190 thousand (R$ 38,823 thousand as of September 30, 2019) related to renegotiated rural credits. The amount of R$ 9,793,550 thousand (R$ 8,815,337 thousand as of September 30, 2019), related to deferred credits from rural portfolio governed by specific legislation, is not included.

j) Supplementary information

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Undrawn credit lines	126,638,699	121,564,344	127,215,980	121,903,680
Guarantees provided (1)	10,532,640	8,308,383	10,134,443	7,993,661
Confirmed export credit	400,304	273,383	404,121	275,571
Contracted credit opened for import	406,788	351,064	461,166	375,438
Linked resources	327,439	80,924	343,928	92,698

(1) For these operations, the Bank maintains an allowance recorded in Provisions (Note 21.c).

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

Lines of FAT	TADE (1)	Sep 30, 2020	Dec 31, 2019
Loans and discounted securities		**73,289**	**397,271**
Proger Urbano Capital de Giro	01/2016	72,853	394,530
FAT Turismo - Capital de Giro	02/2012	436	2,741
Financing		**1,062,918**	**1,555,034**
Proger Urbano Investimento	18/2005	938,899	1,360,858
FAT Taxista	02/2009	117,921	174,361
FAT Turismo - Investimento	01/2012	5,541	15,720
Proger Exportação	27/2005	557	4,095
Rural financing		**3,282**	**5,619**
Pronaf Investimento	05/2005	2,544	4,303
Proger Rural Investimento	13/2005	518	1,029
Pronaf Custeio	04/2005	218	283
Proger Rural Custeio	02/2006	2	4
Total		**1,139,489**	**1,957,924**

(1) TADE - Allocation Term of Special Deposits.

l) Emergency Employment Support Program (PESE)

The Central Bank CMN Resolution No 4,846/2020 allows financial institutions to participate in the government emergency employment support program (Programa Emergencial de Suporte a Empregos – PESE), under Law No 14,043/2020.

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

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

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

Level of risk	% Minimum provision	Sep 30, 2020			
		Value of loans	Minimum required allowance	Supplementary allowance (1)	Total
AA		669,940	--	--	--
A	0.5	668	3	--	3
B	1	29,950	300	292	592
C	3	86,936	2,608	3,863	6,471
D	10	156	16	6	22
E	30	402	121	--	121
F	50	--	--	--	--
G	70	--	--	--	--
H	100	--	--	--	--
Total		**788,052**	**3,048**	**4,161**	**7,209**

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

13 - OTHER ASSETS

a) Breakdown

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Financials	**100,356,293**	**92,767,717**	**103,516,758**	**91,852,715**
Sundry debtors from escrow deposits	53,002,585	51,950,286	53,679,446	52,630,037
Foreign Exchange portfolio (Note 13.c)	23,223,186	15,961,855	23,273,988	15,986,126
Fund of allocation of surplus - Previ (Note 29.f)	9,656,822	9,572,386	9,656,822	9,572,386
Notes and credits receivable (1)	2,681,898	3,604,086	3,219,752	4,109,067
Accrued income	2,600,769	6,445,082	3,805,633	3,674,305
Compensation of wage changes fund	2,534,550	2,431,268	2,534,550	2,431,268
Other	6,656,483	2,802,754	7,346,567	3,449,526
Current assets	68,757,031	62,858,024	70,864,155	61,139,165
Non-current assets	31,599,262	29,909,693	32,652,603	30,713,550
Non-Financial	**6,297,810**	**6,044,802**	**6,901,124**	**4,580,295**
Sundry debtors	3,699,681	4,097,239	4,143,393	2,525,747
Assets not for own use and materials in stock	786,262	692,110	844,512	760,045
Actuarial assets	605,450	160,728	605,450	160,728
Specific credits (2)	392,414	392,414	392,908	392,908
Prepaid expenses	311,708	262,769	358,598	308,924
Other	502,295	439,542	556,263	431,943
Current assets	5,221,678	5,398,188	5,731,059	3,914,642
Non-current assets	1,076,132	646,614	1,170,065	665,653

(1) It includes sundry receivables from the Brazilian National Treasury, in the amount of R$ 806,947 thousand (R$ 788,948 thousand as of December 31, 2019). Mainly refers to amounts of subsidies in operations with funds MCR 6-2, MCR 6-4 (Rural Credit Manual) and are supported by specific legislation, such as CMN resolutions, the Bahia Cocoa Agriculture Recovery Program (CMN Resolution 2,960/2002) and regional funds (FDNE and FDCO). Credits receivable from the Federal Government, from expanded and securitized rural operations under the terms of Law No. 9,138/1995, assigned through Provisional Measure No. 2,196/2001, in the amount of R$ 133,574 thousand, in a reconciliation process with the National Treasury Department. The Bank has amounts payable to the Federal Government recognized in Other liabilities - Sundry creditors (Note 20.a).

(2) Credits receivable from the Federal Government, from extended and securitized rural transactions under Law No. 9,138/1995, assigned through Provisional Measure No. 2,196/2001, in a reconciliation process with the National Treasury Secretariat. The Bank has liabilities payable to the Federal Government recorded in Other liabilities - Sundry creditors - domestic (Note 20.a).

b) Allowance for losses associated with credit risk

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Notes and credits receivable	(1,123,343)	(1,116,641)	(1,480,733)	(1,345,719)
Sundry debtors	(864,108)	(609,193)	(864,305)	(609,390)
Accrued income	(172,157)	(172,298)	(172,157)	(172,298)
Other	(67,667)	(67,746)	(67,667)	(67,746)
Total	**(2,227,275)**	**(1,965,878)**	**(2,584,862)**	**(2,195,153)**

Breakdown of the allowance

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Opening balance	**(2,188,137)**	**(1,821,803)**	**(1,965,878)**	**(2,265,367)**	**(2,443,391)**	**(2,042,664)**	**(2,195,153)**	**(2,418,364)**
(Addition)/reversal	(39,194)	(113,693)	(262,865)	329,225	(141,612)	(119,150)	(384,148)	253,835
Exchange fluctuation - foreign allowances	--	184	--	203	133	(195)	(6,297)	2,242
Write-off/other adjustments	56	4,990	1,468	5,617	8	6,031	736	6,309
Closing balance	**(2,227,275)**	**(1,930,322)**	**(2,227,275)**	**(1,930,322)**	**(2,584,862)**	**(2,155,978)**	**(2,584,862)**	**(2,155,978)**

c) Foreign exchange portfolio

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Other financial assets				
Exchange purchases pending settlement	20,528,620	15,277,485	20,556,823	15,277,485
Bills of exchange and time drafts in foreign currency	69,637	49,759	69,637	49,759
Receivables from sales of foreign exchange	24,842,753	16,058,047	24,865,352	16,082,318
(Advances received in national/foreign currency)	(22,218,636)	(15,424,590)	(22,218,636)	(15,424,590)
Foreign currency receivables	812	1,154	812	1,154
Total	**23,223,186**	**15,961,855**	**23,273,988**	**15,986,126**
Current assets	23,218,696	15,956,182	23,269,498	15,980,453
Non-current assets	4,490	5,673	4,490	5,673
Other Financial Liabilities (Note 20.a)				
Exchange sales pending settlement	31,279,510	16,612,793	31,279,558	16,628,955
Exchange purchase liabilities	17,770,108	15,107,873	17,820,929	15,115,959
(Advances on Exchange contracts) (Note 12.a)	(14,100,558)	(12,205,192)	(14,100,558)	(12,205,192)
Foreign currency payables	2,022	1,197	71,989	52,511
Total	**34,951,082**	**19,516,671**	**35,071,918**	**19,592,233**
Current liabilities	34,951,082	10,009,003	35,071,918	10,084,565
Non-current liabilities	--	9,507,668	--	9,507,668
Net foreign exchange portfolio	**(11,727,896)**	**(3,554,816)**	**(11,797,930)**	**(3,606,107)**
Off balance accounts				
Credit opened for imports	569,151	439,700	623,529	464,074
Confirmed export credit	400,304	273,383	404,121	275,571

d) Results from other financial assets

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Foreign exchange results	(380,241)	518,250	(138,988)	792,945	(355,530)	577,183	(170,454)	951,078
Other	37,858	39,466	112,071	(84,920)	37,858	39,468	112,069	(84,920)
Total	**(342,383)**	**557,716**	**(26,917)**	**708,025**	**(317,672)**	**616,651**	**(58,385)**	**866,158**

14 - INVESTMENTS

a) Changes in associates and joint ventures

	Banco do Brasil											
	Share capital	Adjusted shareholders ' equity	Net income/(loss)	Number of shares (in thousands)		Ownership interest in share capital %	Book value	Changes - Jan 1 to Sep 30, 2020			Book value	Equity income
			Jan 1 to Sep 30, 2020	Common	Preferred		Dec 31, 2019	Dividends	Other events [1]	Equity income	Set 30, 2020	Jan 1 to Sep 30, 2019
Domestic							**23,029,635**	**(1,488,104)**	**(43,805)**	**4,632,169**	**26,129,895**	**6,939,279**
BB Elo Cartões Participações S.A.	7,734,513	9,532,899	486,120	17,703	--	100.00%	9,009,550	--	37,890	485,459	9,532,899	605,472
BB Seguridade Participações S.A. [2][3]	3,396,767	5,703,833	2,941,011	1,325,000	--	66.36%	3,044,982	(1,159,713)	(52,013)	1,951,902	3,785,158	3,519,110
BB Leasing S.A. - Arrendamento Mercantil	3,261,860	4,772,925	50,214	3,000	--	100.00%	4,731,770	(9,059)	--	50,214	4,772,925	124,693
Banco Votorantim S.A. [4]	8,130,372	10,652,101	717,695	26,880,148	25,815,588	50.00%	4,949,987	(25,795)	37,538	359,922	5,321,652	515,893
BB Banco de Investimento S.A.	376,000	651,748	291,029	3,790	--	100.00%	468,953	(41,697)	(65,717)	290,209	651,748	642,618
BB Tecnologia e Serviços [4]	254,655	202,725	(107,557)	248,458	248,586	99.99%	298,253	--	--	(105,993)	192,260	41,689
BB Administradora de Consórcios S.A.	280,583	654,203	430,288	14	--	100.00%	280,582	(56,667)	--	430,288	654,203	448,393
BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.	109,698	1,095,710	1,159,212	100,000	--	100.00%	133,174	(195,173)	(1,503)	1,159,212	1,095,710	1,028,891
BB Administradora de Cartões de Crédito S.A.	9,300	43,559	19,227	398,158	--	100.00%	24,332	--	--	19,227	43,559	20,041
Other investments							88,052	--	--	(8,271)	79,781	(7,521)
Overseas							**5,104,947**	**(1,489,881)**	**(3,978,070)**	**6,519,701**	**6,156,697**	**1,654,554**
Banco Patagonia S.A.	53,253	2,531,184	1,095,779	578,117	--	80.39%	1,476,498	(512,924)	190,339	880,891	2,034,804	715,051
BB Cayman Islands Holding	1,359,538	1,652,987	70,311	241,023	--	100.00%	1,819,191	(976,957)	740,442	70,311	1,652,987	36,656
Banco do Brasil AG	421,779	1,301,345	(34,149)	638	--	100.00%	921,264	--	414,230	(34,149)	1,301,345	8,833
BB Securities LLC	28,204	471,171	20,377	5	--	100.00%	321,961	--	128,833	20,377	471,171	14,006
Banco do Brasil Americas [5]	346,903	374,838	12,674	11,086	--	100.00%	231,576	--	104,938	12,672	349,186	12,262
BB USA Holding Company	--	1,002	(29)	--	--	100.00%	737	--	294	(29)	1,002	--
Goodwill on acquisition of investments abroad							333,720	--	12,482	--	346,202	--
Profit/(loss) with foreign exchange in the branches							--	--	(4,442,993)	4,442,993	--	716,896
Profit/(loss) with foreign exchange in the affiliates and associates							--	--	(1,094,061)	1,094,061	--	143,946
Profit/loss with exchange in the other equity							--	--	(32,574)	32,574	--	6,904
Total investments in associates and joint ventures							**28,134,582**	**(2,977,985)**	**(4,021,875)**	**11,151,870**	**32,286,592**	**8,593,833**
(Allowance for losses)							(228)	--	--	--	(228)	--

(1) These basically refer to the corporate restructuring, exchange fluctuation and equity valuation adjustments of available-for-sale securities and the foreign exchange variation on investments abroad.

(2) BB Seguridade S.A. share value was R$ 24.27 in September 30, 2020.

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

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

(5) Including the provision for impairment loss on investment in Banco do Brasil Americas in the amount of R$ 25,651 thousand, recorded in previous years.

	BB Consolidated											
	Share capital	Adjusted shareholders' equity	Net income/(loss)	Number of shares (in thousands)		Ownership interest in share capital %	Book value	Changes - Jan 1 to Sep 30, 2020			Book value	Equity income
			Jan 1 to Sep 30, 2020	Common	Preferred		Dec 31, 2019	Dividends	Other events (1)	Equity income	Set 30, 2020	Jan 1 to Sep 30, 2019
Domestic							**14,356,662**	**(1,855,930)**	**170,559**	**2,171,023**	**14,842,314**	**3,066,887**
Banco Votorantim S.A. (2)	8,130,372	10,652,101	717,695	26,880,148	25,815,588	50.00%	4,949,987	(25,795)	37,538	359,922	5,321,652	515,893
Cateno Gestão de Contas de Pagamento S.A. (3)	414,000	12,136,008	250,290	2,397,200	1,198,600	30.00%	3,668,271	(102,539)	--	75,071	3,640,803	138,492
Cielo S.A. (2)(4)	5,700,000	11,189,293	283,632	778,320	--	28.75%	3,121,102	(18,486)	114,590	31,571	3,248,777	341,907
Brasilprev Seguros e Previdência S.A. (2)(5)	1,729,259	3,242,960	791,610	572	1,145	75.00%	2,426,192	(623,901)	(696)	592,454	2,394,049	745,104
BB Mapfre Participações S.A. (5)	1,469,848	1,462,965	1,053,515	944,858	1,889,339	74.99%	1,171,609	(780,421)	(84,140)	790,030	1,097,078	820,790
Brasilcap Capitalização S.A. (5)	231,264	452,910	126,246	107,989	107,989	66.66%	321,183	(63,639)	(39,789)	84,155	301,910	55,367
Neoenergia S.A. (6)	--	--	--	--	--	--	--	--	--	--	--	92,584
Elo Participações S.A. (7)	1,052,000	2,888,458	486,416	525,895	--	49.99%	1,429,932	(228,034)	665	241,377	1,443,940	243,806
UBS BB Serviços de Assessoria Financeira e Participações S.A. (8)	2,300,491	1,369,726	24,502	1,954,245	--	49.99%	--	--	684,726	--	684,726	--
Other investments (9)							184,405	(13,115)	55,536	(3,557)	223,269	112,944
Goodwill/(bargain) purchase on acquisition of investments							(1,561)	--	--	--	(1,561)	--
Unrealised profits on transactions with equity-accounted investees (10)							(2,914,458)	--	(597,871)	--	(3,512,329)	--
Overseas							**333,720**	**--**	**12,482**	**--**	**346,202**	**--**
Goodwill on acquisition of investments abroad							333,720	--	12,482	--	346,202	--
Total investments in associates and joint ventures							**14,690,382**	**(1,855,930)**	**183,041**	**2,171,023**	**15,188,516**	**3,066,887**
(Allowance for losses)							(22,240)	--	920	--	(21,320)	--

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

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

(3) Indirect interest of the Bank in Cateno, through its subsidiary BB Elo Cartões Participações S.A. The total share of the Bank is 50.13% (Cielo S.A. holds 70% of direct interest in Cateno).

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

(5) Equity interest held by BB Seguros Participações S.A. It includes harmonization adjustments in accounting practices.

(6) Investment was sold in June 2019.

(7) The equity of Elo Participações S.A. is calculated in proportion to the monthly contribution of BB Elo Cartões in the business of the company, according to agreement of November 01, 2017, between BB Elo Cartões and Bradescard.

(8) Company arising from the strategic partnership between BB-Banco de Investimentos S.A. and UBS A.G. to operate in investment banking and securities brokerage activities (Note 5).

(9) Includes the disposal of the investiment in IRB-Brasil Resseguros, which occurred in July 2019.

(10) Unrealised profit arising from a new strategic partnership between BB Elo Cartões Participações S.A. and Cielo S.A., forming Cateno Gestão de Contas de Pagamento S.A. and unrealised profit arising from strategic partnership between BB-BI and UBS A.G.

b) Summarized financial information of associates and joint ventures, not adjusted for the equity interest percentage held by the Bank

Balance sheet	Sep 30, 2020						
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre Participações S.A.	Cielo S.A.	Other	Total
Total assets	**301,392,783**	**121,327,164**	**12,757,707**	**15,765,771**	**81,158,087**	**17,543,619**	**549,945,131**
Cash and due from banks	61,634	323,023	560	10,751	240,383	1,115,518	1,751,869
Short-term interbank investments	--	11,035,672	56,674	--	--	16,395	11,108,741
Securities and derivative financial instruments	299,701,164	40,062,568	2,545,204	6,440,244	3,546,608	8,602,114	360,897,902
Loans	--	47,976,582	--	--	--	--	47,976,582
Other credits and other assets	1,394,267	19,475,204	721,659	9,295,221	64,463,308	4,955,611	100,305,270
Permanent assets	235,718	2,454,115	9,433,610	19,555	12,907,788	2,853,981	27,904,767
Total liabilities	**298,149,823**	**110,675,064**	**621,699**	**14,302,806**	**69,968,794**	**12,986,037**	**506,704,223**
Deposits, securities, borrowings, derivative financial instruments and others onlendings	--	90,770,060	--	--	61,049,734	--	151,819,794
Other liabilities	298,149,823	19,905,004	621,699	14,302,806	8,919,060	12,986,037	354,884,429
Technical provisions for insurance, pension plans and capitalization	297,605,455	--	--	10,550,675	--	8,173,699	316,329,829
Subordinated debts and equity and debt hybrid securities	--	112,013	--	--	--	--	112,013
Other	544,368	19,792,991	621,699	3,752,131	8,919,060	4,812,338	38,442,587
Shareholders' equity	**3,242,960**	**10,652,100**	**12,136,008**	**1,462,965**	**11,189,293**	**4,557,582**	**43,240,908**
% of Total Share	75.00%	50.00%	30.00%	74.99%	28.75%	--	--
Shareholders' equity (proportional to the equity interest)	**2,432,058**	**5,326,050**	**3,640,803**	**1,097,078**	**3,216,922**	**2,152,504**	**17,865,415**
Goodwill/(bargain) purchase on acquisition of investments	(1,561)	--	--	--	--	346,202	344,641
Other amounts [(1)]	(38,009)	(4,398)	(3,512,329)	--	31,855	501,341	(3,021,540)
Investment book value	**2,392,488**	**5,321,652**	**128,474**	**1,097,078**	**3,248,777**	**3,000,047**	**15,188,516**

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

Statements of income	Jan 1 to Sep 30, 2020						
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre Participações S.A.	Cielo S.A.	Other	Total
Income from financial intermediation	18,984	2,120,504	--	224,341	493,959	186,889	3,044,677
Service fee income	2,160,104	409,819	2,044,428	--	6,194,751	3,999,300	14,808,402
Other administrative expenses	(152,602)	(1,117,044)	(613,168)	(191,532)	(746,494)	(3,201,845)	(6,022,685)
Other operating income/expenses	(724,568)	(1,278,362)	(1,050,027)	1,403,050	(5,297,882)	(10,827)	(6,958,616)
Non-operating income	--	(4,964)	--	1,198	(35,686)	(59,402)	(98,854)
Net income before tax	**1,301,918**	**129,953**	**381,233**	**1,437,057**	**608,648**	**914,115**	**4,772,924**
Income tax and profit sharing	(510,308)	587,742	(130,943)	(383,542)	(325,016)	(79,111)	(841,178)
Net income	**791,610**	**717,695**	**250,290**	**1,053,515**	**283,632**	**835,004**	**3,931,746**
% of Total Share	75.00%	50.00%	30.00%	74.99%	28.73%	--	--
Net income (proportional to the equity interest)	**593,668**	**358,848**	**75,087**	**790,030**	**81,483**	**361,443**	**2,260,559**
Other amounts (1)	(1,214)	1,074	(16)	--	(49,912)	(39,468)	(89,536)
Equity income	**592,454**	**359,922**	**75,071**	**790,030**	**31,571**	**321,975**	**2,171,023**

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

Balance sheet	Dec 31, 2019						
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre Participações S.A	Cielo S.A.	Other	Total
Total assets	**295,002,727**	**96,885,219**	**12,990,633**	**14,646,376**	**94,882,641**	**17,378,609**	**531,786,205**
Cash and due from banks	3,474	271,869	623	14,931	93,247	1,060,726	1,444,870
Short-term interbank investments	--	3,830,434	125,350	--	--	28,943	3,984,727
Securities and derivative financial instruments	292,318,871	29,392,863	2,188,724	7,203,815	8,065,191	8,888,013	348,057,477
Loans	--	46,168,114	--	--	--	--	46,168,114
Other credits and other assets	2,452,332	15,058,340	955,022	7,192,984	75,378,931	5,045,070	106,082,679
Permanent assets	228,050	2,163,599	9,720,914	234,646	11,345,272	2,355,857	26,048,338
Total liabilities	**291,718,527**	**86,974,296**	**763,062**	**13,084,022**	**84,049,732**	**12,227,885**	**488,817,524**
Deposits, securities, borrowings, derivative financial instruments and others onlendings	--	72,533,804	--	--	70,311,923	15,000	142,860,727
Other liabilities	291,718,527	14,440,492	763,062	13,084,022	13,737,809	12,212,885	345,956,797
Technical provisions for insurance, pension plans and capitalization	289,811,313	--	--	9,654,221	--	8,587,810	308,053,344
Subordinated debts and equity and debt hybrid securities	--	3,247,094	--	--	--	--	3,247,094
Other	1,907,214	11,193,398	763,062	3,429,801	13,737,809	3,625,075	34,656,359
Shareholders' equity	**3,284,200**	**9,910,923**	**12,227,571**	**1,562,354**	**10,832,909**	**5,150,724**	**42,968,681**
% of Total Share	75.00%	50.00%	30.00%	74.99%	28.69%	--	--
Shareholders' equity (proportional to the equity interest)	**2,462,986**	**4,955,462**	**3,668,271**	**1,171,609**	**3,108,124**	**2,347,025**	**17,713,477**
Goodwill/(bargain) purchase on acquisition of investments	(1,561)	--	--	--	--	333,720	332,159
Other amounts (1)	(36,794)	(5,475)	(2,914,458)	--	12,978	(411,505)	(3,355,254)
Investment book value	**2,424,631**	**4,949,987**	**753,813**	**1,171,609**	**3,121,102**	**2,269,240**	**14,690,382**

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

Statements of income	Jan 1 to Sep 30, 2019						
	Brasilprev Seguros e Previdência S.A.	Banco Votorantim S.A.	Cateno Gestão de Contas de Pagamento S.A.	BB Mapfre Participações S.A.	Cielo S.A.	Other	Total
Income from financial intermediation	412,266	2,815,321	--	312,515	477,710	1,103,035	5,120,847
Service fee income	2,103,244	381,108	2,243,380	--	4,453,782	3,869,075	13,050,589
Other administrative expenses	(203,140)	(1,043,761)	(641,682)	(190,829)	(564,546)	(3,304,235)	(5,948,193)
Other operating income/expenses	(713,775)	(532,576)	(898,674)	1,432,360	(2,612,413)	1,239,709	(2,085,369)
Non-operating income	(470)	7,338	--	210	(8,147)	(87,122)	(88,191)
Net income before tax	**1,598,125**	**1,627,430**	**703,024**	**1,554,256**	**1,746,386**	**2,820,462**	**10,049,683**
Income tax and profit sharing	(646,240)	(584,281)	(241,346)	(451,246)	(423,385)	(237,516)	(2,584,014)
Net income	**951,885**	**1,043,149**	**461,678**	**1,103,010**	**1,323,001**	**2,582,946**	**7,465,669**
% of Total Share	74.99%	50.00%	30.00%	74.99%	28.69%	--	--
Net income (proportional to the equity interest)	**713,866**	**521,575**	**138,503**	**827,147**	**379,503**	**651,838**	**3,232,432**
Other amounts (1)	31,238	(5,682)	(11)	(6,357)	(37,596)	(147,137)	(165,545)
Equity income	**745,104**	**515,893**	**138,492**	**820,790**	**341,907**	**504,701**	**3,066,887**

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of non-financial companies to Chart of Accounts for Financial Institutions - Cosif.

c) Other investments

	Banco do Brasil		BB Consolidated	
	Set 30, 2020	Dec 31, 2019	Set 30, 2020	Dec 31, 2019
Tax incentive investments	9,877	10,821	62,912	63,856
Equity securities	57	57	57	57
Stocks and shares	73,968	73,925	87,538	84,514
Other investments	3,094	3,022	3,985	3,709
Other equity abroad	128,680	96,103	214,050	168,424
Total	**215,676**	**183,928**	**368,542**	**320,560**
(Allowance for losses)	(37,727)	(20,370)	(46,610)	(29,253)

d) Goodwill arising on acquisition of investments

Changes of goodwill	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Opening balance	**370,856**	**460,262**	**333,720**	**572,809**	**370,856**	**551,089**	**333,720**	**761,060**
Reductions	--	--	--	--	--	(5,968)	--	(5,968)
Amortizations (1)	(6,886)	(8,513)	(21,368)	(29,405)	(6,886)	(50,819)	(21,368)	(169,135)
Foreign exchange fluctuation (2)	(17,768)	(84,697)	33,850	(176,352)	(17,768)	(84,697)	33,850	(176,352)
Closing balance	**346,202**	**367,052**	**346,202**	**367,052**	**346,202**	**409,605**	**346,202**	**409,605**

(1) Booked in other administrative expenses.
(2) Relates to the goodwill from Banco Patagonia.

e) Expected goodwill amortization

	2020	2021	2022	After 2022	Total
Banco Patagonia (1)	**6,960**	**27,841**	**27,841**	**241,365**	**304,007**
Tax effects (2)	(3,132)	(12,528)	(12,528)	(108,614)	(136,802)
Net total	**3,828**	**15,313**	**15,313**	**132,751**	**167,205**

(1) The goodwill to be amortized does not include an amount of R$ 42,195 thousand related to the intangible asset with an indefinited useful life and other assets not subject to amortization.
(2) 25% of income tax and 20% of social contribution for financial companies.

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

f) Goodwill impairment test

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

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

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

Entity (cash-generating unit)	Growth rate p.a. (1)	Discount rate p.a. (2)
Banco Patagonia	7.0%	30.2%

(1) Nominal growth in perpetuity.
(2) Geometric average used in economic evaluations.

