

Audited Financial Statements

Banco ABC Brasil S.A.

December 31, 2020 and 2019
with Independent Auditor's Report

Banco ABC Brasil S.A.

Financial Statements

December 31, 2020 and 2019

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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

To 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 Group, respectively, which comprise the balance sheet as at December 31, 2020, and the related income statements, statements of comprehensive income, changes in shareholders' equity and cash flows for the year then 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, 2020, 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, including Resolution nº 4,818/20 of the National Monetary Council (CMN) and the Resolution BCB nº 2/2020 of the Central Bank.

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.

Technological environment

The Bank's operations are highly dependent on its technological structure and its systems, which are subject to frequent changes, have high level of integration with each other and with sources of information external to the Bank, in addition to processing a high volume of transactions. As a result, we understand that technological environment is a key audit matter.

How our audit addressed this matter:

In the course of our audit, we engaged our internal team specialists to assist us in assessing significant risks related to the technology environment, as well as in performing audit procedures to assess the design and operational effectiveness of general technology controls, for systems considered relevant in the context of the audit, with emphasis on change management and processes of granting, reviewing and revoking access to users. We also performed procedures to assess the effectiveness of automatic controls considered relevant, which support significant business processes and accounting records of operations. Finally, we performed tests of detail to assess the correct flow of information between systems, for the accounting routines considered relevant.

Based on the result of the audit procedures performed on the technology environment, which are consistent with the assessment of the Bank's Management, we consider that the general technology controls on the relevant systems of the Bank and the accounting routines considered relevant operated in an acceptable manner, especially in the processing of accounting information considered relevant to the financial statements taken as a whole.

Credit operations and provision for losses associated with the credit risk

As disclosed in the explanatory note nº 8 and 9, as at December 31, 2020, the Bank has a credit portfolio in the amount of R\$ 20,795,552 thousand, disregarding financial guarantees provided, with a provision for losses associated with credit risk in the amount R\$ 585,978 thousand. The Group has a credit portfolio in the amount of R\$20,800,204 thousand, with a provision for losses associated with credit risk in the amount R\$ 585,978 thousand. In the period then ended, for the Bank, the revenue from credit operations, as presented in the Income Statements, was R\$ 3,061,253 thousand and the expense for the provision for the losses associated with credit risk was R\$ 247,713 thousand, while in the Consolidated these numbers were respectively R\$ 3,061,205 thousand and R\$ 247,713 thousand.

Due to the relevance to the financial statements taken as a whole, the subjectivities related to the Management's judgment when assessing the credit risk of the Bank's clients, as well as the operational complexity of the process of recognition of interest income from credit operations, we consider the credit operations and their provisions for losses associated with credit risk as one of the key audit matters.

How our audit addressed this matter:

In our audit procedures, we understood the process established by the Bank's Management and we performed tests of controls 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 credit operations, tests related to analysis of documentation supporting the level of allowances determined for a sample of clients, recalculation of the provision for losses associated with credit risk based on the ratings evaluated by the Bank, sending letters of confirmation of balance to selected borrowers, recalculation of the outstanding balance, analytical tests in addition to reviewing the presentations and disclosures related to the topic.

Based on the results of our audit procedures performed on loan operations and provision for losses associated with credit risk, which is consistent with the Bank's Management assessment, we considered that the criteria and assumptions adopted by the Bank's Management, as well as the disclosures presented in the explanatory notes nº 8 and 9, are acceptable in the context of the financial statements taken as a whole.

Evaluation of securities classified as level 3

According to explanatory notes nº 6, as at December 31, 2020, the Bank and the Consolidated had securities classified as level 3 with regards to the hierarchical levels of fair value in the amount of R\$ 865,552 thousand. These securities do not have a price quoted in an active market and are measured based on valuation techniques that includes data not observed in the market.

Due to the relevance for the financial statements taken as a whole, the need for the Bank to develop an internal valuation methodology, using subjective assumptions and data not observed in the market, as well as the mathematical calculations that must be parameterized in systems, we considered the measurement of the fair value of securities classified in level 3 as one of the key audit matters.

How our audit addressed this matter:

Our audit procedures included, among others, (i) understanding the process, methodology and assumptions established by the Bank's management for pricing securities; (ii) evaluation of the design and operational effectiveness of the key controls related to the registration and pricing process for securities. In addition, based on sampling, we performed the following procedures for the selected operations: (i) confirmation of the existence of the item sampled, by verifying the extracts from the custodian bodies and / or contracts signed between the parties, including verification the main agreed terms and conditions; (ii) with the assistance of EY's specialists in financial risks, we independently recalculate the fair value of the items sampled and evaluate the methodologies and assumptions used by the Bank's management in determining the fair value.

