

Audited Financial Statements

Banco ABC Brasil S.A.

December 31, 2019 and 2018
with Independent Auditor's Report

Banco ABC Brasil S.A.

Financial Statements

December 31, 2019 and 2018

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A free translation from Portuguese into English of Independent Auditor's Report on financial statements prepared in Brazilian currency and in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Independent auditor's report on individual and consolidated financial statements

The Shareholders and management of Banco ABC Brasil S.A.

Opinion

We have audited the individual and consolidated financial statements of Banco ABC Brasil S.A. (the "Bank"), identified as Bank and Consolidated, respectively, which comprise the balance sheet as at December 31, 2019, and the related statements of income, changes in equity and cash flows for the year ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Banco ABC Brasil S.A. as at December 31, 2019, and its individual and consolidated financial performance and respective cash flows for the year then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Bank and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled with the other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the Banks's financial statements.

1. Technological environment

The Bank's operations rely on the appropriate operation of the technological structure and its systems, and, therefore, we considered the technological environment as a key component in our scope. As a result, we understand that this is a key audit matter. Given the Bank's business nature and volume of transactions, our audit strategy is based on the technological environment effectiveness.

The Bank considers that the success of its activities depends on the improvement and continuous enhancement and integration of its technological platforms necessary for good performance of its operations.

How our audit addressed this matter:

In the course of our audit, we engaged our technology team specialists to conduct IT general controls tests for systems considered significant in the audit context, focusing upon change management processes and logical access granting to users. We also conducted procedures in connection with the effectiveness of automatic controls, considered material, which support significant business processes and accounting records of operations.



Our tests related to design and operation of IT general controls, included automatic controls, considered as relevant in audit process, gave us support to keep the nature, time and extension planned of our substantive audit procedures.

2. Loans and allowance for loan losses

Management exercises significant judgment to set up allowance for loan losses pursuant to Central Bank of Brazil Decision No. 2682/99. As presented in Notes 7 and 8, at December 31, 2019, gross balance of loans operations amounted, individual and consolidated, to R\$ 17,199,333 thousand, for which an allowance for loan losses was set up amounting to R\$ 428,093 thousand. In 2019, the Bank recognized expenses with loan losses amounting to R\$ 80,637 thousand.

We consider this a significant area due to: (i) significance of the loan transaction balance, subject to loss assessment; (ii) guarantees received for loan transactions granted, which may impact the level of the allowance to be considered; (iii) the country's economic situation and the conditions of the market where borrowers operate, (iv) management's judgment in relation to ratings determining the minimum individual level of allowance per operation, credit borrower or economic group; and (v) process for recognition of revenue from interest on loan transactions; among others.

How our audit addressed this matter:

In our audit, we considered the understanding of the process established by management, and control tests related to: (i) origin of transactions; (ii) analysis and approval of credit transactions considering the established levels; (iii) rating granted per transactions; borrower or economic group; (iv) analysis of guarantees received; (v) timely update of borrower's information; (vi) recognition of revenue from interest on operations under ordinary conditions; and (vii) suspension of revenue recognition on loan transactions past due for over 59 days; among others.

Our audit procedures also included, for a sample of loan transactions, tests related to analysis of documentation supporting the level of allowances determined for sample items, recalculation of allowance for loan losses based on ratings granted, balance confirmation directly with selected borrowers through external confirmations, recalculation of outstanding balance at procedure base date, in addition to sum tests to crosscheck total from database against accounting records, and recalculation of total allowance for loan losses.

Based on the results of our audit procedures related to loans and allowance for loans losses, which are consistent with management evaluation, we consider that the criteria and assumptions adopted by management, as well as the related disclosures in notes 6 and 7 of the financial statements, are acceptable in the context of the financial statements taken as a whole.

3. Evaluation of unquoted marketable securities and derivative financial instruments

The evaluation of unquoted marketable securities and derivative financial instruments was considered an area of focus in our audit due to the complexity of the pricing process, which is substantially based on judgments, estimates and methodology made by management.

At December 31, 2019, unquoted marketable securities amounted to R\$ 3,300,797 thousand. As regards unquoted derivative financial instruments, the balance recorded amounted to R\$ 256,589 thousand in assets and R\$ 226,089 thousand in liabilities. Bank disclosures are included in Note 5.

How our audit addressed this matter:

Our audit procedures included, among others, (i) understanding the process, methodology and assumptions established by management for pricing of unquoted marketable securities and derivative financial instruments; (ii) tests of key controls, including controls related to the registration of securities and their internal processing. Additionally we conducted, based on sampling, the following procedures for selected operations: (i) confirmation of existence through checking of statements from custody agencies and/or agreements between the parties; (ii) with support of our specialists, we ran evaluation tests and evaluated the methodologies and assumptions used through comparison with models and independent market sources.

Based on the results of our audit procedures related to unquoted marketable securities and derivative financial instruments, which are consistent with management evaluation, we consider that the criteria and assumptions adopted by management, as well as the related disclosures in note 5 of the financial statements are acceptable in the context of the financial statements taken as a whole.



Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2019, prepared under the responsibility of Bank management, of which the presentation is required by law for listed companies and presented as supplementary information for purposes of BACEN's accounting practices, were submitted to audit procedures conducted together with the audit of individual and consolidated financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by CPC 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in accordance with the criteria defined in abovementioned technical pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

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

Management is responsible for such other information, which comprise the Management Report. Our opinion on the individual and consolidated financial statements does not cover the Management's Report and we do not express any form of assurance conclusion thereon. In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil (BACEN), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.



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

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

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

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

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

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and its subsidiaries' internal control.



- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

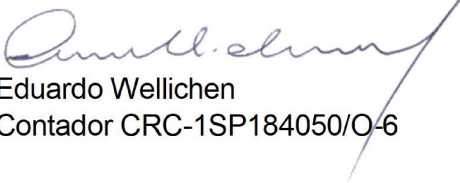
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where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



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

São Paulo, February 5, 2020.

ERNST & YOUNG
Auditores Independentes S/S
CRC-25P034519/O-6



Eduardo Wellichen
Contador CRC-1SP184050/O-6

Banco ABC Brasil S.A.

Balance sheets
December 31, 2019 and 2018
(In thousands of reais)

Assets	Notes	Bank		Consolidated	
		2019	2018	2019	2018
Current assets		24.353.227	24.807.633	24.567.640	25.015.503
Cash and banks	3	297.187	29.378	297.187	29.378
Interbank investments	4	5.316.341	7.522.655	5.316.341	7.522.655
Money market investments		4.271.060	5.817.015	4.271.060	5.817.015
Interbank deposits		662.666	981.720	662.666	981.720
Foreign investments		382.615	723.920	382.615	723.920
Marketable securities and derivative instruments		3.557.338	5.276.093	3.768.069	5.481.605
Own portfolio	5.a	2.590.705	4.617.117	2.801.436	4.822.629
Linked to guarantees given	5.a	171.873	271.963	171.873	271.963
Linked to repurchase agreement	5.a	183.545	84.072	183.545	84.072
Derivative financial instruments	5.b	611.215	302.941	611.215	302.941
Interbank accounts	6	66.011	-	66.011	-
Interbank onlendings		65.332	-	65.332	-
Reserve requirements - Central Bank Deposits		679	-	679	-
Lending operations		7.469.879	7.152.926	7.469.879	7.152.926
Loans - public sector	7	29.191	82.450	29.191	82.450
Loans - private sector	7	7.594.935	7.209.948	7.594.935	7.209.948
Allowance for loan losses	8	(154.247)	(139.472)	(154.247)	(139.472)
Other credits		7.389.886	4.530.000	7.393.568	4.532.358
Credits on guarantees honored	7	150.467	94.330	150.467	94.330
Foreign exchange portfolio	9	4.306.279	3.188.369	4.306.279	3.188.369
Receivables		20.713	23.800	20.713	23.800
Trading and intermediation of securities	10.a	253.760	276.228	253.760	276.228
Sundry	10.b	2.799.579	1.078.831	2.803.261	1.081.189
Allowance for losses on other credits	8	(140.912)	(131.558)	(140.912)	(131.558)
Other assets		256.585	296.581	256.585	296.581
Other assets		248.377	288.886	248.377	288.886
Prepaid expenses		8.208	7.695	8.208	7.695

Banco ABC Brasil S.A.

Balance sheets
December 31, 2019 and 2018
(In thousands of reais)

Assets	Notes	Bank		Consolidated	
		2019	2018	2019	2018
Noncurrent assets		11.619.212	7.663.339	11.619.212	7.663.339
Interbank investments	4	9.813	-	9.813	-
Interbank deposits		9.813	-	9.813	-
Marketable securities and derivative instruments		5.201.951	3.349.445	5.201.951	3.349.445
Own portfolio	5.a	3.781.273	1.479.673	3.781.273	1.479.673
Linked to guarantees given	5.a	581.586	706.864	581.586	706.864
Linked to repurchase agreement	5.a	400.746	357.499	400.746	357.499
Derivative financial instruments	5.b	438.346	805.409	438.346	805.409
Lending operations		5.810.616	4.030.239	5.810.616	4.030.239
Loans - public sector	7	11.457	26.276	11.457	26.276
Loans - private sector	7	5.900.602	4.092.111	5.900.602	4.092.111
Allowance for loan losses	8	(101.443)	(88.148)	(101.443)	(88.148)
Other credits		595.571	281.299	595.571	281.299
Foreign exchange portfolio	9	73.875	3.056	73.875	3.056
Receivables		5.343	3.280	5.343	3.280
Sundry	10.b	547.844	295.142	547.844	295.142
Allowance for losses on other credits	8	(31.491)	(20.179)	(31.491)	(20.179)
Other assets		1.261	2.356	1.261	2.356
Prepaid expenses		1.261	2.356	1.261	2.356
Permanent assets		280.895	253.342	70.378	49.933
Investments	11	211.896	204.460	1.379	1.051
Investments in subsidiaries and affiliates - Domestic		210.517	203.409	-	-
Other investments		1.379	1.051	1.379	1.051
Fixed assets	12	25.660	23.793	25.660	23.793
Other fixed assets		61.650	54.284	61.650	54.284
Accumulated depreciation		(35.990)	(30.491)	(35.990)	(30.491)
Intangible	12	43.339	25.089	43.339	25.089
Intangible assets		84.780	58.491	84.780	58.491
Accumulated amortization		(41.441)	(33.402)	(41.441)	(33.402)
Total assets		36.253.334	32.724.314	36.257.230	32.728.775

See accompanying notes.

Banco ABC Brasil S.A.

Balance sheets
December 31, 2019 and 2018
(In thousands of reais)

Liabilities and equity	Notes	Bank		Consolidated	
		2019	2018	2019	2018
Current liabilities		23.956.633	20.617.360	23.960.529	20.621.821
Deposits	13	5.209.782	5.874.213	5.209.577	5.874.013
Demand deposits		232.719	249.972	232.514	249.772
Interbank deposits		302.480	723.532	302.480	723.532
Time deposits		4.674.583	4.900.709	4.674.583	4.900.709
Money market funding	13	1.092.483	717.527	1.092.483	717.527
Own portfolio		582.863	438.858	582.863	438.858
Free Movement		509.620	278.669	509.620	278.669
Funds from acceptance and issue of securities	14	4.690.917	4.771.145	4.690.917	4.771.145
Real estate, mortgage, credit an similar notes		4.667.785	4.741.906	4.667.785	4.741.906
Certificates of structured finance		23.132	29.239	23.132	29.239
Interbranch accounts		47.732	28.235	47.732	28.235
Third party funds in transit		47.732	28.235	47.732	28.235
Borrowings	15	6.086.678	4.377.368	6.086.678	4.377.368
Foreign borrowings		6.086.678	4.377.368	6.086.678	4.377.368
Onlendings in Brazil - Government agencies	15	508.352	598.146	508.352	598.146
BNDES		70.662	178.893	70.662	178.893
FINAME		125.968	140.721	125.968	140.721
Other institutions		311.722	278.532	311.722	278.532
Transfers abroad	15	1.099.105	833.485	1.099.105	833.485
Liabilities due to transfers abroad		1.099.105	833.485	1.099.105	833.485
Derivative financial instruments	5b	401.486	313.289	401.486	313.289
Derivative financial instruments		401.486	313.289	401.486	313.289
Other liabilities		4.820.098	3.103.952	4.824.199	3.108.613
Collection of taxes		4.181	1.694	4.181	1.694
Foreign exchange portfolio	9	3.589.409	2.603.292	3.589.409	2.603.292
Social and statutory		90.734	96.526	90.734	96.526
Taxes and social security	16.a	251.267	96.871	255.331	101.478
Trading and intermediation of securities	16.d	87.078	149.707	87.078	149.707
Subordinated debts	16.b	664.702	11.845	664.702	11.845
Sundry	16.c	132.727	144.017	132.764	144.071

Banco ABC Brasil S.A.

Balance sheets
December 31, 2019 and 2018
(In thousands of reais)

Liabilities and equity	Notes	Bank		Consolidated	
		2019	2018	2019	2018
Noncurrent liabilities		8.233.241	8.410.529	8.233.241	8.410.529
Deposits	13	484.092	317.769	484.092	317.769
Time deposits		484.092	317.769	484.092	317.769
Funds from acceptance and issue of securities	14	4.814.728	4.259.039	4.814.728	4.259.039
Real estate, mortgage, credit an similar notes		4.806.711	4.236.593	4.806.711	4.236.593
Certificates of structured finance		8.017	22.446	8.017	22.446
Borrowings	15	41.790	310.983	41.790	310.983
Foreign borrowings		41.790	310.983	41.790	310.983
Onlendings in Brazil - government agencies	15	659.080	708.187	659.080	708.187
BNDES		300.619	301.906	300.619	301.906
FINAME		337.351	352.578	337.351	352.578
Other institutions		21.110	53.703	21.110	53.703
Transfers abroad	15	51.664	291.350	51.664	291.350
Liabilities due to transfers abroad		51.664	291.350	51.664	291.350
Derivative financial instruments	5b	360.138	658.520	360.138	658.520
Derivative financial instruments		360.138	658.520	360.138	658.520
Other liabilities		1.821.749	1.864.681	1.821.749	1.864.681
Foreign exchange portfolio	9	69.949	2.841	69.949	2.841
Social and statutory		315	315	315	315
Taxes and social security	16.a	1.120	42.090	1.120	42.090
Subordinated debts	16.b	1.708.194	1.798.937	1.708.194	1.798.937
Debts instruments eligible for capital		21.944	-	21.944	-
Sundry	16.c	20.227	20.498	20.227	20.498
Deferred income		22.727	30.915	22.727	30.915
Deferred income		22.727	30.915	22.727	30.915
Shareholders' equity	26	4.040.733	3.665.510	4.040.733	3.665.510
Capital:		2.565.892	2.470.313	2.565.892	2.470.313
Brazilian residents		590.397	411.103	590.397	411.103
Foreign residents		1.975.495	2.059.210	1.975.495	2.059.210
Capital reserve		45.651	45.466	45.651	45.466
Income reserves		1.498.156	1.195.015	1.498.156	1.195.015
Equity valuation adjustment		7.969	(9.715)	7.969	(9.715)
Treasury shares		(76.935)	(35.569)	(76.935)	(35.569)
Total Liabilities		36.253.334	32.724.314	36.257.230	32.728.775

See accompanying notes.

