Risk Management Report

1Q22

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Introduction

This report presents information from Banco do Brasil's conglomerate, according to Brazil's Central Bank (Bacen) Resolution No. 54, of December 16th, 2020, that established a new template on the release of the Risk Management - Pillar 3 Report. The measure is one of the actions of Agenda BC+, pillar SFN Mais Eficiente (Most Effective Banking Industry), and aims to improve governance mechanisms and transparency of the information made available.

The tables[1] were divided according to their periodicity of disclosure (quarterly, half-yearly and yearly), as listed below. The tables have a fixed format with quantitative information, according to the model provided by Bacen, and cannot be modified in its presentation, in order to preserve comparability between financial institutions.

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

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

Pillar 3 Report is guided by the Specific Policy for Disclosure of Risk and Capital Management Information, regulated by CMN Resolution No. 4,557, of February 23, 2017. This Policy guides the behavior of Banco do Brasil. Entities linked to Banco do Brasil (ELBB) are expected to define their directions based on these guidelines, considering the specific needs and the legal and regulatory aspects to which they are subject. It is regulated by CMN Resolution No. 4,557, of February 23, 2017. Main aspects of the Policy:

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

The information disclosed may be rectified[2] voluntarily or as determined by the Central Bank of Brazil, if inconsistencies are identified in the ISG calculation process. In this case it will be republished on the BB portal.

Main Indicators

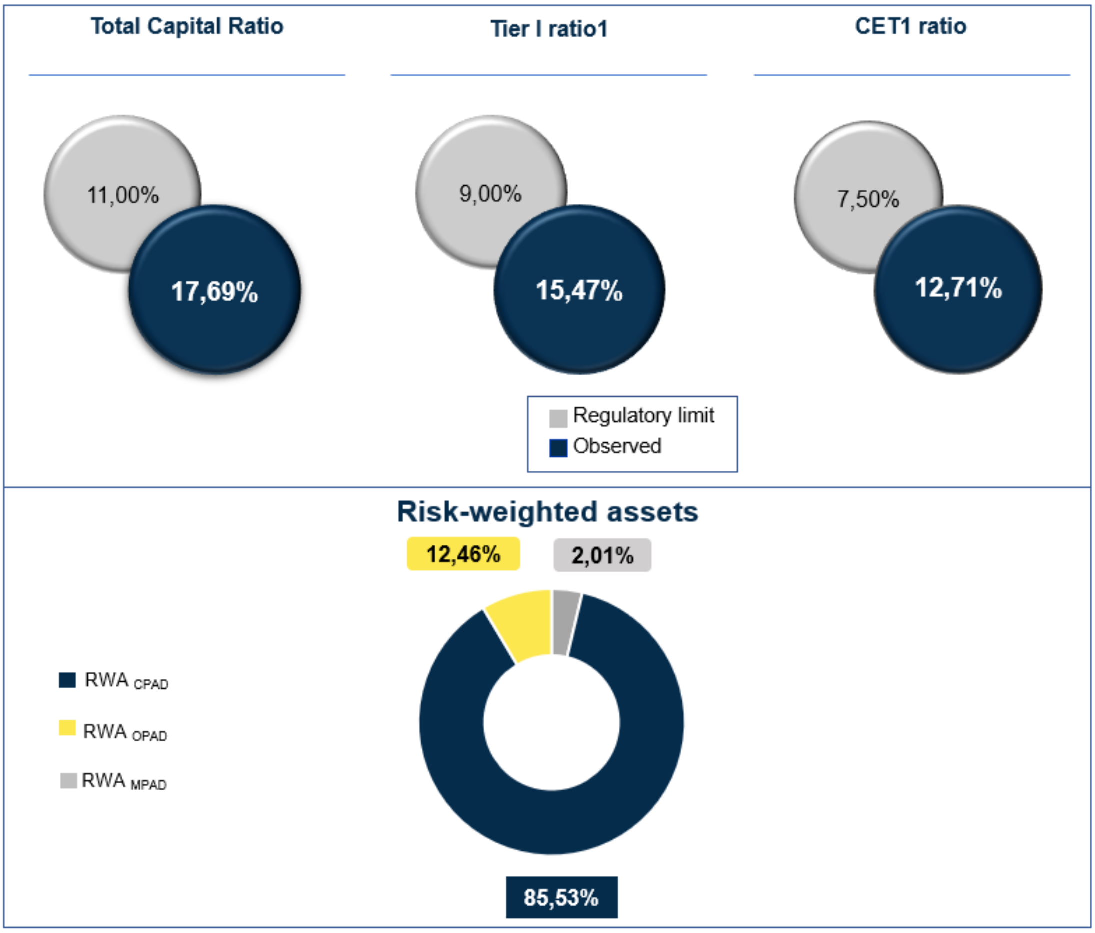
Capital adequacy is assessed based on regulatory requirements and prudential management limits, whose objective is to maintain BB capital at adequate levels to cover the risks incurred, seeking the optimization of resources, the sustainability of the Bank and the financial system.