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

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

15 - PROPERTY AND EQUIPMENT

	Banco do Brasil							
		Dec 31, 2019	Jan 1 to Sep 30, 2020		Sep 30, 2020			
	Annual depreciation rate	Book value	Changes	Depreciation	Cost value	Accumulated depreciation	Impairment losses	Book value
Buildings	4 to 10%	3,393,051	354,458	(297,246)	8,265,266	(4,792,669)	(22,334)	3,450,263
Furniture and equipment	10%	1,617,473	121,513	(216,376)	3,608,250	(2,085,602)	(38)	1,522,610
Data processing systems	10 to 20%	1,359,233	539,784	(375,768)	4,517,621	(2,994,372)	--	1,523,249
Constructions in progress	--	648,437	(73,494)	--	574,943	--	--	574,943
Land	--	323,083	(652)	--	322,431	--	--	322,431
Communication and security equipament	10%	214,879	21,169	(34,177)	655,074	(453,199)	(4)	201,871
Facilities	10%	138,943	14,367	(21,707)	1,019,608	(888,005)	--	131,603
Vehicles	10%	2,882	(37)	(572)	8,668	(6,395)	--	2,273
Furniture and equipment in stock	--	895	(12)	--	883	--	--	883
Total		**7,698,876**	**977,096**	**(945,846)**	**18,972,744**	**(11,220,242)**	**(22,376)**	**7,730,126**

	BB Consolidated								
		Dec 31, 2019	Jan 1 to Sep 30, 2020			Sep 30, 2020			
	Annual depreciation rate	Book value	Changes	Depreciation	Reversal of losses	Cost value	Accumulated depreciation	Impairment losses	Book value
Buildings	4 to 10%	3,428,531	360,858	(302,661)	325	8,350,951	(4,841,564)	(22,334)	3,487,053
Furniture and equipment	10%	1,719,029	120,042	(234,363)	--	3,776,300	(2,171,429)	(163)	1,604,708
Data processing systems	10 to 20%	1,362,266	591,348	(382,239)	697	4,641,088	(3,068,791)	(225)	1,572,072
Constructions in progress	--	661,397	(68,243)	--	--	593,154	--	--	593,154
Land	--	331,533	(335)	--	--	331,198	--	--	331,198
Communication and security equipment	10%	222,350	8,630	(34,177)	--	659,919	(463,112)	(4)	196,803
Facilities	10%	152,410	5,326	(21,805)	--	1,028,386	(892,455)	--	135,931
Vehicles	10%	4,284	77	(901)	--	10,891	(7,431)	--	3,460
Furniture and equipment in stock	--	895	(12)	--	--	883	--	--	883
Total		**7,882,695**	**1,017,691**	**(976,146)**	**1,022**	**19,392,770**	**(11,444,782)**	**(22,726)**	**7,925,262**

16 - INTANGIBLE ASSETS

a) Changes and breakdown

	Banco do Brasil										
		Dec 31, 2019	Jan 1 to Sep 30, 2020					Sep 30, 2020			
	Annual amortization rate	Book value	Acquisitions	Exchange fluctuation	Write offs	Amortization	Reversal of losses (1)	Cost value	Accumulated amortization	Impairment losses	Book value
Rights to manage payroll (2)	Contract	3,257,872	1,225,155	--	(17,917)	(1,038,420)	118	7,879,503	(3,447,613)	(1,005,082)	3,426,808
Software	10%	2,496,267	614,807	22,327	(14,885)	(273,001)	--	5,610,511	(2,764,996)	--	2,845,515
Other intangible assets	Contract	30,217	375,000	--	(368,750)	(16,422)	--	38,597	(14,091)	(4,461)	20,045
Total		**5,784,356**	**2,214,962**	**22,327**	**(401,552)**	**(1,327,843)**	**118**	**13,528,611**	**(6,226,700)**	**(1,009,543)**	**6,292,368**

	BB Consolidated										
		Dec 31, 2019	Jan 1 to Sep 30, 2020					Sep 30, 2020			
	Annual amortization rate	Book value	Acquisitions	Exchange fluctuation	Write offs	Amortization	Reversal of losses (1)	Cost value	Accumulated amortization	Impairment losses	Book value
Rights to manage payroll (2)	Contract	3,257,872	1,225,155	--	(17,917)	(1,038,420)	118	7,879,503	(3,447,613)	(1,005,082)	3,426,808
Software	10%	2,632,460	653,220	63,517	(144,146)	(285,669)	20	5,754,694	(2,835,291)	(1)	2,919,402
Other intangible assets	Contract	30,217	375,000	--	(368,750)	(16,422)	--	38,597	(14,091)	(4,461)	20,045
Total		**5,920,549**	**2,253,375**	**63,517**	**(530,813)**	**(1,340,511)**	**138**	**13,672,794**	**(6,296,995)**	**(1,009,544)**	**6,366,255**

(1) Reversals losses are recorded in the line item other operating income.

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

b) Estimate for amortization

	Banco do Brasil						
	4th quarter/2020	2021	2022	2023	2024	After 2024	Total
Amounts to be amortized	423,625	1,445,493	1,108,196	834,947	781,680	1,698,427	**6,292,368**

	BB Consolidated						
	4th quarter/2020	2021	2022	2023	2024	After 2024	Total
Amounts to be amortized	425,473	1,452,882	1,115,585	842,336	789,069	1,740,910	**6,366,255**

17 - COSTUMER RESOURCES

a) Deposits

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Demand deposits	**86,583,485**	**68,570,333**	**90,714,579**	**71,066,575**
Individuals	47,284,722	36,473,942	48,330,583	37,199,373
Corporations	23,495,811	20,239,410	26,744,301	22,098,179
Government	1,768,031	2,020,811	1,768,031	2,020,811
Restricted	11,088,880	7,454,902	11,102,090	7,500,959
Foreign currency	653,887	648,824	653,887	648,824
Associated	935,165	397,592	843,755	323,618
Financial system institutions	894,390	526,188	813,332	466,974
National Treasury Special	246,884	170,968	246,884	170,968
Domiciled abroad	41,708	87,690	37,709	84,075
Other	174,007	550,006	174,007	552,794
Savings deposits	**210,008,950**	**180,942,854**	**210,008,950**	**180,942,854**
Individuals	202,579,445	174,201,660	202,579,445	174,201,660
Corporations	7,022,228	6,355,740	7,022,228	6,355,740
Associated	390,555	368,622	390,555	368,622
Financial system institutions	16,722	16,832	16,722	16,832
Time deposits	**252,810,099**	**223,969,826**	**268,757,791**	**232,749,707**
Judicial	160,070,840	153,943,823	160,232,573	154,065,246
National currency	71,779,534	52,257,226	71,779,534	52,257,226
Foreign currency	13,163,997	9,741,385	28,949,956	18,399,844
Fundo de Amparo ao Trabalhador - FAT (Note 17.d)	1,828,695	2,465,968	1,828,695	2,465,968
Funproger (Note 17.e)	469,622	456,613	469,622	456,613
Third party collaterals (1)	1,941,002	1,650,490	1,941,002	1,650,490
Special Regime (2)	2,341,925	2,219,742	2,341,925	2,219,742
Other	1,214,484	1,234,579	1,214,484	1,234,578
Other deposits	**390,773**	**243,169**	**390,773**	**243,169**
Total	**549,793,307**	**473,726,182**	**569,872,093**	**485,002,305**
Current liabilities	483,748,894	427,072,395	503,075,491	437,802,883
Non-current liabilities	66,044,413	46,653,787	66,796,602	47,199,422

(1) Cooperation agreements made between the Court houses or councils to attend Brazilian Justice National Council Resolution No. 98/2009.
(2) Special deposits for the Justice Courts, to comply with the Constitutional Transitory Acts pursuant to Constitutional Amendment No. 99/2017.

b) Deposits by maturity

	Banco do Brasil						
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Sep 30, 2020	Dec 31, 2019
Time deposits (1)	166,848,006	9,324,658	10,593,022	17,806,195	48,238,218	252,810,099	223,969,826
Savings deposits	210,008,950	--	--	--	--	210,008,950	180,942,854
Demand deposits	86,583,485	--	--	--	--	86,583,485	68,570,333
Other deposits	390,773	--	--	--	--	390,773	243,169
Total	**463,831,214**	**9,324,658**	**10,593,022**	**17,806,195**	**48,238,218**	**549,793,307**	**473,726,182**

(1) Includes the amount of R$ 67,025,418 thousand (R$ 48,167,226 thousand as of Dec 31, 2019), of time deposits with early repurchase clause (liquidity commitment), classified based on the contractual maturity dates.

	BB Consolidated						
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Sep 30, 2020	Dec 31, 2019
Time deposits (1)	166,848,006	23,341,731	11,771,452	18,365,521	48,431,081	268,757,791	232,749,707
Savings deposits	210,008,950	--	--	--	--	210,008,950	180,942,854
Demand deposits	90,714,579	--	--	--	--	90,714,579	71,066,575
Other deposits	390,773	--	--	--	--	390,773	243,169
Total	**467,962,308**	**23,341,731**	**11,771,452**	**18,365,521**	**48,431,081**	**569,872,093**	**485,002,305**

(1) Includes the amount of R$ 67,025,418 thousand (R$ 48,167,226 thousand as of Dec 31, 2019), of time deposits with early repurchase clause (liquidity commitment), classified based on the contractual maturity dates.

c) Expenses with costumer resources

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Savings deposits	**(1,583,813)**	**(2,991,543)**	**(5,103,245)**	**(8,174,956)**	**(1,583,813)**	**(2,991,543)**	**(5,103,245)**	**(8,174,956)**
Time deposits	**(1,350,210)**	**(3,163,317)**	**(5,600,073)**	**(9,748,311)**	**(1,811,647)**	**(3,646,485)**	**(6,707,165)**	**(11,159,683)**
Judicial	(890,469)	(2,339,694)	(3,731,200)	(7,437,948)	(891,779)	(2,341,154)	(3,733,614)	(7,442,555)
Other	(459,741)	(823,623)	(1,868,873)	(2,310,363)	(919,868)	(1,305,331)	(2,973,551)	(3,717,128)
Total	**(2,934,023)**	**(6,154,860)**	**(10,703,318)**	**(17,923,267)**	**(3,395,460)**	**(6,638,028)**	**(11,810,410)**	**(19,334,639)**

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

	Resolution/TADE (1)	Repayment of FAT Funds		Sep 30, 2020			Dec 31, 2019		
		Type(2)	Initial date	Available TMS(3)	Invested TJLP and TLP(4)	Total	Available TMS(3)	Invested TJLP and TLP(4)	Total
Proger Rural and Pronaf				**484**	**11,913**	**12,397**	**1,484**	**12,974**	**14,458**
Pronaf Custeio	04/2005	RA	11/2005	6	135	141	13	155	168
Pronaf Investimento	05/2005	RA	11/2005	291	10,982	11,273	1,211	11,790	13,001
Rural Custeio	02/2006	RA	11/2005	--	1	1	2	1	3
Rural Investimento	13/2005	RA	11/2005	187	795	982	258	1,028	1,286
Proger Urbano				**634,005**	**1,025,060**	**1,659,065**	**484,478**	**1,731,421**	**2,215,899**
Urbano Investimento	18/2005	RA	11/2005	204,921	947,708	1,152,629	224,748	1,338,427	1,563,175
Urbano Capital de Giro	01/2016	RA	06/2016	134,265	71,968	206,233	259,730	392,994	652,724
Urbano Capital de Giro 2020	01/2020	RA	04/2020	294,819	5,384	300,203	--	--	--
Other				**33,703**	**123,530**	**157,233**	**43,690**	**191,921**	**235,611**
Proger Exportação	27/2005	RA	11/2005	1,110	383	1,493	4,085	3,019	7,104
FAT Taxista	02/2009	RA	09/2009	28,640	117,859	146,499	34,513	173,767	208,280
FAT Turismo Investimento	01/2012	RA	08/2012	3,953	5,288	9,241	5,092	15,135	20,227
Total				**668,192**	**1,160,503**	**1,828,695**	**529,652**	**1,936,316**	**2,465,968**

(1) TADE - Allocation Term of Special Deposits.

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

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

(4) Funds remunerated by Long–term interest rate (TJLP) for resources released until 12.31.2017 and Long-Term Rate (TLP) for those released as of 01.01.2018 .

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

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

The FAT special deposits invested in Banco do Brasil are daily accrued the Average Selic Rate (TMS), when not lent out. As they are invested in the financing, they will be remunerated by the Long Term Rate (TLP) as of January 01, 2018 and TJLP (Long Term Interest Rate) for funds released through December 31, 2017, until maturity. The accruals are paid to FAT on a monthly basis, as established in Codefat Resolutions 439/2005, 489/2006 and 801/2017.

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

The Endorsement fund for the generation of employment and income (Funproger) is a special accounting fund established on November 23, 1999 by Law 9,872/1999, amended by Law 10,360/2001 and by Law 11,110/2005 and regulated by Codefat Resolution 409/2004, and its amendments. It is managed by Banco do Brasil under the supervision of Codefat/MTE and the balance at September 30, 2020 is R$ 469,622 thousand (R$ 456,613 thousand as of December 31, 2019).

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

18 - FINANCIAL INSTITUTIONS RESOURCES

a) Breakdown

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Securities sold under repurchase agreements (b)	583,107,662	422,258,227	569,103,108	404,355,327
Borrowings and Onlendings (c)	164,527,730	154,165,316	74,653,429	78,875,614
Interbank deposits	27,527,523	29,225,667	28,280,361	29,128,475
Liabilities for operations linked to assignments	275,550	330,526	275,550	330,526
Total	**775,438,465**	**605,979,736**	**672,312,448**	**512,689,942**
Current liabilities	660,011,846	502,329,225	636,725,531	469,932,087
Non-current liabilities	115,426,619	103,650,511	35,586,917	42,757,855

b) Securities sold under repurchase agreements

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Own portfolio	**52,408,436**	**55,292,888**	**44,444,856**	**43,366,024**
Private securities	11,337,926	12,957,635	11,337,926	12,957,635
National Treasury bills	--	23,462	--	23,462
Treasury financial bills	34,990,337	38,003,792	31,704,228	29,347,224
Securities abroad	6,080,173	4,307,999	1,402,702	1,037,703
Third-party portfolio	**530,699,226**	**366,965,339**	**524,658,252**	**360,989,303**
Treasury financial bills	330,082,221	339,310,200	324,182,364	333,424,753
National Treasury bills	38,699,511	26,514,556	38,601,254	26,514,556
National Treasury notes	161,917,494	1,049,994	161,874,634	1,049,994
Securities abroad	--	90,589	--	--
Total	**583,107,662**	**422,258,227**	**569,103,108**	**404,355,327**
Current liabilities	572,733,641	405,013,048	563,412,211	390,523,489
Non-current liabilities	10,374,021	17,245,179	5,690,897	13,831,838

c) Borrowings and Onlendings

Borrowings

	Banco do Brasil					
	up to 90 days	from 91 to 360 days	from 1 to 3 years	from 3 to 5 years	Sep 30, 2020	Dec 31, 2019
Overseas	**4,912,024**	**12,454,418**	**48,857,190**	**--**	**66,223,632**	**62,955,142**
Borrowings from BB Group companies abroad	--	3,251,469	46,575,113	--	49,826,582	45,810,616
Borrowings from bankers abroad	4,840,271	9,127,852	2,282,077	--	16,250,200	17,047,390
Imports	71,753	75,097	--	--	146,850	97,136
Total	**4,912,024**	**12,454,418**	**48,857,190**	**--**	**66,223,632**	**62,955,142**
Current liabilities					17,366,442	18,275,893
Non-current liabilities					48,857,190	44,679,249

	BB Consolidated					
	up to 90 days	from 91 to 360 days	from 1 to 3 years	from 3 to 5 years	Sep 30, 2020	Dec 31, 2019
Overseas	**5,768,716**	**9,243,687**	**2,285,134**	**141,019**	**17,438,556**	**17,966,872**
Borrowings from bankers abroad	5,696,966	9,168,593	2,285,134	141,019	17,291,712	17,869,740
Imports	71,750	75,094	--	--	146,844	97,132
Total	**5,768,716**	**9,243,687**	**2,285,134**	**141,019**	**17,438,556**	**17,966,872**
Current liabilities					15,012,403	15,966,594
Non-current liabilities					2,426,153	2,000,278

Onlendings

Domestic – official institutions

Programs	Finance charges	Banco do Brasil		BB Consolidated	
		Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
National Treasury - rural credits resources		**188,371**	**167,215**	**188,371**	**167,215**
Pronaf	TMS (if available) or Fixed 0.50% p.a. to 4.00% p.a. (if applied)	31,171	16,968	31,171	16,968
Cacau (cocoa)	IGP-M + 8.00% p.a. or TJLP + 0.60% p.a. or Fixed 6.35% p.a.	141,822	136,518	141,822	136,518
Recoop	Fixed 5.75% p.a. a 8.25% p.a. or IGP-DI + 1.00% p.a. or IGP-DI + 2.00% p.a.	10,770	10,770	10,770	10,770
Other		4,608	2,959	4,608	2,959
BNDES	**Fixed 0.00% p.a. a 8.00% p.a. TJLP + 0.00% p.a. a 4.00% p.a. IPCA + 7.02% p.a. a 9.41% p.a. Selic + 2.08% p.a. Var. Camb. + 0.90% p.a. a 3.00% p.a. TLP + 1.30% p.a. a 2.10% p.a.**	**16,849,103**	**17,838,581**	**16,849,103**	**17,838,581**
Caixa Econômica Federal	**Fixed 4.89% p.a. (average)**	**30,595,961**	**30,936,767**	**30,595,961**	**30,936,767**
Finame	**Fixed 0.00% p.a. a 8.50% p.a. TJLP + 0.90% p.a. a 4.00% p.a. Var. Camb. + 1.40% p.a. a 3.00% p.a. Selic + 2.08% p.a. a 2.45% p.a. TLP + 1.42% p.a. a 2.25% p.a.**	**9,434,213**	**11,932,266**	**9,434,213**	**11,932,325**
Other official institutions		**147,225**	**33,854**	**147,225**	**33,854**
Funcafé	TMS (if available) Fixed 5.25% p.a. a 6.75% p.a.	147,197	33,826	147,197	33,826
Other		28	28	28	28
Total		**57,214,873**	**60,908,683**	**57,214,873**	**60,908,742**
Current liabilities		36,252,670	37,178,104	36,252,670	37,178,163
Non-current liabilities		20,962,203	23,730,579	20,962,203	23,730,579

Overseas

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Funds obtained under the terms of Resolution CMN 3,844/2010	41,089,225	30,301,491	--	--
Total	**41,089,225**	**30,301,491**	**--**	**--**
Current liabilities	11,045,488	15,428,550	--	--
Non-current liabilities	30,043,737	14,872,941	--	--

d) Expenses from Financial Institutions Resources

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Securities sold under repurchase agreements	**(3,019,075)**	**(7,732,908)**	**(11,600,297)**	**(22,621,766)**	**(2,935,007)**	**(7,507,221)**	**(11,243,041)**	**(22,081,646)**
Third-party portfolio	(2,685,650)	(6,900,457)	(10,209,047)	(20,332,459)	(2,646,497)	(6,728,378)	(9,993,711)	(19,912,593)
Own portfolio	(333,425)	(832,451)	(1,391,250)	(2,289,307)	(288,510)	(778,843)	(1,249,330)	(2,169,053)
Interbank deposits	**(123,428)**	**(274,868)**	**(505,561)**	**(848,411)**	**(130,033)**	**(272,003)**	**(512,982)**	**(837,463)**
Borrowings expenses	**(3,061,851)**	**(5,948,496)**	**(25,594,509)**	**(7,380,112)**	**(2,267,048)**	**(5,252,554)**	**(23,162,414)**	**(5,130,336)**
Onlendings expenses	**(2,433,970)**	**(3,957,994)**	**(15,769,886)**	**(6,525,395)**	**(1,965,194)**	**(1,429,059)**	**(14,267,288)**	**(3,289,760)**
Overseas	(1,729,921)	(3,164,659)	(13,631,759)	(4,001,590)	(1,261,145)	(635,724)	(12,129,161)	(765,953)
Caixa Econômica Federal	(385,901)	(386,918)	(1,167,630)	(1,142,548)	(385,901)	(386,918)	(1,167,630)	(1,142,549)
BNDES	(244,158)	(315,509)	(742,893)	(1,085,130)	(244,158)	(315,509)	(742,893)	(1,085,130)
Finame	(59,606)	(73,379)	(190,061)	(224,499)	(59,606)	(73,379)	(190,061)	(224,500)
Tesouro Nacional	(6,504)	(4,649)	(16,498)	(30,542)	(6,504)	(4,649)	(16,498)	(30,542)
Other	(7,880)	(12,880)	(21,045)	(41,086)	(7,880)	(12,880)	(21,045)	(41,086)
Foreign exchange profit/(loss) on overseas investments[1]	**--**	**--**	**--**	**--**	**632,974**	**(1,013,461)**	**5,569,628**	**(867,745)**
Total	**(8,638,324)**	**(17,914,266)**	**(53,470,253)**	**(37,375,684)**	**(6,664,308)**	**(15,474,298)**	**(43,616,097)**	**(32,206,950)**

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

19 - RESOURCES FROM ISSUANCE OF DEBT SECURITIES

a) Breakdown

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Funds from issuance of securities (b)	121,308,630	124,672,862	128,199,221	129,650,920
Subordinated debts (c)	51,005,390	50,527,724	50,952,701	50,487,374
Equity and debt hybrid securities (d)	44,545,280	34,298,496	36,435,723	26,192,232
Total	**216,859,300**	**209,499,082**	**215,587,645**	**206,330,526**
Current liabilities	38,470,976	49,507,023	38,540,074	49,570,961
Non-current liabilities	178,388,324	159,992,059	177,047,571	156,759,565

b) Funds from issuance of securities

Funding	Currency	Issued value	Remuneration p.a.	Issue date	Maturity	BB Consolidated	
						Sep 30, 2020	Dec 31, 2019
Banco do Brasil						**121,308,630**	**124,672,862**
Global Medium - Term Notes Program						**16,860,395**	**14,488,650**
	USD	500,000	6.00%	2010	2020	--	2,067,578
	USD	1,000,000	4.63%	2017	2025	5,671,209	4,096,037
	BRL	293,085	10.15%	2017	2027	343,522	367,073
	USD	750,000	4.88%	2018	2023	4,319,885	3,049,310
	COP	160,000,000	8.51%	2018	2025	311,626	232,007
	USD	750,000	4.75%	2019	2024	4,230,802	3,058,215
	BRL	398,000	9.50%	2019	2026	464,840	467,185
	MXN	1,900,000	8.50%	2019	2026	572,522	457,127
	COP	520,000,000	6.50%	2019	2027	945,989	694,118
"Senior Notes"						**10,348,914**	**7,311,966**
	USD	1,809,700(1)	3.88%	2012	2022	10,348,914	7,311,966
Structured notes						**325,876**	**88,145**
	EUR	18,400	2.22 to 3.55%		2021	122,550	84,097
	USD	37,000	2.21 to 4.10%		2021	203,326	4,048
Certificates of deposits (2)						**7,359,008**	**4,606,715**
Short term			1.17 to 3.80%			5,827,190	4,108,987
Long term			2.75 to 3.80%		2022	1,531,818	497,728
Certificates of structured operations						**2,340**	**18,641**
Short term			2.85 to 3.59% of DI			597	16,411
Long term			3.93 to 10.07% of DI		2023	1,743	2,230
Letters of credit - real estate			**50.00 to 96.00% of DI TR + 7.7151%**			**12,524,432**	**16,992,681**
Short term						1,889,217	3,411,597
Long term					2026	10,635,215	13,581,084
Letters of credit agribusiness			**70.00 to 101.50% of DI Fixed 1.91 to 5.24%**			**73,352,330**	**75,882,064**
Short term						17,760,440	34,689,326
Long term					2023	55,591,890	41,192,738
Financial letters			**98.25 to 102.00% of DI Fixed 7.20 to 8.70%**			**535,335**	**5,284,000**
Short term						533,987	4,872,746
Long term					2022	1,348	411,254
Banco Patagonia			**299 to 417 pts + Badlar**			**69,098**	**69,733**
Short term	ARS					69,098	69,733
Long term	ARS					--	--
Special Purpose Entities SPE abroad (3)						**6,934,502**	**4,937,535**
Securitization of future flow of payment orders from abroad (3)							
	USD	200,000	Libor 3m+1.20%	2019	2024	1,120,735	807,318
	USD	200,000	3.70%	2019	2026	1,129,619	807,466
Structured notes (3)							
	USD	500,000	Libor 6m + 2.50%	2014/2015	2034	2,859,705	2,030,194
	USD	320,000	Libor 6m + 3.20%	2015	2030	1,824,443	1,292,557
Eliminated amount on consolidation (4)						**(113,009)**	**(29,210)**
Total						**128,199,221**	**129,650,920**
Current liabilities						26,283,855	49,238,035
Non-current liabilities						101,915,366	80,412,885

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

(2) Securities issued abroad in USD.

(3) Information about SPEs is presented in Note 2.d.

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

c) Subordinated Debts

Funding	Currency	Issued value	Remuneration p.a.	Issue date	Maturity	Sep 30, 2020	Dec 31, 2019
FCO – Resources from Fundo Constitucional do Centro-Oeste						**26,403,208**	**29,336,898**
Subordinated debt abroad						**16,462,642**	**11,999,497**
	USD	660,000	5.38%	2010	2021	3,764,268	2,724,052
	USD	1,500,000	5.88%	2011	2022	8,478,674	6,181,924
	USD	750,000	5.88%	2012	2023	4,219,700	3,093,521
Subordinated letters of credit						**8,139,540**	**9,191,329**
		150,500	112.50% of CDI 5.45% + IPCA	2012	2020	--	330,801
		540,623	112.00% to 114.00% of CDI	2014	2020	--	972,139
		3,868,384	113.00% to 115.00% of CDI	2014	2021	7,244,517	7,059,258
		400,000	8.08% + IPCA	2014	2022	895,023	829,131
Total subordinated debt issued by Banco do Brasil						**51,005,390**	**50,527,724**
Eliminated amount on consolidation						(52,689)	(40,350)
Total subordinated debt issued consolidated (1)						**50,952,701**	**50,487,374**
Current liabilities						12,071,252	332,926
Non-current liabilities						38,881,449	50,154,448

(1) R$ 29,775,480 thousand (R$ 35,796,321 thousand as of December 31, 2019) of the total balance is considered tier II of the Referential Equity (RE).

d) Equity and debt hybrid securities

Funding	Currency	Issued value(1)	Remuneration p.a.	Issue date	Sep 30, 2020	Dec 31, 2019
Perpetual bonds						
	USD	851,012	8.50%	10/2009	4,982,649	3,680,805
	USD	1,285,950	9.25%	01 and 03/2012	7,686,448	5,428,215
	USD	1,950,000	6.25%	01/2013	11,296,510	8,101,231
	BRL	8,100,000	5.50%(2)	09/2012	8,163,194	8,334,618
	USD	2,150,000	9.00%	06/2014	12,416,479	8,753,627
Total Banco do Brasil					**44,545,280**	**34,298,496**
Eliminated amount on consolidation					(9,557)	(6,264)
Total reclassified to shareholders' equity (Note 23.c)					(8,100,000)	(8,100,000)
Total BB Consolidated					**36,435,723**	**26,192,232**
Current liabilities					184,967	--
Non-current liabilities					36,250,756	26,192,232

(1) Refers to the outstanding value in US dollars funding, as partial repurchases of these instruments occurred.
(2) The remuneration is fully variable since August 28, 2014 (Note 23.c).