Based on the result of the audit procedures performed on the measurement of the fair value of securities classified in the level 3, which is consistent with the Bank's management assessment, we considered that the assessment criteria and assumptions adopted by the Bank's management and the related disclosures in the explanatory note nº 6 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, 2020, 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 NBC TG 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 and include the Board of Directors and the Audit Committee of the Bank and its subsidiaries.

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.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the 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, 2021.

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, 2020 and 2019
(In thousands of reais)

A free translation from Portuguese into English of 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

	Note	Bank		Consolidated	
		Dec-20	Dec-19	Dec-20	Dec-19
Assets					
Cash and Banks	4	513,293	297,187	513,293	297,187
Financial Instruments		40,911,273	35,651,409	41,151,609	35,862,140
Interbank investments	5	7,472,641	5,326,154	7,472,641	5,326,154
Foreign exchange portfolio	10	3,100,286	4,366,633	3,100,286	4,366,633
Marketable securities	6.a	7,464,110	7,709,728	7,650,932	7,920,459
Derivative financial instruments	6.b	2,078,684	1,049,561	2,127,546	1,049,561
Loans	8	20,795,552	17,199,333	20,800,204	17,199,333
Other assets		890,323	760,753	1,060,004	764,428
Interbank accounts	7	157,780	66,011	157,780	66,011
Trading and intermediation of securities	11a	244,079	253,760	244,079	253,760
Receivables		25,553	26,056	25,553	26,056
Prepaid expenses		12,243	9,548	12,243	9,548
Assets not for own use		192,679	248,298	192,679	248,298
Sundry	11b	255,839	155,701	425,520	159,376
Other investments		2,150	1,379	2,150	1,379
Provisions for expected losses associated with credit risk	9	(585,978)	(428,093)	(585,978)	(428,093)
Deferred tax assets	24	1,094,394	484,541	1,095,574	484,548
Investments in associates and subsidiaries	12	379,627	210,517	391	-
Fixed assets	13	66,177	61,650	66,177	61,650
Intangible assets	13	123,535	84,780	123,535	84,780
Depreciation and amortization	13	(95,764)	(77,431)	(95,764)	(77,431)
Fixed assets		(42,565)	(35,990)	(42,565)	(35,990)
Intangible assets		(53,199)	(41,441)	(53,199)	(41,441)
Total Assets		43,296,880	37,045,313	43,328,841	37,049,209

The accompanying notes are integral part of these financial statements.

Banco ABC Brasil S.A.

Balance sheets
December 31, 2020 and 2019
(In thousands of reais)

		Bank		Consolidated	
		Dec-20	Dec-19	Dec-20	Dec-19
Liabilities and Shareholders' equity	Note				
Deposits and financial Instruments		37,840,565	32,321,607	37,862,272	32,321,402
Deposits	14	10,155,421	5,693,874	10,155,328	5,693,669
Money market funding	14	1,370,144	1,092,483	1,354,313	1,092,483
Funds from acceptance and issue of securities	15	10,432,100	9,505,645	10,432,100	9,505,645
Borrowings and Onlending	16	9,125,966	8,446,669	9,125,966	8,446,669
Derivative financial instruments	6.b	1,935,465	761,624	1,973,096	761,624
Foreign exchange portfolio	10	3,065,849	4,426,472	3,065,849	4,426,472
Subordinated debts	17	1,722,823	2,372,896	1,722,823	2,372,896
Debts instruments eligible for capital		32,797	21,944	32,797	21,944
Provisions	18	196,780	144,946	199,566	144,983
Deferred tax obligations	24	258,729	156,843	262,194	156,850
Other liabilities		690,198	358,457	694,201	362,514
Interbranch accounts		93,519	47,732	93,519	47,732
Social and statutory		73,817	91,049	73,817	91,049
Taxes and social security	19.a	78,028	95,544	82,031	99,601
Trading and intermediation of securities	19.c	408,045	87,078	408,045	87,078
Sundry	19.b	36,789	37,054	36,789	37,054
Deferred income		22,345	22,727	22,345	22,727
Shareholders' equity		4,288,263	4,040,733	4,288,263	4,040,733
Capital	29.a	2,594,681	2,565,892	2,594,681	2,565,892
Brazilian residents		759,039	590,397	759,039	590,397
Foreign residents		1,835,642	1,975,495	1,835,642	1,975,495
Capital reserve		38,596	45,651	38,596	45,651
Profit reserve	29.d	1,712,861	1,498,156	1,712,861	1,498,156
Equity valuation adjustments		(1017)	7,969	(1017)	7,969
Treasury stock	29.e	(56,858)	(76,935)	(56,858)	(76,935)
Total liabilities		43,296,880	37,045,313	43,328,841	37,049,209

The accompanying notes are integral part of these financial statements.