Therefore, minimum regulatory capital limits are defined considering the relationship among Risk-weighted assets (RWA), Common Equity Tier I (CET1), Tier I (CN1) and Total Capital (PR), calculated as defined in prudential regulation. BB also assess capital adequacy following the vision of economic capital through stress tests, which has as characteristic a better adherence to the characteristics of institution.

The focus is on organic capital generation and credit growth in line with the best risk-return ratio.

The consolidation scope used as the basis for verifying the operating limits is the Prudential Conglomerate, defined in CMN Resolution No. 4,950/2021, in force since January 1st, 2022. Under the terms of the Accounting Plan for Financial Institutions (Cosif), the Prudential Conglomerate covers not only financial institutions, but also consortium administrators, payment institutions, companies that carry out the acquisition of operations or directly or indirectly assume credit risk, on which have direct and indirect control and investment funds in which the conglomerate substantially retains risks and benefits.

The following figure shows the main indicators of the report, calculated based on the BB Prudential Conglomerate, considering the position as of 03/31/2022:



KM1 - Key Metrics: Quantitative information on prudential requirements

The table below shows the key metrics established by prudential regulation, such as regulatory capital, leverage ratio and liquidity indicators.

The capital indexes were calculated according to the criteria established by CMN Resolutions No. 4,955, of 10.21.2021, and No. 4,958, of 10.21.2021, which define the calculation of the Total Capital (PR) and the Minimum Required Reference Equity (PRMR) in relation to Risk Weighted Assets (RWA), respectively.

The following table shows the evolution of the Total Capital Ratio (IB), the CET1 ratio (ICP), the Tier 1 Ratio (ICN1), the IRRBB portion, the PR matching margin and the Additional CET1 buffer requirements as a percentage of RWA (ACP).

Table 1 - KM1 - Key Metrics: Quantitative information on prudential requirements

	R$ thousand	a Mar/2022	a Dec/2021	b Sep/2021	c Jun/2021	d Mar/2021
	Available capital (amounts)					
1	Common Equity Tier I (CET1)	117.468.833	111.337.592	114.254.702	112.036.523	106.652.375
2	Tier I	142.954.508	141.352.779	143.511.477	138.943.348	137.275.362
3	Total Capital	163.490.337	165.648.211	167.786.026	163.153.192	161.783.326
3b	Excess of resources invested on permanent assets	0	0	0	0	0
3c	Total Capital Detachments	0	0	0	0	0
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	924.311.385	932.728.406	867.511.800	830.490.949	827.163.353
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio	12,71%	11,94%	13,17%	13,49%	12,89%
6	Tier I ratio	15,47%	15,15%	16,54%	16,73%	16,60%
7	Total Capital Ratio	17,69%	17,76%	19,34%	19,65%	19,56%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement	2,00%	2,00%	1,63%	1,63%	1,25%
9	Countercyclical capital buffer requirement	0,00%	0,00%	0,00%	0,00%	0,00%
10	Systemic capital buffer requirement	1,00%	1,00%	1,00%	1,00%	1,00%
11	Total of bank CET1 specific buffer requirements	3,00%	3,00%	2,63%	2,63%	2,25%
12	CET1 available after meeting the bank’s minimum capital requirements	5,21%	4,44%	6,05%	6,37%	6,14%
	Leverage Ratio (LR)					
13	Total exposure	2.049.534.670	1.959.999.792	1.993.635.894	1.870.347.719	1.843.161.037
14	LR	6,97%	7,21%	7,20%	7,43%	7,45%
	Liquidity Coverage Ratio (LCR)					
15	Total high-quality liquid assets (HQLA)	183.446.996	224.605.020	263.784.830	255.307.999	247.567.289
16	Total net cash outflow	103.819.476	98.104.412	96.739.713	97.328.402	78.650.646
17	LCR ratio	176,70%	228,94%	272,67%	262,32%	314,77%
	Net Stable Funding Ratio (NSFR)					
18	Total available stable funding (ASF)	941.703.698	932.373.732	935.467.257	929.558.685	906.293.133
19	Total required stable funding (RSF)	843.761.577	814.828.931	803.391.569	769.530.763	768.381.946
20	NSFR ratio	111,61%	114,43%	116,44%	120,80%	117,95%