The amount of R$ 32,631,760 thousand of the Perpetual Bonds is included in the Referential Equity (R$ 25,091,108 thousand as of December 31, 2019). Of this amount, R$ 30,318,762 thousand (R$ 21,665,013 thousand as of December 31, 2019) are recorded as debt instruments eligible as capital (Note 30.b).

The bonds of USD 1,500,000 thousand (outstanding value USD 851,012 thousand), issued in October 2009, have the option of redemption at the discretion of the Bank from 2020 or on each subsequent, semi-annual interest payment date, as long as it has been previously authorized by Banco Central do Brasil (Bacen). In case the Bank does not exercise the option to redeem on October 2020, the interest on the bonds will be adjusted on this date to 7.782% plus the traded rate on 10-year North American Treasury bonds. Thereafter, every 10 years, the interest on the bonds will be adjusted by taking into account the traded rate of the 10-year North American Treasury bonds.

The bonds issued in January 2012 and March 2012 (reopening) of USD 1,750,000 thousand (outstanding value USD 1,285,950 thousand), and the bonds issued in January 2013 of USD 2,000,000 thousand (outstanding value USD 1,750,000 thousand), had their terms and conditions modified on September 27, 2013, in order to adjust them to the rules of Bacen through CMN Resolution No. 4,192 of March 1, 2013, which regulates the implementation of Basel III in Brazil. The changes were effective from October 1, 2013, when the instruments were submitted to Bacen to obtain authorization to be included in the Supplementary Capital (Tier I) of the Bank. The authorization was granted on October 30, 2013.

The bonds issued in June 2014 of USD 2,500,000 thousand (outstanding value USD 2,150,000 thousand), have the option of redemption at the discretion of the Bank from June 18, 2024 or on each subsequent, semi-annual interest payment date, as long as it has been previously authorized by the Central Bank of Brazil. If the Bank does not exercise the option to redeem in June 2024, the interest on the bonds will be adjusted to 6.362% plus the traded rate on 10-year North American Treasury bonds.

If the Bank does not exercise the redemption option in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, the rate of bond interest is adjusted on that date and every 10 years according to the 10-year North American Treasury bonds at the time plus the initial credit spread. The bonds have the following options of redemption, subject to prior authorization of Bacen:

(i) the Bank may, at its option, redeem the bonds in whole but not in part in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, and on each subsequent, semi-annual interest payment date, at the base redemption price;

(ii) the Bank may, at its option, redeem the bonds in whole, but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, before April 2024 for the bonds issued in 2013, and before April 2024 for the bonds issued in 2014, as a result of a tax event, at the base redemption price;

(iii) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, and in April 2024 for the bonds issued in 2013, on the occurrence of a regulatory event, at the higher value between the base redemption price and the Make-whole amount;

(iv) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue as long as it is before June 2024 for the bonds issued in 2014, on the occurrence of a regulatory event at the base redemption price.

The bonds issued in October 2009 determine that the Bank suspends the semi-annual payments of interest and/or accessories on those securities issued (which will not be due or accrued) if:

(i) the Bank does not comply or the payment of such charges does not allow the bank to comply with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;

(ii) Bacen or the regulatory authorities determine the suspension of payment of such charges;

(iii) any event of insolvency or bankruptcy occurs;

(iv) a default occurs; or

(v) the Bank has not distributed dividends or interest on equity to common shareholders for the period of calculation of such interest and/or accessories.

The bonds issued in January and March 2012, in January 2013 and in June 2014 determine that the Bank suspend the semi-annual payments of interest and/or accessories on those securities issued (which will not be due or accrued) if:

(i) distributable income for the period are not sufficient for making the payment (discretionary condition of the Bank);

(ii) the Bank does not comply or the payment of such charges does not allow the Bank to comply with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;

(iii) Bacen or the regulatory authorities determine the suspension of payment of such charges;

(iv) any event of insolvency or bankruptcy occurs; or

(v) a default occurs.

According to Basel III rules, the bonds issued in January 2012, March 2012, in January 2013 and in June 2014 have mechanisms of loss absorption. Moreover, if the item (i) occurs, the payment of dividends by Bank to its shareholders will be limited to the minimum required determined by applicable law until the semi-annual interest payments and/or accessories on those titles have been resumed in full. Finally, these bonds will expire permanently and at the minimum value corresponding to the balance recorded in the Tier I capital of the Bank if:

(i) the main capital of the Bank is less than 5.125% of the amount of risk-weighted assets (RWA);

(ii) the decision to make a capital injection from the public sector or an equivalent capital contribution to the Bank is taken, in order to maintain the bank's viability;

(iii) the Central Bank, on a discretionary assessment regulated by the CMN, sets out, in writing, the expiration of the bonds to enable the continuity of the Bank.

e) Expenses from Issuance of Debt Securities

	Banco do Brasil				BB Consolidated			
	3rd quarter, 2020	3rd quarter, 2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter, 2020	3rd quarter, 2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Funds from acceptance and issuance of securities	**(787,141)**	**(1,789,598)**	**(3,112,731)**	**(5,531,131)**	**(865,646)**	**(1,923,448)**	**(3,360,902)**	**(5,780,744)**
Agribusiness letters of credit	(350,012)	(1,123,728)	(1,531,766)	(3,346,762)	(350,012)	(1,123,728)	(1,531,766)	(3,346,762)
Financial bills	(75,816)	(242,942)	(313,211)	(795,034)	(75,816)	(242,942)	(313,211)	(795,034)
Securities issued abroad	(300,293)	(232,709)	(977,407)	(801,835)	(378,798)	(366,559)	(1,225,578)	(1,051,448)
Letters of credit – real estate	(60,953)	(189,046)	(290,099)	(582,286)	(60,953)	(189,046)	(290,099)	(582,286)
Certificates of structured operations	(67)	(1,173)	(248)	(5,214)	(67)	(1,173)	(248)	(5,214)
Subordinated debt abroad	**(227,887)**	**(169,660)**	**(648,054)**	**(498,398)**	**(227,887)**	**(169,660)**	**(648,054)**	**(498,398)**
Equity and debt hybrid securities	**(705,710)**	**(578,375)**	**(2,014,051)**	**(1,700,026)**	**(685,255)**	**(514,756)**	**(1,950,858)**	**(1,512,358)**
Total	**(1,720,738)**	**(2,537,633)**	**(5,774,836)**	**(7,729,555)**	**(1,778,788)**	**(2,607,864)**	**(5,959,814)**	**(7,791,500)**

20 - OTHER LIABILITIES

a) Breakdown

	BB Banco Múltiplo		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Financial	**106,929,462**	**81,862,537**	**105,903,846**	**81,192,458**
Foreign Exchange Portfolio (Note 13.c)	49,051,640	31,721,863	49,172,476	31,797,425
Credit/debit card operations	26,523,748	28,110,672	26,759,666	28,114,307
Financial and development funds (b)	21,614,028	17,012,893	21,614,028	17,012,893
Other	9,740,046	5,017,109	8,357,676	4,267,833
Current liabilities	92,807,111	49,777,955	93,699,375	50,566,088
Non-current liabilities	14,122,351	32,084,582	12,204,471	30,626,370
Non-financial	**30,254,896**	**37,727,454**	**33,578,443**	**43,047,687**
Acturial liabilities (Note 29.e)	14,148,428	25,509,836	14,148,428	25,509,836
Sundry creditors (1)	3,606,535	3,824,791	6,540,238	6,543,049
Billing and collection of taxes and contributions	5,733,347	444,627	5,734,314	449,068
Third party payment obligations	3,009,303	2,104,665	3,009,303	2,104,665
Shareholders and statutory distributions	1,044,411	2,598,421	1,161,966	4,790,252
Liabilities for oficial agreements	965,598	1,132,122	965,598	1,132,122
Unearned revenues	--	--	145,000	--
Other	1,747,274	2,112,992	1,873,596	2,518,695
Current liabilities	30,175,972	37,669,704	32,047,285	41,751,839
Non-current liabilities	78,924	57,750	1,531,158	1,295,848

(1) Includes the amount of R$ 492,918 thousand (R$ 492,918 thousand on December 31, 2019) relating to obligations with the Federal Government, from extended and securitized rural transactions under Law 9,138/1995, assigned through Provisional Measure No. 2,196/2001, in a reconciliation process with the National Treasury Secretariat.

b) Financial and development funds

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Marinha Mercante	8,740,534	7,663,597	8,740,534	7,663,597
Fundo Constitucional do Centro Oeste - FCO (1)	8,940,311	4,066,726	8,940,311	4,066,726
Fundo de Desenvolvimento do Nordeste - FDNE	1,541,892	1,641,809	1,541,892	1,641,809
Pasep (2)	280,970	1,374,355	280,970	1,374,355
Fundo de Desenvolvimento do Centro Oeste - FDCO	784,584	1,074,649	784,584	1,074,649
Fundos do Governo do Estado de São Paulo	878,027	879,565	878,027	879,565
Other	447,710	312,192	447,710	312,192
Total	**21,614,028**	**17,012,893**	**21,614,028**	**17,012,893**
Current liabilities	10,024,807	8,659,015	10,024,807	8,659,015
Non-current liabilities	11,589,221	8,353,878	11,589,221	8,353,878

(1) CMN Resolution No. 4.192/2013 limited FCO resources to be considered as tier II of the Referential Equity – RE (Note 19.c), thus the amount disclosed refers to what exceed this value. The amount of R$ 8,388,932 thousand refers to funds applied (remunerated at the rates on the loans funded with these amounts less the del credere of the financial institution, according to article 9 of Law 7,827/1989) and R$ 551,379 thousand refers resources available (remunerated based on extra-market rate announced by the Banco Central do Brasil, according to article 9 of Law 7,827/1989).

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

c) Other Funding Expenses

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Financial and development funds	(366,491)	(617,425)	(2,508,787)	(887,740)	(366,491)	(617,424)	(2,508,787)	(887,739)
Other	(153,724)	(182,686)	(437,412)	(420,419)	(133,415)	(119,195)	(374,750)	(359,387)
Total	**(520,215)**	**(800,111)**	**(2,946,199)**	**(1,308,159)**	**(499,906)**	**(736,619)**	**(2,883,537)**	**(1,247,126)**

21 - PROVISIONS

a) Breakdown

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Provisions for tax, civil and labor claims (b)	**25,738,660**	**25,239,763**	**26,239,800**	**25,480,105**
Civil lawsuits	8,739,158	8,697,684	9,130,931	8,851,582
Labor lawsuits	3,893,652	3,610,333	3,951,503	3,663,769
Tax lawsuits	380,610	382,388	424,958	415,396
Provision for tax risks (restatement of deposit) (1)	12,725,240	12,549,358	12,732,408	12,549,358
Other provisions	**5,026,124**	**4,979,838**	**5,420,080**	**5,254,514**
Provisions for pending payments	4,369,797	4,543,424	4,763,268	4,817,378
Financial guarantees (c)	656,327	436,414	656,812	437,136
Total	**30,764,784**	**30,219,601**	**31,659,880**	**30,734,619**

(1) It includes, in BB Consolidated, the amount of R$ 7,168 thousand related to BB Consórcio.

b) Provisions, contingent assets and liabilities, legal liabilities

Contingent assets

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

Labor lawsuits

The Bank is a party to labor claims involving mainly former employees, banking industry unions or former employees of companies that provide services (outsourced). These claims cover requests of compensation, overtime, incorrect working hours, and additional functions bonus, subsidiary liability, among others.

Tax lawsuits

The Bank, in spite of its conservative profile, may receive tax inquiries during inspections by the tax authorities, which could lead to the issuance of tax notices. These notices relate to the calculation base for income/social contribution taxes (mainly regarding deductibility) and matters involving payment of other taxes (based upon the occurrence of certain events). Most claims arising from the notices relate to service tax (ISSQN), income tax, social contribution (CSLL), the Social Integration Program (PIS), Contribution to Social Security Financing (Cofins), Tax on Financial Transactions (IOF), and Employer Social Security Contributions (INSS). As a guarantee in some of these cases, the Bank has pledged collateral in the form of cash, bonds, real estate or judicial deposits when necessary, preventing the Bank to be included in restrictive registration, as well as not to obstruct the semiannual renewal of its tax regularity certificate.

Civil lawsuits

Civil lawsuits relate mainly to claims from customers and users of the Bank's network. In most cases, they are requesting indemnification for material or moral damages arising from banking products or services and Economic Plans (Bresser Plan, Verão Plans and Collor Plans I and II).

Indemnifications for material and moral damages are ordinarily based on consumer protection laws and generally settled in specific civil courts. The awards are limited to forty times the minimum wage.

The Bank is a defendant in claims seeking the payment and refunding the overpayment of the difference between the actual inflation rate and the inflation rate used for the adjustment of financial investments and rural credit when Economic Plans were implemented in the late 1980's and early 1990's.

Although it complied with prevailing laws and regulations at the time, the Bank set-up provisions for these lawsuits. The provisions consider claims brought against the Bank and the loss risk. Loss probabilities are determined after an analysis of each claim considering the most recent decisions in the Superior Courts of Justice (STJ) in the Federal Supreme Court (STF).

With respect to cases involving the financial investments related to Economic Plans, the STF suspended prosecution of all cases in the knowledge phase. This will be the case until the court issues a definitive ruling. In the end of 2017, Febraban and the entities representing the savers signed an agreement about the demands involving the economic plans in savings accounts. This agreement has already been approved by the STF. Since May 2018, savers will can join the agreement, through a tool made available by Febraban. On March 12, 2020, the contract was granted for 30 months, extendable for another 30 months, according to the Amendment signed by the entities representing financial institutions and consumers.

Regarding lawsuits related to inflationary purges in judicial deposits, Minister Edson Fachin of the STF, after acknowledging the general repercussion of the constitutional matter dealt with in the Extraordinary Appeal interposed by the Bank, the Caixa Econômica Federal, the Federal Government and the Febraban (RE No. 1,141,156/RJ), has ordered the suspension of the processes that deal with the matter and that process in the national territory.

The Bank is a defendant on civil lawsuits moved by rural credit borrowers linked to Collor Plan I. The plaintiffs motioned that the Bank indexed their loans incorrectly and is liable to pay the difference. In 2015, STJ decided on the Special Appeal RESP 1,319,232-DF in the Public Civil Lawsuit ACP 94,008514-1, that the Federal Government, the Brazilian Central Bank and the Bank are jointly and severally liable for the indexation differences between the Costumer Price Index (IPC - 84.32%) and the National Treasure Bonus (BTN - 41.28%), as found in March, 1990. The defendants appealed and the litigation has yet to be resolved. Until the STF judges the Special Appeal RESP 1,101,937/SP, which deals with territorial extension of collective sentence, the Special Appeal filed by the Bank is supended.

Provisions for labor, tax and civil claims – probable loss

The Bank recorded a provision for labor, tax and civil demands with risk of loss probable, quantified using individual or aggregated methodology (includes processes with the author's probability of success equal to remote, possible or probable), according to the nature and / or process value.

The estimates of outcome and financial effect are determined by the nature of the claims, the management's judgment, by the opinion of legal counsel on the basis of process elements, complemented by the complexity and the experience of similar demands.

The Management considers to be sufficient the provision for losses of labor, tax and civil claims.

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

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Labor lawsuits								
Opening balance	**3,824,105**	**3,388,780**	**3,610,333**	**2,467,663**	**3,878,798**	**3,441,620**	**3,663,769**	**2,520,968**
Addition	488,204	510,661	1,379,657	2,622,140	494,094	513,279	1,391,812	2,634,917
Reversal of the provision	(64,209)	(45,173)	(320,067)	(747,420)	(65,806)	(49,268)	(327,802)	(761,125)
Write off	(416,762)	(414,098)	(952,179)	(1,027,814)	(418,574)	(414,473)	(955,903)	(1,030,179)
Inflation correction and exchange fluctuation	62,314	48,683	175,908	174,284	62,991	49,181	179,627	175,758
Closing balance	**3,893,652**	**3,488,853**	**3,893,652**	**3,488,853**	**3,951,503**	**3,540,339**	**3,951,503**	**3,540,339**
Tax lawsuits								
Opening balance	**385,303**	**398,672**	**382,388**	**227,592**	**419,459**	**428,610**	**415,396**	**262,724**
Addition	34,682	35,455	126,163	294,990	46,074	38,815	140,091	300,707
Reversal of the provision	(32,059)	(21,309)	(102,106)	(78,316)	(33,037)	(21,803)	(106,449)	(84,392)
Write off	(8,497)	(7,051)	(31,317)	(46,455)	(8,497)	(7,721)	(31,317)	(47,955)
Inflation correction and exchange fluctuation	1,181	3,717	5,482	11,673	959	2,066	7,237	8,883
Closing balance	**380,610**	**409,484**	**380,610**	**409,484**	**424,958**	**439,967**	**424,958**	**439,967**
Civil lawsuits								
Opening balance	**8,590,707**	**7,499,861**	**8,697,684**	**6,906,062**	**8,761,751**	**7,587,893**	**8,851,582**	**6,997,444**
Addition	876,496	1,128,447	2,129,659	6,944,023	1,114,858	1,200,101	2,389,250	7,032,158
Reversal of the provision	(25,316)	(11,132)	(275,287)	(2,983,713)	(38,377)	(19,761)	(303,813)	(3,008,352)
Write off	(763,342)	(1,159,332)	(1,975,102)	(3,546,451)	(764,529)	(1,159,725)	(1,978,202)	(3,548,449)
Inflation correction and exchange fluctuation	60,613	41,619	162,204	179,542	57,228	38,098	172,114	173,805
Closing balance	**8,739,158**	**7,499,463**	**8,739,158**	**7,499,463**	**9,130,931**	**7,646,606**	**9,130,931**	**7,646,606**
Total labor, tax and civil	**13,013,420**	**11,397,800**	**13,013,420**	**11,397,800**	**13,507,392**	**11,626,912**	**13,507,392**	**11,626,912**

Expected outflows of economic benefits

	Banco do Brasil			BB Consolidated		
	Labor	Tax	Civil	Labor	Tax	Civil
Up to 5 years	3,216,996	206,896	7,467,086	3,274,242	237,494	7,818,739
Over 5 years	676,656	173,714	1,272,072	677,261	187,464	1,312,192
Total	**3,893,652**	**380,610**	**8,739,158**	**3,951,503**	**424,958**	**9,130,931**

The scenario of unpredictability of the duration of proceedings, and the possibility of changes in the case law of the courts, make values and the expected outflows of economic benefits uncertain.

Contingent liabilities – possible loss

The labor, tax and civil lawsuits for which the risk of loss is considered possible do not require provisions when the final outcome of the process is unclear and when the probability of losing is less than probable and higher than the remote.

The balances of contingent liabilities classified as possible loss

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Labor lawsuits	106,987	162,432	165,708	229,907
Tax lawsuits (1)	13,019,923	10,679,385	13,774,466	11,426,347
Civil lawsuits	2,232,281	2,012,078	2,405,250	2,184,916
Total	**15,359,191**	**12,853,895**	**16,345,424**	**13,841,170**

(1) The main contingencies originate from (i) notices of labor infraction form the National Social Security Institute (INSS) aiming at the payment of contributions applicable on year-end bonuses paid under the collective agreements in the period from 1995 to 2006, in the amount of R$ 1,355,909 thousand, public transport pay and use of private car by employees of Banco do Brasil, in the amount of R$ 951,192 thousand and employee profit sharing corresponding to the period from April 2001 to October 2003, in the amount of R$ 1,233,239 thousand; and (ii) notices of tax assessment drawn by the Treasuries of the Municipalities, which amounts R$ 1,705,863 thousand.

Deposits in guarantee

Deposits given in guarantee of contingencies

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Labor lawsuits	6,190,948	5,602,024	6,227,713	5,633,273
Tax lawsuits	8,822,943	8,649,092	9,375,393	9,208,340
Civil lawsuits	18,674,386	18,565,730	18,720,452	18,624,033
Total	**33,688,277**	**32,816,846**	**34,323,558**	**33,465,646**

Legal liabilities

The Bank has a record in Provisions – Provisions for tax, civil and labor claims and Tax liabilities – Current tax liabilities the amount of R$ 19,296,913 thousand (R$ 19,121,031 thousand on December 31, 2019) relating to the following action:

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

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

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

Deferred taxes including corporate income tax and social contribution on the interest / inflation restatements of judicial deposits are being offset with the tax credits resulting from the provision related to that judicial deposit, in accordance with article 1, item II, paragraph 2 of CMN Resolution 3,059/2002, with no impact on income.

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

The taxes recoverable, which would result from the adjustments to prior year Statements of economic-fiscal information of businesses, corresponds to R$ 6,010,012 thousand as of September 30, 2020 and updating by the Selic rate results in a further recoverable amount of R$ 5,133,146 thousand. This sum adjusts the provision for tax risks with respect to the updating of court deposits so that it will be sufficient to fully cancel the risk of a loss.

The amounts related to this matter

	Sep 30, 2020	Dec 31, 2019
Judicial deposits	**19,296,913**	**19,121,031**
Amount realized (70%)	7,817,011	7,817,011
Inflation correction	11,479,902	11,304,020
Legal liability – provision for lawsuit	**19,296,913**	**19,121,031**
Tax losses of income tax (Tax liabilities – Current tax liabilities)	3,002,033	3,002,033
Social contribution negative bases/social contribution recoverable (Tax liabilities – Current tax liabilities)	3,569,640	3,569,640
Provision for tax risks (restatement of deposit)	12,725,240	12,549,358

c) Financial Guarantees

	Banco do Brasil				BB Consolidated			
	Sep 30, 2020		Dec 31, 2019		Sep 30, 2020		Dec 31, 2019	
	Guaranteed values	Allowance	Guaranteed values	Allowance	Guaranteed values	Allowance	Guaranteed values	Allowance
Other financial guarantees provided [1]	3,245,758	471,311	2,317,173	151,648	2,836,463	471,796	2,032,243	152,370
Guarantees related to bidding, auctions, service rendering or execution of works	967,799	112,360	1,286,557	241,828	967,799	112,360	1,286,645	241,828
Sureties or guarantees in lawsuits and in tax-based administrative proceedings	463,454	43,073	458,456	39,246	334,388	43,073	329,390	39,246
Other bank guarantees	5,590,974	29,457	3,877,136	3,574	5,728,745	29,457	3,974,682	3,574
Guarantees related to the supply of goods	179,012	112	280,689	108	179,012	112	280,689	108
Guarantees related to international trade of goods	85,643	14	88,372	10	85,643	14	88,372	10
Other guarantees	--	--	--	--	2,393	--	1,640	--
Total	**10,532,640**	**656,327**	**8,308,383**	**436,414**	**10,134,443**	**656,812**	**7,993,661**	**437,136**

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

The operations of financial guarantees provided are evaluated through the risk classification models of operations in force in the institution, in the same format as the credit operations, which follow the provisions of CMN Resolutions No. 2,682 and No. 2,697 disclosed on December 21, 1999 and February 24, 2000, respectively, which set out the classification criteria for credit operations and the rules for the constitution of allowance for losses associated with credit risk.

The risk classification of operations is carried out by applying methodologies developed that take into account the characteristics of customers, operations and guarantees. The final result of the classification is the assignment of risk according to the scale contained in CMN Resolution No. 2,682, which defines the percentage of provision that should be allocated to the operation.

d) Provisions expenses

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Tax, civil and labor claims	**(667,810)**	**(2,045,464)**	**(2,199,915)**	**(7,694,524)**	**(919,332)**	**(2,116,653)**	**(2,489,898)**	**(7,793,364)**
Tax and civil	(191,229)	(1,550,627)	(1,006,219)	(5,682,831)	(436,858)	(1,627,913)	(1,283,152)	(5,779,897)
Labor	(476,581)	(494,837)	(1,193,696)	(2,011,693)	(482,474)	(488,740)	(1,206,746)	(2,013,467)
Other provisions	**(133,461)**	**68,991**	**(219,327)**	**72,869**	**(133,824)**	**69,089**	**(218,876)**	**73,696**
Financial guarantees	(133,461)	68,991	(219,327)	72,869	(133,824)	69,089	(218,876)	73,696
Total	**(801,271)**	**(1,976,473)**	**(2,419,242)**	**(7,621,655)**	**(1,053,156)**	**(2,047,564)**	**(2,708,774)**	**(7,719,668)**

22 - TAXES

a) Breakdown of income tax (IR) and social contribution expenses (CSLL)

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Current values	**(28,566)**	**72,916**	**(68,183)**	**59,308**	**(965,997)**	**(1,961,883)**	**(2,642,447)**	**(3,653,137)**
Domestic income tax and social contribution	(824)	84,937	(2,676)	97,062	(804,679)	(1,873,006)	(2,169,231)	(3,209,736)
Foreign income tax	(27,742)	(12,021)	(65,507)	(37,754)	(161,318)	(88,877)	(473,216)	(443,401)
Deferred values	**716,746**	**1,860,753**	**4,534,085**	**4,059,212**	**862,363**	**1,836,730**	**4,614,578**	**4,007,443**
Deferred tax liabilities	**(155,967)**	**(223,878)**	**(850,235)**	**(692,984)**	**(464,865)**	**(207,756)**	**(1,174,408)**	**(686,684)**
Leasing - portfolio adjustment and accelerated depreciation	--	--	--	--	(1,849)	969	(3,763)	5,658
Fair value	25,237	22,071	(17,974)	(14,021)	26,315	37,224	(30,257)	(13,379)
Interest and inflation adjustment of fiscal judicial deposits	(17,940)	(47,840)	(79,147)	(142,582)	(17,940)	(47,840)	(79,147)	(142,582)
Foreign profits	(161,036)	(165,864)	(743,484)	(457,738)	(161,036)	(165,864)	(743,484)	(457,738)
Transactions carried out on the futures market	(49,030)	(9,162)	(43,195)	(8,543)	(49,030)	(9,162)	(43,195)	(8,543)
Recovered term credits	46,802	(23,083)	33,565	(70,100)	46,802	(23,083)	33,565	(70,100)
UBS CCTVM - Unrealized gains (BB-BI)	--	--	--	--	(308,127)	--	(308,127)	--
Deferred tax assets	**872,713**	**2,084,631**	**5,384,320**	**4,752,196**	**1,327,228**	**2,044,486**	**5,788,986**	**4,694,127**
Temporary differences	587,080	2,333,916	2,431,572	3,125,183	1,033,341	2,298,001	2,814,766	3,073,619
Tax losses/CSLL negative bases	264,242	(198,039)	2,907,378	1,750,447	264,242	(198,038)	2,907,378	1,750,447
Fair value	64,230	(8,415)	45,370	(123,434)	72,484	(12,646)	66,842	(129,939)
Transactions carried out on the futures market	(42,839)	(42,831)	--	--	(42,839)	(42,831)	--	--
Total	**688,180**	**1,933,669**	**4,465,902**	**4,118,520**	**(103,634)**	**(125,153)**	**1,972,131**	**354,306**

b) Reconciliation of income tax and social contribution charges

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Profit before taxation and profit sharing	**2,746,624**	**2,777,881**	**6,142,284**	**9,760,744**	**4,024,059**	**6,131,918**	**9,956,920**	**15,736,842**
Total charges of IR (25%) and CSLL (20%) [1]	(1,235,981)	(1,111,152)	(2,764,028)	(3,904,298)	(1,810,827)	(2,452,767)	(4,480,614)	(6,294,737)
Charges upon interest on own capital	382,103	676,057	1,180,476	1,995,084	382,103	676,057	1,180,476	1,995,084
Share of earnings of associates and joint ventures	1,127,641	1,879,023	5,018,342	3,437,533	351,801	411,020	976,960	1,180,803
Employee profit sharing	176,292	216,269	542,766	632,968	175,868	216,744	542,920	634,097
Other amounts [2]	238,125	273,472	488,346	1,957,233	797,421	1,023,793	3,752,389	2,839,059
Income tax and social contribution	**688,180**	**1,933,669**	**4,465,902**	**4,118,520**	**(103,634)**	**(125,153)**	**1,972,131**	**354,306**

(1) Increase in the CSLL rate from 15% to 20%, according to Art.32 of Constitutional Amendment No. 103/2019.