Banco ABC Brasil S.A.

Income statements

Years ended December 31, 2020 and 2019 and

Six-month period ended December 31, 2020

(In thousands of reais)

Notes	Bank			Consolidated		
	2º Semester 2020	December 2020	December 2019	2º Semester 2020	December 2020	December 2019
Income from financial intermediation	744,040	5,903,287	2,657,067	757,871	5,922,771	2,669,036
Lending operations	298,656	3,061,253	1,379,936	298,608	3,061,205	1,379,936
Marketable securities	531,492	2,107,082	1,195,649	534,107	2,113,682	1,207,618
Gain or Losses on derivative financial instruments	6.b (22,648)	252,576	87,752	(11,384)	265,508	87,752
Foreign exchange operations	(63,460)	482,376	(6,270)	(63,460)	482,376	(6,270)
Expenses from financial intermediation	(306,368)	(5,787,533)	(1,935,011)	(306,032)	(5,787,197)	(1,935,011)
Funding expenses	(264,336)	(841,844)	(1,087,400)	(264,000)	(841,508)	(1,087,400)
Borrowings and onlendings	58,721	(4,690,915)	(766,914)	58,721	(4,690,915)	(766,914)
Constitution of provisions for expected losses associated with credit risk	9 (101,535)	(247,713)	(80,637)	(101,535)	(247,713)	(80,637)
Constitution of provisions for expected losses associated with credit risk - FX variation on credit assignment operations	782	(7,061)	(60)	782	(7,061)	(60)
Gross income from financial intermediation	437,672	115,754	722,056	451,839	135,574	734,025
Other operating income (expenses)	(97,983)	(210,985)	(87,568)	(108,429)	(225,269)	(95,516)
Income from services rendered	20 170,552	283,976	348,713	170,552	283,976	348,713
Personnel expenses	(124,363)	(245,273)	(231,662)	(124,363)	(245,273)	(231,662)
Other administrative expenses	21 (83,489)	(160,250)	(152,763)	(83,847)	(160,716)	(152,997)
Taxes	(31,455)	(57,476)	(67,529)	(32,661)	(59,031)	(68,135)
Equity pick-up from subsidiaries	12 6,734	9,952	7,108	-	-	-
Other operating income	22 8,871	9,578	12,421	8,887	9,632	12,421
Other operating expenses	23 (44,833)	(51,492)	(3,856)	(46,997)	(53,857)	(3,856)
Operating income	339,689	(95,231)	634,488	343,410	(89,695)	638,509
Non-operating loss	(9,934)	(10,947)	(2,354)	(9,934)	(10,947)	(2,354)
Income before taxes and profit sharing	329,755	(106,178)	632,134	333,476	(100,642)	636,155
Income and social contribution taxes	(86,924)	556,153	40,776	(90,645)	550,617	36,755
Provision for income tax	24 336,375	21,796	(2,268)	333,166	17,290	(4,961)
Provision for social contribution tax	228,753	(69,537)	(45,616)	227,506	(71,363)	(46,952)
Deferred tax credits	(652,052)	603,894	88,660	(651,317)	604,690	88,668
Variable compensation	(63,368)	(127,899)	(144,511)	(63,368)	(127,899)	(144,511)
Net income for the period	179,463	322,076	528,399	179,463	322,076	528,399
Earnings per share - Basic in R\$	29.f 0.83	1.50	2.48			
Earnings per share - Diluted in R\$	29.f 0.82	1.48	2.44			

The accompanying notes are integral part of these financial statements.

Banco ABC Brasil S.A.

Statements of comprehensive income
Years ended December 31, 2020 and 2019 and
Six-month period ended December 31, 2020
(In thousands of reais)

	Bank			Consolidated	
	2 ^o Semester 2020	December 2020	December 2019	December 2020	December 2019
Net income for the period	179,463	322,076	528,399	322,076	528,399
Items that can subsequently be reclassified to profit or loss					
Other comprehensive income / (loss)	10,857	(8,986)	17,684	(8,986)	17,684
Other comprehensive income - Adjustment to market value	10,857	(8,986)	17,684	(8,986)	17,684
Other comprehensive income	190,320	313,090	546,083	313,090	546,083

The accompanying notes are integral part of these financial statements.

Banco ABC Brasil S.A.