Comments

Comparing to the 4th quarter/2021, there is a decrease in the Referential Equity, due to the application of regulatory adjustments in the FCO balance in Tier II Level and exchange variation in the Additional Tier 1 Capital. This decrease was partially offset by the increment in the Core Capital, mainly in the Shareholder's Equity.

OV1: Overview of risk-weighted assets (RWA)

The table below presents an overview of the amount of risk-weighted assets (RWA) used to calculate the minimum requirement for Total Capital (PR).

The Minimum Requirement for PR (PRMR) is the equity required by institutions and conglomerates authorized to operate by Bacen, to face the risks to which they are exposed, due to the activities developed, and is defined by CMN Resolution No. 4,958, of 10.21.2021.

The PRMR corresponds to the application of the "F" factor to the amount of risk-weighted assets (RWA), being 8% of the RWA, as of 01.01.2019.

In calculating the amount of risk-weighted assets (RWA), the sum of the following portions is considered:

a) Credit Risk (RWACPAD), relating to credit risk exposures subject to the calculation of the capital requirement using a standardized approach;
b) Market Risk (RWAMPAD), relating to market risk exposures subject to the calculation of capital requirements using a standardized approach; and
c) Operational Risk (RWAOPAD), relating to the calculation of capital required for operational risk using a standardized approach.

The scope of consolidation, used as a basis for checking the operating limits, considers the Prudential Conglomerate, as per CMN Resolution No. 4,950, of 09.30.2021.

Table 2 - OV1: Overview of risk-weighted assets (RWA)

		RWA		Minimum capital requirements
	R$ thousand	Mar/2022	Dec/2021	Mar/2022
	Credit Risk			
0	Credit Risk- standardized approach (SA)	790.538.983	790.006.890	63.243.119
2	Credit Risk	730.280.070	720.590.492	58.422.406
6	Counterparty credit risk (CCR)	7.681.081	16.271.882	614.486
7	Of which: standardized approach for counterparty credit risk (SA-CCR)	4.051.755	8.469.228	324.140
7a	Of which: CEM approach	0	0	0
9	Of which: other CCR	3.629.326	7.802.654	290.346
10	Increase related to the adjustment associated with the variation in the derivatives value due to the credit valuation adjustment (CVA)	2.889.116	4.559.690	231.129
12	Equity investments in funds – look-through approach	1.767.882	1.681.386	141.431
13	Equity investments in funds – mandate-based approach	0	0	0
14	Equity investments in funds – fall-back approach	0	1.140.222	0
16	Securitisation exposures in banking book	29.371	44.208	2.350
25	Amounts for exposures not deducted from total capital calculation	47.891.464	45.719.010	3.831.317
20	**Market risk**	**18.619.302**	**36.079.846**	**1.489.544**
21	Of which: standardized approach (SA)	18.619.302	36.079.846	1.489.544
22	Of which: internal model approach (IMA)	0	0	0
24	**Operational risk**	**115.153.100**	**106.641.670**	**9.212.248**
27	**Total (2+6+10+12+13+14+16+25+20+24)**	**924.311.385**	**932.728.406**	**73.944.911**

Comments

The main variations in the RWAmpad were due to exchange rate variation in the RWAcam, Banco Patagonia's trading book in Pjur2 and the implementation of the portfolio protection strategy in PJur3.