(2) Includes, in the BB Consolidated, In the period from January 01, 2020 to September 30,2020, the amount of R$ 2,506,333 thousand related to foreign Exchange gain on investments abroad (R$ 347,098 thousand in the period from January 01, 2019 to September 30, 2019).

c) Tax expenses

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Cofins	(590,046)	(333,596)	(1,541,924)	(1,443,790)	(755,643)	(506,474)	(2,019,090)	(1,924,808)
ISSQN	(230,327)	(240,856)	(679,753)	(698,747)	(300,343)	(309,747)	(873,238)	(903,436)
PIS/Pasep	(95,911)	(54,236)	(249,516)	(235,900)	(129,268)	(88,681)	(345,215)	(331,632)
Other provisions	(48,079)	(36,560)	(125,428)	(134,305)	(129,277)	(116,546)	(368,537)	(374,522)
Total	**(964,363)**	**(665,248)**	**(2,596,621)**	**(2,512,742)**	**(1,314,531)**	**(1,021,448)**	**(3,606,080)**	**(3,534,398)**

d) Deferred tax liabilities

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Financial instruments fair value	688,148	825,448	698,336	882,228
Interest and inflation adjustment of fiscal judicial deposits	361,318	361,318	361,318	361,318
Recovered term credits	604,069	637,634	604,069	637,634
Overseas entities	46,987	10,743	132,472	86,466
Leasing portfolio adjustment	--	--	19,119	15,356
Related to foreign profit	743,484	--	743,484	--
Positive adjustments of benefits plans	42,395	27,632	42,395	27,632
Futures market transactions	54,343	6,467	54,343	6,467
Other	52,539	52,539	360,666	52,539
Total deferred tax liabilities	**2,593,283**	**1,921,781**	**3,016,202**	**2,069,640**
Income tax	1,272,413	1,026,315	1,515,869	1,117,350
Social contribution (1)	1,246,855	811,425	1,425,213	862,531
Cofins	63,250	72,293	64,201	77,212
PIS/Pasep	10,765	11,748	10,919	12,547

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

e) Deferred tax assets (Tax credit)

	Banco do Brasil			
	Dec 31, 2019	Jan 1 to Sep 30, 2020		Sep 30, 2020
	Balance	Constitution	Write off	Balance
Temporary differences	**55,346,702**	**16,409,936**	**19,179,445**	**52,577,193**
Allowance for loan losses	28,331,536	10,100,720	7,618,515	30,813,741
Provisions – taxes and social security	1,072,618	3,338	3,188	1,072,768
Provisions – others	12,793,023	2,242,604	3,348,765	11,686,862
Negative adjustments of benefits plans	10,136,488	2,373,028	7,212,585	5,296,931
Fair value adjustments (MTM)	766,020	1,068,671	752,028	1,082,663
Other provisions	2,247,017	621,575	244,364	2,624,228
CSLL written to 18% (MP 2,158/2001)	636,752	-	214	636,538
Tax losses carryforward/negative bases	2,447,809	4,973,052	2,066,520	5,354,341
Total deferred tax assets	**58,431,263**	**21,382,988**	**21,246,179**	**58,568,072**
Income tax	31,718,179	10,955,108	10,834,509	31,838,778
Social contribution (1)	26,640,077	10,304,571	10,337,533	26,607,115
Cofins	62,802	106,072	63,774	105,100
PIS/Pasep	10,205	17,237	10,363	17,079

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

	BB Consolidated			
	Dec 31, 2019	Jan 1 to Sep 30, 2020		Sep 30, 2020
	Balance	Constitution	Write off	Balance
Temporary differences	**56,316,276**	**17,031,345**	**19,281,706**	**54,065,915**
Allowance for loan losses	28,403,885	10,143,225	7,620,616	30,926,494
Provisions – taxes and social security	1,082,639	8,274	5,016	1,085,897
Provisions – others	12,853,046	2,246,691	3,350,997	11,748,740
Negative adjustments of benefits plans	10,136,488	2,373,028	7,212,585	5,296,931
Fair value adjustments (MTM)	807,896	1,189,946	802,484	1,195,358
Other provisions	3,032,322	1,070,181	290,008	3,812,495
CSLL written to 18% (MP 2,158/2001)	636,752	-	214	636,538
Tax losses/excess depreciation	41,012	185	5,344	35,853
Tax losses carryforward/negative bases	2,468,892	4,973,585	2,071,297	5,371,180
Total deferred tax assets	**59,462,932**	**22,005,115**	**21,358,561**	**60,109,486**
Income tax	32,562,363	11,322,170	10,917,374	32,967,159
Social contribution (1)	26,822,949	10,546,268	10,361,889	27,007,328
Cofins	66,770	117,572	68,213	116,129
PIS/Pasep	10,850	19,105	11,085	18,870

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

f) Deferred tax assets (Tax credit - not recorded)

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Overseas deferred tax assets	1,706,274	1,092,996	1,706,274	1,092,996
Portion of tax losses/negative bases	--	--	19,327	16,910
Temporary differences	--	--	4,355	7,095
Total deferred tax assets	**1,706,274**	**1,092,996**	**1,729,956**	**1,117,001**
Income tax	947,930	683,123	965,293	700,742
Social contribution	758,344	409,873	764,663	416,259

Realization expectation

The expectation of realization of the deferred tax assets (tax credits) is based on a technical study, prepared on June 30, 2020, and the present value is determined based on the average rate of funding of Banco do Brasil.

	Banco do Brasil		BB Consolitaded	
	Future value	Present value	Future value	Present value
In 2020	13,470,792	13,427,074	13,621,036	13,450,003
In 2021	22,279,428	21,874,733	22,532,609	21,915,750
In 2022	22,211,257	21,507,936	22,522,112	21,600,650
In 2023	3,227,505	3,056,137	3,288,313	3,081,787
In 2024	112,382	102,830	124,452	111,390
In 2025	164,434	145,426	459,984	343,588
In 2026	113,214	96,776	117,796	99,132
In 2027	14,018	11,581	16,945	13,327
In 2028	--	--	1,257	747
In 2029	9,447	7,290	9,823	7,458
In 2030	18,812	13,628	19,173	13,730
Total deferred tax assets on Jun 30, 2020	**61,621,289**	**60,243,411**	**62,713,500**	**60,637,562**

In the period from January 01 to September 30, 2020, it was possible to observe the realization of tax credits at Banco do Brasil, in the amount of R$ 21,246,179 thousand corresponding to 121.92% of the projection of use for the period of 2019 contained in the technical study prepared on December 31, 2019.

The realization of the nominal value of tax credits registered, considering the recovery of those written-off during the lawsuits (Note 21.b), based on a technical study conducted by Banco do Brasil on June 30, 2020, is projected for 10 years in the following proportions:

	Banco do Brasil		BB Consolitaded	
	Tax losses/CSLL recoverable (1)	Temporary Diferences (2)	Tax losses/CSLL recoverable (1)	Temporary Diferences (2)
In 2020	52%	19%	51%	19%
In 2021	19%	38%	20%	37%
In 2022	18%	38%	18%	38%
In 2023	10%	3%	10%	4%
In 2024	1%	1%	1%	1%
From 2025	--	1%	--	1%

(1) Projected consumption linked to the capacity to generate IR and CSLL taxable amounts in subsequent periods.
(2) The consumption capacity results from the movements of provisions (expectation of reversals, write offs and uses).

23 - SHAREHOLDERS' EQUITY

a) Book value and market value per common share

	Sep 30, 2020	Dec 31, 2019
Shareholders' equity - Banco do Brasil	112,088,236	98,895,999
Book value per share (R$) (1)	39.28	34.68
Fair value per share (R$)	29.62	52.82
Shareholders' equity - consolidated	122,333,664	108,564,894

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

b) Capital

Banco do Brasil's share capital of R$ 90,000,000 thousand (R$ 67,000,000 thousand on December 31, 2019) is fully subscribed and paid-in and consists of 2,865,417,020 common shares with no par value. The Federal Government is the largest shareholder and holds a majority of the Bank's voting shares.

The share capital increase for the period from December 31, 2019 to September 30, 2020, in the amount of R$ 23,000,000 thousand, resulted from the use of Statutory reserve for operating margin, approved by the Special Meeting of Shareholders held on July 30, 2020, pending approval by the Central Bank of Brazil.

The Bank may, even without amending its by-laws, if approved by the Meeting of Shareholders, and in the conditions established therein, increase its capital up to the limit of R$ 120,000,000 thousand by issuing common shares, for which shareholders should be granted preference in the subscription in proportion to the number of shares held.

c) Instruments Qualifying as Common Equity Tier 1 Capital

The Bank signed a loan agreement with the federal government on September 26, 2012, as hybrid capital and debt instrument, in the amount up to R$ 8,100,000 thousand, whose resources were designated to finance agribusiness. The Bank signed an amendment to the contract on August 28, 2014, under the terms of Law 12,793 of April 02, 2013. The purpose of the amendment was to allow the instrument to qualify as common equity in Tier I capital, under Article 16 of CMN Resolution 4,192/2013.

As result of the amendment, the interest rate was changed to variable rate, and the interest period was changed to match the Bank's fiscal year (January 01 to December 31). Each years' interest is paid in a single annual installment, adjusted by the Selic rate up to the effective payment date. Payment must be made within 30 calendar days after the dividend payment for the fiscal year.

The interest payment must be made from profits or profit reserves available for distribution at the end of the fiscal year preceding the calculation date. Payment is at Management's discretion. Unpaid interest does not accumulate. If the payment or dividend distribution is not made (including in the form of interest on own capital) prior to the end of the subsequent fiscal year, the accrued interest is no longer owed.

If the Bank's retained earnings, profit reserves (including the legal reserve) and capital reserve cannot fully absorb losses calculated at the end of a fiscal year, the Bank will no longer be obligated to the interest. The Bank will apply the accrued interest and principal balance, in this order, to offset any remaining losses. This will be considered a pay-down of the instrument.

The instrument does not have a maturity date. It is only payable if the Bank is dissolved or Bacen authorizes the repurchase of the instrument. If the Bank is dissolved, the payment of principal and interest is subordinated to payment of the Bank's other liabilities. There will be no preferred interest on the loan under any circumstances, including in relation to other equity instruments included in Reference Equity.

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

d) Revaluation reserves

The revaluation reserves, totaling R$ 2,057 thousand (R$ 2,169 thousand as of December 31, 2019), refer to revaluations of assets made by the associates/subsidiaries.

In the period from January 01, 2020 to September 30, 2020, there was a reserve realization of R$ 112 thousand (R$ 53 thousand In the period from January 01, 2019 to September 30, 2019), due to depreciation, transferred to Retained Earnings (Accumulated Losses), net of taxes. In accordance with CMN Resolution 3,565/2008, the remaining amount will be recognized until the date of its effective realization.

e) Capital and profit reserves

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Capital reserves	1,398,436	1,365,081	1,399,891	1,366,443
Profit reserves	34,860,401	54,134,135	34,590,726	53,814,656
Legal reserve	8,950,857	8,633,464	8,950,857	8,633,464
Statutory reserves	25,909,544	45,500,671	25,639,869	45,181,192
Operating margin	19,071,422	39,140,389	18,697,262	38,699,369
Equalization of dividends	6,838,122	6,360,282	6,942,607	6,481,823

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

The legal reserve ensures the adequacy of the Bank's capital structure and can only be used to offset losses or increase capital. Five percent of net income, before any other allocations, is transferred to the legal reserve. The amount of the reserve cannot exceed 20% of the share capital.

The operating margin statutory reserve ensures the adequacy of the Bank's operating margins in accordance with its business activities. The reserve consists of up to 100% of net income after allocation to legal reserve (including dividends) and is limited to 80% of the share capital.

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

f) Earnings per share

	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Net income Banco do Brasil (R$ thousand)	3,037,476	4,161,736	9,385,334	12,281,608
Weighted average number of shares (basic)	2,852,656,791	2,787,130,436	2,852,229,008	2,786,670,009
Weighted average number of shares (diluted)	2,852,321,221	2,786,770,907	2,852,014,936	2,786,381,529
Earnings per share (basic and diluted) (R$)	1.06	1.49	3.29	4.41

The diluted weighted average number of shares considers the future distribution of shares to the executives of the Bank due to the Program of Variable Remuneration (Note 23.n).

g) Interest on own capital/dividends

In accordance with Laws 9,249/1995, 9,430/1996 and the Bank's Bylaws, Management decided on the payment of Interest on own capital to its shareholders. In compliance with CMN Resolution 4,820/2020, capital remuneration was limited to the minimum required dividend defined in the Bank's Bylaws (25% of the adjusted net income).

In compliance with the income tax as well as social contribution legislation, the interest on own capital is calculated based on adjusted net equity value. It is limited, on a pro rata die basis, to the variation of long-term interest rate, as long as there is profit (before the deduction of interest on own capital) or reserves for retained earnings and profit reserves of at least twice its value, being deductible in the calculation of the taxable income.

The total interest on own capital in the period from January 01, 2020 to September 30, 2020, in the amount of R$ 2,623,281 thousand (R$ 4,987,710 thousand in the period from January 01, 2019 to September 30, 2019), provided an expense reduction on tax charges totaling R$ 1,180,476 thousand (R$ 1,995,084 thousand in the period from January 01, 2019 to September 30, 2019).

Payment schedule of interest on own capital and dividends:

	Amount	Amount per share (R$)	Base date of payment	Payment date
1st quarter/2020				
Interest on own capital (1)	517,440	0.181	Mar 11, 2020	Mar 31, 2020
2nd quarter/2020				
Interest on own capital (1)	1,256,723	0.441	Aug 21,2020	Aug 31,2020
3rd quarter/2020				
Interest on own capital (1)	293,382	0.103	Sep 11,2020	Sep 30, 2020
Complementary Interest on own capital (1)	555,736	0.195	Nov 16,2020	Nov 27,2020
Total allocated to the shareholders	**2,623,281**	**0.920**		

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

	Amount	Amount per share (R$)	Base date of payment	Payment date
1st quarter/2019				
Interest on own capital (1)	435,000	0.156	Mar 11, 2019	Mar 29, 2019
Complementary Interest on own capital (1)	1,155,939	0.415	May 21, 2019	May 31, 2019
2nd quarter/2019				
Interest on own capital (1)	476,640	0.171	Jun 11,2019	Jun 28,2019
Complementary Interest on own capital (1)	1,229,989	0.441	Aug 21,2019	Aug 30,2019
3rd quarter/2019				
Interest on own capital (1)	649,308	0.233	Sep 11,2019	Sep 30, 2019
Complementary Interest on own capital (1)	1,040,834	0.373	Nov 21, 2019	Nov 29, 2019
Total allocated to the shareholders	**4,987,710**	**1.789**		

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

h) Reconciliation of net income and shareholders' equity

	Net income				Shareholders' equity	
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	Sep 30, 2020	Dec 31, 2019
Banco do Brasil	**3,037,476**	**4,161,736**	**9,385,334**	**12,281,608**	**112,088,236**	**98,895,999**
Instruments qualifying to common equity tier 1 capital (1)	20,455	63,619	63,193	187,668	8,100,000	8,100,000
Unrealized gains (2)	26,971	30,785	49,804	(1,043)	(269,675)	(319,479)
Non-controlling interests	--	--	--	--	2,415,103	1,903,656
Secondary public offering of shares (follow on)	--	--	--	--	--	(15,282)
BB Consolidated	**3,084,902**	**4,256,140**	**9,498,331**	**12,468,233**	**122,333,664**	**108,564,894**

(1) The instrument qualifying as CET1 was registered in the liabilities in the Individual Financial Statements and its interest recognized as expenses with securities sold under repurchase agreements. This Instrument was reclassified to Shareholder's Equity in the consolidated financial statements. (Notes 2.f and 23.c).

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

i) Accumulated Other Comprehensive Income

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Banco do Brasil				
Securities available for sale	(150,287)	219,688	(150,287)	219,688
Actuarial gains/(losses) on pension plans	(15,761,724)	(22,162,506)	(15,761,724)	(22,162,506)
Subsidiaries, associates and joint ventures				
Securities available for sale	(7,565)	155,144	(7,565)	153,698
Cash flow hedge	(20,948)	(63,523)	(20,948)	(63,523)
Foreign exchange variation in investments abroad	(991,759)	(1,424,936)	(991,759)	(1,424,936)
Others	--	(4,815)	--	(4,815)
Total	**(16,932,283)**	**(23,280,948)**	**(16,932,283)**	**(23,282,394)**

j) Noncontrolling interests

	Net income				Shareholders' equity	
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	Sep 30, 2020	Dec 31, 2019
Banco Patagonia S.A.	69,196	43,080	214,889	174,432	496,380	360,184
Besc Distribuidora de Títulos e Valores Mobiliários S.A.	(1)	--	(2)	(1)	23	24
BB Tecnologia e Serviços	(16)	2	(14)	5	26	41
BB Seguridade S.A.	368,986	1,155,743	989,307	1,844,954	1,918,674	1,543,407
Non-controlling interest	**438,165**	**1,198,825**	**1,204,180**	**2,019,390**	**2,415,103**	**1,903,656**

k) Shareholdings (number of shares)

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

Shareholders	Sep 30, 2020		Dec 31, 2019	
	Shares	% Total	Shares	% Total
Federal government	1,432,708,542	50.0	1,453,493,742	50.7
Tesouro Nacional	1,432,708,542	50.0	1,432,708,542	50.0
Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND	--	--	20,785,200	0.7
Caixa de Previdência dos Funcionários do Banco do Brasil - Previ	135,180,814	4.7	137,257,114	4.8
Treasury shares (1)	12,178,134	0.4	14,459,169	0.5
Other shareholders	1,285,349,530	44.9	1,260,206,995	44.0
Total	**2,865,417,020**	**100.0**	**2,865,417,020**	**100.0**
Resident shareholders	2,274,295,076	79.4	2,141,139,495	74.7
Non resident shareholders	591,121,944	20.6	724,277,525	25.3

(1) It includes, on September 30, 2020, 31,496 shares of the Bank held by BB DTVM (32,900 on December 31, 2019).

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

	Common shares (ON) (1)	
	Sep 30, 2020	Dec 31, 2019
Board of Directors (except for Bank's CEO, listed in the Bank's Executive Committee)	3,581	3,581
Executive Committee	112,697	77,674
Audit Committee	57	18

(1) The shareholding interest of the Board of Directors, Executive Committee, Fiscal Council and Audit Committee represents approximately 0.004% of the Bank's capital stock.

l) Movement of shares outstanding/free float

	Sep 30, 2020		Dec 31, 2019	
	Total	%	Total	%
Free float at the beginning of the period	1,397,382,845	48.8	1,331,861,026	46.5
Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND	20,785,200	0	--	0
Secondary public offering of shares (follow on)	--	0	64,000,000	0
Other changes (1)	2,246,012	0	1,521,819	0
Free float at the end of the period (2)	1,420,414,057	49.6	1,397,382,845	48.8
Outstanding shares	**2,865,417,020**	**100.0**	**2,865,417,020**	**100.0**

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

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

m) Treasury shares

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

The composition of the treasury shares is shown below:

	Banco do Brasil				BB Consolidated			
	Sep 30, 2020		Dec 31, 2019		Sep 30, 2020		Dec 31, 2019	
	Shares	% Total	Shares	% Total	Shares	% Total	Shares	% Total
Treasury shares	**12,146,638**	**100.0**	**14,112,120**	**100.0**	**12,178,134**	**100.0**	**14,459,169**	**100.0**
Received in order to comply with operations secured by the FGCN - Fundo de Garantia para a Construção Naval	8,075,350	66.5	8,075,350	57.2	8,075,350	66.3	8,075,350	55.8
Repurchase Programs (between 2012 and 2015) (1)	3,767,151	31.0	5,710,078	40.5	3,767,151	30.9	5,710,078	39.5
Share-based payment	304,074	2.5	326,629	2.3	335,570	2.8	359,529	2.5
Follow-on offerring	--	--	--	--	--	--	314,149	2.2
Mergers	63	--	63	--	63	--	63	--
Book value	**(279,251)**		**(324,438)**		**(280,706)**		**(339,636)**	

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

n) Share-based payment

The Program of Variable Remuneration

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

The program has a yearly basis period. It is established according to the risks and the activity overseen by the executive and has as pre requirements: the activation of the Participation in Profit and Results Program and the achievement of accounting profit by the Bank.

The calculation of variable remuneration is based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil - ECBB for the period. The program also determines that 50% of the remuneration should be paid in cash (CPC 33 (R1) - Employee benefits) and the remaining 50% should be paid in shares.

The number of Banco do Brasil shares to be allocated to each participant is calculated by dividing the net amount equivalent to 50% of variable remuneration to which one is entitled, to the average price of the share in the week prior to the payment. The average price is the simple arithmetic mean of the daily average prices of the week prior to the payment. At the time of calculation of deferred installments, if fractions occur, they are accumulated in the first installment to be made available.

The distribution of compensation in shares occurs in a way that 20% is immediately transferred for the beneficiary's ownership and 80% is deferred for a period of four years, in which: 20% within one year, 20% within two years, 20% within three years and 20% within four years.

BB DTVM, in accordance to the resolution mentioned above, also adopted variable remuneration policy for its directors, directly acquiring treasury shares of the Banco do Brasil. All shares acquired are BBAS3 and its fair value is the quoted market price on the date of grant.

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

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

The Program of Gratified Performance (PDG):

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

The qualification and classification of the participants are based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil - ECBB for the period.

The program determines that 50% of the reward should be paid in shares of the Bank and 50% in the Alelo reward card. The average price is the simple arithmetic mean of the daily average prices of the week prior to the payment. in the period from January 01, 2020 to September 30, 2020 1,764,288 treasury shares were distributed (1,494,485 in the period from January 01, 2019 to September 30, 2019).

24 - SERVICE FEE INCOME

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Account fee	1,820,307	1,986,899	5,659,356	5,753,082	1,821,164	1,987,365	5,661,577	5,754,286
Fund management	981,715	1,062,214	2,928,347	2,977,540	1,699,110	1,733,475	5,095,438	4,870,358
Commissions on Insurance, pension plans and capitalization	77,681	75,755	208,171	239,641	1,078,132	969,859	2,938,946	2,739,529
Card income	448,368	430,617	1,313,805	1,345,859	527,506	499,499	1,532,070	1,558,574
Loans and guarantees provided	438,554	460,525	1,191,519	1,360,182	438,577	460,543	1,191,427	1,359,864
Consortium management fees	--	--	--	--	387,856	307,914	1,013,820	895,216
Billing	350,024	334,203	981,929	944,104	360,360	346,010	1,010,379	980,140
Collection	240,878	276,721	739,201	835,180	234,667	276,261	720,651	833,842
Capital market income	25,595	22,071	69,812	63,110	142,989	231,215	354,671	693,096
National Treasury and official funds management	93,768	109,888	289,880	312,602	93,768	109,888	289,880	312,602
Interbank	28,268	37,377	96,268	110,872	28,268	37,377	96,268	110,872
Other	283,682	300,562	871,408	941,008	468,157	506,985	1,407,801	1,592,289
Total	**4,788,840**	**5,096,832**	**14,349,696**	**14,883,180**	**7,280,554**	**7,466,391**	**21,312,928**	**21,700,668**

25 - PERSONNEL EXPENSES

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Wages and salaries	(2,292,013)	(2,082,561)	(6,694,245)	(6,642,906)	(2,580,711)	(2,322,005)	(7,505,725)	(7,342,758)
Benefits	(772,589)	(732,541)	(2,404,594)	(2,219,766)	(808,029)	(765,206)	(2,511,700)	(2,315,298)
Social charges	(709,852)	(716,686)	(2,111,096)	(2,157,416)	(772,210)	(773,799)	(2,297,102)	(2,329,069)
Personnel administrative provisions	(791,334)	(1,042,023)	(2,095,076)	(2,251,088)	(791,334)	(1,042,023)	(2,095,076)	(2,251,088)
Pension plans	(198,826)	(200,884)	(618,846)	(594,975)	(201,823)	(203,706)	(627,875)	(603,189)
Director's and officer's remuneration	(8,154)	(7,208)	(25,129)	(21,966)	(11,996)	(10,501)	(37,031)	(32,980)
Training	(8,507)	(15,388)	(25,272)	(42,779)	(9,596)	(16,717)	(28,269)	(46,673)
Total	**(4,781,275)**	**(4,797,291)**	**(13,974,258)**	**(13,930,896)**	**(5,175,699)**	**(5,133,957)**	**(15,102,778)**	**(14,921,055)**

26 - OTHER ADMINISTRATIVE EXPENSES

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Amortization	(464,441)	(397,380)	(1,349,210)	(1,239,370)	(469,462)	(443,990)	(1,361,879)	(1,354,705)
Rent	(319,757)	(317,895)	(958,668)	(959,424)	(340,685)	(331,104)	(1,017,649)	(1,005,362)
Depreciation	(327,684)	(294,734)	(945,846)	(896,853)	(338,194)	(303,234)	(976,146)	(926,554)
Security services	(286,637)	(285,383)	(842,466)	(839,338)	(295,038)	(292,332)	(865,738)	(858,726)
Expenses with outsourced services	(251,350)	(204,919)	(661,193)	(601,542)	(279,175)	(222,677)	(730,594)	(652,969)
Financial system services	(227,359)	(205,416)	(598,169)	(545,537)	(253,855)	(220,925)	(671,409)	(600,945)
Transport	(167,257)	(198,697)	(611,370)	(568,380)	(181,070)	(215,753)	(652,604)	(617,371)
Communications	(172,309)	(170,979)	(509,031)	(530,590)	(187,397)	(183,603)	(554,817)	(565,559)
Maintenance and upkeep	(234,684)	(244,431)	(713,450)	(742,341)	(178,731)	(186,895)	(546,462)	(566,800)
Water, electricity and gas	(97,425)	(111,084)	(337,634)	(372,195)	(100,947)	(114,706)	(348,164)	(383,399)
Data processing	(197,849)	(209,068)	(589,295)	(585,059)	(105,226)	(124,144)	(329,825)	(331,258)
Specialized technical services	(78,632)	(88,362)	(236,970)	(247,043)	(96,158)	(111,252)	(287,541)	(303,280)
Advertising and marketing	(82,166)	(149,149)	(259,683)	(296,751)	(84,349)	(154,680)	(266,283)	(316,130)
Promotion and public relations	(20,087)	(38,134)	(92,006)	(98,623)	(20,656)	(40,159)	(97,389)	(102,391)
Materials	(14,512)	(19,478)	(54,938)	(59,957)	(19,465)	(22,229)	(64,017)	(69,429)
Domestic travel	(3,168)	(14,090)	(21,919)	(45,216)	(6,986)	(20,059)	(35,212)	(62,143)
Other	(238,361)	(201,401)	(712,905)	(625,991)	(262,766)	(216,388)	(812,857)	(662,630)
Total	**(3,183,678)**	**(3,150,600)**	**(9,494,753)**	**(9,254,210)**	**(3,220,160)**	**(3,204,130)**	**(9,618,586)**	**(9,379,651)**