Banco ABC Brasil S.A.

Income statements

Years ended December 31, 2019 and 2018 and

Six-month period ended December 31, 2019

(In thousands of reais, except net income per share)

	Notes	Bank			Consolidated	
		2 nd Half	Year		Year	
		2019	2019	2018	2019	2018
Income from financial intermediation		1.595.672	2.657.067	3.241.782	2.669.036	3.254.375
Lending operations		819.872	1.379.936	1.513.797	1.379.936	1.513.797
Marketable securities		680.199	1.195.649	1.523.898	1.207.618	1.536.491
Gain (loss) on derivative financial instruments	5.b	73.878	87.752	62.125	87.752	62.125
Foreign exchange operations		21.723	(6.270)	141.962	(6.270)	141.962
Expenses from financial intermediation		(1.279.208)	(1.935.011)	(2.739.187)	(1.935.011)	(2.739.187)
Funding expenses		(539.115)	(1.087.400)	(1.245.987)	(1.087.400)	(1.245.987)
Borrowings and onlendings		(683.612)	(766.914)	(1.374.978)	(766.914)	(1.374.978)
Allowance for loan losses	8	(55.897)	(80.637)	(116.477)	(80.637)	(116.477)
Allowance for loan losses - Exchange rate variation on credit assignment operations		(584)	(60)	(1.734)	(60)	(1.734)
Losses on financial assets sale or transfer		-	-	(11)	-	(11)
Gross income from financial intermediation		316.464	722.056	502.595	734.025	515.188
Other operating income (expenses)		(32.196)	(87.568)	(22.742)	(95.516)	(30.765)
Income from services rendered	17	180.745	348.713	355.249	348.713	355.249
Personnel expenses		(109.478)	(231.662)	(210.716)	(231.662)	(210.716)
Other administrative expenses	18	(77.955)	(152.763)	(115.716)	(152.997)	(115.917)
Taxes		(37.280)	(67.529)	(64.123)	(68.135)	(64.759)
Equity pick-up from subsidiaries	11	3.429	7.108	7.186	-	-
Other operating income	19	8.948	12.421	11.238	12.421	11.238
Other operating expenses	20	(605)	(3.856)	(5.860)	(3.856)	(5.860)
Operating income		284.268	634.488	479.853	638.509	484.423
Non-operating loss		(1.512)	(2.354)	(21.411)	(2.354)	(21.411)
Income before taxes and profit sharing		282.756	632.134	458.442	636.155	463.012
Income and social contribution taxes	21	69.524	40.776	102.870	36.755	98.300
Provision for income tax		4.642	(2.268)	49.761	(4.961)	46.878
Provision for social contribution tax		(30.617)	(45.616)	12.224	(46.952)	10.547
Deferred tax credits		95.499	88.660	40.885	88.668	40.875
Variable compensation	24	(76.160)	(144.511)	(143.226)	(144.511)	(143.226)
Net income for the six-month period / year		276.120	528.399	418.086	528.399	418.086
Net earnings per outstanding share - in						
214,046,596 shares in 2019 (208,618,415 in 2018)		1,29	2,47	2,00		

See accompanying notes.

Banco ABC Brasil S.A.

Statements of changes in shareholders' equity
 Years ended December 31, 2019 and 2018 and
 Six-month period ended December 31, 2019
 (In thousands of reais)

	Income reserves					Equity valuation adjustment	Retained earnings	Treasury shares	Total
	Capital	Capital reserve	Legal reserve	Dividends equalization	Share buyback				
Balances at December 31, 2017	2.291.065	35.196	163.469	778.907	55.000	(2.510)	-	(36.795)	3.284.332
Adjustment to market value - securities	-	-	-	-	-	(7.205)	-	-	(7.205)
Acquisition of treasury shares	-	-	-	-	-	-	-	1.226	1.226
Capital increase	179.248	-	-	-	-	-	-	-	179.248
Net income for the year	-	-	-	-	-	-	418.086	-	418.086
Interest on equity	-	-	-	-	-	-	(220.447)	-	(220.447)
Allocation - Legal reserve	-	-	20.904	-	-	-	(20.904)	-	-
Allocations of reserves	-	-	-	176.735	-	-	(176.735)	-	-
Allocations of reserves - Management remuneration	-	10.270	-	-	-	-	-	-	10.270
Balances at December 31, 2018	2.470.313	45.466	184.373	955.642	55.000	(9.715)	-	(35.569)	3.665.510
Adjustment to market value - securities	-	-	-	-	-	17.684	-	-	17.684
Acquisition of treasury shares	-	-	-	-	-	-	-	(41.366)	(41.366)
Capital increase	95.579	-	-	-	-	-	-	-	95.579
Net income for the year	-	-	-	-	-	-	528.399	-	528.399
Interest on equity	-	-	-	-	-	-	(225.258)	-	(225.258)
Allocation - Legal reserve	-	-	26.420	-	-	-	(26.420)	-	-
Allocations of reserves	-	-	-	276.721	-	-	(276.721)	-	-
Allocations of reserves - Management remuneration	-	185	-	-	-	-	-	-	185
Balances at December 31, 2019	2.565.892	45.651	210.793	1.232.363	55.000	7.969	-	(76.935)	4.040.733
Balances at June 30, 2019	2.565.892	45.470	196.987	955.642	55.000	4.013	119.504	(60.289)	3.882.219
Adjustment to market value - securities	-	-	-	-	-	3.956	-	-	3.956
Acquisition of treasury shares	-	-	-	-	-	-	-	(16.646)	(16.646)
Capital increase	-	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	276.120	-	276.120
Interest on equity	-	-	-	-	-	-	(105.097)	-	(105.097)
Allocation - Legal reserve	-	-	13.806	-	-	-	(13.806)	-	-
Allocations of reserves	-	-	-	276.721	-	-	(276.721)	-	-
Allocations of reserves - Management remuneration	-	181	-	-	-	-	-	-	181
Balances at December 31, 2019	2.565.892	45.651	210.793	1.232.363	55.000	7.969	-	(76.935)	4.040.733

See accompanying notes.

Banco ABC Brasil S.A.

Statements of cash flows - Indirect method
 Years ended December 31, 2019 and 2018 and
 Six-month period ended December 31, 2019
 (In thousands of reais)

Notes	Bank			Consolidated	
	2nd Half	Year		Year	
	2019	2019	2018	2019	2018
Operating activities					
Adjusted net income of the six-month period / year	338.882	627.004	553.815	634.112	561.001
Net income of the six-month period / year	276.120	528.399	418.086	528.399	418.086
Adjustment to net income:	62.762	98.605	135.729	105.713	142.915
Depreciation and amortization	7.508	14.211	12.181	14.211	12.181
Equity pick-up from subsidiaries	(3.429)	(7.108)	(7.186)	-	-
Income (loss) on disposal of assets not used in banking operations	6.396	7.254	6.315	7.254	6.315
Gain (loss) on disposal of fixed assets and intangible	(102)	(246)	(85)	(246)	(85)
Provision for impairment of assets not of own use	(4.785)	(4.654)	16.682	(4.654)	16.682
Allowance for loan losses	56.481	80.697	118.211	80.697	118.211
Provision for contingent liabilities and legal liabilities	(3.263)	(9.233)	(3.184)	(9.233)	(3.184)
Mark-to-market - Adjustment marketable securities	3.956	17.684	(7.205)	17.684	(7.205)
Changes in assets and liabilities	(2.650.576)	(1.300.692)	82.627	(1.307.800)	75.441
Interbank investments	(820.014)	1.656.775	470.414	1.656.775	470.414
Marketable securities and derivative financial instruments	(389.654)	(343.936)	(374.971)	(349.155)	(379.276)
Lending operations	(1.530.363)	(2.178.027)	(829.838)	(2.178.027)	(829.838)
Other credits and other assets	(989.943)	(3.180.593)	(1.390.225)	(3.181.917)	(1.390.319)
Interbank accounts	33.141	(66.011)	-	(66.011)	-
Interbranch accounts	(93.232)	19.497	(212)	19.497	(212)
Other liabilities	(1.233.058)	1.120.332	1.021.646	1.119.772	1.018.962
Deposits	1.093.222	(498.108)	141.641	(498.113)	141.538
Money market funding	314.749	374.956	(714.639)	374.956	(714.639)
Borrowings and onlendings	1.064.767	1.327.150	727.080	1.327.150	727.080
Acceptance and issuance of securities	(95.000)	475.461	1.033.451	475.461	1.033.451
Deferred income	(5.191)	(8.188)	(1.720)	(8.188)	(1.720)
Cash flow (used in) / provided by operating activities	(2.311.694)	(673.688)	636.442	(673.688)	636.442
Investments activities					
Acquisition of investments	(164)	(328)	(437)	(328)	(437)
Acquisition of fixed assets and intangible	(16.285)	(37.538)	(12.620)	(37.538)	(12.620)
Acquisition of assets not used in banking operations	(34.794)	(37.142)	(63.831)	(37.142)	(63.831)
Disposal of fixed assets for own use and intangible assets	-	3.210	132	3.210	132
Disposal of assets on own use	34.424	82.314	76.650	82.314	76.650
Allocations of reserves of capital	181	185	10.270	185	10.270
Cash (used in) / provided by investment activities	(16.638)	10.701	10.164	10.701	10.164
Financing activities					
Subordinated debt	225.436	562.115	634.649	562.115	634.649
Treasury shares	(16.646)	(41.366)	1.226	(41.366)	1.226
Capital Increase	-	95.579	179.248	95.579	179.248
Interest on equity provisioned	26.b (105.097)	(225.258)	(220.447)	(225.258)	(220.447)
Cash (used in) / provided by financing activities	103.693	391.070	594.676	391.070	594.676
Increase / (Decrease) in cash and cash equivalents	(2.224.639)	(271.917)	1.241.282	(271.917)	1.241.282
At beginning of the six-month period / year	6.231.650	4.278.928	3.037.646	4.278.928	3.037.646
At end of the six-month period / year	4.007.011	4.007.011	4.278.928	4.007.011	4.278.928
Change in cash and cash equivalents	(2.224.639)	(271.917)	1.241.282	(271.917)	1.241.282

See accompanying notes.
Banco ABC Brasil S.A.

Statements of value added
 Years ended December 31, 2019 and 2018 and
 Six-month period ended December 31, 2019
 (In thousands of reais)

Notes	Bank			Consolidated	
	2nd Half	Year		Year	
	2019	2019	2018	2019	2018
Determination of Value Added					
Income	1.728.884	2.937.504	3.490.058	2.949.473	3.502.651
Income from financial intermediation	1.595.672	2.657.067	3.241.782	2.669.036	3.254.375
Income from services rendered	17 180.745	348.713	355.249	348.713	355.249
Set-up of allowance for loan losses	(56.481)	(80.697)	(118.211)	(80.697)	(118.211)
Other operating income	19 8.948	12.421	11.238	12.421	11.238
Expenses from financial intermediation	(1.222.727)	(1.854.314)	(2.620.976)	(1.854.314)	(2.620.976)
Assets acquired from third parties	(65.208)	(130.194)	(118.038)	(130.428)	(118.239)
Telecommunications and data processing	18 (10.673)	(21.582)	(16.852)	(21.583)	(16.852)
Services provided by third parties	18 (4.065)	(9.231)	(9.386)	(9.236)	(9.386)
Financial services	18 (13.943)	(29.094)	(20.423)	(29.118)	(20.448)
Specialized technical services	18 (11.167)	(21.390)	(13.879)	(21.472)	(13.971)
Travel expenses	18 (3.546)	(7.255)	(7.660)	(7.255)	(7.660)
Promotions and public relations	18 (1.165)	(2.242)	(1.063)	(2.241)	(1.063)
Other operating expenses	20 (605)	(3.856)	(5.860)	(3.856)	(5.860)
Non-operating income	7.042	13.768	22.810	13.768	22.810
Non-operating expense	(8.554)	(16.122)	(44.221)	(16.122)	(44.221)
Other administrative expenses	18 (18.532)	(33.190)	(21.504)	(33.313)	(21.588)
Gross value added	440.949	952.996	751.044	964.731	763.436
Retained values	(7.508)	(14.211)	(12.181)	(14.211)	(12.181)
Depreciation and amortization	18 (7.508)	(14.211)	(12.181)	(14.211)	(12.181)
Net value added	433.441	938.785	738.863	950.520	751.255
Added value received in transfer	3.429	7.108	7.186	-	-
Equity pick-up from subsidiaries	3.429	7.108	7.186	-	-
Total value added to be distributed	436.870	945.893	746.049	950.520	751.255
Distribution of value added	436.870	945.893	746.049	950.520	751.255
Salaries and social charges	160.648	323.000	306.165	322.998	306.165
Direct compensation	63.827	136.633	123.042	136.631	123.042
Benefits	14.476	28.051	26.255	28.051	26.255
Social Charges - FGTS	4.882	11.735	11.120	11.735	11.120
Training	1.303	2.070	2.522	2.070	2.522
Profit sharing	76.160	144.511	143.226	144.511	143.226
Taxes, charges and compulsory contributions	(7.254)	79.926	9.030	84.555	14.236
Federal	(17.131)	60.662	(10.367)	65.290	(5.161)
State	1	2	11	2	11
Municipal	9.876	19.262	19.386	19.263	19.386
Compensation of third party capital	7.356	14.568	12.768	14.568	12.768
Rental	18 7.356	14.568	12.768	14.568	12.768
Compensation of shareholders	276.120	528.399	418.086	528.399	418.086
Interest on equity	26.b 105.097	225.258	220.447	225.258	220.447
Retained profit	171.023	303.141	197.639	303.141	197.639

See accompanying notes.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2019 and 2018
(In thousands of reais)

1. Operations

The Bank is a publicly traded corporation and a subsidiary of the Bank ABC, based in Bahrain. In Brazil, the Bank is engaged in asset and liability operations inherent to multiple bank activities, being authorized to operate with commercial, foreign exchange, investment, credit and financing and housing financing portfolios.

The Bank's operations are conducted through branches in Brazil and abroad through an overseas branch located in Georgetown, Cayman Islands (Note 23).

2. Financial statements presentation, consolidation criteria and significant accounting practices

i) Financial statements presentation and consolidation criteria

The financial statements (individual and consolidated) were prepared and are presented in accordance with accounting practices adopted in Brazil, in light of accounting guidelines contained in Law No. 6,404/76 with amendments introduced by Law No. 11,638/07 and 11,941/09, and the standards and instructions of the Central Bank of Brazil (BACEN) and the Brazilian Securities and Exchange Commission (CVM). The consolidated financial statements include the financial statements of Banco ABC Brasil S.A. and those of the subsidiaries ABC Brasil Distribuidora de Títulos e Valores Mobiliários S.A. and ABC Brasil Administração e Participações Ltda., for which the direct and indirect ownership interest as of December 31, 2019 and 2018, is equivalent to approximately 100%.

The financial statements were approved by the Directors on February 05, 2020.