Statements of changes in shareholders' equity
Years ended December 31, 2020 and 2019 and
Six-month period ended December 31, 2020
(In thousands of reais)

	Bank and consolidated								
	Income Reserve					Other Comprehensive Income	Retained earnings	Treasury shares	Total
	Capital	Capital Reserve	Legal Reserve	Equalization of dividends	Share buyback				
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 period	-	-	-	-	-	-	528,399	-	528,399
Interest on equity	-	-	-	-	-	-	(225,258)	-	(225,258)
Allocation - Legal reserve	-	-	26,420	-	-	-	(26,420)	-	-
Constitution 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
Adjustment to market value - securities	-	-	-	-	-	(8,986)	-	-	(8,986)
Acquisition of treasury shares	-	-	-	-	-	-	-	20,077	20,077
Capital Increase	28,789	-	-	-	-	-	-	-	28,789
Net income for the period	-	-	-	-	-	-	322,076	-	322,076
Interest on equity	-	-	-	-	-	-	(107,371)	-	(107,371)
Allocation - Legal reserve	-	-	16,104	-	-	-	(16,104)	-	-
Constitution of reserves	-	-	-	198,601	-	-	(198,601)	-	-
Allocations of reserves - Management remuneration	-	(7,055)	-	-	-	-	-	-	(7,055)
Balances at December 31, 2020	2,594,681	38,596	226,897	1,430,964	55,000	(1,017)	-	(56,858)	4,288,263
Balances at June 30, 2020	2,565,892	43,259	217,924	1,232,363	55,000	(11,874)	69,902	(79,167)	4,093,299
Adjustment to market value - securities	-	-	-	-	-	10,857	-	-	10,857
Acquisition of treasury shares	-	-	-	-	-	-	-	22,309	22,309
Capital Increase	28,789	-	-	-	-	-	-	-	28,789
Net income for the period	-	-	-	-	-	-	179,463	-	179,463
Interest on equity	-	-	-	-	-	-	(41,791)	-	(41,791)
Allocation - Legal reserve	-	-	8,973	-	-	-	(8,973)	-	-
Constitution of reserves	-	-	-	198,601	-	-	(198,601)	-	-
Allocations of reserves - Management remuneration	-	(4,663)	-	-	-	-	-	-	(4,663)
Balances at December 31, 2020	2,594,681	38,596	226,897	1,430,964	55,000	(1,017)	-	(56,858)	4,288,263

The accompanying notes are integral part of these financial statements.

Banco ABC Brasil S.A.

Statements of cash flows - Indirect method
Years ended December 31, 2020 and 2019 and
Six-month period ended December 31, 2020
(In thousands of reais)