27 - OTHER OPERATING INCOME/EXPENSES

a) Other operating income

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Recovery of charges and expenses	504,909	631,882	1,673,461	1,881,750	426,578	533,080	1,401,249	1,585,930
Update of deposits in guarantee	229,758	489,257	864,249	1,497,870	229,758	489,257	864,249	1,497,870
Surplus allocation update - Previ Plan 1 (Note 29.f)	270,605	134,246	527,279	601,726	270,605	134,246	527,279	601,726
Cards transactions	21,368	108,010	263,977	532,302	25,893	108,544	277,760	541,408
Reversal of provisions - administrative and personnel expenses	74,682	49,759	163,877	249,290	74,682	49,759	163,877	249,290
Reversal of provisions - other	40,170	17,368	62,841	98,813	46,358	16,543	97,841	102,789
From non-financial subsidiaries	--	--	--	--	15,013	35,520	50,689	143,086
Income on receivables	12,135	14,357	37,307	91,329	12,135	14,357	37,307	91,329
Adjustment of tax recoverable	11,519	100,546	25,001	213,818	11,519	100,546	25,001	213,818
Income from convictions, costs and court settlements	5,317	4,461	20,425	11,571	5,317	4,461	20,425	11,571
Defined benefit plan income	4,044	2,709	9,774	184,038	4,044	2,709	9,773	184,038
Dividends received	2,481	32,342	37,317	70,047	1,175	(3,955)	5,394	1,855
Other	214,016	215,744	416,276	565,974	231,140	245,630	510,306	401,311
Total	**1,391,004**	**1,800,681**	**4,101,784**	**5,998,528**	**1,354,217**	**1,730,697**	**3,991,150**	**5,626,021**

b) Other operating expenses

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Actuarial liabilities update	(418,331)	(393,883)	(1,289,264)	(1,000,190)	(418,331)	(393,883)	(1,289,264)	(1,000,190)
Cards transactions	(372,716)	(461,836)	(1,152,200)	(1,238,642)	(398,136)	(484,839)	(1,233,126)	(1,305,946)
Business relationship bonus	(302,440)	(398,761)	(904,018)	(1,247,785)	(302,439)	(398,761)	(904,017)	(1,247,785)
Discounts granted on renegotiations	(243,495)	(307,389)	(723,260)	(781,082)	(243,515)	(307,408)	(723,280)	(781,101)
Expenses with outsourced services	(233,604)	(274,615)	(674,710)	(858,513)	(218,432)	(245,145)	(626,938)	(787,231)
ATM Network	(132,651)	(58,861)	(365,499)	(157,533)	(132,651)	(58,861)	(365,499)	(157,533)
From non-financial subsidiaries	--	--	--	--	(115,459)	(131,297)	(332,718)	(357,446)
INSS - Social Security	(60,676)	(57,999)	(186,927)	(170,572)	(60,676)	(57,999)	(186,927)	(170,572)
Compensation for transactions of banking correspondents	(64,758)	(72,428)	(179,261)	(210,987)	(64,758)	(72,428)	(179,261)	(210,987)
Life insurance premium - consumer credit	(48,411)	(36,575)	(138,358)	(108,894)	(48,411)	(36,575)	(138,358)	(108,894)
Failures/frauds and other losses	(37,377)	(31,339)	(93,733)	(92,182)	(40,381)	(33,830)	(101,694)	(99,445)
Compensation for transactions of Banco Postal	--	(38,820)	(17,580)	(113,120)	--	(38,820)	(17,580)	(113,120)
Compliance bonus	(3,112)	(25,130)	(16,115)	(109,341)	(3,112)	(25,130)	(16,115)	(109,341)
Other expenses - provisions operating	(37)	(6,715)	(23,434)	(19,418)	(88)	(10,299)	(28,080)	(23,560)
Impairment losses of rights to manage payroll	--	(982,690)	--	(982,690)	--	(982,690)	--	(982,690)
Other	(186,923)	(137,799)	(558,576)	(767,201)	(187,546)	(154,814)	(563,973)	(549,297)
Total	**(2,104,531)**	**(3,284,840)**	**(6,322,935)**	**(7,858,150)**	**(2,233,935)**	**(3,432,779)**	**(6,706,830)**	**(8,005,138)**

28 - RELATED PARTY TRANSACTIONS

a) Bank's key management personnel

Salaries and other benefits paid the Bank's key management personnel (Executive Board and Board of Directors) are as follows:

	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Short-term benefits	**11,238**	**14,480**	**40,309**	**43,689**
Fees and social security contributions	7,394	8,191	23,212	25,032
Executive Board	7,259	8,049	22,894	24,726
Board of Directors	135	142	318	306
Variable remuneration (cash) and social charges	2,648	5,194	13,986	16,180
Other (1)	1,196	1,095	3,111	2,477
Termination benefits	**--**	**14**	**607**	**535**
Share-based payment benefits	**--**	**--**	**10,801**	**15,290**
Total	**11,238**	**14,494**	**51,717**	**59,514**

(1) Includes contributions to pension plan and complementary healthy plan, housing and relocation benefits, group insurance, among others.

The Bank's variable compensation policy (developed in accordance with CMN Resolution 3,921/2010) requires variable compensation for the Executive Directors to be paid partially in shares (Note 23.n).

The Bank does not offer post-employment benefits to its key management personnel, except for those who are part of the staff of the Bank.

b) Details of related party transactions

The Bank has the policy of related party transactions approved by the Board of Directors and disclosed to the market. The policy aims to establish rules to assure that all decisions, especially those involving related party and other situations potentially conflicted, are made observing the interests of the Bank and its shareholders. It is applicable to all staff and directors of the company.

The policy forbids related party transactions under conditions other than those of the market or that may adversely affect the Bank's interest. Therefore, the transactions are conducted under normal market conditions. The terms and conditions reflect comparable transactions with unrelated parties (including interest rates and collateral requirements). These transactions do not involve unusual payment risks, as disclosed in other notes.

The transactions between the consolidated companies are eliminated in the consolidated financial statements.

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

i. intercompany transactions, such as: interbank deposits, securities, loans, interest bearing and non-interest bearing deposits, securities sold under repurchase agreements, borrowings and onlendings, guarantees given and others;

ii. the most important transactions involving the National Treasury include rural loans granted by the Bank under CMN Resolution 2,238/1996 and receivables from the National Treasury for interest rate equalization under Federal Government programs (Law 8,427/1992). Interest rate equalization represents an economic subsidy for rural credit, which provides borrowers with discounted interest rates compared to the Bank's normal funding costs (including administrative and tax expenses). The equalization payment is updated by the Selic rate in accordance with the National Treasury's budgeting process (as defined by law) and is designed to preserve the Bank's earnings;

iii. Previ uses the Bank's internal systems for voting, selective processes and access to common internal standards, which generates cost savings for both parties involved;

iv. related parties loan physical space to the Bank free of charge with the Bank, using the spaces mainly for the installation of self-service terminals, banking service offices and branches. These free of charge loans with related parties do not represent significant value, because the most of them are carried out with third parties;

v. provision of business support services for controlled and sponsored entities for which the Bank is reimbursed for its costs with employees, technology and materials. Sharing of structure aims to gain efficienty for the Conglomerate. Additional information regarding the assignment of employees can be obtained in Note 31.d;

vi. contracts in which the Bank rents property owned by the entities sponsored to carry out its activities;

vii. acquisition of portfolio of loans transferred by Banco Votorantim;

viii. assignment of credits arising from loans written off as losses to Ativos S.A; and

ix. hiring specialized services from BB Tecnologia S.A (BBTS) for specialized technical assistance, digitization and copy of documents, telemarketing, extrajudicial collection, support and backing for financial and non-financial business processes, monitoring, supervision and execution of activities inherent to equipment and environments, software development, support and testing, data center support and operation, management of cell phone electronic messages, outsourcing and monitoring of physical security systems and telephony outsourcing.

The Bank established Companies Credit Card Ceiling to pay Cielo S.A. bills under usual financial market conditions, in 2019.

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

The balances arising from the transactions above mentioned are disclosed in the "Summary of related party transactions" segregated by nature and category of related parties.

Some transactions are disclosed in other notes: the resources applied in federal government securities are listed in Note 10; information about the government funds are related in Note 20; and additional information about the Bank's contributions and other transactions with sponsored entities are listed in Note 29.

Fundação Banco do Brasil (FBB) promotes, encourages and sponsors actions in the areas of education, culture, health, social welfare, recreation and sports, science, technology and community development. In the period from January 01 to September 30, 2020, the Bank's contributions to FBB totaled R$ 81,287 thousand (R$ 49,621 thousand in the in the period from January 01 to September 30, 2019).

c) Acquisition of portfolio of loans transferred by Banco Votorantim

	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Assignment with substantial retention of risks and rewards (with co-obligation)	7,856,098	3,107,504

d) Summary of related party transactions

	Banco do Brasil					
	Sep 30, 2020					
	Controller (1)	Subsidiaries (2)	Joint ventures and associates (3)	Key management personnel (4)	Other related parties (5)	Total
Assets						
Interbank investments	--	94,667,301	1,948,274	--	355,586	96,971,161
Securities	--	1,989,756	141,154	--	611,432	2,742,342
Loan portfolio (6)	--	--	6,688,786	4,271	15,152,852	21,845,909
Receivables from related companies	--	55,830	299,892	--	9,408	365,130
Other assets (7)	2,352,081	612,564	33,977	--	275,281	3,273,903
Guarantees received (8)	--	--	34,199	--	1,442,068	1,476,267
Liabilities						
Demand deposits	1,923,825	179,377	289,117	1,006	369,236	2,762,561
Saving deposits	1,421	--	--	880	247,866	250,167
Time deposits	4,942,641	1,057,250	528,494	211	13,179,608	19,708,204
Securities sold under repurchase agreements	43,306	14,010,208	6,454	--	11,626,026	25,685,994
Borrowings and onlendings	188,371	90,915,812	--	--	57,026,502	148,130,685
Other liabilities (9)	9,307,260	4,761,977	9,352,700	17,758	1,419,400	24,859,095
Guarantees given and other coobligations (10)	--	1,041,826	5,009,492	--	716,078	6,767,396
	3rd quarter/2020					
Income from financial intermediation	327,727	1,288,588	113,999	100	220,580	1,950,994
Service fee income	8,526	10,265	155,530	--	136,083	310,404
Other income (11)	4,603	103,898	123,053	--	1,145	232,699
Expenses from financial intermediation	(79,040)	(1,373,912)	(2,922)	(84)	(785,829)	(2,241,787)
Other expenses	--	(270,464)	(151,995)	--	(177,959)	(600,418)
	Jan 1 to Sep 30, 2020					
Income from financial intermediation	1,291,192	4,112,522	348,784	295	742,909	6,495,702
Service fee income	26,188	29,317	376,203	--	314,184	745,892
Other income (11)	11,879	330,332	391,411	--	6,242	739,864
Expenses from financial intermediation	(256,713)	(4,383,215)	(12,675)	(339)	(2,421,333)	(7,074,275)
Other expenses	--	(792,645)	(433,849)	--	(512,002)	(1,738,496)

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

(2) Companies are listed in Note 2.f.

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

(4) Board of Directors and Executive Board.

(5) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(6) The Bank constituted the amount of R$ 280 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R$ 203 thousand in the 3rd quarter/2020 (reversal of expense was R$ 890 thousand in the period from January 01 to September 30, 2020).

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

(8) Mainly include National Treasury guarantees, billing with registration, credit rights resulting from contracts, among others.

(9) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(10) Includes Contract of Opening of a Revolving Interbank Credit Line with Banco Votorantim.

(11) Includes the amount of R$ 172,984 thousand in the 3rd quarter/2020 related recoveries of costs and expenses from the structure sharing (R$ 539,268 thousand in the period from January 01 to September 30, 2020).

	Banco do Brasil					
	Dec 31, 2019					
	Controller (1)	Subsidiaries (2)	Joint ventures and associates (3)	Key management personnel (4)	Other related parties (5)	Total
Assets						
Interbank investments	--	79,522,814	559,618	--	652,514	80,734,946
Securities	--	1,952,666	883,865	--	385,191	3,221,722
Loan portfolio (6)	--	314,307	4,522,222	4,996	16,080,604	20,922,129
Receivables from related companies	--	55,150	263,634	--	9,634	328,418
Other assets (7)	2,997,540	1,817,557	2,836	--	231,855	5,049,788
Guarantees received (8)	--	--	18,918	--	2,314,822	2,333,740
Liabilities						
Demand deposits	538,447	139,175	64,653	1,045	269,947	1,013,267
Saving deposits	720	--	--	323	235,704	236,747
Time deposits	4,538,116	1,534,675	490,122	112	12,049,321	18,612,346
Securities sold under repurchase agreements	42,337	17,955,353	35,672	--	8,759,749	26,793,111
Borrowings and onlendings	167,215	76,112,113	--	--	60,741,468	137,020,796
Other liabilities (9)	9,724,112	3,823,678	12,093,992	14,394	1,881,962	27,538,138
Guarantees given and other coobligations (10)	--	826,654	5,011,026	403	714,055	6,552,138
	3rd quarter/2019					
Income from financial intermediation	722,307	1,256,603	132,174	119	361,017	2,472,220
Service fee income	11,725	3,291	102,102	--	83,599	200,717
Other income (11)	2,573	136,048	116,250	--	6,089	260,960
Expenses from financial intermediation	(124,933)	(1,467,863)	(7,870)	(255)	(950,746)	(2,551,667)
Other expenses	--	(301,391)	(155,450)	--	(240,130)	(696,971)
	Jan 1 to Sep 30, 2019					
Income from financial intermediation	2,320,488	3,942,633	417,635	337	1,242,417	7,923,510
Service fee income	32,682	7,309	289,829	--	236,397	566,217
Other income (11)	36,893	366,614	342,576	--	15,044	761,127
Expenses from financial intermediation	(349,156)	(4,220,308)	(24,792)	(803)	(3,003,165)	(7,598,224)
Other expenses	--	(817,756)	(455,309)	--	(713,581)	(1,986,646)

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

(2) Companies are listed in Note 2.f.

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

(4) Board of Directors and Executive Board.

(5) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(6) The Bank constituted the amount of R$ 1,244 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The reversal of expense for allowance was R$ 60 thousand in the 3rd quarter/2019 (constitution of expense was R$ 68 thousand in the period from January 01 to September 30, 2019).

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

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

(9) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(10) Includes Contract of Opening of a Revolving Interbank Credit Line with Banco Votorantim.

(11) Includes the amount of R$ 201,831 thousand in the 3rd quarter/2019 related recoveries of costs and expenses from the structure sharing (R$ 602,336 thousand in the period from January 01 to September 30, 2019).

	BB Consolidated				
	Sep 30, 2020				
	Controller (1)	Joint ventures and associates (2)	Key management personnel (3)	Other related parties (4)	Total
Assets					
Interbank investments	--	1,948,274	--	355,586	2,303,860
Securities	--	3,316,236	--	645,708	3,961,944
Loan portfolio (5)	--	6,688,786	4,271	15,152,852	21,845,909
Receivables from related companies	--	318,260	--	12,240	330,500
Other assets (6)	2,352,081	55,500	--	295,481	2,703,062
Guarantees received (7)	--	34,199	--	1,442,068	1,476,267
Liabilities					
Demand deposits	1,923,825	289,117	1,006	369,236	2,583,184
Saving deposits	1,421	--	880	247,866	250,167
Time deposits	5,084,517	528,494	211	13,179,608	18,792,830
Securities sold under repurchase agreements	43,306	6,454	--	11,626,026	11,675,786
Borrowings and onlendings	188,371	--	--	57,026,502	57,214,873
Other liabilities (8)	1,207,260	11,691,877	17,758	1,419,425	14,336,320
Guarantees given and other coobligations (9)	--	5,009,492	--	716,078	5,725,570
	3rd quarter/2020				
Income from financial intermediation	327,727	132,916	100	221,771	682,514
Service fee income	8,652	1,319,734	--	147,968	1,476,354
Other income (10)	4,603	171,306	--	1,145	177,054
Expenses from financial intermediation	(58,585)	(2,922)	(84)	(785,829)	(847,420)
Other expenses	--	(151,995)	--	(178,345)	(330,340)
	Jan 1 to Sep 30, 2020				
Income from financial intermediation	1,291,192	432,403	295	747,720	2,471,610
Service fee income	26,559	3,540,767	--	346,732	3,914,058
Other income (10)	11,879	547,606	--	6,242	565,727
Expenses from financial intermediation	(193,519)	(12,675)	(339)	(2,421,333)	(2,627,866)
Other expenses	--	(433,849)	--	(513,455)	(947,304)

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

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

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R$ 280 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R$ 203 thousand in the 3rd quarter/2020 (reversal of expense was R$ 890 thousand in the period from January 01 to September 30, 2020).

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

(7) Mainly include National Treasury guarantees, billing with registration, credit rights resulting from contracts, among others.

(8) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes Contract of Opening of a Revolving Interbank Credit Line with Banco Votorantim.

(10) Includes the amount of R$ 70,590 thousand in the 3rd quarter/2020 related recoveries of costs and expenses from the structure sharing (R$ 242,053 thousand in the period from January 01 to September 30, 2020).

	BB Consolidated				
	Dec 31, 2019				
	Controller (1)	Joint ventures and associates (2)	Key management personnel (3)	Other related parties (4)	Total
Assets					
Interbank investments	--	559,618	--	652,514	1,212,132
Securities	--	4,294,074	--	397,893	4,691,967
Loan portfolio (5)	--	4,522,222	4,996	16,080,604	20,607,822
Receivables from related companies	--	271,209	--	9,637	280,846
Other assets (6)	2,997,540	129,948	--	259,704	3,387,192
Guarantees received (7)	--	18,918	--	2,314,822	2,333,740
Liabilities					
Demand deposits	540,503	64,653	1,045	269,947	876,148
Saving deposits	720	--	323	235,704	236,747
Time deposits	4,631,093	490,122	112	12,049,322	17,170,649
Securities sold under repurchase agreements	42,337	35,672	--	8,759,749	8,837,758
Borrowings and onlendings	167,215	--	--	60,741,527	60,908,742
Other liabilities (8)	1,624,112	13,096,727	14,394	1,881,962	16,617,195
Guarantees given and other coobligations (9)	--	5,011,026	403	714,055	5,725,484
	3rd quarter/2019				
Income from financial intermediation	722,307	189,372	119	362,271	1,274,069
Service fee income	12,905	1,096,030	--	127,445	1,236,380
Other income (10)	2,573	263,731	--	6,089	272,393
Expenses from financial intermediation	(61,313)	(7,870)	(255)	(950,746)	(1,020,184)
Other expenses	--	(156,753)	--	(240,949)	(397,702)
	Jan 1 to Sep 30, 2019				
Income from financial intermediation	2,320,488	587,552	337	1,246,797	4,155,174
Service fee income	33,862	3,123,893	--	284,188	3,441,943
Other income (10)	36,893	702,030	--	15,044	753,967
Expenses from financial intermediation	(161,487)	(24,792)	(803)	(3,003,168)	(3,190,250)
Other expenses	--	(456,633)	--	(715,528)	(1,172,161)

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

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

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R$ 1,244 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The reversal of expense for allowance was R$ 60 thousand in the 3rd quarter/2019 (constitution of expense was R$ 68 thousand in the period from January 01 to September 30, 2019).

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

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

(8) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes Contract of Opening of a Revolving Interbank Credit Line with Banco Votorantim.

(10) Includes the amount of R$ 102,181 thousand in the 3rd quarter/2019 related recoveries of costs and expenses from the structure sharing (R$ 304,335 thousand in the period from January 01 to September 30, 2019).

29 - EMPLOYEE BENEFITS

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

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

Number of participants covered by benefit plans sponsored by the Bank

	Sep 30, 2020			Dec 31, 2019		
	Number of participants			Number of participants		
	Active	Retired/users	Total	Active	Retired/users	Total
Retirement and pension plans	**94,542**	**120,043**	**214,585**	**95,971**	**120,303**	**216,274**
Plano de Benefícios 1 - Previ	6,908	99,849	106,757	7,470	100,057	107,527
Plano Previ Futuro	75,005	2,271	77,276	75,735	2,073	77,808
Plano Informal	--	2,590	2,590	--	2,661	2,661
Other plans	12,629	15,333	27,962	12,766	15,512	28,278
Health care plans	**95,184**	**106,214**	**201,398**	**96,631**	**106,837**	**203,468**
Cassi	84,977	99,945	184,922	86,383	100,145	186,528
Other plans	10,207	6,269	16,476	10,248	6,692	16,940

Bank's contributions to benefit plans

	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Retirement and pension plans	**1,254,679**	**1,211,251**
Plano de Benefícios 1 - Previ (1)	442,842	464,987
Plano Previ Futuro	527,978	489,276
Plano Informal	104,182	108,550
Other plans	179,677	148,438
Health care plans	**2,127,509**	**942,379**
Cassi (2)	2,004,872	809,853
Other plans	122,637	132,526
Total	**3,382,188**	**2,153,630**

(1) Refers to the contributions relating to participants subject to Agreement 97 and Plan 1, whereby these contributions occur by the realization of Fundo Paridade until 2018 and Fundo de Utilização (Note 29.f). Agreement 97 aims to regulate the funding required to constitute a portion equivalent to 53.7% of guaranteed amount relating to the supplementary pension due to the participants who joined the Bank up to April 14, 1967 and who have retired or will retire after the aforementioned date, except for those participants who are part of the Plano Informal.

(2) From January 01 to September 30, 2020, it includes contributions retroactive to January/2019, referring to the temporary administration fee and employer contribution on dependents, as well as the early settlement of the Bank to the group of indirect dependents (GDI) (Note 31.g).

On June 30, 2020, the Bank's contributions to defined benefit plans (post-employment) were estimated at R$ 956,753 thousand for the next 6 months and R$ 1,789,587 thousand for the next 12 months.

Values recognized in income

	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Retirement and pension plans	**(1,273,099)**	**(747,741)**
Plano de Benefícios 1 - Previ	(512,187)	(10,765)
Plano Previ Futuro	(527,978)	(489,276)
Plano Informal	(82,341)	(78,453)
Other plans	(150,593)	(169,247)
Health care plans	**(1,553,472)**	**(1,208,793)**
Cassi	(1,425,370)	(1,070,290)
Other plans	(128,102)	(138,503)
Total	**(2,826,571)**	**(1,956,534)**

Detailed information regarding defined benefit plans is provided in Note 29.d.4.

a) Retirement and pension plans

Previ Futuro (Previ)

Participants in this plan include Bank employees hired after December 24, 1997. Depending on time of service and salary, active participants may contribute between 7% and 17% of their salary (retired participants do not contribute). The plan sponsor matches participants' contributions up to 14% of their salaries.

Plano de Benefícios 1 (Previ)

Participants in this plan include Bank employees hired prior to December 23, 1997. Active and retired participants may contribute between 1.8% and 7.8% of their salary or pension.

Plano Informal (Previ)

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

(i) providing retirement benefits to the initial group of participants and pension payments to the beneficiaries of participants who died prior to April 14, 1967;

(ii) paying additional retirement benefits to plan participants who retired prior to April 14, 1967, or had the right to retire based on time of service and at least 20 years of service with the Bank; and

(iii) increasing retirement and pension benefits due to judicial and administrative decisions related to changes in the Bank's career, salary and incentive plans (in excess of the plan's original benefits).

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

Prevmais (Economus)

Participants in this plan include employees of Banco Nossa Caixa (a bank acquired by Banco do Brasil on November 30, 2009) who enrolled after August 01, 2006, or were part of the Regulamento Geral benefit plan and opted to receive their vested account balances. The sponsor and participants make equal contributions, which may not exceed 8% of participants' salaries. The plan provides additional risk coverage, including supplemental health, work-related accident, disability and death benefits.

Regulamento Geral (Economus)

Participants in this plan include employees of Banco Nossa Caixa who enrolled prior to July 31, 2006. This plan is closed to new members. The sponsor and participants contribute equally.

Regulamento Complementar 1 (Economus)

Participants in this plan include employees of Banco Nossa Caixa. This plan offers supplemental health benefits and annuities upon death or disability. The sponsor, participants and retired/other beneficiaries fund the plan.

Grupo B' (Economus)

Group of employees and retirees of Banco Nossa Caixa admitted between January 22, 1974, and May 13, 1974, and their beneficiaries. Benefit levels are based on the fulfillment of certain conditions outlined in the plan regulation.

Multifuturo I (Fusesc)

Participants in this plan include employees of the State Bank of Santa Catarina – Besc (acquired by Banco do Brasil on September 30, 2008) who enrolled after January 12, 2003, or were part of the Plano de Benefícios I (Fusesc) and chose to participate in this plan. Participants may contribute from 2.33% to 7% of their salaries. The plan sponsor matches these contributions.

Plano de Benefícios I (Fusesc)

Participants in this plan include employees of Besc who enrolled prior to January 11, 2003. This plan is closed to new members. The sponsor and participants contribute equally.

Plano BEP (Prevbep)

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

b) Health Care Plans

Plano de Associados (Cassi)

The Bank sponsors a health care plan managed by Cassi. The plan covers health care services related to prevention, protection, recovery and rehabilitation for participants and their beneficiaries. Each month, the Bank contributes 4.5% of participants' salaries or pension benefits, in addition to 3% per dependent of active employee (up to three dependents), plus a temporary administration fee, corresponding to 10% on the sum of employers' and personal contributions (active holders), until 2021.

Monthly contributions by participants and pensioners total 4% of their salary or pension, copayments for certain hospital procedures, in addition to in addition to the contribution per dependent, following the rules provided for in the Cassi Statute and in the plan's regulations.

Plano Unificado de Saúde - PLUS (Economus)

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

Plano Unificado de Saúde - PLUS II (Economus)

Participants in this plan include employees from Banco Nossa Caixa, who enrolled after January 01, 2001. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents and adult children. This plan does not cover non-preferred dependents.

Plano de Assistência Médica Complementar - PAMC (Economus)

Participants in this plan include employees of Banco Nossa Caixa located in the state of São Paulo. The plan serves disabled employees under the Complementar and Regulamento Geral and their dependents. Participant costs vary based on usage and in accordance with a progressive salary table.

Plano de Saúde (SIM)

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

c) Risk factors

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

Determination of the Bank's obligations to these entities is based on long-term actuarial and financial estimates and the application and interpretation of current regulatory standards. Inaccuracies inherent to the estimation process could result in differences between recorded amounts and the actual obligations in the future. This could have a negative impact on the Bank's operating results.

d) Actuarial valuations

Actuarial evaluations are performed every six months. The information contained in the below tables refers to the calculations at June 30, 2020, December 31, 2019 and June 30, 2019, unless otherwise noted.