The accounting practices adopted to record operations and assess the Bank's assets, including operations conducted by the overseas branch and its consolidated subsidiaries were consistently applied and investments, rights, obligations and profit and loss (P&L) among consolidated companies were eliminated.

ii) Functional currency and presentation currency

The consolidated financial statements are presented in Brazilian Reais (R\$), which is the functional and presentation currency of the Banco ABC Brasil S.A. and its subsidiaries, defined in accordance with Resolution No. 4,524/16 of the Central Bank of Brazil.

iii) Foreign currencies translation

The assets and liabilities of the subsidiaries are converted at the exchange rate of the Financial Statements date. The result is converted by the average monthly exchange rate.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2019 and 2018
(In thousands of reais)

iv) Significant accounting practices

The Accounting Pronouncements Committee (CPC) issues accounting pronouncements and interpretations in line with international accounting standards and approved by the CVM and by Bacen, in its turn, the Brazilian Central Bank adopted the following pronouncements: CPC 00 (R1) - Conceptual Framework for Preparation and Disclosure of Financial and Accounting Report; CPC 01 (R1) - Reduction in the Recoverable Value of Assets; CPC 03 (r3) - Statement of Cash Flows; CPC 05 (R1) - Disclosure about Parties; CPC 24 - Provisions, Contingent Liabilities and Contingent Liabilities; CPC 33 (R1) - CPC 10 (R1) - Share-Based Payment; CPC 23 - Accounting Policies, Change of Estimate and Error Correction and CPC 24 - Subsequent Event, Employee Benefits.

In addition, the Brazilian Central Bank has issued the following resolutions aimed at reducing asymmetries in relation to international standards:

Resolution nº 3,533/08 - Establishes procedures for classification, accounting registration and disclosure of sales or transfer of financial assets.

Resolution No. 4,512/16 - Provides for accounting procedures applicable to the evaluation and registration of a provision for financial guarantees provided.

Resolution nº 4,524/16 - Effects of changes in exchange rates and translation of financial statements and foreign exchange hedge operations of investments abroad.

Resolution No. 4,534/16 and 4,535/16- Provides for the criteria for accounting recognition and measurement of the components of intangible assets, deferred assets and fixed assets of use.

Resolution 4.636/18 - Establishes criteria and conditions for the disclosure, in explanatory notes, of information on related parties

Resolution nº 4,720/19 and Circular nº 3,959/19 - Provides for the general criteria for preparing and disclosing financial statements by financial institutions. This resolution comes into force on January 1, 2020.

Resolution nº 4,747/19 - Establishes criteria for accounting recognition and measurement of non-financial assets held for sale. This resolution comes into force on January 1, 2021.

Resolution nº 4,748/19 - Provides for the criteria for measuring the fair value of equity profit and loses instruments. This resolution comes into force on January 1, 2020.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2019 and 2018
(In thousands of reais)

The preparation and presentation of the financial statements (individual and consolidated) in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, require that management use assumptions and professional judgment in determining amounts and in recording of accounting estimates, such as the allowance for loan losses, realization deferred income tax, provision for contingencies and valuation of derivative instruments receivable and payable. Settlement of these transactions involving these estimates may result in amounts different from those estimated, due to the uncertainties related to the determination process.

Significant accounting practices are summarized as follows:

a) *Asset valuation criteria*

Interbank investments, loans and other rights, except for marketable securities and derivative financial instruments, are stated at cost of acquisition, of investment or release, plus exchange rate variation, monetary restatement and contractual interest. Allowances are recognized for adjustment to realizable value when market value is lower.

Marketable securities and derivative financial instruments are classified in accordance with management's intention to hold them in the portfolio, or their availability for sale, and are recorded as follows:

Trading securities: are acquired for the purpose of being actively and frequently traded. They are adjusted to market value with the related gain or loss recognized directly in the statements of income for the period.

Held to maturity: marketable securities for which the Bank has the intent and ability to maintain in portfolio to maturity are stated at cost, plus earnings reflected in the statements of income for the period. Permanent losses are recognized in P&L for the period.

Available for sale: marketable securities which cannot be classified as either trading securities or as held to maturity are adjusted to market value. The difference between the amounts restated by the yield curve of the security and market value is recorded under a separate account in shareholders' equity, net of tax effects, and transferred to the statements of income for the period when effectively realized. Permanent losses are recognized in P&L for the period.

Derivative financial instruments: marked to market against P&L for the period.

Forward operations are recorded at final contracted value, less the difference between such value and cash value of the asset or right. This difference is recognized as income or expenses based on the agreement effective terms.

Option transactions are recorded at the value of premiums paid or received through effective exercise thereof reduction restated at market value. They are then written off as a decrease or increase in asset or right cost, for the effective exercise thereof, or as income or expenses if not exercised.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2019 and 2018
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Futures transactions are recorded at daily adjustment values, allocated as income or expenses.

Swap operations are recorded at the value of the receivables-payables difference, which is allocated as income or expenses.

Operations with other derivative financial instruments are recorded based on the agreement characteristics.

The allowance for loan losses is recognized at an amount considered sufficient to cover potential losses on the Bank's loan portfolio, based on past experience, assessment of delinquent accounts and collateral risks, as well as specific terms and conditions of the operations, in conformity with BACEN Resolution No. 2,682/99.

The provision for guarantees provided is based on the assessment of the losses associated with the probability of future disbursements related to the guarantees, and specific characteristics of the operations performed according to the requirements of Central Bank of Brazil Resolution No. 4,512/16. It is recorded in an amount considered sufficient to cover probable losses during the entire term of the guarantee provided. The classification of operations are consistent with the requirements applied by Resolution No. 2,682/99 of the Central Bank of Brazil.

Investments in subsidiaries are stated by the equity method in proportion to the Bank's ownership interest; other investments are stated at cost of acquisition, less provision, where applicable, to cover permanent losses.

Assets and rights, classified under fixed assets in use are stated at cost of acquisition, less depreciation, where applicable, provided under the straight line method using rates that take the useful lives of the assets into consideration.

Intangible assets are stated at cost of acquisition, less amortization, where applicable, provided under the straight-line method over the estimated useful lives of the assets, as from the date these were made available for use.

b) *Cash and cash equivalents*

Cash and cash equivalents, as established in CMN Resolution No. 3,604/08 include cash, bank deposits, short-term highly liquid investments, with insignificant risks of changes in value, with maturity less or equal than 90 days.

c) *Liability valuation criteria*

Obligations, charges and measurable or known risks, including income taxes for the period are stated at the amounts updated through to the balance sheet date.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2019 and 2018
(In thousands of reais)

Foreign-currency obligations are translated into local currency at the exchange rate in force on the balance sheet date as disclosed by the Central Bank of Brazil. Liabilities subject to monetary restatement based on contractual clauses are stated at amounts updated through to the balance sheet date.

d) *Hedge Accounting*

Considering the exposure to currency risk and the conditions of loan market abroad through long-term subordinated debt instruments, the Bank has selected some derivative financial instruments to total hedge (fair value hedge) the principal amounts of loans taken out and related interest due. In order to equalize the effects of mark to market of the derivative financial instruments selected for hedge purposes to market, the principal hedged amount, plus interest due, is stated at fair value and also mark to market.

The variation in the fair value of hedge derivatives is recognized in the income statement. However, the variation in the fair value of the hedged item attributed to the hedged risk is accounted for as part of its book value, also recognized in the statement of income for the year. When a hedge instrument matures or is sold, cancelled or exercised, or when it does not meet hedge accounting requirements, the hedge strategy ends.

The objectives of this operation and the hedging strategy for such risks during the entire operation are duly documented, together with the assessment, both at the beginning of the hedge transaction and on an ongoing basis, confirming that derivative financial instruments of the hedging operations are highly effective in the offset of variations in the fair value (mark to market) of the hedged item. A hedge instrument is considered highly effective when the variation in the fair value or cash flow of the coverage risk during the hedging period reduces 80% to 125% of the risk variation.

The fair value of the derivative financial instruments used as hedge, as well as the market value of the loan subject to hedge, are disclosed in Notes 5.b, 15.b and 16.b respectively.

Other financial instruments and exposures of trading books and banking books do not follow a specific hedge accounting policy. Risks from to which such portfolios are mitigated by diverse financial instruments (Note 5.b).

e) *Classification of current and noncurrent / long-term assets and liabilities*

Operating assets and liabilities with maturities or effective possibility of settlement up to one year from the balance sheet date are classified as current while those with maturity or effective possibility of settlement after this date are classified as noncurrent.

The trading securities are classified in current asset, regardless of their maturity date, according to the Bacen Circular nº 3,068/2001.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2019 and 2018
(In thousands of reais)

f) Recognition of revenues and expenses

Revenues and expenses, including income, charges, monetary or exchange variances of inflation indices or official exchange rates applicable to current and noncurrent / long-term assets and liabilities, are recognized on accrual basis. Income and expenses also include the effects of asset adjustments to market or realizable value. Interest on past-due loan installments outstanding for over 59 days is recognized only when the respective amount is received.

Deferred income and social contribution taxes on temporary differences arising from nontaxable or nondeductible income and expenses, the future additions or exclusions of which are authorized by tax legislation, are also determined on the accrual basis.

g) Contingent assets and contingent liabilities

The recognition, measurement and disclosure of contingent assets and liabilities, and legal liabilities take place according to the criteria described below:

- Contingent assets - are not recognized in the financial statements, except when there is evidence providing guarantee of their realization, on which further appeals can no longer be filed.
- Contingent liabilities - are recognized in the financial statements when, based on the opinion of legal advisors and the Bank's management, the risk of loss of a legal or administrative proceeding is regarded as probable, with a probable outflow of funds for settling the liabilities, and when the amounts involved may be measured with sufficient accuracy. Contingent liabilities classified by legal advisors as possible losses are only disclosed in notes, whereas those classified as remote losses do not require provision or disclosure.

h) Impairment of non-financial assets

An impairment provision is recognized when the book value of an asset, or its cash-generating unit, exceeds its recoverable amount. An impairment provision is recognized in profit and loss of the period.

i) Income and Social Contribution Taxes

Provisions for income tax and social contribution, when due, are based on accounting profit, adjusted for additions and exclusions provided for in tax legislation. Deferred income tax and social contribution are calculated on the amount of temporary differences, whenever the realization of these amounts is deemed probable.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2019 and 2018
(In thousands of reais)

3. Cash and cash equivalents

Cash and cash equivalent components:

	Bank and Consolidated	
	2019	2018
Cash and banks	297,187	29,378
Interbank investments	3,709,824	4,249,550
Foreign investments	382,615	723,920
Other investments with maturity equal or less than 90 days	3,327,209	3,525,630
Total cash and cash equivalents	4,007,011	4,278,928

4. Interbank investments

The balance of interbank investments, by maturity, are as follows:

	Bank and Consolidated						2018
	2019						
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Total	Total
Money market investments	1,524,699	2,336,375	409,986	-	-	4,271,060	5,817,015
Investments in interbank deposits	67,123	203,340	-	392,203	9,813	672,479	981,720
Foreign currency overnight investments	382,615	-	-	-	-	382,615	723,920
Total	1,974,437	2,539,715	409,986	392,203	9,813	5,326,154	7,522,655

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2019 and 2018
(In thousands of reais)

5. Marketable securities and derivative financial instruments

a) Marketable securities

The classification of marketable securities at December 31, 2019 and 2018 are as follows:

	2019				2018	
	Bank		Consolidated		Bank	Consolidated
	Cost	Market/ Accounting	Cost	Market/ Accounting	Market/ Accounting	Market/ Accounting
Trading securities						
Financial Treasury Bills - "LFT"	31,112	31,107	241,843	241,838	1,611,351	1,816,863
Eurobonds	17,301	17,928	17,301	17,928	-	-
National Treasury Notes - "NTN - B"	138,495	139,761	138,495	139,761	235,254	235,254
National treasury bills - "LTN"	9	9	9	9	399,165	399,165
Bank Deposit Certificate - "CDB"	5,460	5,460	5,460	5,460	5,106	5,106
Debentures	143,066	157,419	143,066	157,419	160,711	160,711
Foreign government bonds	1,269,213	1,268,013	1,269,213	1,268,013	807,350	807,350
Public Company Shares	46,878	57,473	46,878	57,473	-	-
Certificate of Agribusiness Receivables - "CRA"	68,081	68,066	68,081	68,066	-	-
Subtotal - Trading securities	1,719,615	1,745,236	1,930,346	1,955,967	3,218,937	3,424,449
Securities available for sale (b)						
Financial Treasury Bills - "LFT"	1,266,754	1,266,566	1,266,754	1,266,566	148,048	148,048
Eurobonds	14,285	14,269	14,285	14,269	15,043	15,043
National Treasury Notes - "NTN - B"	5,117	5,204	5,117	5,204	13,909	13,909
National Treasury Notes - "NTN - A"	100,104	103,135	100,104	103,135	97,318	97,318
National treasury bills - "LTN"	416,951	420,708	416,951	420,708	-	-
Certificate of Real State Receivables - "CRI"	10,035	10,033	10,035	10,033	-	-
Debentures	1,849,738	1,828,174	1,849,738	1,828,174	696,814	696,814
Promissory Notes - "NP"	201,518	201,596	201,518	201,596	294,583	294,583
Rural Product bills - "CPR"	1,036,060	1,062,717	1,036,060	1,062,717	1,140,654	1,140,654
Foreign government bonds	-	-	-	-	757,463	757,463
Financial Treasury - "LF"	83,583	83,529	83,583	83,529	62,032	62,032
Certificate of Agribusiness Receivables - "CRA"	102,491	102,483	102,491	102,483	86,973	86,973
Fixed Rate Notes - FRN	82,584	83,179	82,584	83,179	148,591	148,591
Subtotal - Securities available for sale	5,169,220	5,181,593	5,169,220	5,181,593	3,461,428	3,461,428
Held to maturity (a)						
National Treasury Notes - "NTN - B"	68,996	68,996	68,996	68,996	66,903	66,903
National treasury bills - "LTN"	713,903	713,903	713,903	713,903	769,920	769,920
Subtotal - held to maturity	782,899	782,899	782,899	782,899	836,823	836,823
Total	7,671,734	7,709,728	7,882,465	7,920,459	7,517,188	7,722,700

(a) Securities classified as held to maturity are valued at amortized cost. If they were valued at market value, on December 31, 2019, would have positive adjustment of R\$ 27,259 (positive adjustment of R\$ 17,224 on December 31, 2018).

(b) The market value submitted is net of the allowance for devaluation of securities in the amount of R\$ 22,491 on December 31, 2019 (R\$ 82,029 in 2018).

At December 31, 2019, unrealized income on securities classified as available for sale totaled a gain of R\$ 12,373 (R\$ 16,191 loss in 2018), which is recorded in equity under the account "Equity valuation adjustment" net of tax effects, amounting a gain to R\$ 7,969 (R\$ 9,715 loss in 2018).

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As of December 31, 2019, the balance of unquoted securities is R\$ 3,300,797 (R\$ 3,254,636 in 2018). The fair value measurements of unquoted securities in active market are obtained through valuation techniques that include data for assets that are not based on observable market variables.