There was an increase in exposures not deducted in the calculation of the Referential Equity, highlighting significant investments in insurance companies, reinsurance companies, capitalization companies and non-consolidated entities similar to financial institutions.

LR2: Leverage Ratio common disclosure template

The leverage ratio is defined as the ratio between Tier I Capital and Total Exposure, calculated in accordance with BACEN Circular 3,748. The ratio is intended to be a simple measure of leverage that is not risk sensitive, so it does not take into account risk weighting factors (RPF) or mitigations. As per instructions given by BACEN Circular Letter 3,706, BB sends monthly to BACEN the leverage ratio, whose minimum requirement is 3%.

The table below details the components of the Total Exposure used to calculate the Leverage Ratio (RA), referred to in Circular No. 3,748, of 2015.

The Leverage Ratio, established by Bacen Circular No. 3,748, of 02.26.2015, aims to avoid excessive leverage by financial institutions and the consequent increase in systemic risk, with undesirable impacts on the economy.

Table 3 - LR2: Leverage Ratio common disclosure template

	R$ thousand	Mar/2022	Dec/2021
	On-balance sheet exposures		
1	Balance sheet items other than derivative financial instruments, securities received on loan and resales for settlement under repurchase transactions	1.461.973.740	1.436.744.686
2	Adjustments for equity items deducted in calculating Tier I	-36.241.396	-33.949.007
3	**Total on-balance sheet exposures**	**1.425.732.345**	**1.402.795.680**
	Transactions using Derivative Financial Instruments		
4	Replacement value for derivatives transactions	2.845.744	1.657.923
5	Potential future gains from derivatives transactions	1.155.312	835.271
7	Adjustment for daily margin held as collateral	0	0
8	Adjustment related to the deduction of the exposure related to qualified central counterparty (QCCP) in derivative transactions on behalf of clients in which there is no contractual obligation to reimburse due to bankruptcy or default of the entities responsible for the settlement and compensation of transactions	0	0
9	Reference value of credit derivatives	0	0
10	Adjustment of reference value calculated for credit derivatives	0	0
11	**Total exposure for derivative financial instruments**	**4.001.055**	**2.493.194**
	Repurchase Transactions and Securities Lending		
12	Investments in repurchase transactions and securities lending	562.027.705	487.473.089
13	Adjustment for repurchases for settlement and creditors of securities lending	0	0
14	Amount of counterparty credit risk	4.241.143	12.742.193
15	Amount of counterparty credit risk in transactions as intermediary	0	0
16	**Total Exposure on Repurchase Transactions and Securities Lending**	**566.268.848**	**500.215.282**
	Off-balance sheet items		
17	Reference value of off-balance sheet transactions	189.341.055	185.969.723
18	Adjustment for application of FCC specific to off-balance sheet transactions	-135.808.632	-131.474.086
19	**Total off-balance sheet exposure**	**53.532.422**	**54.495.637**
	Capital and Total Exposure		
20	Tier 1 capital	142.954.508	141.352.779
21	**Total exposure**	**2.049.534.670**	**1.959.999.792**
	Leverage ratio		
22	Leverage ratio	6,97%	7,21%
	Comments		
	The increase in Total Exposure in the 1st quarter of 2022, compared to the 4th quarter of 2021, was mainly due to the increase in investments in repurchase agreements and the increase in Total Assets on the Balance Sheet.		

LIQ1: Liquidity Coverage Ratio – LCR

The following table informs the cash inflows and outflows, as well as the institution's stock of High Liquidity Assets (HQLA), according to the definitions and calculation methodology established in Circular No. 3,749, of 2015.