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

	Plano 1 - Previ			Plano Informal - Previ			Plano de Associados - Cassi			Other plans		
	1st half/2020	2019	1st half/2019	1st half/2020	2019	1st half/2019	1st half/2020	2019	1st half/2019	1st half/2020	2019	1st half/2019
Opening balance	**(211,164,640)**	**(172,028,674)**	**(172,028,674)**	**(1,100,658)**	**(940,374)**	**(940,374)**	**(13,234,231)**	**(9,394,601)**	**(9,394,601)**	**(11,833,607)**	**(9,719,429)**	**(9,719,429)**
Interest cost	(7,172,102)	(15,808,281)	(7,819,489)	(34,205)	(80,681)	(40,437)	(451,379)	(954,302)	(447,989)	(403,900)	(901,862)	(443,203)
Current service cost	(160,305)	(332,022)	(156,869)	--	--	--	(43,872)	(92,546)	(48,698)	(5,594)	(16,776)	(11,666)
Past service cost	--	--	--	(25,843)	(26,175)	(14,178)	(56,700)	--	--	--	--	--
Benefits paid using plan assets	6,566,434	12,572,211	6,215,852	73,093	157,629	76,046	365,590	745,828	335,642	337,312	701,391	318,825
Reductions/settlements [1]	--	--	--	--	--	--	450,920	--	--	--	--	--
Remeasurements of actuarial gain/(losses)	21,163,536	(35,567,874)	(21,535,533)	32,254	(211,057)	(157,240)	891,803	(3,538,610)	(2,812,795)	998,453	(1,896,931)	(1,306,960)
Experience adjustment	3,223,095	(3,586,618)	(2,297,045)	8,097	(98,337)	(91,565)	(273,693)	(1,258,362)	(1,123,449)	49,194	98,144	(217,989)
Changes to biometric/demographic assumptions	--	--	--	--	--	--	--	1,089	--	--	(258,911)	--
Changes to financial assumptions	17,940,441	(31,981,256)	(19,238,488)	24,157	(112,720)	(65,675)	1,165,496	(2,281,337)	(1,689,346)	949,259	(1,736,164)	(1,088,971)
Closing balance	**(190,767,077)**	**(211,164,640)**	**(195,324,713)**	**(1,055,359)**	**(1,100,658)**	**(1,076,183)**	**(12,077,869)**	**(13,234,231)**	**(12,368,441)**	**(10,907,336)**	**(11,833,607)**	**(11,162,433)**
Present value of actuarial liabilities with surplus	(177,474,280)	(194,700,370)	(188,991,543)	--	--	--	(161,500)	(161,500)	(242,250)	(7,212,339)	(7,416,701)	(6,881,798)
Present value of actuarial liabilities without surplus	(13,292,797)	(16,464,270)	(6,333,170)	(1,055,359)	(1,100,658)	(1,076,183)	(11,916,369)	(13,072,731)	(12,126,191)	(3,694,997)	(4,416,906)	(4,280,635)

(1) Settlement of the Bank's contractual obligation to the Group of Indirect Dependents (GDI), belonging to the Plano de Associados, managed by Cassi.

d.2) Changes in fair value of plan assets

	Plano 1 - Previ			Plano Informal - Previ			Plano de Associados - Cassi			Other plans[1]		
	1st half/2020	2019	1st half/2019	1st half/2020	2019	1st half/2019	1st half/2020	2019	1st half/2019	1st half/2020	2019	1st half/2019
Opening balance	**194,700,370**	**179,197,455**	**179,197,455**	**--**	**--**	**--**	**161,500**	**242,250**	**242,250**	**7,416,701**	**6,045,154**	**6,045,154**
Interest income	6,611,673	15,909,119	8,164,485	--	--	--	--	--	--	255,661	559,710	275,625
Advance of consideration [2]	--	--	--	--	--	--	--	(80,750)	--	--	--	--
Contributions received	580,994	1,413,748	600,885	73,093	157,629	76,046	365,590	745,828	335,642	190,622	350,595	139,870
Participants	273,572	580,991	270,204	--	--	--	--	--	--	70,944	128,259	48,963
Sponsor [3]	307,422	832,757	330,681	73,093	157,629	76,046	365,590	745,828	335,642	119,678	222,336	90,907
Benefits paid using plan assets	(6,566,434)	(12,572,211)	(6,215,852)	(73,093)	(157,629)	(76,046)	(365,590)	(745,828)	(335,642)	(337,312)	(701,391)	(318,825)
Actuarial gain/(loss) on plan assets	(17,852,323)	10,752,259	7,244,570	--	--	--	--	--	--	(313,333)	1,162,633	739,974
Closing balance	**177,474,280**	**194,700,370**	**188,991,543**	**--**	**--**	**--**	**161,500**	**161,500**	**242,250**	**7,212,339**	**7,416,701**	**6,881,798**

(1) Refers to the following plans: Regulamento Geral (Economus), Prevmais (Economus), Regulamento Complementar 1 (Economus), Multifuturo I (Fusesc), Plano I (Fusesc) and Plano BEP (Prevbep).

(2) Refers to the Advance of employer contributions on Christmas bonus (13th salary) corresponding to the period from 2018 to 2021.

(3) Includes in Plano 1 – Previ, the amount of R$ 33,850 thousand (R$ 251,766 thousand on December 31, 2019 and R$ 60,477 thousand in the 1st half/2019), related to the Agreement 97 and Grupo Especial).

On September 30, 2020, an interim assessment was carried out on the values of guaranteeing assets and actuarial liabilities, in view of the significant changes in market values and interest rates, resulting from the impacts of Covid-19.

d.3) Amounts recognized in the balance sheet

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
1) Fair value of the plan assets (1)	177,474,280	194,700,370	--	--	161,500	161,500	7,212,339	7,416,701
2) Present value of actuarial liabilities (1)	(190,767,077)	(211,164,640)	(1,055,359)	(1,100,658)	(12,077,869)	(13,234,231)	(10,907,336)	(11,833,607)
3) Surplus/(deficit) (1+2) (1)	(13,292,797)	(16,464,270)	(1,055,359)	(1,100,658)	(11,916,369)	(13,072,731)	(3,694,997)	(4,416,906)
4) Surplus/(deficit) - plot sponsor (1)	(6,646,399)	(8,232,135)	(1,055,359)	(1,100,658)	(11,916,369)	(13,072,731)	(2,504,150)	(2,943,584)
5) Intermediate actuarial update (2)	7,062,669	--	27,191	--	1,086,886	--	477,788	--
6) Amounts recognized in profit	(151,820)	--	(22,293)	--	(457,677)	--	(87,239)	--
7) Amounts received from funds in the 3rd quarter/2020	135,420	--	--	--	--	--	--	--
8) Benefits paid	--	--	31,089	--	382,268	--	95,018	--
9) Net actuarial asset/(liability) (4+5+6+7+8) (3)	**399,870**	**(8,232,135)**	**(1,019,372)**	**(1,100,658)**	**(10,904,892)**	**(13,072,731)**	**(2,018,583)**	**(2,943,584)**
Actuarial assets/(liabilities) updated after the above changes								
Fair value of the plan assets	177,165,170	194,700,370	--	--	161,500	161,500	7,280,575	7,416,701
Present value of actuarial liabilities	(176,365,431)	(211,164,640)	(1,019,372)	(1,100,658)	(11,066,392)	(13,234,231)	(10,490,005)	(11,833,607)
Surplus/(deficit)	799,739	(16,464,270)	(1,019,372)	(1,100,658)	(10,904,892)	(13,072,731)	(3,209,430)	(4,416,906)
Net actuarial asset/(liability) (3)	**399,870**	**(8,232,135)**	**(1,019,372)**	**(1,100,658)**	**(10,904,892)**	**(13,072,731)**	**(2,018,583)**	**(2,943,584)**

(1) On September 30, 2020, they refer to the values contained in the actuarial valuation on June 30, 2019, before the intermediate update.

(2) On September 30, 2020 there was an intermediate update of the fair value of the plan's guaranteeing assets resulting from changes in market values, as well as the present value of actuarial liabilities due to changes in discount rates used in actuarial calculations (Note 29.d.8).

(3) Refers to the portion of the surplus/(deficit) due from the sponsor.

d.4) Breakdown of the amounts recognized in statement of income relating to defined benefit plans

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Current service cost	(108,974)	(122,223)	--	--	(69,114)	(70,622)	(3,877)	(7,110)
Interest cost	(5,365,441)	(5,906,942)	(51,255)	(60,559)	(679,237)	(701,145)	(341,526)	(374,267)
Expected yield on plan assets	4,962,228	6,018,400	--	--	--	--	195,745	208,362
Unrecognized past service cost	--	--	(31,086)	(17,894)	(56,700)	--	--	--
Expense with active employees	--	--	--	--	(620,319)	(298,523)	(130,691)	(137,606)
Other adjustments/reversals	--	--	--	--	--	--	1,654	2,871
(Expense)/income recognized in the statement of income	**(512,187)**	**(10,765)**	**(82,341)**	**(78,453)**	**(1,425,370)**	**(1,070,290)**	**(278,695)**	**(307,750)**

d.5) Amounts recognized in the shareholders' equity

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	Sep 30, 2020 (1)	Dec 31, 2019	Sep 30, 2020 (1)	Dec 31, 2019	Sep 30, 2020 (1)	Dec 31, 2019	Sep 30, 2020 (1)	Dec 31, 2019
Opening balance	**(17,490,891)**	**(11,560,758)**	**(226,025)**	**(119,938)**	**(3,208,963)**	**(1,377,520)**	**(1,236,626)**	**(1,027,497)**
Accumulated other comprehensive income	8,701,350	(12,533,690)	59,445	(211,058)	1,978,689	(3,538,612)	899,744	(537,526)
Tax effects	(3,915,608)	6,603,557	(26,750)	104,971	(890,410)	1,707,169	(405,679)	328,397
Closing balance	**(12,705,149)**	**(17,490,891)**	**(193,330)**	**(226,025)**	**(2,120,684)**	**(3,208,963)**	**(742,561)**	**(1,236,626)**

(1) On September 30, 2020, there was an intermediate update of the guaranteeing assets and actuarial liabilities, in view of the significant changes in market values and interest rates, resulting from the impacts of Covid-19.

d.6) Maturity profile of defined benefit actuarial obligations – On June 30, 2020

	Duration (1)	Expected benefit payments (2)				
		Up to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Plano 1 (Previ)	11.79	13,654,512	13,484,641	13,359,206	290,327,009	330,825,368
Plano Informal (Previ)	6.35	153,123	136,200	120,680	905,322	1,315,325
Plano de Associados (Cassi)	13.03	864,203	854,205	849,634	21,640,515	24,208,557
Regulamento Geral (Economus)	12.06	521,904	524,063	526,242	12,881,962	14,454,171
Regulamento Complementar 1 (Economus)	14.24	2,807	2,943	3,088	133,791	142,629
Plus I e II (Economus)	15.30	44,524	45,563	46,908	1,833,408	1,970,403
Grupo B' (Economus)	10.57	19,235	19,109	18,965	371,378	428,687
Prevmais (Economus)	16.34	13,669	14,635	15,501	748,318	792,123
Multifuturo I (Fusesc)	19.28	6,734	6,873	7,023	476,575	497,205
Plano I (Fusesc)	9.64	44,177	43,450	42,683	691,642	821,952
Plano BEP (Prevbep)	12.05	5,196	5,635	5,836	140,375	157,042

(1) Weighted average duration, in years, of the defined benefit actuarial obligation.
(2) Amounts considered without discounting at present value.

d.7) Composition of the plan, assets before the mid-term valuation of the collateral assets

	Plano 1 - Previ		Other plans	
	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
Fixed income	81,762,401	84,655,721	5,802,399	5,791,610
Equity securities and similar instruments (1)	77,769,229	92,404,796	611,700	821,833
Real estate investments	11,251,869	10,747,460	318,292	331,681
Loans and financing	5,501,703	5,548,961	169,861	167,758
Other (2)	1,189,078	1,343,432	471,587	465,319
Total	**177,474,280**	**194,700,370**	**7,373,839**	**7,578,201**
Amounts listed in fair value of plan assets				
In the entity's own financial instruments	6,461,752	9,371,430	30,605	33,563
In properties or other assets used by the entity	89,597	90,463	39,119	39,967

(1) Includes, in Plano 1 – Previ, the amount of R$ 26,805,347 thousand (R$ 42,137,086 thousand on December 31, 2019), related to the assets that are not quoted in active markets.
(2) Includes, in Other Plans, the amount of R$ 161,500 thousand related to the assets of Cassi.

d.8) Main actuarial assumptions adopted

	Plano 1 - Previ		Plano Informal - Previ		Plano de Associados - Cassi		Other plans	
	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
Inflation rate (p.a.)	3.55%	3.54%	3.55%	3.56%	3.56%	3.53%	3.53%	3.53%
Real discount rate (p.a.)	4.19%	3.48%	3.46%	3.17%	4.29%	3.50%	4.23%	3.49%
Nominal rate of return on investments (p.a.)	7.89%	7.14%	--	--	--	--	7.92%	7.15%
Real rate of expected salary growth (p.a.)	0.93%	0.93%	--	--	--	--	0.92%	0.92%
Actuarial life table	BR-EMSsb-2015		BR-EMSsb-2015		BR-EMSsb-2015		AT-2000 / AT-83	
Capitalization method	Projected credit unit		Projected credit unit		Projected credit unit		Projected credit unit	

(1) On September 30, 2020, the real discount rates (p.a.) used in the intermediate update of the plans were: Plano 1 - Previ 5.09%, Plano Informal - Previ 4.30%, Plano de Associados - Cassi 5.20% and Other Plans 5.12%.

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

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

d.9) Differences in assumptions of the Plano 1 – Previ – On June 30, 2020

	Bank	Previ
Real discount rate (p.a.) (1)	4.19%	4.75%
Evaluation of assets		
Federal Government securities	Fair value	Amortized Cost
Equity stakes	Fair value	Weighted Average (2)
Capitalization method	Projected credit unit	Aggregate method

(1) On September 30, 2020, the real discount rate (p.a.) used by the Bank in the interim update was 5.09%.
(2) In the valuation methodology for its investment in Litel, Previ uses pricing at the end of each month and considers a weighted average of the quotations for the previous three months.

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

	Plan assets		Actuarial liabilities		Effect in surplus/(deficit)	
	Sep 30, 2020 (1)	Dec 31, 2019	Sep 30, 2020 (1)	Dec 31, 2019	Sep 30, 2020 (1)	Dec 31, 2019
Value determined - Previ	**158,258,439**	**167,103,388**	**(166,332,676)**	**(164,817,351)**	**(8,074,237)**	**2,286,037**
Incorporation of values from agreement 97	12,415,645	12,926,132	(12,415,645)	(12,926,132)	--	--
Incorporation of values from Grupo Especial	1,057,558	1,093,684	(1,057,558)	(1,093,684)	--	--
Adjustment in the value of plan assets (2)	5,433,528	13,577,166	--	--	5,433,528	13,577,166
Adjustment in the liabilities - discount rate/capitalization method	--	--	3,440,448	(32,327,473)	3,440,448	(32,327,473)
Value determined - Bank	**177,165,170**	**194,700,370**	**(176,365,431)**	**(211,164,640)**	**799,739**	**(16,464,270)**

(1) On September 30, 2020, there was an intermediate update of the guaranteeing assets and actuarial liabilities, in view of the significant changes in market values and interest rates, due to the impacts of Covid-19.
(2) Refers mainly to adjustments made by the Bank in determining the fair value of the investments in Litel and in securities held to maturity.

d.11) Sensitivity analysis

The sensitivity analysis is performed for changes in a single assumption while maintaining all others constant. This is unlikely in reality, since some of the assumptions are correlated.

The same methodology was used to perform the sensitivity analysis in each of the periods presented. However, the discount rate was updated to reflect market conditions.

The table below presents the sensitivity analysis of the most relevant actuarial assumptions, showing the increase/(decrease) in defined benefit obligations, with variations reasonably possible for June 30, 2020.

	Discount rate		Life expectancy		Salary increase	
	+0.25%	-0.25%	+1 age	-1 age	+0.25%	-0.25%
Plano 1 (Previ)	(5,017,012)	5,263,187	3,567,025	(3,596,720)	59,058	(58,633)
Plano Informal (Previ)	(15,794)	16,303	37,527	(36,608)	--	--
Plano de Associados (Cassi)	(315,379)	331,602	182,877	(182,937)	1,217	(1,186)
Regulamento Geral (Economus)	(219,618)	229,829	170,801	(174,146)	--	--
Regulamento Complementar 1 (Economus)	(2,426)	2,546	(1,453)	1,475	--	--
Plus I e II (Economus)	(31,980)	30,293	43,771	(45,833)	--	--
Grupo B' (Economus)	(6,386)	6,650	6,798	(6,928)	--	--
Prevmais (Economus)	(10,611)	11,182	2,152	(2,041)	1,821	(1,791)
Multifuturo I (Fusesc)	(6,311)	6,779	1,299	(1,298)	3,001	(2,846)
Plano I (Fusesc)	(11,986)	12,471	13,212	(13,263)	1	(1)
Plano BEP (Prevbep)	(2,448)	2,567	1,626	(1,649)	51	(51)

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

	Actuarial assets		Actuarial liabilities	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Plano 1 (Previ)	399,870	--	--	(8,232,135)
Plano Informal (Previ)	--	--	(1,019,372)	(1,100,658)
Plano de Associados (Cassi)	--	--	(10,904,892)	(13,072,731)
Regulamento Geral (Economus)	--	--	(1,029,553)	(1,758,159)
Regulamento Complementar 1 (Economus)	--	--	(3,400)	(7,545)
Plus I e II (Economus)	--	--	(920,718)	(1,043,226)
Grupo B' (Economus)	--	--	(270,492)	(295,382)
Prevmais (Economus)	67,570	45,824	--	--
Multifuturo I (Fusesc)	63,123	37,998	--	--
Plano I (Fusesc)	56,565	58,044	--	--
Plano BEP (Prevbep)	18,322	18,862	--	--
Total	**605,450**	**160,728**	**(14,148,427)**	**(25,509,836)**

(1) On September 30, 2020, there was an intermediate update of the guaranteeing assets and actuarial liabilities, in view of the significant changes in market values and interest rates, resulting from the impacts of Covid-19.

f) Allocations of the Surplus - Plano 1

	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Fundo de Utilização (1)		
Opening balance	**9,572,386**	**9,511,761**
Contributions to Plano 1	(442,842)	(464,987)
Restatement	527,278	601,725
Closing balance	**9,656,822**	**9,648,499**

(1) Contains resources transferred from the Fundo de Destinação (because of the plan's surplus).The Bank can use for repayments or to reduce future contributions (after first meeting all applicable legal requirements). The fund is recalculated based on the actuarial target (INPC + 5% p.a.).

30 - RISK AND CAPITAL MANAGEMENT

a) Risk management process

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

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

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

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

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

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

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

Financial instruments - fair value

Financial instruments recorded in balance sheet accounts, compared to fair value:

	Sep 30, 2020		Dec 31, 2019		Unrealized gain/(loss) without tax effects			
					On income		On shareholders' equity	
	Book value	Fair value	Book value	Fair value	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Assets								
Cash and cash equivalents	77,891,341	77,891,341	71,936,023	71,936,023	--	--	--	--
Central bank compulsory reserves	62,217,040	62,217,040	65,124,107	65,124,107	--	--	--	--
Short-term interbank investments	537,421,971	537,519,912	367,712,523	367,726,882	97,941	14,359	97,941	14,359
Securities	254,599,834	253,426,775	202,120,768	201,332,216	(1,747,326)	(404,733)	(1,173,059)	(788,552)
Adjustment of securities available for sale (Note 10.a)					(574,267)	383,819	--	--
Adjustment of securities held to maturity (Note 10.a)					(1,173,059)	(788,552)	(1,173,059)	(788,552)
Derivative financial instruments	5,179,095	5,179,095	820,935	820,935	--	--	--	--
Loans portfolio	668,035,546	689,007,245	621,344,555	613,306,814	20,971,699	(8,037,741)	20,971,699	(8,037,741)
Other financial assets	103,516,758	103,516,758	91,852,715	91,852,715	--	--	--	--
Liabilities								
Customers resources	569,872,093	570,117,164	485,002,305	484,853,574	(245,071)	148,731	(245,071)	148,731
Financial institutions resources	672,312,448	673,623,515	512,689,942	511,216,031	(1,311,067)	1,473,911	(1,311,067)	1,473,911
Securities resources	215,587,645	215,587,645	206,330,526	206,330,526	--	--	--	--
Derivative financial instruments	5,012,031	5,012,031	961,612	961,612	--	--	--	--
Other financial liabilities	105,903,846	105,903,846	81,192,458	81,192,458	--	--	--	--
Unrealized gain/(loss) without tax effects					**17,766,176**	**(6,805,473)**	**18,340,443**	**(7,189,292)**

Determination of fair value of financial instruments

Short-term interbank investments: The fair value was obtained by discounting future cash flows, using interest rates traded by the market in similar operations on the balance sheet date.

Securities: accounted by fair value, according to Bacen Circular No. 3,068/2001, except for securities held to maturity. The fair value of the securities, including those held to maturity, was obtained from rates practiced in the market.

Loan operations: For the operations of this group, remunerated at post-fixed rates, the fair value of the book value itself was considered, due to the equivalence between them. The operations remunerated at prepaid interest rates were estimated by discounting future cash flows, adopting market interest rates to contract similar operations at the balance sheet date. The improvement in the application of fair value methodologies resulted in an increase in the levels of gains in relation to the criteria previously adopted on December 31, 2019.

Interbank deposits: The fair value was calculated by the discount of the future cash flows using rates currently applicable in the market for fixed rate deposits. For post-fixed operations whose maturities were less than 30 days, the book value was deemed approximately equivalent to the fair value.

Time deposits: The same criteria adopted for interbank deposits are utilized in the determination of the fair value.

Liabilities related to repurchase agreement: For operations at fixed rates, the fair value was determined calculating the discount of the estimated cash flows adopting a discount rate equivalent to the rates applied in contracting similar operations on the last trading day. For post-fixed operations, book values have been deemed approximately equivalent to fair value.

Borrowings and onlendings: Such operations are exclusive to the Bank with no similar operations in the market. Given their specific characteristics, the exclusive rates for each fund, the inexistence of an active market or similar traded instruments, the fair values of such operations are considered equivalent to the book value.

Other liabilities: Fair values have been determined by the discounted cash flow method, which takes into account interest rates offered in the market for obligations with similar maturities, risks and terms.

Derivatives financial instruments: Derivatives were booked at fair value, according to Bacen Circular No. 3,082/2002. The fair value of derivatives was estimated in accordance with internal pricing models, using the interest rates disclosed for transactions with similar terms and indices on the last business day of the period.

Other financial instruments: Included or not in the balance sheet, fair value is approximately equivalent to the corresponding book value.

Source of information regarding assets and liabilities measured at fair value in the balance sheet

The Bank's fair value measurements consider the following input levels:

Level 1 – Price quotations are derived from active markets for identical financial instruments. Financial instruments are considered to be quoted in an active market if prices are readily available and are based on regularly occurring arm's length transactions.

Level 2 – Requires the use of information obtained from the market that is not Level 1. This includes prices quoted in non-active markets for similar assets and liabilities and information that can be corroborated in the market.

Level 3 – Requires the use of information not obtained from the market to measure fair value. When there is not an active market for an instrument, the Bank uses valuation techniques that incorporate internal data. The Bank's methodologies are consistent with commonly used techniques for pricing financial instruments.

Assets and liabilities measured at fair value in the consolidated balance sheet

	Balance at Sep 30, 2020	Level 1	Level 2	Level 3
Assets	**240,263,051**	**197,739,581**	**38,756,015**	**3,767,455**
Hedge interbank deposit	3,453,886	--	3,453,886	--
Trading securities, measured by fair value	21,484,591	19,116,067	2,365,828	2,696
Derivative financial instruments	5,179,095	--	3,522,350	1,656,745
Available-for-sale securities, measured by fair value	210,145,479	178,623,514	29,413,951	2,108,014
Liabilities	**(7,650,531)**	**--**	**(4,774,448)**	**(2,876,083)**
Hedge funding	(2,638,500)	--	(2,638,500)	--
Derivative financial instruments	(5,012,031)	--	(2,135,948)	(2,876,083)

	Balance at Dec 31, 2019	Level 1	Level 2	Level 3
Assets	**182,109,320**	**143,826,631**	**29,643,371**	**8,639,318**
Hedge interbank deposit	2,291,874	--	2,291,874	--
Trading securities, measured by fair value	5,704,898	3,794,682	1,910,216	--
Derivative financial instruments	820,935	--	354,863	466,072
Available-for-sale securities, measured by fair value	173,291,613	140,031,949	25,086,418	8,173,246
Liabilities	**(3,179,123)**	**--**	**(2,739,277)**	**(439,846)**
Hedge funding	(2,217,511)	--	(2,217,511)	--
Derivative financial instruments	(961,612)	--	(521,766)	(439,846)

	Balance at Sep 30, 2019	Level 1	Level 2	Level 3
Assets	**170,101,627**	**131,474,831**	**30,743,202**	**7,883,594**
Hedge interbank deposit	1,258,389	--	1,258,389	--
Trading securities, measured by fair value	6,543,532	4,902,300	1,641,232	--
Derivative financial instruments	1,685,993	--	1,260,736	425,257
Available-for-sale securities, measured by fair value	160,613,713	126,572,531	26,582,845	7,458,337
Liabilities	**(2,117,190)**	**--**	**(1,862,993)**	**(254,197)**
Hedge funding	(1,076,748)	--	(1,076,748)	--
Derivative financial instruments	(1,040,442)	--	(786,245)	(254,197)

In the second quarter of 2019, the criteria for classifying financial instruments between the levels of the fair value hierarchy were improved. The changes mainly affected the private securities (Agribusiness Receivables Certificate (CRA), Real Estate Receivables Certificate (CRI), Debentures, Promissory Notes (NP) and Credit Rights Investment Fund (FIDC)), for which there are not always availability of market information to determine their fair values.

Thus, instruments whose valuation were mainly based on internal data and methodologies, notably for instruments subject to credit risk, including derivative financial instruments (swaps), are now considered at Level 3.

Sensitivity analysis (CVM Instruction No. 475/2008)

Banco do Brasil manages its risks in a dynamic process, identifying, measuring, assessing, monitoring, reporting, controlling, and mitigating market risk exposure arising on its positions. In this context, the Bank takes into account the risk limits defined by the Strategic Committees and possible scenarios, to act in a timely manner to reverse any adverse results.

In accordance with CMN Resolution No. 4,557/2017 and with Bacen Circular No. 3,354/2007, to manage more efficiently its transactions exposed to market risks, Banco do Brasil separates its transactions, including derivative financial instruments, as follows:

1) Trading Book: consisting of own positions held for trading or as a hedge for its trading portfolio, for which there is an intention of trading prior to their contractual maturity, subject to normal market conditions and that do not have a non-trading clause.

2) Banking Book: consisting of transactions not classified in the Trading Book whose feature is held to maturity.