The Bank's portfolios at December 31, 2019, classified by maturity, are as follows:

	Bank 2019						Total
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	
Trading securities							
Financial Treasury Bills - "LFT"	-	31,107	-	-	-	-	31,107
Eurobonds	-	-	-	2,328	-	15,600	17,928
National Treasury Notes - "NTN - B"	-	-	-	29,665	81,180	28,916	139,761
National Treasury Bills - "LTN"	9	-	-	-	-	-	9
Bank Deposit Certificate - "CDB"	-	-	-	5,460	-	-	5,460
Debentures	-	-	-	-	-	157,419	157,419
Foreign government bonds	-	199,345	-	1,068,668	-	-	1,268,013
Public Company Shares	57,473	-	-	-	-	-	57,473
Certificate of Agribusiness Receivables - "CRA"	-	-	-	-	12,734	55,332	68,066
Subtotal - Trading securities	57,482	230,452	-	1,106,121	93,914	257,267	1,745,236
Securities available for sale							
Financial Treasury Bills - "LFT"	-	314	-	-	-	1,266,252	1,266,566
Eurobonds	-	-	6,652	7,617	-	-	14,269
National Treasury Notes - "NTN - B"	-	-	-	5,204	-	-	5,204
National Treasury Notes - "NTN - A"	-	-	-	-	-	103,135	103,135
National treasury bills - "LTN"	-	-	-	-	420,708	-	420,708
Certificate of Real State Receivables - "CRI"	-	-	-	-	10,033	-	10,033
Debentures	13,334	105,551	140,215	103,731	316,597	1,148,746	1,828,174
Promissory Notes - "NP"	-	22,594	53,967	39,759	85,276	-	201,596
Rural Product bills - "CPR"	9,609	82,227	57,022	160,722	580,206	172,931	1,062,717
Financial Treasury - "LF"	-	28,719	-	34,255	20,555	-	83,529
Certificate of Agribusiness Receivables - "CRA"	-	-	-	11,389	61,417	29,677	102,483
Fixed Rate Notes - FRN	-	-	49,671	18,411	15,097	-	83,179
Subtotal - Securities available for sale	22,943	239,405	307,527	381,088	1,509,889	2,720,741	5,181,593
Held to maturity							
National Treasury Notes - "NTN - B"	-	-	-	-	-	68,996	68,996
National Treasury Bills - "LTN"	249,924	-	-	-	302,489	161,490	713,903
Subtotal - held to maturity	249,924	-	-	-	302,489	230,486	782,899
Total - 2019	330,349	469,857	307,527	1,487,209	1,906,292	3,208,494	7,709,728
Total - 2018	771,836	333,952	168,899	1,994,699	2,662,642	1,585,160	7,517,188

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	Consolidated						Total
	2019						
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	
Trading securities							
Financial Treasury Bills - "LFT"	-	241,838	-	-	-	-	241,838
Eurobonds	-	-	-	2,328	-	15,600	17,928
National Treasury Notes - "NTN - B"	-	-	-	29,665	81,180	28,916	139,761
National Treasury Bills - "LTN"	9	-	-	-	-	-	9
Bank Deposit Certificate - "CDB"	-	-	-	5,460	-	-	5,460
Debentures	-	-	-	-	-	157,419	157,419
Foreign government bonds	-	199,345	-	1,068,668	-	-	1,268,013
Public Company Shares	57,473	-	-	-	-	-	57,473
Certificate of Agribusiness Receivables - "CRA"	-	-	-	-	12,734	55,332	68,066
Subtotal - Trading securities	57,482	441,183	-	1,106,121	93,914	257,267	1,955,967
Securities available for sale							
Financial Treasury Bills - "LFT"	-	314	-	-	-	1,266,252	1,266,566
Eurobonds	-	-	6,652	7,617	-	-	14,269
National Treasury Notes - "NTN - B"	-	-	-	5,204	-	-	5,204
National Treasury Notes - "NTN - A"	-	-	-	-	-	103,135	103,135
National treasury bills - "LTN"	-	-	-	-	420,708	-	420,708
Certificate of Real State Receivables - "CRI"	-	-	-	-	10,033	-	10,033
Debentures	13,334	105,551	140,215	103,731	316,597	1,148,746	1,828,174
Promissory Notes - "NP"	-	22,594	53,967	39,759	85,276	-	201,596
Rural Product bills - "CPR"	9,609	82,227	57,022	160,722	580,206	172,931	1,062,717
Financial Treasury - "LF"	-	28,719	-	34,255	20,555	-	83,529
Certificate of Agribusiness Receivables - "CRA"	-	-	-	11,389	61,417	29,677	102,483
Fixed Rate Notes - FRN	-	-	49,671	18,411	15,097	-	83,179
Subtotal - Securities available for sale	22,943	239,405	307,527	381,088	1,509,889	2,720,741	5,181,593
Held to maturity							
National Treasury Notes - "NTN - B"	-	-	-	-	-	68,996	68,996
National Treasury Bills - "LTN"	249,924	-	-	-	302,489	161,490	713,903
Subtotal - held to maturity	249,924	-	-	-	302,489	230,486	782,899
Total - 2019	330,349	680,588	307,527	1,487,209	1,906,292	3,208,494	7,920,459
Total - 2018	771,836	516,789	168,899	1,994,699	2,685,317	1,585,160	7,722,700

The Bank has securities linked as guarantees of its operations as follows:

Operation type	Linked securities	Bank and Consolidated	
		Market value	
		2019	2018
Derivatives - B3 S.A. - Brasil, Bolsa, Balcão e CBLC	LTN / NTN/ CDB/ LFT	178,415	131,812
Exchange - B3 S.A. - Brasil, Bolsa, Balcão	LTN	103,837	98,586
Agribusiness credit bills funding	Rural product bills	471,207	748,429
Total		753,459	978,827

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b) Derivative financial instruments

The Bank operates in the derivatives market mainly to hedge against market price variances and to reduce currency and exchange rate risks of its assets and liabilities and cash flows contracted under compatible terms, rates and amounts.

Derivatives are used as a risk transfer tool aimed to cover Banking Book and Trading Book portfolio positions. In addition, highly liquid derivatives traded on stock exchanges are used, within strict limits and with regular review, in order to manage Trading Book portfolio exposures.

In order to manage risks arising therefrom, internal limits for global exposure and by portfolio have been set, which are monitored on a daily basis. Considering the likelihood of existing limits that have been exceeded due to not anticipated issues, management has defined internal policies that require that realigning conditions be immediately defined. These risks are monitored by an independent function from the operating functions and are reported to management on a daily basis.

Risk exposure is based on the Value at Risk (VaR) calculation over a time horizon of one year through historical simulation with a confidence level of 99% and retention periods from one-day to trading portfolio and twenty-one days for non trading portfolio. Besides the exposure controls and VaR, the Bank also conducts tests of sensitivity analysis to assess the impact of changes in interest rates on the portfolio.

Derivatives operations have a counterparty credit limit set according to the customer's profile and are reviewed periodically by credit committees with participation from senior management. The operations are under the custody of the B3 S.A. - Brasil, Bolsa, Balcão as well as the Chicago Stock Exchange.

The market values of these derivative financial instruments are determined based on quotations disclosed by specialized stock exchanges and, in certain cases, when there is no liquidity or market quotation, estimates of present values and other pricing techniques are used.

The bases adopted for determining market prices are as follows:

- Futures: stock exchange quotations;
- Options: determined based on the criteria set forth in the contracts, calculated according to known models used by the market;
- Swaps: cash flows for each contract are discounted to present value, in accordance with the respective interest rate curves, obtained based on B3 S.A. - Brasil, Bolsa, Balcão prices adjusted to the credit risk of the counterparties; and
- Forward: the future value of the transaction discounted to present value as rates obtained at B3 S.A. - Brasil, Bolsa, Balcão grants or reference stock exchange market adjusted to the credit risk of the counterparties.

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Differentials and adjustments to derivative financial instruments are recorded in the respective balance sheet accounts, and matched against the result of operations. They are adjusted to market value and the notional value of financial instruments are recorded in memorandum accounts, as follows:

	2019				2018	
	Bank and Consolidated				Bank and Consolidated	
	Notional value	Cost - receivable / (payable)	Marked to Market adjustment	Market value	Notional value	Market value
Future contracts	12,205,270	-	-	-	6,547,676	-
Purchase commitments	4,180,067	-	-	-	1,689,774	-
Interbank market	3,026,762	-	-	-	1,637,755	-
Foreign currency	1,153,305	-	-	-	-	-
Others	-	-	-	-	52,019	-
Sales commitments	8,025,203	-	-	-	4,857,902	-
Interbank market	6,199,102	-	-	-	4,656,964	-
Foreign currency	1,826,101	-	-	-	194,769	-
Others	-	-	-	-	6,169	-
Asset position	19,330,741	1,436,524	(434,193)	1,002,331	14,632,840	1,074,991
Swap contracts	2,854,803	91,373	39,038	130,411	2,322,021	89,913
Interbank market	1,114,584	16,448	9,434	25,882	686,848	12,243
Foreign currency	382,112	61,477	3,269	64,746	496,016	63,238
Fixed rates	1,149,709	11,989	18,828	30,817	1,138,437	14,387
Others	208,398	1,459	7,507	8,966	720	45
Options contracts	13,610,277	1,290,731	(472,466)	818,265	10,704,477	882,209
Purchase commitments	6,624,383	636,065	(282,746)	353,319	5,199,520	329,549
Foreign currency	6,591,453	635,289	(283,986)	351,303	5,199,520	329,549
Shares	32,930	776	1,240	2,016	-	-
Sales commitments	6,985,894	654,666	(189,720)	464,946	5,504,957	552,660
Foreign currency	6,799,060	647,870	(186,701)	461,169	5,156,996	534,392
Others financial assets	178,194	6,754	(2,992)	3,762	347,961	18,268
Shares	8,640	42	(27)	15	-	-
Others financial instruments	2,865,661	54,420	(765)	53,655	1,606,342	102,869
Foreign currency	902,726	24,780	970	25,750	1,187,078	41,864
Others financial assets	1,962,935	29,640	(1,735)	27,905	419,264	61,005

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	2019				2018	
	Bank and Consolidated				Bank and Consolidated	
	Notional value	Cost - receivable / (payable)	Marked to Market adjustment	Market value	Notional value	Market value
Liability position	24,207,109	(1,016,500)	254,876	(761,624)	17,745,629	(971,809)
Swap contracts	3,870,230	(58,210)	(32,975)	(91,185)	1,656,267	(78,621)
Interbank market	127,721	(2,101)	(1,315)	(3,416)	113,907	(3,742)
Foreign currency	2,848,813	(34,518)	(4,164)	(38,682)	732,822	(53,068)
Fixed rates	827,466	(13,346)	(25,411)	(38,757)	792,456	(18,772)
Others	66,230	(8,245)	(2,085)	(10,330)	17,082	(3,039)
Options contracts	14,418,963	(857,319)	291,668	(565,651)	10,815,871	(807,946)
Purchase commitments	7,354,294	(470,933)	229,376	(241,557)	5,541,683	(303,606)
Foreign currency	7,227,458	(456,299)	229,652	(226,647)	5,308,266	(291,730)
Others financial assets	118,856	(14,584)	(95)	(14,679)	233,417	(11,876)
Shares	7,980	(50)	(181)	(231)		
Sales commitments	7,064,669	(386,386)	62,292	(324,094)	5,274,188	(504,340)
Foreign currency	6,974,620	(383,815)	60,722	(323,093)	5,242,457	(502,249)
Others financial assets	90,049	(2,571)	1,570	(1,001)	31,731	(2,091)
Others financial instruments	5,917,916	(100,971)	(3,817)	(104,788)	5,273,491	(85,242)
Foreign currency	2,456,490	(72,884)	(1,900)	(74,784)	1,284,911	(22,032)
Others financial assets	3,461,426	(28,087)	(1,917)	(30,004)	3,988,580	(63,210)

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To mitigate the risks of changes in the fair value of the operation to capture the subordinated debt of US\$ 69,3 million (US\$ 69,3 million in 2018) (Note 16.b), and Foreign Onlendings in the amount US\$ 18,5 million (US\$ 24,6 million in 2018) (Note 15.b), the management decided to designate financial instruments shown below to hedge a portion of the principal amount and value of the a portion contractual interest.

	Bank and Consolidated			
	2019			
Derivatives designated as fair value hedge instruments	Notional value	Curve Yield	Market value	MTM
Hedge instruments				
Swap contracts	309,343	44,733	47,230	2,497
Subordinate loans	238,163	41,505	41,939	434
Foreign currency - US dollar - Assets position (1)	238,163	41,505	41,939	434
Liabilities due to transfers abroad	71,180	3,229	5,292	2,063
Foreign currency - US dollar - Assets position (1)	71,180	3,229	5,292	2,063
Subject to hedge	359,082	(359,082)	(361,579)	(2,497)
Subordinated debt (Note 16.b)	284,248	(284,248)	(284,682)	(434)
Liabilities due to transfers abroad (Note 15.b)	74,834	(74,834)	(76,897)	(2,063)

(1) Amounts updated through the balance sheet date.

	Bank and Consolidated			
	2018			
Derivatives designated as fair value hedge instruments	Notional value	Curve Yield	Market value	MTM
Hedge instruments				
Swap contracts	333,070	30,093	33,359	3,266
Subordinate loan	238,163	29,813	31,793	1,980
Foreign currency - US dollar - Liabilities position (1)	238,163	29,813	31,793	1,980
Liabilities due to transfers abroad	94,907	280	1,566	1,286
Foreign currency - US dollar - Assets position (1)	94,907	280	1,566	1,286
Subject to hedge	369,173	(369,173)	(372,439)	(3,266)
Subordinated debt (Note 16.b)	273,254	(273,254)	(275,234)	(1,980)
Liabilities due to transfers abroad (Note 15.b)	95,919	(95,919)	(97,205)	(1,286)

(1) Amounts updated through the balance sheet date.

Considering that cash flow (principal and interests) of the hedged item (subordinated debt and Foreign Onlendings) and cash flows of designated swaps are identical, effectiveness already incurred an expected from the time such hedge instruments were designated and during the transaction is in conformity with the provisions set forth by the Central Bank of Brazil.