The Liquidity Coverage Ratio (LCR) is required for financial institutions that are classified in the S1 segment, in accordance with CMN Resolution 4,401/15.

The LCR calculation follows the standardized stress scenario model established by Bacen through Circular 3,749/15. This model complies with international guidelines and aims to guarantee the existence of sufficient high quality liquid assets to support a financial stress scenario with a 30 - day term.

The regulatory stress scenario used to calculate the LCR considers idiosyncratic and market shocks that results in:

- partial funding loss from retail operations and wholesale operations without collaterals.
- reduction in the institution`s ability to raise short - term funds;
- additional outflow of funds under agreement due to three levels credit risk downgrade, including additional collateral requirement;
- increase in the volatility of prices, rates or indexes that impact the quality of a collateral or the potential future exposure of derivative positions, resulting in the application of greater discounts to a collateral or additional collateral call, or other demands for liquidity;
- withdrawals higher than expected in lines of credit and liquidity granted; and
- the potential need to repurchase bonds issued or honor non-contractual obligations aiming to mitigate reputational risk.

Thus, LCR is the ratio between high quality liquid assets (HQLA) and the expected total net cash outflow for the next 30 days, as the following formula shows:

$$LCR = \frac{High\ Quality\ Liquid\ Assets\ (HQLA)}{Net\ Cash\ Outflows}$$

Where: Net Cash Outflows = Cash Outflows (-) Cash Inflows
Cash Inflows is limited to 75% of cash outflows

The HQLA are assets that remain liquid in markets during periods of stress, which are easily and immediately converted into cash with low or without losses, it has no impediments, with a low risk and whose pricing is easy and right, i.e. that meet the minimum requirements set by the regulator (Circular 3,749, from March 5th 2015).

Net cash outflows are the cash outflows minus the cash inflows. Cash outflows are estimated by multiplying the balances of the various categories of obligations and commitments, recorded to liabilities or off-balance sheet, by weighting factors. Cash inflows are estimated by the multiplication by weighting factors, the balances of the various categories of receivables without default, for which there is no expectation of counterparty failure in the next 30 days.

The following table, for the 4th quarter/2021, shows LCR figures calculated using the average values of daily observations sent to Bacen from October to December 2021:

Table 4 - LIQ1: Liquidity Coverage Ratio – LCR

		Mar/2022	
		a	b
R$ thousand		**Unweighted amount**	**Weighted amount**
	High Quality Liquid Assets (HQLA)		
1	Total High Quality Liquid Assets (HQLA)		183.446.996
	Cash outflows		
2	Retail funding, of which:	417.035.287	32.880.407
3	Stable funding	282.694.546	14.134.727
4	Less stable funding	134.340.741	18.745.679
5	Non-collateralized wholesale funding, of which:	121.591.514	70.008.140
6	Operating deposits (all counterparties) and affiliated cooperative deposits	21.852.797	4.737.143
7	Non-operational deposits (all counterparties)	67.879.147	33.411.426
8	Non-collateralized obligations	31.859.570	31.859.570
9	Collateralized wholesale funding	0	11.347.425
10	Additional requirements, of which:	131.320.891	17.360.813
11	Related to exposure to derivatives and other collateral requirements	8.177.955	6.109.778
12	Related to funding losses through the issue of debt instruments	2.091.385	2.091.385
13	Related to lines of credit and liquidity	121.051.551	9.159.650
14	Other contractual obligations	30.516.161	30.516.161
15	Other contingent obligations	303.971.156	6.306.581
16	**Total Cash Outflows**	**1.004.435.009**	**168.419.528**
	Cash inflows		
17	Collateralized loans	1.742.872	0
18	Outstanding loans whose payments are fully up-to-date	22.828.642	15.257.003
19	Other cash inflows	59.621.992	49.343.049
20	**Total Cash Inflows**	**84.193.506**	**64.600.051**
	Total Adjust. Amount		
21	**Total HQLA**		**183.446.996**
22	**Total net cash outflows**		**103.819.476**
23	**Liquidity Coverage Ratio (LCR)**		**176,70%**