The sensitivity analysis for all the operations with assets and liabilities of the Balance Sheet, in compliance with CVM Instruction No. 475/2008 does not adequately reflect the market risk management process or the accounting practices adopted by the Bank.

In order to determine the sensitivity of the Bank's capital to the impacts of market volatility, simulations were performed with three likely scenarios, two of which assume adverse movements for the Bank. The scenarios used are set out below:

Scenario I: Likely situation, which reflects the perception of the Bank's senior management, the scenario most likely to occur for a 3-month horizon, considering macroeconomic factors and market information (B3, Anbima, etc.). Assumptions: exchange rate real/dollar of R$ 5.20 and maintenance the Selic rate to 2.00% per annum based on market conditions observed on September 30, 2020.

Scenario II: Possible situation. Assumptions adopted: parallel shock of 25.00% in the risk variables, based on market conditions observed on September 30, 2020 considering the worst losses by risk factor and, therefore, ignoring the dynamics of correlation between macroeconomic factors.

Scenario III: Possible situation. Assumptions adopted: parallel shock of 50.00% in the risk variables, based on market conditions observed on September 30, 2020 considering the worst losses by risk factor and thus ignoring the dynamics of correlation between macroeconomic factors.

The tables below summarize the results for the Trading Portfolio (Trading), composed of public and private securities, derivative financial instruments and funds obtained through repurchase agreements:

Risk factor	Concept	Scenario I					
		Sep 30, 2020		Dec 31, 2019		Sep 30, 2019	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Maintenance	--	Maintenance	--	Decrease	22,192
IPCA index	Risk of variation of inflation indices	Maintenance	--	Maintenance	--	Decrease	3,552
Exchange rates variation	Risk of variation of foreign exchange rates	Decrease	(63,043)	Decrease	(2,733)	Decrease	(36,969)

Risk factor	Concept	Scenario II					
		Sep 30, 2020		Dec 31, 2019		Sep 30, 2019	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(69,783)	Increase	(43,412)	Increase	(31,928)
IPCA index	Risk of variation of inflation indices	Increase	(11,308)	Increase	(921)	Increase	(2,153)
Exchange rates variation	Risk of variation of foreign exchange rates	Decrease	(201,728)	Decrease	(141,386)	Decrease	(145,568)

Risk factor	Concept	Scenario III					
		Sep 30, 2020		Dec 31, 2019		Sep 30, 2019	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(133,128)	Increase	(82,650)	Increase	(61,510)
IPCA index	Risk of variation of inflation indices	Increase	(21,326)	Increase	(1,819)	Increase	(4,241)
Exchange rates variation	Risk of variation of foreign exchange rates	Decrease	(403,456)	Decrease	(282,772)	Decrease	(291,137)

For transactions classified in the Banking Book, appreciations or depreciations resulting from changes in interest rates practiced in the market do not imply in a significant financial or accounting impact on the Bank's income as a result of the portfolio composition which is principally: loan operations (consumer credit, agribusiness, working capital, etc.); retail funding (demand, time, and savings deposits), and securities, which are booked by the contracted interest rates. In addition, it should be pointed out that these portfolios, except the securities available for sale, have as their principal characteristic the intention to hold the respective operations to maturity and, hence they are not subject to the effects of fluctuating interest rates, or the fact that such transactions are naturally related to other instruments (natural hedge), hence minimizing the impacts of a stress scenario.

The tables below show a summary of the Trading Portfolio (Trading) and of the Banking Book for the financial and non-financial entities controlled by the bank:

Risk factor	Concept	Scenario I					
		Sep 30, 2020		Dec 31, 2019		Sep 30, 2019	
		Variation of rates	Income/(expense)	Variation of rates	Income/(expense)	Variation of rates	Income/(expense)
Prefixed rate	Risk of variation of prefixed interest rates	Maintenance	--	Maintenance	--	Decrease	7,117,651
TR	Risk of variation of interest rate indices	Maintenance	--	Maintenance	--	Decrease	(6,540,647)
TBF		Increase	639	Increase	23	Increase	(1,313)
TJLP		Increase	362,067	Increase	475,433	Decrease	(661,852)
TMS and CDI		Increase	(448,142)	Increase	(887,667)	Decrease	(543,341)
IGP-M	Risk of variation of inflation indices	Maintenance	--	Maintenance	--	Decrease	57,740
INPC		Maintenance	--	Maintenance	--	Decrease	170,661
IPCA		Maintenance	--	Maintenance	--	Decrease	27,638
Foreign currency rates	Risk of variation of foreign currency indices	Increase	1,198,403	Increase	943,906	Increase	1,232,506
Exchange rate	Risk of variation of foreign exchange rates	Decrease	(234,391)	Decrease	(17,962)	Decrease	(234,575)

Risk factor	Concept	Scenario II					
		Sep 30, 2020		Dec 31, 2019		Sep 30, 2019	
		Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)	Variation of rates	Income/ (expense)
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(11,002,708)	Increase	(11,243,321)	Increase	(9,996,363)
TR	Risk of variation of interest rate indices	Decrease	(8,014,733)	Decrease	(6,365,512)	Decrease	--
TBF		Decrease	(184)	Decrease	(238)	Decrease	(352)
TJLP		Decrease	(166,541)	Decrease	(431,684)	Decrease	(316,668)
TMS and CDI		Increase	(74,204)	Increase	(1,033)	Increase	(18,570)
IGP-M	Risk of variation of inflation indices	Increase	(19,636)	Increase	(28,241)	Increase	(2,351)
INPC		Increase	(54,702)	Increase	(68,805)	Increase	(69,714)
IPCA index		Increase	(43,429)	Increase	(4,327)	Increase	(18,654)
Foreign currency rates	Risk of variation of foreign currency indices	Decrease	(534,489)	Decrease	(771,269)	Decrease	(1,015,106)
Exchange rate	Risk of variation of foreign exchange rates	Decrease	(750,018)	Decrease	(929,228)	Decrease	(923,662)

Risk factor	Concept	Scenario III					
		Sep 30, 2020		Dec 31, 2019		Sep 30, 2019	
		Variation of rates	Income/(expense)	Variation of rates	Income/(expense)	Variation of rates	Income/(expense)
Prefixed rate	Risk of variation of prefixed interest rates	Increase	(21,165,019)	Increase	(21,742,022)	Increase	(19,333,721)
TR	Risk of variation of interest rate indices	Decrease	(16,431,099)	Decrease	(12,913,290)	Decrease	--
TBF		Decrease	(368)	Decrease	(477)	Decrease	(704)
TJLP		Decrease	(335,556)	Decrease	(882,031)	Decrease	(643,365)
TMS and CDI		Increase	(148,336)	Increase	(2,065)	Increase	(37,125)
IGP-M	Risk of variation of inflation indices	Increase	(38,995)	Increase	(55,950)	Increase	(58,167)
INPC		Increase	(108,887)	Increase	(136,787)	Increase	(138,582)
IPCA index		Increase	(83,690)	Increase	(8,393)	Increase	(36,488)
Foreign currency rates	Risk of variation of foreign currency indices	Decrease	(1,079,918)	Decrease	(1,574,660)	Decrease	(2,075,278)
Exchange rate	Risk of variation of foreign exchange rates	Decrease	(1,500,036)	Decrease	(1,858,457)	Decrease	(1,847,324)

The scenarios used for preparing the framework for sensitivity analysis must use situations of deterioration of at least 25% and 50% of the variable risks, on an individualized basis, as determined by CVM Instruction No. 475/2008. Thus, the combined analysis of the results does not reflect real expectations, for example, simultaneous shocks of increase in the prefixed interest rate and reduction of the TR rate are not consistent from the macroeconomic perspective.

The derivative transactions classified in the Banking Book, do not represent a relevant market risk to Banco do Brasil, as these positions are usually originated with the following objectives:

- Swapping the index of funding and lending transactions performed to meet customer needs;
- Hedging market risk, the purpose and effectiveness of which are described in Note 11.a.5. Also in this transaction, the interest and exchange rate variations have no effects on the Bank's income.

On September 30, 2020, Banco do Brasil did not enter into any transaction classified as an exotic derivative, as described in CVM Instruction No. 475/2008 - Attachment II.

b) Capital management

Objectives and policies

On 2017, Bacen issued CMN Resolution No. 4,557, which defines the scope and requirements of the risk management structure and the capital management structure for financial institutions.

In compliance with the Resolution, the Board of Directors has established the Capital and Risk Committee (Coris) and has appointed as the Chief Risk Officer (CRO), responsible for risk and capital management, the Vice President of Internal Controls and Risk Management.

Capital management aims to ensure the Institution's future solvency concurrent with the implementation of business strategies.

Capital management is carried out through an organizational structure appropriate to the nature of its operations, the complexity of its business and the extent of exposure to relevant risks.

There are defined and documented Capital management strategies that establish mechanisms and procedures to keep capital compatible with the Risk Appetite and Tolerance Statement (RAS).

In addition, the Bank has specific policies, approved by the Board, which aim to guide the development of functions or behaviors, through strategic drivers that guide capital management actions. These specific policies apply to all businesses that involve risk and capital at the Bank.

Elements comprised by capital management:

Strategic plans, business goals and budgets respect the risk appetite and tolerance and indicators of capital adequacy and risk-adjusted return.

The Capital Plan is prepared in consistency with the business strategy, seeking to maintain capital indicators at appropriate levels. This Plan highlights the capital planning of Banco do Brasil and the prospective assessment of any need for capital contribution.

The Capital Plan preparation is referenced in the guidelines and limits contained in the Statement of Risk Appetite and Tolerance (RAS) and the Bank's Corporate Budget (BB Budget), considering that this represents the materialization of the guidelines of the Banco do Brasil's Corporate Strategy (ECBB), the Master Plan (PD), the Markets Business Plan, the Fixed Investment Plan and the Strategic Information Technology Plan.

The budgeted amounts must correspond to the goals and objectives defined by the Board of Directors for the Banco do Brasil Conglomerate. Thus, premises such as business growth, credit growth in operations with higher profitability, restrictions on operations in segments with lower profitability, among others, are contained in the BB Budget.

In addition, the BB Budget considers the macroeconomic scenario prepared by the Strategy and Organization Directorship (Direo) and the legislation applied to the Brazilian Banking Industry (SFN).

The review of the ECBB and the PD results from the application of a set of strategic planning methodologies, observing the best market practices. It is noteworthy that the review of the ECBB and the PD takes place in an integrated manner with the budgeting process, with the RAS and with the other documents of the strategic architecture, which ensures the alignment between such documents, giving greater internal consistency to the strategic planning process.

The BB Budget follows the guidelines defined in the ECBB, respects the RAS and aims to meet the floors and ceilings defined in the indicators approved in the PD. The BB Budget allows the quantification in financial values of the strategic objectives defined in the ECBB.

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

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

As defined in the RAS, risk appetite is the maximum level of risk that the Institution accepts to incur in order to achieve its objectives, materialized by indicators that define an aggregate view of risk exposure. Tolerance, in turn, induces risk management in a more granular way, considering the defined appetite.

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

The capital target is the level of capital desired by the Bank, which is why its management actions must be guided by this driver. The goals are distinguished from tolerance and risk appetite because the latter defines the level at which the Institution does not accept to operate, and must take timely measures for readjustment, which may trigger contingency measures

Integration:

Adopting a prospective stance, the Bank assesses the capital status, classified as Critical, Alert or Surveillance, according to the time horizon that precedes the projected deadline for the breach of the prudential minimum capital limits defined by Senior Management and detailed in the RAS, as the figure below:

	Capital Ratio	Period of noncompliance (months)					
		0 to 6	7 to 12	13 to 18	19 to 24	25 to 30	over 31
Target[1]	ICP	ALERT			SURVEILLANCE		
Appetite[2]	Common Equity Tier 1 Ratio	CRITICAL			ALERT		SURVEILLANCE
	Tier 1 Ratio	CRITICAL		ALERT		SURVEILLANCE	
	Basel Prudential Ratio	CRITICAL	ALERT		SURVEILLANCE		

[1] level of capital desired by the institution

[2] maximum level of risk that institution agrees to incur in order to achieve its goals

The Capital Forum has the responsibility of identify the capital status of the Bank and occurs through the control of Common Equity Tier 1 Capital Ratio (ICP), Tier I Ratio and Capital Adequacy Ratio projected for a time horizon of at least 36 months. When the projections indicate a potential breach of the prudential minimum capital limits (Risk Appetite), the Institution will have enough time to promote strategic changes that avoid extrapolation, according to the deadlines defined for each indicator.

The assessment of the sufficiency of capital maintained by the Bank contemplates a 3-year time horizon and considers: i) the types of risks and respective levels to which the Institution is exposed and willing to assume; ii) the Institution's ability to manage risks effectively and prudently; iii) the Institution's strategic objectives; and iv) the conditions of competitiveness and the regulatory environment in which it operates.

In compliance with the provisions of Bacen Circular No. 3,846/2017, this analysis is also part of the Internal Capital Adequacy Assessment Process (Icaap) and must cover, at least:

I - the assessment and measurement of the need for capital to cover credit risks (includes concentration and credit risk of the counterparty), market risk, interest rate variations for instruments classified in the bank portfolio (IRRBB) and operational;

II - the assessment of the capital need to cover the other relevant risks to which the Institution is exposed, considering, at least, the strategy, reputation and socio-environmental risks; and

III - the assessment of capital requirements based on the results of the stress test program.

The Icaap, implemented by the Bank on June 30, 2013, follows the disposed on CMN Resolution No. 4,557/2017. At the Bank, the responsibility for coordinating Icaap was assigned to the Risk Management Directorship. In turn, the Internal Controls Directorship is the responsible for validating the Icaap. Finally, Internal Audit is responsible for performing an annual evaluation of the overall capital management process.

Procedures:

Capital management is an ongoing process of planning, evaluating, controlling and monitoring capital. It supports the Board in the decision process that will lead the Institution to adopt a posture capable of absorbing eventual losses arising from business risks or changes in the financial environment.

Capital simulations are carried out, integrating the results of risk and business stress tests, based on macroeconomic and / or idiosyncratic scenarios. Stress tests are carried out periodically and their impacts are assessed from the perspective of capital.

It is conducted monthly monitoring of the variables used in the preparation of the Capital Plan due to the review of the behavior projected in the preparation of the BB Budget, based on the observed numbers, market expectations and business dynamics. The relevant deviations are presented and discussed, by the Boards participating in the process, in the monthly meetings of the Capital Forum.

Management reports on capital adequacy are disclosed to the areas and strategic intervening committees, supporting the decision-making process by the Board of Directors.

The adoption of a prospective stance, by conducting continuous assessments of the Capital need, makes it possible to proactively identify events with a non-zero probability of occurrence or changes in market conditions that may have an adverse effect on capital adequacy, including in stress scenarios.

c) Capital adequacy ratio

The Bank has calculated the Capital Adequacy Ratio in accordance with the requirements established by CMN Resolutions 4,192/2013 and 4,193/2013. Those requirements are related to the calculation of Referential Equity (RE) and MRER as a percentage of Risk Weighted Assets (RWA).

Bacen published its Basel III capital regulations in march 2013. The regulations came into force on October 01,2013 and apply to all banks. Recommend by the Basel Committee, Basel III represents a new set of regulations governing the capital structure of financial institutions. The new rules establish the following:

- a new methodology for calculating regulatory capital, which continues to be divided into Tier I and Tier II. Tier I consists of Common Equity Tier I Capital – CET1 (net of regulatory adjustments) and Additional Tier I Capital;
- a new methodology for calculating capital requirements, establishing minimum requirements for RE, Tier I and CET1, and introducing the Additional CET1.

Regulatory adjustments listed below are considered for calculating CET1 ratio:

- goodwill;
- intangible assets;
- actuarial assets related to defined benefit pension plans, net of deferred tax liabilities;
- significant investments (greater than 10% of the share capital) in: non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies and open-ended pension funds; and institutions authorized by Bacen that are not part of the Prudential Conglomerate.
- non-controlling interests;
- deferred tax assets on temporary differences that rely on the generation of future taxable profits or income to be realized;
- deferred tax assets resulting from tax losses on excess depreciation;

- deferred tax assets resulting from tax losses carry forward;
- value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution No. 4,277/2013.

On August 28, 2014, Bacen authorized the R$ 8,100,000 thousand perpetual bond included in Additional Tier I Capital to be considered Common Equity Tier I Capital.

According to the Resolution No. 4,192/2013 and No. 4,193/2013, the calculation of the RE and the amount of RWA should be based on Prudential Conglomerate.

	Sep 30, 2020	Dec 31, 2019
RE - Referential equity	**163,255,006**	**132,150,432**
Tier I	**133,499,526**	**96,380,201**
Common Equity Tier 1 Capital (CET1)	**100,867,766**	**71,289,093**
Shareholders' equity	112,314,964	98,921,447
Instrument qualifying as CET1	8,100,000	8,100,000
Regulatory adjustments	(19,547,198)	(35,732,354)
Additional Tier 1 Capital (AT1)	**32,631,760**	**25,091,108**
Hybrid instruments authorized in accordance with CMN Resolution No. 4,192/2013	30,318,762	21,665,013
Hybrid instruments authorized in accordance with regulations preceding the CMN Resolution No. 4,192/2013 (1)	2,312,998	3,426,095
Tier II	**29,755,480**	**35,770,231**
Subordinated debt qualifying as capital	29,755,480	35,796,321
Subordinated debt authorized in accordance with CMN Resolution No. 4,192/2013 - Financial bills	192,751	1,743,504
Subordinated Debt authorized in accordance with regulations preceding the CMN Resolution No. 4,192/2013	29,562,729	34,052,817
Funds obtained from the FCO (2)	26,403,208	29,336,898
Funds raised in financial bills and CD (3)	3,159,521	4,715,919
Deduction from tier II	--	(26,090)
Funding instruments issued by financial institution	--	(26,090)
Risk Weighted Assets (RWA)	**769,680,055**	**711,401,976**
Credit risk (RWA_{CPAD})	682,591,913	612,629,806
Market risk (RWA_{MPAD})	19,405,013	21,392,666
Operational risk (RWA_{OPAD})	67,683,129	77,379,504
Minimum referential equity requirements (4)	**61,574,404**	**56,912,158**
Margin on the minimum referential equity required (5)	**101,680,602**	**75,238,274**
Tier I Ratio (Tier I/RWA) (5)	**17.34%**	**13.55%**
Common Equity Tier 1 Capital Ratio (CET1/RWA) (5)	13.11%	10.02%
Capital Adequacy Ratio (RE/RWA) (5)	**21.21%**	**18.58%**

(1) On September 30, 2020, the hybrid capital and the debt instrument authorized by Bacen to compose Tier 1 Capital in accordance to CMN Resolution 3,444/2007, had its balance limited to 20%, as established in article 28, sections I to X of CMN Resolution 4,192/2013.

(2) According to CMN Resolution No. 4,192/2013, the balance of FCO is limited to 90% of the amount that composed the Tier II of the RE on June 30, 2018.

(3) On September 30, 2020 it was considered the balance of subordinated debt instruments that composed the RE on December 31, 2012, applying on it the limit of 20%, as determined by CMN Resolution No. 4,192/2013.

(4) According to CMN Resolution No. 4,193/2013, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals 8%.

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

Regulatory adjustments deducted from CET1:

	Sep 30, 2020	Dec 31, 2019
Significant investments and tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 15% threshold)	(7,166,799)	(12,297,448)
Intangible assets	(6,358,892)	(5,913,962)
Tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 10% threshold)	(2,127,343)	(15,473,213)
Tax assets resulting from tax losses carry forward (1)	(1,734,508)	(1,732,650)
Significant investments (excess of 10%) (2)	(1,322,910)	--
Actuarial assets related to defined benefit pension funds net of deferred tax liabilities	(563,056)	(133,096)
Non-controlling interests (3)	(133,400)	(90,223)
Shortfall of the value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution No. 4,277/2013	(61,163)	(7,682)
Goodwill	(43,274)	(43,068)
Tax assets resulting from tax loss of excess depreciation	(35,853)	(41,012)
Total	**(19,547,198)**	**(35,732,354)**

(1) It was applied the CMN Resolution No. 4,192/2013, which determines the non-deduction of the tax assets resulting from tax losses, recognized from January 01, 2018 to December 31, 2020, arising from short position in foreign currency for the purpose of providing hedge of investments in foreign operations.

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

(3) The adjustment of non-controlling interests was calculated according to CMN Resolution No. 4,192/2013, 1st paragraph of the article 9.

d) Fixed asset ratio and margin

	Sep 30, 2020	Dec 31, 2019
Fixed asset ratio	13.83%	14.28%
Margin in relation to the fixed asset	59,041,581	47,199,718

Bacen defines the fixed asset ratio as the percentage of fixed assets to Referential Equity. The maximum rate allowed is 50%, according to CMN Resolution No. 2,669/1999.

Margin refers to the difference between the 50% limit of Referential Equity and total fixed assets.

e) Regulatory Indicators vs. Observed Indicators

CMN Resolution No. 4,783/2020 reduced, for a determined period, the percentages to be applied on RWA amount, for calculating the conservation capital buffer referred by CMN Resolution No. 4,193/2013, which, between April 1, 2020 and March 31, 2021, is 1.25%. This reduction impacted the minimum regulatory requirement, as shown in the table below:

	Regulatory	Sep 30, 2020
Common Equity Tier 1 Capital Ratio (1)	6.75%	13.11%
Tier I Ratio (1)	8.25%	17.34%
Capital Adequacy Ratio (1)	10.25%	21.21%
Fixed asset ratio	Up to 50%	13.83%

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

On September 30, 2020, the compliance with the regulatory indicators is observed. The Bank, through the capital management strategies already listed, aims to surpass the minimum regulatory indicators, keeping them at levels capable of perpetuating the strategy of reinforcing the structure of capital of the Bank. In this way, the Bank defines the minimum prudential limits of capital indicators and the main capital target to be reached in each period. Following the Statement of Risk Appetite and Tolerance and the Capital Plan, the goal to 2022 is to maintain a minimum of 11% Core Capital Ratio.

f) Instruments eligible as capital

The instruments eligible as capital are described in the Notes 19.c, 19.d and 23.c.

For Subordinated Financial Bills issued up to the present date, there is no possibility of repurchase or redemption, total or partially, by the security holder and the expected cash flows will occur only on the maturity or on the exercise of the repurchase option by the Bank, as applicable.

For securities issued abroad, there is, until now, no possibility for the holder of the security to request repurchase or redemption, total or partial. The expected cash flows will occur when the coupon is paid, upon maturity or when exercising the repurchase by the Bank, as applicable.

The Instrument qualifying as Common Equity Tier I Capital does not have a maturity date and can only be settled in situations of dissolution of the issuing institution or of repurchases authorized by the Central Bank of Brazil. The expected cash flows occur only through the payment of annual remuneration interest.

Regarding the dynamics of the FCO, the monthly flows contemplate the inflows/origins, such as the transfers from the National Treasury resulting from the collection of taxes (made every ten days of the month), returns originating from payments of credit operations and remuneration on the available resources and the exits, such as the reimbursement of payment / rebate bonuses, the audit, del credere, provision and remuneration expenses in the operationalization of Pronaf - National Program for Strengthening Family Agriculture. The use of FCO resources as an instrument eligible as capital is limited by CMN Resolution 4,192/2013.

31 - OTHER INFORMATION

a) Investiment funds management

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

	Numbers of funds/portfolios (in Units)		Balance	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Managed funds	**938**	**876**	**1,175,159,398**	**1,055,895,208**
Investment funds	931	865	1,153,385,405	1,037,112,395
Managed portfolios	7	11	21,773,993	18,782,813

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

	Banco do Brasil		BB Consolidated	
	Sep 30, 2020	Dec 31, 2019	Sep 30, 2020	Dec 31, 2019
Assets				
BB Group	108,203,984	88,782,426	105,901,767	87,026,515
Third parties	90,006,879	68,132,042	122,784,325	88,956,826
TOTAL ASSETS	**198,210,863**	**156,914,468**	**228,686,092**	**175,983,341**
Liabilities				
BB Group	36,576,136	25,847,085	35,654,018	24,435,879
Third parties	147,376,131	118,931,850	172,912,125	134,576,828
Shareholders' equity	**14,258,596**	**12,135,533**	**20,119,949**	**16,970,634**
Attributable to parent company	14,258,596	12,135,533	19,623,569	16,610,450
Non-controlling interests	--	--	496,380	360,184
TOTAL LIABILITIES	**198,210,863**	**156,914,468**	**228,686,092**	**175,983,341**

	Banco do Brasil				BB Consolidated			
	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Net income	**167,933**	**247,867**	**1,168,208**	**950,786**	**567,218**	**502,340**	**2,312,793**	**1,898,023**
Attributable to parent company	167,933	247,867	1,168,208	950,786	498,022	459,259	2,097,904	1,723,589
Non-controlling interest	--	--	--	--	69,196	43,081	214,889	174,434

c) Consortium funds

	Sep 30, 2020	Dec 31, 2019
Monthly forecast of purchase pool members receivable funds	516,962	453,641
Obligations of the groups due to contributions	22,978,936	20,443,355
Purchase pool members - assets to be delivered	21,026,183	18,717,384
(In units)		
Quantity of groups managed	217	194
Quantity of active consortium members	1,085,775	947,037
Quantity of assets deliverable to members (drawn or winning offer)	86,492	132,369

	3rd quarter/2020	3rd quarter/2019	Jan 1 to Sep 30, 2020	Jan 1 to Sep 30, 2019
Quantity of assets (in units) delivered in the period	52,389	23,070	116,419	85,549

d) Assignment of employees to outside agencies

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

	3rd quarter/2020		3rd quarter/2019		Jan 1 to Sep 30, 2020		Jan 1 to Sep 30, 2019	
	Quantiy of assigned employees(1)	Cost in the period	Quantiy of assigned employees(1)	Cost in the period	Quantiy of assigned employees(1)	Cost in the period	Quantiy of assigned employees (1)	Cost in the period
With costs for the Bank								
Labor unions	209	10,804	215	10,391	209	32,560	215	30,400
Other organizations/entities	2	236	2	251	2	677	2	770
Subsidiaries and associates	3	663	3	652	3	1,946	3	1,930
Without cost to the Bank (2)								
Federal, state and municipal governments	167	--	175	--	167	--	175	--
External organizations (Cassi, Previ, Economus, Fusesc and PrevBep)	535	--	549	--	535	--	549	--
Employee entities	73	--	79	--	73	--	79	--
Subsidiaries and associates	553	--	570	--	553	--	570	--
Total	**1,542**	**11,703**	**1,593**	**11,294**	**1,542**	**35,183**	**1,593**	**33,100**

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

(2) In the 3rd quarter/2020, the Bank was reimbursed in the amount of R$ 132,191 thousand and, in the period of January 1 to September 30,2020, in the amount of R$ 377,475 thousand (R$ 97,375 thousand in the 3rd quarter/2020 and R$ 340,008 thousand in the period of January 1 to September 30,2019), eferring to the costs of assigned employees.

e) Remuneration of employees and managers

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

	Sep 30, 2020	Dec 31, 2019
Lowest salary	3,022.37	2,977.70
Highest salary	50,569.51	49,822.18
Avarage salary	8,302.08	7,796.44
President	68,781.86	68,781.86
Vice-president	61,564.83	61,564.83
Director	52,177.45	52,177.45
Fiscal council	5,914.84	5,948.54
Board of Directors	5,914.84	5,948.54
Audit Committee - member	46,959.71	46,959.71
Capital and Risk Committee	46,959.71	46,959.71

f) Insurance policy of assets

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

Insurance contracted by the Bank in force on September 30, 2020

Covered risks	Amounts covered	Value of the premium
Property insurance for the relevant fixed assets	1,170,028	4,072
Life insurance and collective personal accident insurance for the Executive Board (1)	143,260	305
Other	1,400	1
Total	**1,314,688**	**4,378**

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

g) Cassi

On July 22, 2019, the National Agency of Supplementary Health (ANS) published Operational Resolution No. 2,439, which establishes fiscal administration at Cassi. ANS clarifies that the fiscal administration regime is not an intervention. The agency has appointed a tax director, with no management powers at the operator, to evaluate Cassi's situation in person. The director will analyze the remedial measures proposed by the operator and subsidize the ANS in its decisions. The fiscal administration has a duration of up to 365 days and the regime may be renewed.