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Derivative financial instruments by maturity, as of December 31, 2019 and 2018, are as follows:

	2019							2018
	Bank and Consolidated							Bank and Consolidated
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total	Total
Off Balance Book								
Futures contracts	2,716,435	3,961,917	1,471,117	1,317,855	2,076,010	661,936	12,205,270	6,547,676
Option contracts	984,046	338,261	879,322	13,045,095	12,777,157	5,359	28,029,240	21,520,348
Swap contracts	94,794	551,759	3,196,960	695,983	2,109,326	385,554	7,034,376	4,311,358
Others financial instruments	582,807	4,849,693	1,784,169	1,078,575	488,333	-	8,783,577	6,879,833
Total - 2019	4,378,082	9,701,630	7,331,568	16,137,508	17,450,826	1,052,849	56,052,463	-
Total - 2018	4,398,710	4,666,763	3,760,895	4,721,890	21,148,596	562,361	-	39,259,215
Asset position								
Option contracts	6,911	3,307	24,906	402,315	380,468	358	818,265	882,209
Swap contracts	1,544	4,447	102,950	15,138	44,041	9,521	177,641	123,272
Others financial instruments	8,819	23,105	10,915	6,858	3,958	-	53,655	102,869
Total - 2019	17,274	30,859	138,771	424,311	428,467	9,879	1,049,561	-
Total - 2018	64,535	79,018	77,670	81,718	801,008	4,401	-	1,108,350
Liability position								
Option contracts	(9,356)	(226)	(27,015)	(228,019)	(300,617)	(418)	(565,651)	(807,946)
Swap contracts	(1,696)	(8,825)	(12,054)	(18,455)	(39,061)	(11,094)	(91,185)	(78,621)
Others financial instruments	(5,315)	(55,543)	(17,486)	(17,496)	(8,948)	-	(104,788)	(85,242)
Total - 2019	(16,367)	(64,594)	(56,555)	(263,970)	(348,626)	(11,512)	(761,624)	-
Total - 2018	(75,090)	(81,856)	(75,899)	(80,444)	(655,887)	(2,633)	-	(971,809)

For the unquoted derivative financial instruments where the pricing process is substantially based on the use of judgment, estimates and internal methodologies have the amounts recorded in the Assets of R\$ 256,589 (R\$ 364,589 in 2018) and in the Liabilities of R\$ 226,089 (R\$ 285,798 in 2018).

Gains (losses) on derivative financial instruments for the years ended December 31, 2019 and 2018 are as follows:

	2019			2018
	Bank and Consolidated			Bank and Consolidated
	Gains	Losses	Net	Net
Swaps	989,353	(938,112)	51,241	40,694
Futures	8,954,226	(8,843,574)	110,652	(182,642)
Options	1,278,008	(1,250,696)	27,312	1,040
Forwards	344,583	(446,036)	(101,453)	203,033
Total	11,566,170	(11,478,418)	87,752	62,125

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Risk sensitivity analysis in financial instrument operations

In accordance with CVM Rule No. 475/08, the Bank discloses a sensitivity analysis to all types of market risk stemming from financial instruments considered significant by management. The table below sets out the most probable scenario in management's assessment and two additional scenarios. The probable scenario considers contractual prices and, where applicable, indicators from various external sources or pricing models adopted to calculate the fair value of financial instruments at the balance sheet date. Scenario II considers a 25% deterioration in risk variables in view of the nature of financial instrument risk. Scenario III considers a 50% deterioration in the same variables.

	Exposure		
	Probable Scenario	Scenario II	Scenario III
i) Interest rate			
Net exposure to fixed interest rates (RWAjur1)	10,741	13,607	16,472
Net exposure of currency coupons (RWAjur2)	30,750	32,296	33,843
Net exposure of index coupons (RWAjur3)	20,314	21,247	22,180
Total interest rate exposure (Note 26)	61,805	67,150	72,495
ii) Foreign exchange rate			
Total exposure purchased at exchange rates	28,195	31,651	35,106
iii) Index, shares and commodities			
Total exposure to index, shares and commodities	126,851	134,905	142,959

i) Interest rates:

According to criteria established by the Central Bank of Brazil through Resolution No. 4,557/17 and Circular No. 3,354/07 financial instruments classified under trading books represent exposure that would have an impact on the organization's income by mark to market or when realized or settled. Financial instruments indexed to interest rates pose potential risk from market fluctuations. These risks are managed through a methodology set out by the Central Bank of Brazil and the result of this analysis is considered when determining the minimum regulatory capital required of financial institutions.

In order to comply with CVM Rule No. 475/08, regarding risk sensitivity, it was utilized, in the scenario analysis required in this regulation, the amount of the minimum capital requirement for interest rate exposure as of December 31, 2019.

ii) Foreign exchange rate:

Net exposure to exchange rates is regulated by the Central Bank of Brazil through Resolution No. 4,193/13, Resolution No. 3,488/07 and Circular No. 3,641/13, these procedures set the maximum level of exposure at 30% of regulatory capital.

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The risk exposure calculation criteria as set out by the Central Bank of Brazil and in accordance with CVM Rule No. 475/08 were taken into account in the scenario analysis of net exposure at December 31, 2019.

iii) Banking Book:

These refer to operations that are not classified in the trading book, resulting from Bank business lines and their possible hedge instruments. Measurement and valuation of interest rate risk of banking book operations are regulated by the Central Bank of Brazil through Circular No. 3,365/07 that sets criteria and assumptions to gauge the degree of risk including stress tests whose results could indicate how much regulatory capital is required to cover such risks. Results of these procedures have no relevance on accounting practices regarding the recording and valuation of banking book operations are reported to the Central Bank of Brazil and at December 31, 2019 an exposure of R\$ 128,027 was stated, which also takes into account interest rate risk of the aforementioned banking book in alternative scenarios according to methodologies set out by the regulatory body.

In order to carry out a risk sensitivity analysis, foreign exchange mismatch risk in the banking book is considered in the foreign exchange rate position as set out in item II.

6. Interbank accounts

The breakdown of interbank accounts represents the amount of R\$ 66,011 as of December 31, 2019, represented by Interbank onlendings, in the amount of R\$ 65,332 and reserve requirements - Central Bank deposits, in the amount of R\$ 679.

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7. Lending operations, guarantees and responsibilities

Loans, other credits, guarantees and responsibilities are as follows:

Loans portfolio by modality:

	Bank and Consolidated	
	2019	2018
Loans		
Loans	5,922,087	5,448,493
Financing	6,353,310	4,942,629
Financing - Rural and agribusiness	1,260,788	1,019,663
Subtotal - Loans	13,536,185	11,410,785
Others receivables		
Advances on export contracts and interest (a)	780,635	575,236
Notes and loans receivable	2,732,046	898,587
Honored bills	150,467	94,330
Subtotal - Others receivables	3,663,148	1,568,153
Subtotal - Loans and Others receivables	17,199,333	12,978,938
Subtotal - Financial guarantees and responsibilities (b)	9,256,126	10,650,867
Total	26,455,459	23,629,805

(a) The balance comprises advance of R\$ 767,114 (R\$ 561,784 in 2018), demonstrated reducing Other liabilities (Note 9) plus R\$ 13,521 (R\$ 13,452 in 2018) of income receivable related to such advances presented in Other credits (Note 9).

(b) The guarantees provided on behalf of clients are subject to charges and counter-guarantees by its beneficiaries. On December 31, 2019, the balance of provisions for guarantees and responsibilities is R\$ 53,269 (R\$ 52,853 in 2018) - Note 16.c.

Loans portfolio by sector activity:

	Bank and Consolidated					
	2019			2018		
	Loans	Guarantees and responsibilities	Total	Loans	Guarantees and responsibilities	Total
Private Sector						
Financial intermediaries	332,732	1,610,402	1,943,134	118,701	2,007,630	2,126,331
Industry	5,302,976	1,533,198	6,836,174	4,232,843	1,551,337	5,784,180
Commercial	3,589,218	1,027,911	4,617,129	2,671,896	1,034,136	3,706,032
Services	7,663,312	4,004,565	11,667,877	5,607,220	4,722,654	10,329,874
Individuals	270,447	67,097	337,544	239,552	103,172	342,724
Subtotal - Private sector	17,158,685	8,243,173	25,401,858	12,870,212	9,418,929	22,289,141
Public Sector	40,648	1,012,953	1,053,601	108,726	1,231,938	1,340,664
Total	17,199,333	9,256,126	26,455,459	12,978,938	10,650,867	23,629,805

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Loans, financial guarantees and responsibilities, by maturity, are as follows:

	Bank and Consolidated							Total
	2019							
	Maturities						Overdue after 15 days	
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years		
Loans	819,544	1,619,582	1,948,064	3,203,805	4,687,901	1,224,158	33,131	13,536,185
Other credits	870,938	909,534	694,613	530,290	281,242	204,669	171,862	3,663,148
Subtotal - Loans and other credits	1,690,482	2,529,116	2,642,677	3,734,095	4,969,143	1,428,827	204,993	17,199,333
Financial guarantees and responsibilities	506,935	1,576,553	1,280,069	2,592,132	3,281,488	18,949	-	9,256,126
Total - 2019	2,197,417	4,105,669	3,922,746	6,326,227	8,250,631	1,447,776	204,993	26,455,459
Total - 2018	1,741,602	3,020,543	4,245,244	7,711,798	6,064,419	716,562	129,637	23,629,805

During the year ended December 31, 2019, in the Bank and Consolidated, assignments were made with substantial transfer of risks and benefits, in accordance with CMN Resolution 3,533/08, in the amount of R \$ 2,925 (R\$ 12,671 in 2018), the effect of these operations on the income was gain on year ended December 31, 2019 of R\$ 2,323 (R\$ 1,401 of gain in 2018).

Credit risk concentration are as follows:

	Bank and Consolidated			
	2019		2018	
	Balance	% of portfolio (1)	Balance	% of portfolio (1)
Main debtor	694,520	2.63	672,323	2.85
10 main debtors	4,060,693	15.35	4,439,932	18.79
20 main debtors	6,317,994	23.88	6,266,387	26.52

(1) Total portfolio includes the balances of financial guarantees and responsibilities into consideration.

Restricted operations on assets

The balances of the restricted operations and the obligations related to restricted operations are in accordance with Resolution No. 2,921/02 and are presented as follows:

	Bank and Consolidated					2018
	2019					
	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Total	
Restricted operations on assets						
Loan operations	7,573	10,661	25,983	39,006	83,223	24,105
Liabilities - restricted operations on assets						
Loan operations	272	495	713	88,951	90,431	25,631

The net result from these operations at December 31, 2019 was R\$ 557 (R\$ 39 in 2018).

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8. Allowance for loan and other credit losses

The portfolio of loans and other assets, and the allowance for loan and other credit losses, at December 31, 2019 and 2018, are as follows:

Risk rating	Minimum Level of allowance	Bank and Consolidated				Allowance Res. 2682
		2019				
		Total operations		Total		
Normal course	Past due	Total				
AA	-	3,152,806	-	3,152,806	-	
A	0.5%	5,262,502	-	5,262,502	26,313	
B	1.0%	6,426,777	58	6,426,835	64,268	
C	3.0%	1,631,122	992	1,632,114	48,963	
D	10.0%	273,945	6,990	280,935	33,287	
E	30.0%	132,959	49,639	182,598	58,589	
F	50.0%	11,645	95,804	107,449	63,215	
G	70.0%	62,598	7,196	69,794	49,158	
H	100.0%	39,986	44,314	84,300	84,300	
Total		16,994,340	204,993	17,199,333	428,093	

Risk rating	Minimum Level of allowance	Bank and Consolidated				Allowance Res. 2,682/99
		2018				
		Total operations		Total		
Normal course	Past due	Total				
AA	-	1,314,165	-	1,314,165	-	
A	0.5%	4,443,198	-	4,443,198	22,216	
B	1.0%	5,051,789	374	5,052,163	50,521	
C	3.0%	1,472,520	6,623	1,479,143	44,374	
D	10.0%	316,068	1,254	317,322	34,805	
E	30.0%	130,660	101,790	232,450	71,348	
F	50.0%	39,484	1,194	40,678	20,339	
G	70.0%	37,010	9,874	46,884	32,819	
H	100.0%	44,407	8,528	52,935	52,935	
Additional provision (*)		-	-	-	50,000	
Total		12,849,301	129,637	12,978,938	379,357	

(*) Refers to additional provision to the minimum required by Resolution n. 2,682/99, considering the economic scenario and uncertainties related to it.

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Changes in the allowances for loan and other credit losses for the years ended December 31, 2019 and 2018 were as follows:

	Bank and Consolidated			2018 Total
	2019		Total	
	Loans	Other credits		Total
Balances at the beginning of the year	227,620	151,737	379,357	394,928
Constitution / (Reversal)	60,026	70,611	130,637	116,477
(Reversal) Additional of provision	-	(50,000)	(50,000)	-
Foreign exchange variation	800	-	800	3,931
Classified as future year P&L	-	1,297	1,297	264
Loans written off as losses	(32,756)	(1,242)	(33,998)	(125,913)
Write-off of credit assignment	-	-	-	(10,330)
Balances at the end of the year	255,690	172,403	428,093	379,357

At December 31, 2019, balance of renegotiated loans amounted to R\$ 163,287 (R\$ 356,752 in 2018), being total loan transactions renegotiated over the year ended December 31, 2019 amounted to R\$ 4,594 (R\$ 231,524 in 2018).

The amount of loans recovered for the year ended December 31, 2019, previously offset against the provision, was R\$ 11,485 (R\$ 16,717 in 2018).

9. Foreign exchange portfolio

The balance of the foreign exchange portfolio is as under:

	Bank and Consolidated	
	2019	2018
Other credits		
Foreign exchange purchased to be settled - CCL	2,319,779	1,928,078
Provision for Exchange variation of CCL	(2,110)	(2,049)
Rights on foreign Exchange sales	2,072,203	1,267,682
Advances received	(23,239)	(15,763)
Income receivable from advances on exchange - (Note 7)	13,521	13,452
Expenses of appropriation of granted progress (ACC)	-	25
Total	4,380,154	3,191,425
Other liabilities		
Foreign exchange sold to settle	2,222,693	1,350,345
Foreign exchange purchase liabilities	2,203,779	1,817,572
Advances on foreign exchange contracts - (Note 7)	(767,114)	(561,784)
Total	3,659,358	2,606,133

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10. Other credits

- a) Trading and intermediation of securities account is substantially represented by receivables from the settlement of operations with financial assets recorded on stock exchanges.
- b) The breakdown of other sundry credits are as follows:

	Bank		Consolidated	
	2019	2018	2019	2018
Tax credits (Note 21)	484,541	398,869	484,548	398,869
Debtors for the purchase of assets	17,793	9,557	17,793	9,557
Guarantee deposit debtors	20,498	17,471	20,498	17,471
Taxes and contributions to be offset	117,817	49,129	121,492	51,487
Securities and credits receivable	2,728,386	896,978	2,728,386	896,978
Discount on acquired credits	(24,865)	-	(24,865)	-
Other	3,253	1,969	3,253	1,969
Total	3,347,423	1,373,973	3,351,105	1,376,331

11. Investments

	Bank					
	ABC Brasil Distribuidora de Títulos e Valores Mobiliários S.A.		ABC Brasil Administração e Participações Ltda.		Total	
	December 2019	December 2018	December 2019	December 2018	2019	2018
Capital	88,516	88,516	55,632	55,632		
Equity	102,670	99,388	107,847	104,021		
Net income for the year	3,281	3,131	3,827	4,055		
Number of common shares owned	24,980,054	24,980,054	-	-		
Number of preferred shares owned	24,980,055	24,980,055	-	-		
Number of fund shares owned	-	-	55,631,814	55,631,814		
Ownership interest (%)	100,00	100,00	99,99	99,99		
Book value	102,670	99,388	107,847	104,021	210,517	203,409
Equity pickup	3,281	3,131	3,827	4,055	7,108	7,186

12. Fixed, deferred and intangible assets

Fixed assets are depreciated using the straight-line method at the following annual rates: installations, furniture, communication and security systems - 10%; such rates represent fairly the economic useful life of assets.

Intangible assets correspond to acquisition and development of computer software and operating systems, amortized under the straight-line method at annual rate of 20%.