Comments

Banco do Brasil's High Liquidity Assets (HQLA) totaled an average of R$ 183,4 billion in the quarter, mainly composed of sovereign bonds, central bank reserves and cash. In the period, Net Cash Outflows totaled an average of R$168.41 billion, mainly composed of Funding from Retail, Wholesale, Additional Requirements, Contractual Obligations and Contingents, offset by Cash Inflows from Loans and Other Expected Inflows. The table shows that the average LCR in the quarter is 176.7%, above the limit and, therefore, the institution has sufficient stable funding available to support losses in the standardized stress scenario.

LIQ2: Net Stable Funding Ratio – NSFR

The following table discloses information regarding the Long-Term Liquidity Indicator (NSFR) and its components, as established in Circular No. 3,869, of December 19, 2017.

The Net Stable Funding Ratio (NSFR) is a requirement for financial institutions classified in S1 segment, in accordance with CMN Resolution 4,616/17.

The calculation of NSFR follows a methodology established by Bacen, through Circular 3,869/17, which is aligned with Basel international guidelines and aims to ensure that financial institutions finance their activities with stable funding in a long-term view.

The NSFR is defined by the following calculation formula:

$$NSFR = \frac{Available\ Stable\ Funding\ (ASF)}{Required\ Stable\ Funding\ (RSF)}$$

Available Stable Funding – ASF

The available Stable Funding (ASF) refers to liabilities and equity weighted by a discount factor, as provided in Bacen Circular 3,869/17.

The ASF is comprised mainly by capital and retail and wholesale funding.

Required Stable Funding – RSF

Required Stable Funding (RSF) correspond to the balance in stock, weighted by the respective weighting factors, of the elements recorded in assets and of exposures not accounted for in the institution's balance sheet (off balance exposures), according to Bacen Circular No. 3,869, of 12.19.2017.

The RSF is comprised mainly by loans, compulsory deposits, private and sovereign bonds, interbank applications, permanent assets and tax credit.

Each element of assets, liabilities, equity and off-balance exposures must comprise the amount of ASF and RSF, and are stated by maturities up six months, from six months to one year and greater than one year.

Depending on the level of liquidity (assets), level of stability (liabilities and equity), as well as according to maturity, the operations receive specific weights, resulting in the calculation of NSFR.

The following table presents Banco do Brasil Prudential Conglomerate NSFR of ending of 1Q22:

Table 5 – LIQ2: Net Stable Funding Ratio – NSFR

		a	b	c	d	e
		Unweighted value by residual maturity				
	R$ thousand	**No maturity**	**Less than six months**	**More or equal to six months and less than one year**	**More or equal to one year**	**Weighted value**
	Available Stable Funding (ASF)					
1	Capital	0	0	0	199.911.475	199.911.475
2	Total Capital, gross of regulatory deductions	0	0	0	175.869.675	175.869.675
3	Other capital instruments not included on line 2	0	0	0	24.041.800	24.041.800
4	Retail funding, of which:	383.583.014	62.128.550	0	3.402	415.966.231
5	Stable funding	264.829.529	31.618.883	0	0	281.625.992
6	Less stable funding	118.753.485	30.509.667	0	3.402	134.340.238
7	Wholesale funding, of which:	51.742.017	835.894.536	27.919.496	93.733.569	154.518.907
8	Operating deposits and affiliated cooperative deposits	9.411.647	0	0	0	4.705.823
9	Other wholesale funding	42.330.370	835.894.536	27.919.496	93.733.569	149.813.083
10	Operations that the institution acts exclusively as an intermediary, assuming no rights or obligations, even if contingent:	0	47.696.776	482	21	0
11	Other liabilities, of which:	0	147.495.634	4.366	171.304.902	171.307.085
12	Derivatives in which replacement value is less than zero			6.374.836		
13	Other liabilities elements or shareholders' equity not included in the previous lines	0	141.120.798	4.366	171.304.902	171.307.085
14	**Total Available Stable Funding (ASF)**					941.703.698
	Required Stable Funding (RSF)					
15	Total High Quality Liquid Assets (HQLA)					38.804.081
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Bonds, securities and operations with financial institutions, non-financial institutions and central banks, of which:	0	767.493.156	99.130.557	491.331.611	611.004.131
18	Operations with financial institutions collateralized by Level 1 HQLA	0	559.912.450	0	348.546	56.339.791
19	Operations with financial institutions collateralized by Level 2A, 2B HQLA or non-collateralized	0	0	0	0	0
20	Loans and financing granted for retail and wholesale customers, central government and central banks operations, of which:	0	166.510.386	91.208.835	368.791.633	444.161.773
21	The Risk Weighting Factor, referred by Central Bank Circular 3,644, from 2013, is less than or equal to 35% (thirty five percent)	0	0	0	844	549
22	Performing residential mortgages, of which:	0	1.482.094	773.972	38.006.446	25.832.223
23	Referred by Central Bank Circular 3,644 from 2013, article 22	0	1.482.094	773.972	38.006.446	25.832.223
24	Bonds and securities non eligible to HQLA, including shares traded in the Stock Market	0	39.588.227	7.147.750	84.184.986	84.670.344
25	Operations that the institution acts exclusively as an intermediary, assuming no rights or obligations, even if contingent	0	21.197.583	22.218.651	1.295.781	0
26	Other assets, of which:	0	98.800.883	8.819.700	153.084.893	185.966.183
27	Gold and commodities transaction, including ones with physical settlement	0				0
28	Assets provided, due to initial margin deposit as collateral for derivatives operation and participation in mutualized guarantee funds of clearing house or service providers of clearing and settlement that may arbitrate as central counterparty			6.633.504		2.364.726
29	Derivatives in which replacement value is more than or equal to zero			0		3.102
30	Derivatives in which replacement value is less than zero, gross of any collateral deduction due to deposit for variation margin			0		318.742
31	Other assets not included in the previous lines	0	98.800.883	8.819.700	146.451.389	183.279.613
32	Off-balance sheet operations	0	0	0	0	7.987.182
33	**Total Required Stable Funding (RSF)**					**843.761.577**
34	**NSFR (%)**					**111,61%**

Comments

Banco do Brasil has Available Stable Funding (ASF) that totaled R$ 941.7 billion in 1Q22, with emphasis on the items Capital and Funding from Retail, with balances of R$ 199.9 billion and R$ 415.9 billion respectively. In turn, the total of Required Stable Funding (RSF), in the same period, amounted to R$843.7 billion, mainly composed of the balances of Loans and Financing and Other Assets, in total of R$444.1 billion and R$185.9 billion, respectively. According to the table, Banco do Brasil's NSFR at the end of the quarter is 111.61%, above the limit of 100%, and indicating that the institution has sufficient Available Stable Funding for the Required Stable Funding in the long run, according to the metric.

MR1: Market risk under standardised approach

The table below discloses the amount of risk-weighted assets for market risk calculated using the standardized approach (RWAMPAD).

Table 6 - MR1: Market risk under standardized approach

R$ thousand		a RWA_{MPAD}
1	Interest rate	7.609.953
1a	Fixed Rate in Reais (RWAJUR1)	782.885
1b	Foreign Currency Coupon (RWAJUR2)	967.483
1c	Price Index Coupon (RWAJUR3)	5.859.585
1d	Interest Rate Coupon (RWAJUR4)	0
2	Shares (RWAACS)	0
3	Foreign exchange (RWACAM)	8.905.106
4	Commodity (RWACOM)	2.104.243
9	**Total**	**18.619.302**

Comments

The main variations in the RWAmpad were due to exchange rate variation in the RWAcam, Banco Patagonia's trading book in Pjur2 and the implementation of the portfolio protection strategy in PJur3.

The amounts reported in table MR1 are the results of calculations of regulatory capital to cover Market Risk, carried out in accordance with Bacen Circulars: 3,634, 3,635, 3,636, 3,637, 3,638, 3,639 and 3,641, of March 2013.