After 90 days subject to a financial accounting audit, the ANS issued the Directive Instruction No. 12, on October 23, 2019, ratifying that Cassi meet the precepts required by accounting control standards and recommended two specific adjustments. Moreover, the Fiscal Director gave 30 days to present a Sanitation Program, which must imply actions and goals to revert all the noncompliance indicators.

On October, 31, 2019, the Bank announced that the Board of Officers has approved a new proposal for Bylaw reform presented by the Deliberative Council of Cassi. On November 28, 2019, the Bank announced that associates approved the new proposal. In 2019, there is an additional administrative expense of R$ 549 million, related to funding the new model, that was recognized in Personnel expenses.

On January, 17, 2020, the Bank published Transaction with Related Party informing the settlement of the Bank's contractual obligation to the Group of Indirect Dependents (GDI), belonging to the Associates Plan, managed by Cassi, for the amount of R$ 451 million. The settlement of this obligation represents a decrease in the Bank's provisions, resulting from CVM Deliberation No. 695/2012, this not generating a financial impact on Banco do Brasil.

On January, 20, 2020, the Bank published Transaction with Related Party informing the following resources were made to Cassi, retroactive to January, 2019: a payment of the Management Fee, in the amount of R$ 124 million about the Administration Fee, and a payment of the Employer's Contribution on Dependents of Cassi's Associates Plan, for the amount of R$ 425 millon. The increase in expenses does not impact the actuarial liability, calculated in accordance with CVM Deliberation No. 695/2012.

On June 15, 2020, ANS published the Operational Resolution No. 2,556, announcing the end of the special fiscal administration at CASSI. The decision attests that CASSI regularized all the economic and financial indicators that led to the establishment of fiscal administration in July 2019 and fulfills the projections that make up the Sanitation Program, presented to ANS in December of the same year.

h) BB Seguridade Share Capital Reduction

On September 25, 2019, the Board of Directors of BB Seguridade Participações S.A., a subsidiary of Banco do Brasil, approved the submission of a proposal to the Extraordinary Shareholders Meeting to reduce the share capital in the amount of R$ 2.7 billion, without cancelling shares, for considering it excessive, pursuant to article 173 of Law 6,404/1976.

On October 30, 2019, the BB Seguridade’s Extraordinary Shareholders Meeting approved the proposal to reduce the share capital, that will be effective 60 (sixty) days after the meeting’s protocol.

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

i) Assignment of credit portfolio

On July 1, 2020, the Bank assigned a loan portfolio, mostly in losses, to the Non-Standardized and Exclusive Credit Rights Investment Fund (FIDC-NP), managed by BTG Pactual Serviços Financeiros S.A. DTVM.

The assigned portfolio has a book value of R$ 2.9 billion and the financial impact of the transaction was R$ 371 million, before taxes, recorded in the 3rd quarter/2020 net income.

j) Coronavirus Pandemic (Covid-19)

In the first quarter of 2020, the world economy was negatively impacted by the spread of respiratory disease caused by the new Coronavirus (Covid-19), raised to the level of a pandemic by the World Health Organization (WHO).

Banco do Brasil adopted several preventive measures recommended by specialists, by the Ministry of Health and by the authorities of the countries where it operates, reaffirming the commitment to the health and safety of employees, collaborators, customers and the society.

At the same time, Banco do Brasil is working to guarantee quality financial services, being prepared to continue attending its demands, as communicated to the market on March 24, 2020.

Among the measures taken, it stands out:

Collective Labor Agreement (CLA)

The Bank signed the Collective Labor Agreement (CLA) with Union Entities on July 16, 2020, reaching to minimize Covid-19 impacts. The new rules are specific to this period and temporary, and they are valid up to 2 (two) years from the signing date. Main themes celebrated in the CLA:

- Working from home, remote work or home office: prioritized use by risk group employees.
- Vacation: must be informed up to 5 days before the absence date, there will be preserved 15 days from the acquisition period to be used in the future, when anticipating. In addition, an allowance on April 7, 8, 9, 28 and 29, 2020 to the employees who received a vacation notice at the initiative of the company and were in a situation other than “real workforce”.
- Bank of negative hours: applies to all employees subject to journey control, without the need for accession; 18-month deadline to compensate for negative hours made since July 7, 2020; in order to use the hour bank, the need for negotiation between the employee and the manager remains; 10% discount on the negative hours accumulated until July and on the month-to-month balance from August to December, 2020.
- Other commitments arising from the negotiation: no decommissioning due to performance during the pandemic; possibility of using the positive balance of the hour bank, together with other situations of absences, for post-pandemic rest, primarily for employees who are in person attendance; maintenance of the possibility, even if on a rotating basis, of the manager paying 1 or 2 hours for employees who are in person at the branches.

Additionally to signing the agreement, the Bank adopted these actions:

Employees and collaborators

- Communication with employees, guiding constantly about work conditions and customer service, according to the disease evolution in the country.

- Creation of a Strategic Group for the Crisis Management to properly deal with the matter, ensuring uniqueness and opportune dissemination of information to the internal and external public.
- Suspension of international and national travels.
- Replacement of physical meetings for videoconferences and audio conferences.
- Increased cleanliness and sanitation of the ambience and spaces.
- Work leave for 14 days of employees who have symptoms and who had contact with confirmed or suspected cases (social isolation).
- Work leave for seven days of employees arriving from any country from the date of departure of any foreign country (social isolation).
- Prioritization of home office according to the process criticality and to the type of work, and for employees considered as risk group.
- Distinguished working hours, change on vacation period and licenses.

Customers and users

- Securing essential banking services to the population, prioritizing the continued supply and operation of ATMs in self-service rooms.
- Providing physical assistance for services considered essential exceptionally at the branches.
- Special hours (9 am to 10 am) exclusive for INSS retirees and the public of greater risk.
- Encouraging the use of digital channels for services and customer relations through internet and mobile phones, expanding access to other customer profiles for customer service through messages, as well as the possibility of performing banking transactions directly by message apps for all the customers.
- Availability of up to R$100 billion of loans to individuals, companies, agribusiness, in addition to health supplies for city halls and governments. The funds refer to existing credit lines, mainly consumer loans and working capital.
- Complying with the note issued by Febraban on March 16, 2020, and in order to minimize the momentary impacts of this situation, the bank is offering an option to extend the installments falling due in the next 60 days, upon the customer's manifestation, available in the Bank's digital channels. Customers can also adjust their financial commitments, through loans renegotiation, with a grace period for payment of the first installment between 60 and 180 days, depending on the loan line, and the payment term lengthening. This renegotiation process is also available through digital channels.

Society

- Resources donation by the Group companies to promote pandemic combat actions.
- Fundação Banco do Brasil performance in actions to implement assistance and awareness projects with communities.

Banco do Brasil continues to evaluate and monitor the potential impacts on the credit portfolio, considering the various segments and sectors and has adopted proactive measures for risk management.

In addition, the Bank is working to preserve the regularity of its activities and the continuity of operations.

Accounting and Capital Implications of COVID-19 Effects

The Covid-19 pandemic crisis is significantly affecting the economic environment of countries affected by the virus. Despite the mitigating actions adopted to date, implications for the Bank's financial statements are expected. The main reflexes and measures are presented below.

i) Main judgments and uncertainties

Because of the uncertainties caused by the Covid-19 pandemic scenario, the Bank revised some judgments and estimates historically adopted so that the accounting information derived from these judgments and estimates would reflect with higher reliability the equity position and the results for the period disclosed.

ii) Consolidation

Despite the challenging economic scenario arising from the confrontation of the pandemic, Banco do Brasil Conglomerate did no corporate restructuring or increased significant intragroup transactions that were not initially foreseen by the Bank's Management, so that there were no changes in the Conglomerate's consolidation process.

iii) Profit Distribution

According to the Material Fact released on April 07, 2020, and in compliance with article 2 of CMN Resolution 4,820, of May 29, 2020, the capital remuneration (interest on own capital and dividend) is limited to the mandatory minimum defined in the article 48 of the Bank’s bylaws, which is equivalent to 25% to the adjusted net income (Note 23.g).

iv) Risk and capital management

• Capitalization - Sufficiency for protection in a stress event.

Releasing the Capital Conservation Buffer – CMN Resolution No. 4,783/2020

The Capital Conservation Buffer (CCoB) was reduced from 2.5% to 1.25% of RWA through March 2021 — with an additional year to reestablish gradually the original buffer rate by March 2022. The measure aims at strengthening banks confidence in providing credit, supporting the credit flow [CMN Resolution No. 4,783/2020]. Expected impact: a capital relief (specifically banks' CET1 capital) — creating room for credit supply expansion (Note 30.c).

FX overhedge of equity abroad – CMN Resolution No. 4,192/2013 (amended by CMN Resolution No. 4,851/2020)

The measure establishes no capital deduction for the tax effects arising from the FX hedge operations of banks foreign equity investments. Banks hedge their investments on equity held abroad in order to obtain protection against Exchange rate (FX) fluctuations. Specifically, the measure provides financial institutions with confidence to implement or expand their credit grant plans.

• Liquidity - Sufficiency to withstand long periods of stress.

Enhancement of the Leverage Coverage Ratio’s (LCR) regulation - Bacen Circular No. 3,986/2020

The measure safely reduced liquidity requirements for Brazilian institutions. The reduction in the need for financial institutions to carry other HQLA will allow an expansion in the ability to grant credit.

• Credit, Market and Business - Strategy to mitigate increased volatility in earnings (such as concentration limits and incentives to diversify revenues).

• Operational Risk - Identification and mitigation of operational risk events (remote work, occurrence monitoring, fraud prevention).

• Reputation - Monitoring the assertiveness of the measures and their impacts in order to mitigate any negative consequences on brand value and reputation.

• Credit risk - Monitoring, provisioning, policy review and risk appetite.

v) Impairment of Assets

Banco do Brasil carried out studies to identify whether its non-financial assets showed signs of devaluation due to the reduction in their value in use or by discounted cash flows, which may indicate an Impairment of Assets.

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

vi) Fair value of financial instruments

As established in the risk and capital management item, Banco do Brasil adapted its procedures for daily monitoring of the financial market, carrying out simulations and projections that aimed to identify significant variations in the fair value of the financial instruments held or traded by the Bank.

The Bank revised mark-to-market models to take into account the possible impacts of the Covid-19 on the economic and financial indicators used in the projection of scenarios, especially in the calculation of the fair value of financial instruments classified at level 2 and level 3 in the fair value hierarchy.

Changes in the fair value of the financial instruments, caused by the Covid-19 pandemic and so far identified, have already affected these financial statements.

There was no change in the intention to hold or trade the Conglomerate's securities that may give rise to a change in the category of financial instruments, as defined in Bacen Circular 3,068/2001, which the Bank initially intended to hold until maturity and booked at amortized cost.

The Bank reviewed the market value of the main asset securities and identified the need to recognize an impairment in the order of R$ 2.6 billions to some instruments.

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

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

The pandemic caused by the Covid-19 generated an increase in the credit risk of customers located in the main affected countries, in which there was a noticeable reduction in economic activity and, therefore, possibly in the ability of these customers to honor their contracts.

In the period, the Bank made a prudential provision increase, in the order of R$ 6.1 billions, covering loan segments, which effects were recorded in the respective notes.

viii) Use of recognized deferred tax assets

The Bank carried out studies for the recognized deferred tax asset consumptions, in view of the projections of results from the Bank or its subsidiaries in 10 years period.

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

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

In the first half of 2020, we identified an increase in the discount rate used in actuarial calculations, due to changes in the fair value of Brazilian government bonds, as well as a reduction in the fair value of certain assets guaranteeing defined benefit plans, including publicly traded company shares. These effects jointly generate net adjustments to actuarial liabilities, with an impact of R$ 6.4 billions in shareholders' equity, net of taxes (Note 29.d.5). However, given the situation of uncertainty at the present economic moment, we observe that these two premises have presented important fluctuations to follow-up.

x) Provisions for labor, tax and civil lawsuits

The Bank reassessed the risks involved, especially with regard to civil and labor claims, with no relevant impacts identified so far, in view of the existing provisions.

xi) Restructuring plans

There is no expectation that restructuring will occur, such as the sale or closing of part of business or the reduction of operations due to the Covid-19 crisis.

xii) Other possible identified/expected effects

Governmental assistance

During the pandemic confrontation period, governmental and regulatory measures took place that provided support to the business and improved the Bank's performance. We list some of these measures and their impacts in the national financial system:

Taxes:

Postponement of tax collection, in compliance with ordinance Ministry's of Economy No. 139/2020. The Group did not adopt the option granted.

Business support:

Temporary changes in the tax rate applicable to the entity (passed on to the customer) - IOF (Presidential Decree n. 10,414 - Zero IOF rate policy for some credit operations contracted between April 4, 2020 and October 2, 2020).

Emergency Employment Support Program provides emergency payroll financing for small and medium-sized businesses - CMN Resolution No. 4,846/20.

The program was instituted for Provisional Measure Nº 944 on April 3, 2020, which waits for presidential sanction after changing its initial text. Total amount of the credit goes down to R$ 29 billion, of which R$ 20 billion on guarantees for loans of Pronampe (Programa Nacional de Apoio à Microempresas e Empresas de Pequeno Porte) and R$ 17 billion to be injected from de federal government on the BNDES (Banco Nacional de Desenvolvimento Econômico e Social) for funding the credit line. The resources are still 85% from the BNDES and the remaining from participating financial institutions. The measure provides for return to federal government up to 50% of resources that had not been passed to the banks as of September 30, 2020 (Note 12.l).

Additional reduction in reserve requirements - Bacen Resolution No. 21, of October 2nd, 2020

The Resolution revoked the Bacen Circular No. 3.993/2020, however, in this Resolution, the Central Bank maintained a 17% reduction in rate up to March/2021. The measure aims to the strategic increase of liquidity to the economy. The releases adds up to the amount of R$50 billion already released from March 16, 2020 due to the previous reduction from 31% to 25%.

Dollar sovereign bond repos - Bacen Circular No. 3,990/2020

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

New Time Deposit with Special Guarantees - CMN Resolution No. 4,785/2020.

The New Time Deposit with Special Guarantees (NDPGE) is an additional option for fundraising accessible to the financial institutions associated with the Credit Guarantee Fund (FGC). It is about the possibility of these institutions taking deposits guaranteed by the FGC, which also contributes to the continuity of the credit offer for the real sector. The FGC coverage, previously limited to R$ 20 million, was increased to R$ 40 million per holder. This guarantee does not involve public funds, since the FGC is a 100% private entity.

Flexibility in Agribusiness Letters of Credit (LCAs) - CMN Resolution No. 4,787/2020.

The calculation basis was adjusted in order to allow more institutions to raise funds with LCAs, increasing their liquidity. Thus, the funds application rules from agribusiness funding activities were relaxed.

Loan backed by debentures - CMN Resolution No. 4,786/20.

The Bacen now has the possibility to grant loans backed by debentures (private securities) to financial institutions. The resources that financial institutions compulsorily maintain in their reserve accounts with the Bacen also guarantees these operations, eliminating the risk to the monetary authority. This is a Special Temporary Liquidity Line, which aims to guarantee liquidity and the normal functioning of the private corporate credit market during the crisis.

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

The largest banks will be able to repurchase a larger volume of their own financial bills. As a result, holders of these securities (mostly investment funds) will find it easier to redeem the funds invested, if necessary. The allowed repurchase percentage went from 5% to 20%.

Loan backed by financial bills guaranteed by credit operations

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

Injection of longer-term funds by Bacen via repo operations backed by Federal Public Securities

In times of crisis, institutions may find it difficult to access liquid resources for longer periods. In order to provide liquidity to the SFN, Bacen started to offer longer repo operations at the donor end, through its open market operations. As a result, institutions can obtain liquid resources for longer terms as opposed to the demand for very short-term liquidity by market agents. This measure also facilitates the management of liquidity in its balance sheets, as it provides a reduction in the cost of maintaining a longer-term portfolio (duration cost).

US dollar liquidity swap line

The Bacen established a US$ 60 billion liquidity swap line in cooperation with the Federal Reserve (FED). The line expands the potential supply of dollars in the domestic market and does not imply economic policy conditionalities. If necessary, it can be used to increase the funds available for operations in the foreign exchange market by the Bacen. The swap agreement between the Bacen and the FED will remain effective (ou active) for at least six months.

Working Capital Program for the Preservation of Companies (CGPE)

On July 16, 2020, the Provisional Measure No. 992 was published, which provides, among other purposes, for the financing to micro and small and medium-sized companies within the scope of the Working Capital Program for the Preservation of Companies (CGPE). In addition, it provides for the use of presumed credit calculated based on credits arising from temporary differences and the sharing of fiduciary alienation. On July 21, 2020, the Resolution CMN No.4,838 was published, which provides for credit operations contracted within the scope of the CGPE. Until September 30, 2020, the Bank registered the amount of R$ 6.3 billion in program operations.

32 - SUBSEQUENT EVENTS

Call option for perpetual debt security

Banco do Brasil exercised on October 20, 2020 the call option of the total perpetual debt security issued in 2009 (Banbra 8.5%), in force under the Basel II rules. The redemption was for 100% of its face value and interest accrued and unpaid to date, amounting R$ 4.953 billion.

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

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

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying individual and consolidated balance sheet of Banco do Brasil S.A. ("Bank") as at September 30, 2020, and the related individual and consolidated statements of income and of comprehensive income for the three- and nine-month periods then ended, and the statements of changes in equity and of cash flows for the nine-month period then ended, and a summary of significant accounting practices and other explanatory notes.

Management is responsible for the preparation and proper presentation of the individual and consolidated interim financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil - BACEN. Our responsibility is to express a conclusion on these individual and consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review of Interim Financial Information (NBC TR 2410 - "Revisão de Informações Intermediárias Executada pelo Auditor da Entidade" and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial statements

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial statements referred to above, do not present fairly, in all material respects, the individual and consolidated financial position of Banco do Brasil S.A. as at September 30, 2020, its individual and consolidated financial performance for the three- and nine-month periods then ended and its individual and consolidated cash flows for the nine-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by BACEN.

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Other matters

Statements of value added

The individual and consolidated interim financial statements referred to above include the individual and consolidated statements of value added ("DVA") for the nine-month period ended September 30, 2020, prepared under the responsibility of the Bank's Management, the presentation of which is made on a voluntary basis. These statements were subject to the review procedures performed together with the review of the individual and consolidated interim financial statements to reach a conclusion on whether they are reconciled with the individual and consolidated interim financial statements and accounting records, as applicable, and if their form and content are consistent with the criteria set out in Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added are not fairly presented, in all material respects, in accordance with the criteria set out in CPC 09 and consistently with the accompanying individual and consolidated interim financial statements taken as a whole.

Convenience Translation into English

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

Brasília, November 4, 2020

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Luiz Carlos Oseliero Filho
Engagement Partner

*Original signed.

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DECLARATION OF THE EXECUTIVE BOARD MEMBERS ABOUT THE FINANCIAL STATEMENTS

According to the article 25, item VI, of CVM Instruction No. 480 of December 07, 2009, we declare that the Financial Statements of the Banco do Brasil S.A. related to the period ended September 30, 2020 were reviewed and, based on subsequent discussions, we agree that such statement fairly reflects, in all material facts, the financial position for the periods presented.

Brasília (DF), November 03, 2020.

André Guilherme Brandão
Chief Executive Officer (CEO)

Bernardo de Azevedo Silva Rothe
Chief Wholesale Officer

Carlos Hamilton Vasconcelos Araújo
Chief Finance Management and Investors Relations Officer (CFO)

Carlos Motta dos Santos
Chief Retail Distribution Officer

Carlos Renato Bonetti
Chief Internal Controls and Risk Management Officer (CRO)

Fabio Augusto Cantizani Barbosa
Chief Technology Officer (CTO)

João Pinto Rabelo Júnior
Chief Agribusiness and Government Affairs Officer

Mauro Ribeiro Neto
Chief Corporate Officer

DECLARATION OF THE EXECUTIVE BOARD MEMBERS ABOUT THE REPORT OF INDEPENDENT AUDITORS

According to article 25, item V, of CVM Instruction No. 480 of December 07, 2009, we affirm based on our knowledge, on auditor's plan and on discussions about the audit results, that we agree, with no dissent, to the opinions expressed in the Report of Independent Auditors for Financial Statements.

Brasília (DF), November 03, 2020.

André Guilherme Brandão
Chief Executive Officer (CEO)

Bernardo de Azevedo Silva Rothe
Chief Wholesale Officer

Carlos Hamilton Vasconcelos Araújo
Chief Finance Management and Investors Relations Officer (CFO)

Carlos Motta dos Santos
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Fabio Augusto Cantizani Barbosa
Chief Technology Officer (CTO)

João Pinto Rabelo Júnior
Chief Agribusiness and Government Affairs Officer

Mauro Ribeiro Neto
Chief Corporate Officer

MEMBERS OF MANAGMENT

CHIEF EXECUTIVE OFFICER (CEO)
André Guilherme Brandão

VICE-PRESIDENTS
Bernardo de Azevedo Silva Rothe
Carlos Hamilton Vasconcelos Araújo
Carlos Motta dos Santos
Carlos Renato Bonetti
Fabio Augusto Cantizani Barbosa
João Pinto Rabelo Júnior
Mauro Ribeiro Neto

BOARD OF DIRECTORS
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Débora Cristina Fonseca
Hélio Lima Magalhães
José Guimarães Monforte
Luiz Serafim Spinola Santos
Paulo Roberto Evangelista de Lima
Waldery Rodrigues Júnior

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Ana Paula Teixeira de Sousa
Antonio Carlos Wagner Chiarello
Camilo Buzzi
Carla Nesi
Daniel André Stieler
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Luiz Fernando Ferreira Martins
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Marvio Melo Freitas
Mauricio Nogueira
Paula Sayão Carvalho Araujo
Rodrigo Felippe Afonso
Ronaldo Simon Ferreira
Thompson Soares Pereira César

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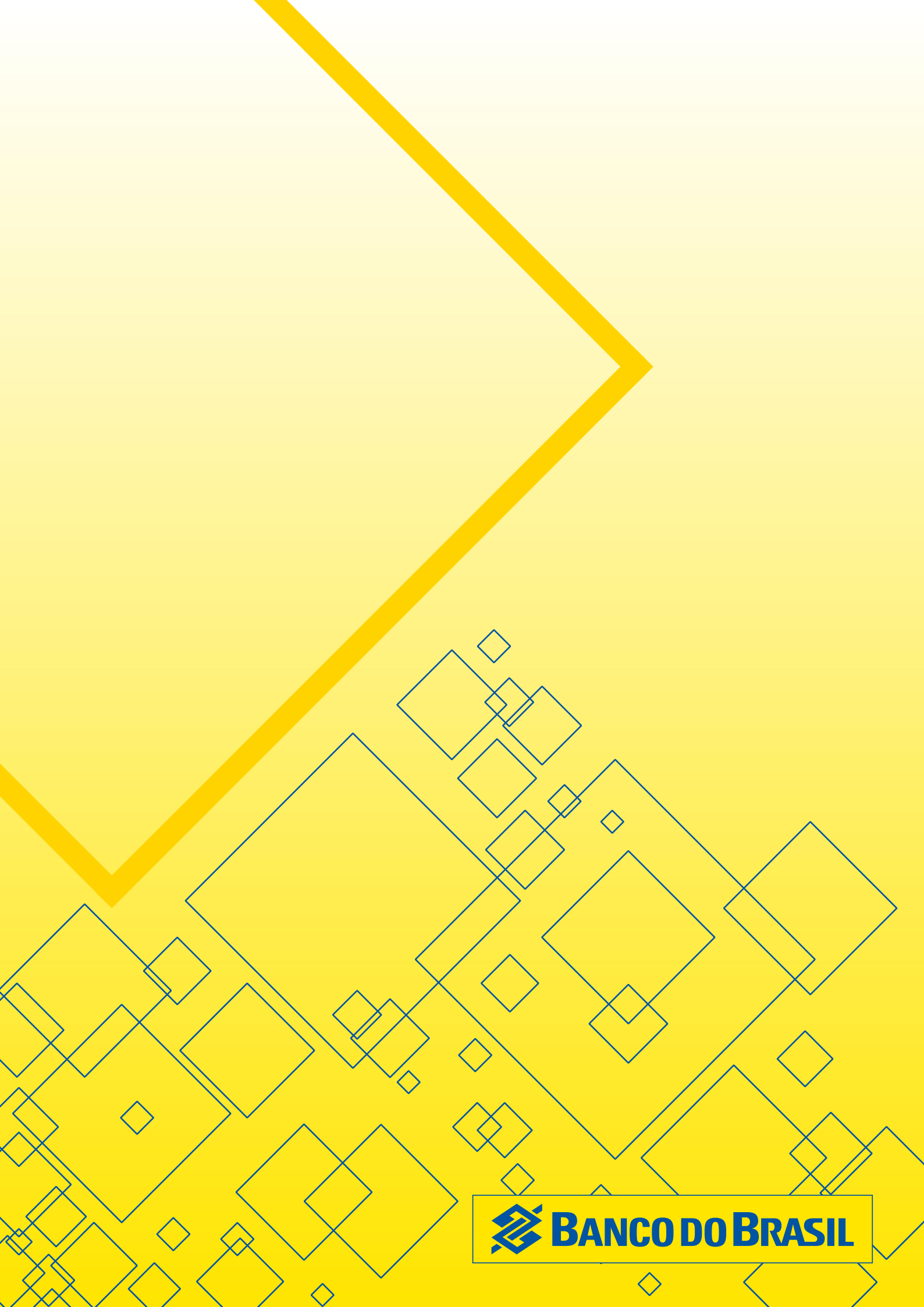
Mauricio Graccho de Severiano Cardoso
Paulo Antonio Spencer Uebel
Rafael Cavalcanti de Araújo
Samuel Yoshiaki Oliveira Kinoshita

AUDIT COMMITTEE
Egidio Otmar Ames
Luiz Serafim Spinola Santos
Marcos Tadeu de Siqueira

ACCOUNTING DEPT.
Eduardo Cesar Pasa
General Accountant
Accountant CRC-DF 017601/O-5
CPF 541.035.920-87

Adelar Valentim Dias
Accountant CRC-DF 022560/O
CPF 296.062.179-49


BANCO DO BRASIL