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13. Deposits and open market funding

The interbank deposits, time deposits and open market funding are carried out at normal market rates. Their maturities are distributed as follows:

	Bank					Consolidated			
	2019					2018	2019	2018	
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	Total	Total	
Demand deposits	232,719	-	-	-	-	232,719	249,972	232,514	249,772
Interbank deposits	-	57,406	245,074	-	-	302,480	723,532	302,480	723,532
Time deposits	-	1,611,009	3,063,574	393,547	90,545	5,158,675	5,218,478	5,158,675	5,218,478
Open market funding	-	871,297	221,186	-	-	1,092,483	717,527	1,092,483	717,527
Total - 2019	232,719	2,539,712	3,529,834	393,547	90,545	6,786,357	-	6,786,152	-
Total - 2018	249,972	2,350,425	3,991,343	316,580	1,189	-	6,909,509	-	6,909,309

14. Acceptance and issuance of securities

Funds from acceptances and issuance of securities are traded at market interest rates and have the following distribution by maturity date:

	Bank and Consolidated						
	2019				2018		
	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total		
Real estate credit bill		302,022	451,753	300,980	-	1,054,755	1,177,337
Agribusiness credit bills		501,350	1,172,490	962,945	22,027	2,658,812	2,406,221
Financial bills		695,745	1,544,425	3,391,201	129,558	5,760,929	5,394,941
Certificates of structured finance		298	22,834	8,017	-	31,149	51,685
Total - 2019		1,499,415	3,191,502	4,663,143	151,585	9,505,645	-
Total - 2018		1,587,201	3,183,944	4,168,058	90,981	-	9,030,184

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15. Borrowings and onlendings

a) Borrowings and onlendings by maturity are as follows:

	Bank and Consolidated					2018 Total
	2019					
	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	
Borrowings:						
Foreign	2,646,789	3,439,889	41,790	-	6,128,468	4,688,351
Onlendings – government agencies:						
BNDES	23,670	46,992	103,933	196,686	371,281	480,799
FINAME	33,225	92,743	211,556	125,795	463,319	493,299
Other institutions	97,734	213,988	21,110	-	332,832	332,235
Onlendings - Foreign	104,227	994,878	51,664	-	1,150,769	1,124,835
Total - 2019	2,905,645	4,788,490	430,053	322,481	8,446,669	-
Total - 2018	2,094,588	3,714,411	904,543	405,977	-	7,119,519

Foreign borrowings represent funds obtained on the international market for use in commercial foreign exchange operations related to import and export financing as well as onlendings and financing in foreign currencies.

These liabilities are subject to exchange rate variance as well as interest rates on the international market and are restated by exchange rate variation plus financial charges incurred through to the balance sheet date.

Domestic onlending liabilities are represented by funds and special programs managed by government institutions which are passed onto final borrowers and are adjusted based on official indices and financial charges up to the balance sheet date.

Foreign onlending are represented mainly by funds raised by the Bank with multilateral agencies (IFC - International Finance Corporation, IDB - Inter-American Development Bank and PROPARCO - Societe de Promotion et de Participation pour la Cooperation Economique SA), which are passed onto final borrowers and are adjusted by the exchange rate variation and financial charges incurred through to the balance sheet date.

b) The compositions of the balance of foreign onlendings at December 31, 2019 and 2018 are composed as follows:

	Bank and Consolidated	
	2019	2018
Borrowings and onlendings		
Foreign Onlendings subject to "Hedge accounting" – Note 5.b		
Principal amount US\$ 18,5 million (US\$ 24,6 million in 2018)	74,402	95,365
Accrued interest	432	554
Subtotal	74,834	95,919
Adjustment to market value ("Hedge Accounting") - Notes 2.II.d and 5.b	2,063	1,286
Total	76,897	97,205
Other foreign onlendings	1,073,872	1,027,630
Total	1,150,769	1,124,835

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Foreign onlendings, subject to hedge accounting of US\$ 18,5 million (US\$ 24,6 million in 2018) maturing in November 2022 with annual interest rate of 4.6%, paid on a semiannual basis.

16. Other liabilities

a) Tax and social security balances are as follows:

	Bank		Consolidated	
	2019	2018	2019	2018
Provision for income and social contribution taxes on income	22,772	2,799	26,792	7,359
Taxes and contributions payable	72,772	72,547	72,809	72,594
Provision for deferred income and social contribution taxes (Note 21)	156,843	63,615	156,850	63,615
Total	252,387	138,961	256,451	143,568

b) Subordinated debts:

The composition of the balance of subordinated debt at December 31, 2019 and 2018 are composed as follows:

	Bank and Consolidated	
	2019	2018
Subordinated debts subject to "Hedge accounting" – Note 5.b		
Subordinated Notes US\$ 69,3 million (US\$ 69,3 million in 2018)	284,544	274,552
Subtotal	284,544	274,552
Others Subordinated debts		
Financial bills	1,375,488	1,287,312
Perpetual Financial Bills	480,067	-
Subordinated Notes US\$ 57,0 million (US\$ 62,7 million in 2018)	232,797	248,918
Subtotal	2,088,352	1,536,230
Total Subordinated debts	2,372,896	1,810,782

The composition of the balance of subordinated debt from issuing of subordinated notes abroad at December 31, 2019 and 2018, are composed as follows:

	Bank and Consolidated	
	2019	2018
Subordinated debts subject to "Hedge accounting"		
Subordinated Notes		
Principal amount US\$ 49,3 million (US\$ 49,3 million in 2018)	198,625	190,942
Principal amount US\$ 20,0 million (US\$ 20,0 million in 2018)	80,614	77,496
Accrued interest	5,009	4,816
Subtotal	284,248	273,254
Deferred fund-raising expenses	(60)	(286)
Discount	(78)	(396)
Adjustment to market value ("Hedge Accounting") - Notes 2.II.d and 5.b	434	1,980
Total	284,544	274,552

	Bank and Consolidated	
	2019	2018
Others Subordinated debts		
Subordinated Notes US\$ 57,0 million (US\$ 62,7 million in 2018)	229,524	242,791
Goodwill / (Discount)	(825)	1,846
Deferred fund-raising expenses	(19)	(74)
Accrued interest	4,117	4,355
Total	232,797	248,918

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Funds raised abroad, subject to hedged accounting structure of US\$ 300,0 million, principal amount of US\$ 49,3 million on December 31, 2019 (US\$ 49,3 in 2018), with maturing in April 2020 and annual interest rate of 7.9%, paid on a semiannual basis. On October 9, 2012, the Bank raised funds through the issuance of additional Subordinated Notes abroad in the amount of US\$ 100,0 million, principal amount US\$ 77,0 million on December 31, 2019 (US\$ 82,7 in 2018), with same maturity and interest rates.

On the year ended December 31, 2019, the Bank made a partial repurchase of the subordinated notes issued on April 8, 2010 and on October 9, 2012, in the amount of US\$ 5,715. The total amount paid under the offer for the notes accepted for repurchase was US\$ 5,981.

Goodwill and discount for raising these funds, and direct expenses, are deferred throughout the maturities of the respective notes.

The balance of R\$ 1,375,488, related to capital through the issuance of financial bills with subordination clause, with maturity until August 2028.

The balance of R\$ 480,067, related to capital through the issuance of perpetual financial bills.

c) The balance of other sundry liabilities are as follow liabilities:

	Bank		Consolidated	
	2019	2018	2019	2018
Allowance for payments to be settled	78,886	83,610	78,923	83,664
Sundry domestic creditors	8,008	6,028	8,008	6,028
Provision for contingent liabilities (Note 25)	12,791	22,024	12,791	22,024
Provision for financial guarantees provided (Note 7)	53,269	52,853	53,269	52,853
Total	152,954	164,515	152,991	164,569

The financial guarantees provided are subject to charges and counter-guarantees and recorded in off balance accounts. As of December 31, 2019 and 2018, the balances of the financial guarantees provided composed as follows:

Type of guarantee	Bank e Consolidated			
	2019		2018	
	Amount	Provision	Amount	Provision
Guarantees given to customers	9,202,915	53,189	10,532,910	52,230
Import credit facilities	53,211	80	117,957	623
Total (Note 7)	9,256,126	53,269	10,650,867	52,853

The balances of the provided guarantees and responsibilities are shown as follows:

Risks rating	Bank and consolidated			
	2019		2018	
	Amount	Provision	Amount	Provision
AA	4,759,003	-	6,621,434	-
A	2,019,160	10,096	1,735,518	8,677
B	2,080,742	20,807	1,824,773	18,248
C	247,938	7,438	299,805	8,994
D	149,283	14,928	169,337	16,934
Total	9,256,126	53,269	10,650,867	52,853

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- d) Trading and intermediation of securities account is substantially represented by amounts payable from the settlement of operations with financial assets recorded on stock exchanges.

17. Income from services rendered

Income from services rendered, for the years ended December 31, 2019 and 2018, are composed as follows:

	Bank and consolidated	
	2019	2018
Income from guarantees given to customers	193,765	224,932
Fees related to credit operations	12,768	16,575
Collection fees	19,206	16,790
Bank fees	3,508	4,534
Income from commissioning and security placement	113,509	90,153
Income from other services	5,957	2,265
Total	348,713	355,249

18. Other administrative expenses

Other administrative expenses in the years ended December 31, 2019 and 2018 are composed as follows:

	Bank		Consolidated	
	2019	2018	2019	2018
Third party services	9,231	9,386	9,236	9,386
Financial system services	29,094	20,423	29,118	20,448
Rentals	14,568	12,768	14,568	12,768
Specialized technical services	21,390	13,879	21,472	13,971
Data processing	16,996	12,908	16,996	12,908
Communication	4,586	3,944	4,586	3,944
Travel expenses	7,255	7,660	7,255	7,660
Depreciation and amortization	14,211	12,181	14,211	12,181
Promotions and public relations	2,242	1,063	2,242	1,063
Publications	328	276	366	339
Philanthropic contributions	120	167	182	167
Transportation	1,864	1,872	1,864	1,872
Asset maintenance and conservation	1,938	2,034	1,938	2,034
Water, electricity and gas	1,152	927	1,152	927
Materials	442	423	442	423
Insurance	650	560	650	560
Advertising and Publicity	9,908	4,628	9,908	4,628
Condominium	2,751	2,828	2,751	2,828
Legal Fees	2,355	1,397	2,355	1,397
Others	11,682	6,392	11,705	6,413
Total	152,763	115,716	152,997	115,917

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19. Other operating income

The breakdown of other operating income, for the years ended December 31, 2019 and 2018 are as follows:

	Bank and Consolidated	
	2019	2018
Interests and monetary correction of assets	1,231	533
Reversal of provision (Note 25.d)	9,233	3,184
Recovery of charges and expenses	1,769	1,194
Others recoveries without credit characteristics	-	2,081
Other	188	4,246
Total	12,421	11,238

20. Other operating expenses

Other operating expenses for the years ended December 31, 2019 and 2018 are as follows:

	Bank and Consolidated	
	2019	2018
Provision for financial guarantees provided to costumers	416	5,728
Constitution of other provisions	1,696	-
Other expenses	1,744	132
Total	3,856	5,860

21. Income and social contributions taxes

The nature and origin of deferred tax assets deferred tax liabilities, as well as the changes occurred therein at December 31, 2019 and December 31, 2018 are stated as follows:

	December 2018	Additions	Write-offs	December 2019
Deferred tax assets				
Temporary differences:				
Allowance for loan losses and others	179,757	148,612	(143,448)	184,921
Provision for financial guarantees provided to costumers	27,294	6,276	(64)	33,506
Provision for assets not for own use - BNDU	18,828	2,173	(1,914)	19,087
Adjustment to market value - securities and derivatives	100,652	189,892	(95,192)	195,352
Unrealized gains (losses) on futures market	5,751	8,507	(3,820)	10,438
Tax loss - negative social contribution base	973	-	(973)	-
Other	49,260	23,699	(45,087)	27,872
Adjustment to market value - available for sale securities	16,354	428	(3,417)	13,365
Total	398,869	379,587	(293,915)	484,541
Deferred tax liabilities				
Temporary differences:				
Adjustments to market value - securities and derivatives	(50,307)	(125,757)	43,082	(132,982)
Unrealized gains (losses) on futures market	(3,288)	(5,160)	2,767	(5,681)
Adjustment to market value - available for sale securities	(9,875)	(14,545)	6,274	(18,146)
Adjustment resulting from the transition tax regime - RTT	(145)	(2)	113	(34)
Total	(63,615)	(145,464)	52,236	(156,843)
Net balance	335,254	234,123	(241,679)	327,698

The consolidated financial statements as of December 31, 2019 and 2018 do not differ from the information shown in the foregoing table in deferred tax assets.

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The net balance of deferred tax assets and tax liabilities at December 31, 2019 and 2018, are stated as follows:

	Bank		Consolidated	
	2019	2018	2019	2018
Other credits - Sundry - Tax credits (Note 10.b)	484,541	398,869	484,548	398,869
Other liabilities - Provision for deferred taxes and contributions (Note 16.a)	(156,843)	(63,615)	(156,850)	(63,615)
Total	327,698	335,254	327,698	335,254

The realization of deferred tax assets and liabilities at December 31, 2019 based on the history of profitability and estimated realization are stated as follows:

Year	Bank		Net	Consolidated
	Assets	Liabilities		Net
2020	404,774	(156,843)	247,931	247,931
2021	47,446	-	47,446	47,446
2022	17,314	-	17,314	17,314
2023	9,352	-	9,352	9,352
2024	2,859	-	2,859	2,859
Over 5 years	2,796	-	2,796	2,796
Total	484,541	(156,843)	327,698	327,698
Present Value - Selic	458,797	(150,233)	308,564	308,564

For income tax, the rate used is 15% plus an additional 10% of annual taxable income exceeding R\$ 240 thousand and a 15% to social contribution to financial companies.

The social contribution rate was increased from 15% to 20% effective as of March 1, 2020, pursuant to Article 32 of Constitutional Amendment 103, published on November 13, 2019.

The accounting record of the tax credits in the financial statements was made at the rates applicable to the expected period of its realization and is based on the projection of future results and a technical study prepared in accordance to CMN Resolution nº 3,059/2002, with the amendments to the Resolution CMN nº 4,441/2015. The effect of the rate increase was R\$ 18,437 shown below.

Expenses with income and social contribution taxes for the years ended December 31, 2019 and 2018 are calculated as follows:

	Bank		Consolidated	
	2019	2018	2019	2018
Income before taxation less profit sharing	487,623	315,216	491,644	319,786
Total income and social contributions taxes	195,050	141,847	199,158	146,466
Net income from write-offs and write-ups of deferred liabilities net of tax credits	3,704	68,598	3,704	68,588
Effect of the increase / decrease of CSLL rate the tax credit	(18,437)	39,671	(18,437)	39,671
Nontaxable revenues / expenses net of nondeductible expenses	(64,574)	(144,882)	(67,394)	(148,116)
Equity pick up in subsidiaries	(2,843)	(3,234)	-	-
Interest on equity capital	(90,103)	(99,201)	(90,103)	(99,201)
Other amounts	(59,869)	(37,071)	(59,979)	(37,120)
Total income and social contribution taxes - Current	(37,072)	(34,272)	(33,051)	(29,712)
Deferred taxes and contributions				
Tax liabilities recognized in the year	130,918	45,405	130,926	45,405
Tax liabilities realized in the year	(45,962)	(73,118)	(45,962)	(73,118)
Tax credits recognized in the year	(379,158)	(276,124)	(379,172)	(276,131)
Tax credits realized in the year	290,498	235,239	290,504	235,256
Total deferred taxes and contributions	(3,704)	(68,598)	(3,704)	(68,588)
Total income and social contribution taxes	(40,776)	(102,870)	(36,755)	(98,300)

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22. Related parties

a) Subsidiaries and related companies

The amounts below refer to the Bank's transactions with subsidiaries and related companies. These operations were carried out under normal market conditions and rates of the dates of the respective transactions. For the years ended December 31, 2019 and 2018, transactions between related parties are as follows:

Transactions / Related parties	Maturity	Remuneration	2019		2018	
			Assets / (Liabilities)	Income / (Expenses) Period	Assets / (Liabilities)	Income / (Expenses) Period
Demand deposits						
ABC Brasil Adm. e Participações Ltda. (3)	No maturity	Without remuneration	(69)	-	(64)	-
ABC Brasil DTVM S.A. (3)	No maturity	Without remuneration	(136)	-	(136)	-
Marsau Comercial Exp. e Importadora Ltda. (4)	No maturity	Without remuneration	(22)	-	(242)	-
Time deposits and funds from acceptance and issue of securities						
Marsau Comercial Exp. e Importadora Ltda. (4)	27/01/2020	1,8% y.y	(115)	-	-	-
Marsau Uruguay Holdings Sociedad Anonima (1)	29/01/2020	1,8% y.y	(1,124)	-	(21)	-
Key members of management (4)	(a)	(a)	(35,215)	(2,390)	(32,438)	(2,317)
Borrowings						
Arab Banking Corporation (ABC) (2)	10/06/2020	0,2% y.y	(408,232)	(37)	(135,618)	(1,479)

(1) Direct controlling shareholder, (2) Indirect controlling shareholder, (3) Subsidiary, (4) Related party.

- (a) CDB - Rate of 98.50 % up to 100.00% of CDI - Lowest starting date: 10/26/2018. Largest date of maturity: 11/26/2021.
LCA / LCI - Rate of 90.00 % up to 105.00 of CDI - Lowest starting date: 08/23/2017, Largest date of maturity: 09/09/2022.
LCA - Fixed interest rate of 6.35% up to 10.60% - Lowest starting date: 05/18/2018, Largest date of maturity: 01/06/2023.
LCA - Fixed interest rate of 7.00% up to 7.00% + IPCA - Lowest starting date: 09/25/2015, Largest date of maturity: 09/25/2020.

b) Fees of key members of management

In compliance with Resolution CMN No. 3.921/10, Banco ABC Brasil has implemented a Management Remuneration Policy applicable to the members of the Board of Directors, to the Executive Committee and to the Officers with no specific title (employees).

In brief, the policy has as main objectives: (i) complying with the regulations of the National Monetary Council and the Central Bank of Brazil (BACEN), which establish special rules for financial institutions such as Banco ABC; (ii) fixing the remuneration of those considered Managers of Banco ABC in compliance with the regulations referred to in item (i) above and, in particular, of those assuming this position according to the Bank's governance; (iii) aligning the remuneration of the Managers of Banco ABC with the Bank's risk management policy; (iv) avoiding behaviors that would raise risk exposure above the levels considered prudent in the short, medium and long-term strategies adopted by Banco ABC; and (v) creating a tool for attracting and retaining talents in key positions at Banco ABC.

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The remuneration defined in the policy takes into account: (i) current and potential risks faced by Banco ABC; (ii) the overall results of Banco ABC, in particular recurring income (net book profit for the period adjusted for unrealized income and ignoring the effects of non-recurring events which are within the control of Banco ABC); (iii) Banco ABC's capacity for generating cash flow; (iv) the economic environment in which Banco ABC operates, and its trends; (v) long-term sustainable financial bases and adjustments to future payments as a result of the risks assumed, changes in the cost of capital and liquidity forecasts; (vi) the individual performance of the Managers based on the target agreement celebrated by each Officer, as provided for in the profit sharing agreement filed at the headquarters of Banco ABC; (vii) the performance of the business unit; and (viii) the relationship between the individual performance of the Managers, the performance of the business unit, the performance of Banco ABC as a whole and the risks assumed.

Variable remuneration shall be calculated as follows:

I - To Officers without specific designation:

- a) Up to 50% (fifty percent) of the amount determined in variable remuneration is immediately paid in cash on payment of profit sharing; and
- b) A minimum of 50% (fifty percent) of the amount determined for variable remuneration shall be deferred and paid in preferred shares of the Bank observing that the number of shares to be allocated to the managers will be determined by dividing the amount corresponding to deferred variable remuneration, net of withholding tax, by the unit share price, calculated by the average closing price of the preferred shares issued by Banco ABC Brasil, at the trading sessions of B3 S.A. - Brasil, Bolsa, Balcão on June (for the payment of variable remuneration for the first half) and December (for payment of the variable remuneration for the second half of the year), as applicable, except in cases where there are closed periods in those months, at which time the average will be calculated using the subsequent trading sessions.

II - To the members of the Executive Committee:

- a) 100% (one hundred percent) of the amount fixed for variable remuneration shall be paid in shares;
- b) 60% (sixty percent) of the variable remuneration shall be subject to sale restriction (lock up) for 6 months; and
- c) 40% of the variable remuneration shall be paid on a deferred basis, as provided for by Resolution CMN No. 3.921/10.

The delivery of shares relating to deferred variable remuneration allocated to managers shall only take place if, in the applicable period of deferment there is no (i) significant reduction in recurring profit realized, or (ii) losses posted by the institution or business unit, or (iii) evidence of errors in accounting and / or management practices that affect the income calculated in the variable remuneration rights acquisition period.

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The total compensation of key members of management for the years ended December 31, 2019 and 2018 are composed as follows:

	<u>2019</u>	<u>2018</u>
Fixed remuneration	21,931	22,765
Variable remuneration	15,467	14,411
Total short-term benefits	37,398	37,176
Share-based compensation	77,662	68,958
Total long-term benefits	77,662	68,958
Total	115,060	106,134

c) Summary of changes in the compensation plan:

To meet the resolution of compensation plan of the Bank was authorized by CVM, privately, transfer shares of its own shares held in treasury for its executives.

In according to the compensation plan actions cited in Note 22.b, shares were granted to executives eligible, for settlement at the end of the vesting period, as shown below in number of shares:

	<u>2019</u>	<u>2018</u>
At the beginning of the year	4,161,003	3,711,587
Amounts recognized	3,079,652	2,992,755
Shares granted	(3,235,666)	(2,543,339)
At end of the year	4,004,989	4,161,003

23. Overseas branch

The transactions with third parties carried out by the overseas branch at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Assets		
Cash and banks	213,905	6,583
Interbank investments	314,709	612,342
Marketable securities and derivative financial instruments	186,029	348,354
Lending operations - Net	2,287,725	1,933,546
Other receivables, amounts and assets	921,853	442,796
Total	3,924,221	3,343,621
Liabilities		
Demand deposits	218	46
Time deposits	108,724	188,749
Foreign borrowings	5,390,203	4,104,231
Derivative financial instruments	35,994	163,708
Other liabilities	806,841	415,964
Total	6,341,980	4,872,698

The balances of assets, liabilities and results are converted according to Note 2) iii

The effects of exchange rate variations resulting from the translation transactions of foreign currency of assets and liabilities were recognized in income statement for the period in the negative amount of R\$ 67,964 (R\$ 222,620 at December 31, 2018), according to the Brazilian Central Bank resolution No. 4,524/16.

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24. Profit sharing

An allowance for profit sharing was established based on the Variable Compensation Program set up by Banco ABC Brasil S.A. and its employees, that takes into consideration activities developed by the Bank in various areas, the degree of responsibility, the degree of influence on earnings, as well as qualitative and quantitative targets set with individual Bank employees. In the year ended December 31, 2019, the balance of the profit sharing amounted to R\$ 144,511 (R\$ 143,226 in 2018).

25. Assets and liabilities contingents, fiscal and social security obligations

The Bank and its subsidiaries are involved in judicial and administrative proceedings of tax, labor and civil nature, both as plaintiff or claimer. Note 2.II.g) explains the criteria for recognizing and measuring these suits and proceedings.

a) Fiscal contingents

The bank is responsible for actions and processes whose losses are being considered with possible prognoses by our directors in the amount of R\$ 328,920 (R\$ 402,555 in 2018) and have not been provisioned, see below the main lawsuits whose probability of unfavorable outcome was assessed as possible:

Fine - Service Tax ("ISS") - 2008 a 2011

This is an administrative proceeding in which the Bank discusses the release of 50% of fine, the assessment notices issued by the municipality of São Paulo, referring to the service tax on guarantees of income on the period from 2008 to 2011. The fine was launched on values whose enforceability was suspended as linked to the injunction where challenging the levy of this tax. The amount involved is R\$ 15,718 (R\$ 14,329 in 2018).

Social Security's Charges ("INSS")

The Bank is currently a defendant in a lawsuit related to payment of pension charges, mainly on profit sharing related to 2006 to 2014 exercises, amounting to R\$ 211,718 (R\$ 281,135 in 2018).

Unauthorized payment - COFINS

Refers to payment of COFINS without fines, as established in article 63 of Law No, 9,430/96. Awaiting appeal decision. Amount demanded totals R\$ 3,859 (R\$ 3,746 in 2018).

Income Tax (IRPJ) and Social Contribution Tax (CSLL) related to the deduction of income for the period of 2010 on loans operations

Collection of income tax and social contribution related deduction of losses on loans operations in result of 2010. The Bank has estimated the losses as effective, however, the Receita Federal considers that occurred anticipation of the deduction period provided for in Law 9,430/96. The value of the requirement amounts to R\$ 5,671 (R\$ 5,454 in 2018).

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IRPJ / CSLL - Deductibility PLR of the Board on the period from 2010 to 2014

It is collection of income tax and social contribution of PLR on deductibility paid to the board of directors for the period of 2010 to 2014. Awaiting judgment of challenging the tax assessment notice. The amount of requirement is R\$ 86,295 (R\$ 82,509 in 2018).

IOF - Tax on Financial Transactions in credit assignment operations

Collection of Tax on Financial Transactions on credit assignment operations with co-obligation carried out in 2015, due to the lack of payment of the Tax on Financial Transactions in these operations, which are characterized by the tax authorities as “securities discount” and subject to tax collection. Awaiting judgment at the administrative level. The requirement amounts to R\$ 1,073 (had no requirement in 2018).

PIS - ABC Brasil Distribuidora de Títulos e Valores Mobiliários S.A.

This is an action filed by the Federal Government in the face of a final decision that recognized the claim of the Distribuidora to non-payment of the PIS contribution from July 1997 to December 1999 pursuant to EC 17/1997. The estimated amount of the contingency corresponds to R\$ 1,927 (R\$ 1,895 in 2018).

b) Labor

On December 31, 2019, labor lawsuits in progress classified by our legal counsel as probable loss totaled R\$ 8,960 (Note 25.d). The labor lawsuits classified as possible loss totaled R\$ 16,966 and were not provisioned.

c) Civil

On December 31, 2019, civil claims in progress classified by our legal counsel as probable loss totaled R\$ 2,325 (Note 25.d). The civil lawsuits classified as possible loss totaled R\$ 4,769 and were not provisioned.

d) Changes in provisions

	Bank and Consolidated			
	Tax	Labor	Civil	Total
At the beginning of the year	9,509	11,079	1,436	22,024
Constitution / (Reversal)	(8,003)	4,037	889	(3,077)
Write-off	-	(6,156)	-	(6,156)
At end of the year	1,506	8,960	(b)	2,325
				(a)
				12,791

(a) Note 25.c e (b) Note 25.b.

26. Equity

a) Capital

On December 31, 2019 capital comprises 218,359,057 registered and uncertified shares (211,132,950 in 2018), without par value, of which 109,496,432 common shares (106,634,935 in 2018) and 108,862,625 preferred shares (104,498,015 in 2018).

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b) Dividends and interest on equity

As established in the Bank's articles of incorporation, shareholders are entitled to an annual dividend of not less than 25% of net income adjusted as provided for in applicable law. Such dividend can, alternatively, be distributed in the form of interest on equity.

For the years ended December 31, 2019 and 2018 shareholders resolved to distribute interest on equity, calculated according with established by Law 9,249/95, as follows:

2019		
<u>Resolution approval date</u>	<u>Interest on equity</u>	<u>Reduction in expenses with income and social contributions taxes</u>
06/28/2019	120,161	48,064
12/20/2019	105,097	42,039
Total - 2019	225,258	90,103

2018		
<u>Resolution approval date</u>	<u>Interest on equity</u>	<u>Reduction in expenses with income and social contributions taxes</u>
06/26/2018	108,002	48,601
12/21/2018	112,445	50,600
Total - 2018	220,447	99,201

Interest on equity is calculated on net equity accounts and limited to the long-term interest rate, conditioned to the existence of profit calculated before deduction or retained subscription earnings and income reserves in amount equal or two times higher its amount.

On December 21, 2018, the Board of Directors approved the proposal for distribution of interest on own capital on the gross value of R\$ 112,445, that represents a gross value of R\$ 0.5390 per ordinary and preferential shares.

c) Capital increase

On March 13, 2019 was deliberate by the Board of Directors a capital increase of R\$ 95,578, corresponding to the issuance of 7,226,107 new shares, being 3,693,611 new common shares and 3,532,496 new preferred shares through the use of interest on shareholders' equity or cash payment, approved by the Central Bank of Brazil on April 12, 2019.

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d) Destination of earnings

i) *Income reserve - Legal reserve*

The establishment of compulsory legal reserve of 5% of net income on December 31, 2019 amounted of R\$ 26,420 (R\$ 20,904 in 2018).

ii) *Income reserve - Dividend equalization*

At the Annual and Special Shareholders' Meetings held on April 30, 2008, the shareholders approved the creation of the account Income Reserve for Dividend Equalization, to which the retained earnings account balance is allocated, limited to 80% of capital, the latter of which is set up to maintain the shareholder payment flow.

iii) *Income reserve - Repurchase of shares*

The reserve for repurchase of shares is set up to support the possible opening, after approval by the Board of Directors, of the program for repurchase of the Institution's shares, should market conditions indicate such possibility.

e) Treasury shares

For the year ended December 31, 2019, based on authorization of the Board of Directors to acquire shares of Company for holding in treasury, 5,033,592 preferred shares were repurchased.

On December 31, 2019, the total value of shares repurchased in treasury is R\$ 76,935 equivalent to 4,312,461 preferred shares (R\$ 35,569 equivalent to 2,514,535 in 2018). The average cost per share repurchased treasury is R\$ 17.84.

Changes in treasury shares

	<u>2019</u>	<u>2018</u>
At the beginning of the year	2,514,535	3,169,156
Shares acquired	5,033,592	1,888,718
Shares delivered	(3,235,666)	(2,543,339)
At the end of the year	4,312,461	2,514,535

f) Earnings per share

Earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the number of shares in December 31, 2019, excluding shares purchased by the Company and held as treasury shares.

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27. Operational limits - The Basel Accord

The Central Bank of Brazil, through Resolution No, 4,192/13 and 4,278/13, instituted the determination of the reference equity on a consolidated basis for the financial conglomerate and by Resolution No, 4,193/13 instituted calculating the minimum equity required for reference the Risk Weighted Assets (RWA), both with effect from October 2013. The capital adequacy ratio for December 31, 2019 calculated based on the prudential conglomerate is 16.89% (17.16% in 2018). The table below shows the calculation of the minimum equity required for the reference risk weighted assets (RWA) which was 8.00% on January 01, 2019 (8.63% at December 31, 2018).

	2019	2018
Credit risk	2,166,739	2,011,029
Interest Rate	61,805	80,079
Commodities	121,645	90,623
Actions	5,205	18
Operating risk	167,918	139,469
Exchange risk	28,195	15,989
Required capital base (PRE)	2,551,507	2,337,207
Reference equity (PR)	5,387,009	4,651,280
Excess of equity in relation to limit	2,835,502	2,314,073
Conciliation shareholders' equity		
Shareholders' equity	4,040,733	3,665,510
Subordinated financial bills - Level II	905,779	1,006,321
Perpetual Subordinated financial bills - Level I	480,067	-
Others adjustments	(39,570)	(20,551)
Total reference equity x shareholders' equity	5,387,009	4,651,280

28. Other information

Offset and settlement of liabilities agreement - the Bank has an agreement on the offset and settlement of liabilities under the Brazilian National Financial System, in accordance with CMN Resolution No. 3,263/05, resulting in added guarantees of settlement of their assets with financial institutions that are party to the agreement. The Bank does not have compensation mitigation services as of December 31, 2019 (R\$ 102,025 on December 31, 2018).

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29. Reconciliation of Equity and Net Income, under BRGAAP and IFRS

We present below the major adjustments (net of taxes) identified between the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (“BRGAAP”) and the International Financial Reporting Standards IFRS for the years ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Equity under BRGAAP	4,040,733	3,665,510
Allowance for losses on loans and advances to clients	(a) 19,317	44,948
Guarantees and responsibilities	(a) 9,941	17,119
Others	(2,409)	11,271
Equity under IFRS	4,067,582	3,738,848
Net income under BRGAAP	528,399	418,086
Allowance for losses on loans and advances to clients	(a) (25,630)	1,348
Guarantees and responsibilities	(a) (7,178)	4,218
Others	1,803	(7,177)
Net income under IFRS	497,394	416,475

a) Allowance for losses on loans and advances to clients

In the adoption of IFRS 9, there was a change in the calculation model of incurred loss (IAS 39) to expected loss, considering forward-looking information. On BRGAAP, the concept of expected loss is used, pursuant to BACEN Resolution No. 2,682/99.

Banco ABC Brasil S.A.

Management report

Performance in the year of 2019

We submit to your consideration the individual and consolidated accounting information of Banco ABC BRASIL S.A. for the year of 2019.

Banco ABC BRASIL S.A.

Banco ABC Brasil S.A. is a commercial bank specialized in lending and providing services for large companies. Nonetheless, it is one of the few Brazilian banks featuring international control and local autonomy.

The bank is managed by a highly qualified team of senior executives, who are also shareholders of the bank, holding vast experience in financial markets and having broad autonomy for decision taking, in addition to the capability to foresee and explore sectorial and cyclical opportunities in the Brazilian economy.

Banco ABC Brasil S.A. is present in Brazil since 1989, and from this date on has been building a solid Corporate Clients portfolio by offering wide high-value added financial products. Nevertheless, the Bank is recognized by its robust expertise on credit risk assessment and concession.

Banco ABC Brasil S.A. is listed in the Level 2 of Corporate Governance of São Paulo Stock Exchange (B3 S.A - Brasil, Bolsa, Balcão).

Shareholding Structure

As of December 31, 2019 the shareholding structure of Banco ABC Brasil S.A. was the following: Bank ABC: 59.94%; Free-float: 33.64%; Management and Board members: 4.45%; and Stocks in Treasury: 1.97%.

Business Profitability

Banco ABC BRASIL S.A. reported net income of BRL 528.4 million in the year of 2019 (BRL 418.1 million in 2018), reaching an annualized return on average equity of 13.7% pa in the period (12.0% pa in the year of 2018).

The growth of the Bank's Net Income, compared to the last year, is explained mainly due to an improvement in the Gross Income from Financial Intermediation and the fiscal credits originated by the increase of the Social Contribution Tax Rate to 15% from 20%. The Bank's results were partially offset by higher Personnel and Other Administrative Expenses.

Banco ABC Brasil S.A.

Management report

Credit Portfolio

The credit portfolio (including loans and guarantees issued) totaled BRL 26.5 billion as of December 31, 2019 (BRL 23.6 billion as of the end of December, 2018). Regarding the credit portfolio quality, 95.8% of the loan transactions and 98.4% of the guarantees issued transactions were rated between AA and C at the end of December, 2019, in accordance with Brazilian Central Bank Resolution No. 2682. Considering both portfolios, the ratio was 96.7%. The loan loss provision balance represented 2.49% of the loan portfolio as of the end of the fourth quarter of 2019 (2.92% as of the end of December, 2018).

IN CVM 381/03

In compliance with CVM Ruling No. 381 of January 14, 2003, which provides for the need to disclose, by audited entities, information on service performance by the Independent Auditor, Banco ABC BRASIL S.A., informs that independent audit services of the financial statements of the Bank and its controlled companies are provided by Ernst & Young Auditores Independentes S.S.

No additional audit-related services representing amounts above the overall remuneration of five percent (5%) of the remuneration paid by the external audit services in the period.

The policy adopted meets the principles that preserve Auditor's independence, in accordance with criteria internationally accepted. These principles are as follows: 1) the auditor must not audit his/her own work; 2) the auditor must not perform managerial activities in his/her customer; 3) the auditor must not promote his/her customer's interests.

Securities Portfolio

At the end of the period, Banco ABC BRASIL S.A. accounted to BRL 782.9 million in securities classified as "held to maturity", in accordance with Circular No. 3,068/01 of November 8, 2001 of the Central Bank of Brazil. The Bank has the financial capability and intention to hold these securities to maturity.

Arbitration Clause

Banco ABC BRASIL S.A. is subject to arbitration in the Market Arbitration Chamber, in accordance with the Arbitration Clause contained in its Articles of Association.

Banco ABC Brasil S.A.

Management report

Risk Management

1) Corporate Risk

To Banco ABC Brasil the risk management is a process aimed at creating and preserving the institution's value, providing reasonable assurance that events that may affect the institution are identified and continuously managed according to its risk appetite. Therefore, to meet Resolutions Nos. 4,557/17 and 4,327/14 of the Central Bank of Brazil, the bank maintains specific structures to deal with risk management, capital management, and environmental and social responsibility, respectively. To meet the aforementioned resolutions and Circular No. 3,678/13 of the Central Bank of Brazil, the information related to the risk management process of Banco ABC Brasil is available in its website on internet, available through the following URL: www.abcbrasil.com.br > Relações com Investidores > Serviços RI > Fatores de risco > Estrutura de gestão de risco - Banco ABC Brasil.

Corporate Risk Management is responsibility of all areas and employees. They must perform their activities and timely identify risks, failures and deficiencies and inform to areas better positioned to deal with them. Despite being responsibility of all areas and employees, it is managed in a centralized manner by Vice-Presidency of Credit and Risk Management.

The Bank's governance structure considers that the company must be managed with main focus on value creation for shareholders, without injuring the rights of interested parties and complying the laws that regulate the markets, according to accepted and recommended ethical standards. Such structure is based on the regulations of B3 S.A. - Brasil, Bolsa, Balcão, the Brazilian Securities and Exchange Commission (CVM) and the Central Bank of Brazil, counting on. It is based on bodies defined by the current regulation, such as the Board of Directors and Audit Committee, and supported by internal ones, such as the Board Risk Committee and the Executive Committee, as well as other operating committees, such as the Credit Committee, the Financial Committee and the Operational Risk and Compliance Committee.

The Board of Directors is responsible for defining the risk appetite of the institution, the approval of business strategies and the maintenance of high governance standards. It should ensure the effectiveness of the risk management framework, providing independence and resources for its proper functioning. Accordingly, it is supported by bodies and committees created for this purpose.

The Executive Committee is responsible for executing the definitions set by the Board of Directors and for managing the activities of the institution.

2) Operational risk

The Bank acknowledges that Operational Risk is a specific risk category and should be managed as such. It should cover the institution as a whole, involving all its employees, including third-party service providers and considering its processes, activities, systems, products and physical structure. Operating risk management also includes legal risks.

Operational risk management is organized in three defense lines: 1) managers of several areas; 2) Risk Management area and Operational Risk and Compliance Committee and 3) Internal Audit.

Banco ABC Brasil S.A.

Management report

Management is based on ongoing identification, assessment, monitoring, control and mitigation of risks through specific tools. The effectiveness of actions is reinforced by timely communication to management, involvement of people, and the efforts to spread a risk management culture. The Operational Risk, Compliance and Information Security Committee is the internal body that discusses operational risk, business continuity management, compliance, information security and internal control matters.

3) Market and liquidity risks

The market and liquidity risks are managed through internal information and tools operated by the Risk Management area, which centralizes the control activities, monitoring the portfolio exposures, as well as current and future acceptable liquidity levels.

Treasury executes the decisions taken by the Financial Committee and manages proprietary positions within the limits determined. It also manages the funding as well the inflow and outflow gap. The Financial Committee formally discusses such exposures in its weekly meetings and designs a strategy for the subsequent period.

The Risk Management area provides daily information to the Management, Treasury, and members of the Financial Committee. It also prepares periodic specific reports to the Board of Directors and the Audit Committee. Furthermore, it has to disclose the Bank's risk appetite to the areas involved in the liquidity and market risk management and in the design of new products or activities.

4) Credit risk

Credit risk management covers the bank's activities of authorization, execution, control and monitoring. This also includes not only individual outlook for economic groups, clients and operations, but also the aggregate risk factors of the portfolio, such as concentration in a sector, product or region.

The approval of client relationships and of the concession of credit lines is the responsibility of the Credit Committee, up to the limits under Administrative jurisdiction. Beyond that limit, the Board Risk Committee has exclusive rights of approval.

The process of management is dynamic and shared, notably in the areas of Credit Risk Analysis, Administration, and Management, which are parts of the structure of the Vice-Presidency of Credit and Risk Management. This seeks to assure that risks are within defined limits and that the coverage of required collaterals are at required levels, with the expected quality and accessible to the Bank in case of default.

The Credit Risk Management area is also responsible for monitoring the credit portfolio. This includes portfolios quality monitoring and execution of stress tests, as well as the development and performance of models for attributing counterparty and transaction risk classification. The area also monitors risk concentration and evaluates the impacts of adverse scenarios.

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5) Environmental and Social Responsibility

The environmental and social responsibility policy defines the guidelines for the identification, assessment, monitoring, mitigation and control of environmental and social risks, in compliance with Resolution 4,327/14 of the Central Bank of Brazil.

The Bank has research tools, internal analysis processes and governance structure that allow the management of such risks. The Bank also applies environmental and social questionnaires to its clients, according to internal eligibility criteria.

6) Capital management

The Executive Committee conducts the capital management jointly with the Board of Directors, based on activities coordinated by the Finance area, which is also responsible for structuring the annual strategic plan and monitoring the budget. The Risk Management area are fully integrated in the process. In compliance with Resolution No. 4,557/17 of the Central Bank of Brazil, the information relating to capital management Brasil is available in its website on internet, available through the following URL: www.abcbrazil.com.br > Relações com Investidores > Serviços RI > Fatores de Risco > Estrutura de gestão de capital - Banco ABC Brasil).

7) Compensation Committee

The Bank has a Compensation Committee established in the first General Shareholder's Meeting of 2012 that shall be responsible for (i) proposing to the Board of Directors the various forms of fixed and variable compensation, the benefits as well as the bespoke recruitment and severance programs; (ii) supervising the implementation and operation of the compensation policy for the institution's managers; (iii) reviewing on an annual basis the institution's management compensation policy and recommending to the Board of Directors any correction or improvement; (iv) proposing to the Board of Directors the sum of overall compensation for managers to be submitted to the General Shareholders Meeting in accordance with article 152 of Corporation Law; (v) assessing future internal or external scenarios and their possible impacts on management compensation; (vi) analyzing the institution's management compensation policy in relation to market practices in order to identify significant discrepancies in relation to similar companies and proposing adjustments when necessary; (vii) ensuring that the management compensation policy is always compatible with the risk management policy, with the institution's current and projected objectives and financial position as well the provisions of that resolution; and (viii) preparing on an annual basis in a ninety day period as from December 31, each year a document known as the Compensation Committee Report as provided in Resolution No. 3,921 of Brazil's National Monetary Council.

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8) Compliance risk

Banco ABC Brazil through its Compliance department seeks to ensure the existence of corporate policies, processes, controls and continuous monitoring of meeting regulatory requirements of regulatory agencies and professional associations, as well as prevent and combat money laundering and terrorism financing. Acting on the orientation and awareness, aimed at curbing activities and conduct that could cause damage to the institution's image and use its best efforts in the dissemination and practices of Law N° 12,846 of Anti-Corruption an Bribery Law. In addition, the Compliance area, in conjunction with the Information Security area, are responsible for defining policies to ensure the confidentiality, integrity and availability of information.

Sao Paulo, February 5, 2020.

The management



The Audit Committee, based on its assessments and activities, is of the opinion that the internal control and risk management framework are adequate to support the quality of the processes for the preparation of the financial statements and explanatory notes (on consolidated basis). It includes adherence to accounting practices adopted in Brazil and requirements set by the Central Bank of Brazil (BACEN) and CVM (Brazilian Securities Exchange Commission).

The Audit Committee, acting within its responsibilities and mandate, recommends to the Board of Directors the approval of the Financial Statements of the Banco ABC Brasil S/A (solely and consolidated) for the periods ended in 31 December 2019 and 2018.

The Audit Committee full report, including details of the scope, work carried out and assessments will be available in the Banco ABC Brasil website (<https://ri.abcbrasil.com.br>) and available to those interested in the section "Corporate Governance".

Sao Paulo, February 5, 2020.

The Audit Committee



Abiding by CVM Rule No. 480, dated December 7, 2009, the undersigned parties, Executive Board members of Banco ABC Brasil S.A., listed at Corporate Governance Level 2 (Code ABCB4), REPRESENT hereby that they:

- a) Reviewed, discussed and agreed with the financial statements for the year ended December 31, 2019.
- b) Reviewed, discussed and agreed with the opinion expressed in the independent auditor's report of Ernst & Young Auditores Independentes S.S., on the Bank's financial statements for the year ended December 31, 2019.

Sao Paulo, February 5, 2020.

Anis Chacur Neto
Director President

Sérgio Ricardo Borejo
Director Vice - President of Administrative

Leila Maria de Carvalho Rocha
Director