	Bank			Consolidated		
	2º Semester 2020	December 2020	December 2019	2º Semester 2020	December 2020	December 2019
Operating activities						
Adjusted net income of the year	629,204	1,496,603	637,856	635,938	1,506,555	644,964
Net income of the period	179,463	322,076	528,399	179,463	322,076	528,399
Adjustment to net income:	449,741	1,174,527	109,457	456,475	1,184,479	116,565
Depreciation and amortization	9,495	18,333	14,211	9,495	18,333	14,211
Equity pick-up from subsidiaries	(6,734)	(9,952)	(7,108)	-	-	-
Gain (loss) on disposal of assets not used in banking operations	3,263	4,178	7,254	3,263	4,178	7,254
Gain (loss) on disposal of fixed assets and intangible	-	(51)	(246)	-	(51)	(246)
Provision for impairment of assets not of own use	6,902	7,080	(4,654)	6,902	7,080	(4,654)
Constitution of provisions for expected losses associated with credit risk	101,535	247,713	80,697	101,535	247,713	80,697
Constitution of provisions for expected losses associated with credit risk - FX variation on credit assignment operations	(782)	7,061	60	(782)	7,061	60
Provision for contingent liabilities and legal liabilities	18,233	19,727	(9,233)	18,233	19,727	(9,233)
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents	(5,819)	1,436	892	(5,819)	1,436	892
Effects of Changes in Foreign Exchange Rates on Assets and Liabilities	312,791	887,988	9,900	312,791	887,988	9,900
Mark-to-market - Adjustment marketable securities	10,857	(8,986)	17,684	10,857	(8,986)	17,684
Changes in assets and liabilities	(145,542)	1,600,527	(1,311,544)	(261,111)	1,431,808	(1,318,652)
Interbank investments	(166,696)	(126,256)	1,655,883	(166,696)	(126,256)	1,655,883
Marketable securities and derivative financial instruments	1,573,699	1,668,003	(102,937)	1,588,671	1,680,681	(108,156)
Foreign exchange portfolio	28,636	(101,337)	(135,564)	28,636	(101,337)	(135,564)
Lending operations	(5,102,365)	(766,915)	(1,612,463)	(5,107,017)	(771,567)	(1,612,463)
Other assets	629,595	(798,493)	(2,038,378)	481,434	(965,672)	(2,039,702)
Other liabilities	(398,061)	500,156	70,093	(389,941)	506,309	69,533
Deposits	2,829,695	4,461,547	(498,108)	2,859,678	4,461,659	(498,113)
Money market funding	165,295	277,661	374,956	149,464	261,830	374,956
Borrowings and onlendings	(75,530)	(4,405,490)	510,687	(75,530)	(4,405,490)	510,687
Acceptance and issuance of securities	404,781	926,455	475,461	404,781	926,455	475,461
Tax Paid	(31,089)	(34,422)	(2,986)	(31,089)	(34,422)	(2,986)
Deferred income	(3,502)	(382)	(8,188)	(3,502)	(382)	(8,188)
Cash flow (used in) / provided by operating activities	483,662	3,097,130	(673,688)	374,827	2,938,363	(673,688)
Investments activities						
Acquisition of investments	(109,277)	(159,929)	(328)	(442)	(1,162)	(328)
Acquisition of fixed assets and intangible	(22,747)	(43,569)	(37,538)	(22,747)	(43,569)	(37,538)
Acquisition of assets not used in banking operations	(20,881)	(40,971)	(37,142)	(20,881)	(40,971)	(37,142)
Disposal of fixed assets for own use and intangible assets	287	287	3,210	287	287	3,210
Disposal of assets on own use	82,701	89,605	82,314	82,701	89,605	82,314
Allocations of reserves of capital	(4,663)	(7,055)	185	(4,663)	(7,055)	185
Cash (used in) / provided by investment activities	(74,580)	(161,632)	10,701	34,255	(2,865)	10,701
Financing activities						
Subordinated debts	(192,315)	(650,073)	562,115	(192,315)	(650,073)	562,115
Debts instruments eligible for capital	32,797	10,853	-	32,797	10,853	-
Treasury shares	22,309	20,077	(41,366)	22,309	20,077	(41,366)
Capital Increase	28,789	28,789	95,579	28,789	28,789	95,579
Interest on equity provisioned	(41,791)	(107,371)	(225,258)	(41,791)	(107,371)	(225,258)
Cash (used in) / provided by financing activities	(150,211)	(697,725)	391,070	(150,211)	(697,725)	391,070
Increase / (Decrease) in cash and cash equivalents	258,871	2,237,773	(271,917)	258,871	2,237,773	(271,917)
At beginning of the semester/ period	5,985,913	4,007,011	4,278,928	5,985,913	4,007,011	4,278,928
At end of the period	6,244,784	6,244,784	4,007,011	6,244,784	6,244,784	4,007,011
Change in cash and cash equivalents	258,871	2,237,773	(271,917)	258,871	2,237,773	(271,917)

The accompanying notes are integral part of these financial statements.

Banco ABC Brasil S.A.

Statements of value added
Years ended December 31, 2020 and 2019 and
Six-month period ended December 31, 2020
(In thousands of reais)

Notas	Bank			Consolidated		
	2º Semester 2020	December 2020	December 2019	2º Semester 2020	December 2020	December 2019
Determination of Value Added						
Income	822,710	5,942,067	2,937,504	836,557	5,961,605	2,949,473
Income from financial intermediation	744,040	5,903,287	2,657,067	757,871	5,922,771	2,669,036
Income from services rendered	20 170,552	283,976	348,713	170,552	283,976	348,713
Constitution of provisions for expected losses associated with credit risk	(101,535)	(247,713)	(80,637)	(101,535)	(247,713)	(80,637)
Constitution of provisions for expected losses associated with credit risk - FX variation on credit assignment operations	782	(7,061)	(60)	782	(7,061)	(60)
Other operating income	22 8,871	9,578	12,421	8,887	9,632	12,421
Despesas de intermediação financeira	(205,615)	(5,532,759)	(1,854,314)	(205,279)	(5,532,423)	(1,854,314)
Insumos adquiridos de terceiros	(121,102)	(189,107)	(130,194)	(123,625)	(191,939)	(130,428)
Telecommunications and data processing	21 (15,150)	(28,715)	(21,582)	(15,150)	(28,715)	(21,583)
Services provided by third parties	21 (3,598)	(6,620)	(9,231)	(3,837)	(6,860)	(9,236)
Financial services	21 (15,412)	(31,678)	(29,094)	(15,431)	(31,710)	(29,118)
Specialized technical services	21 (13,268)	(24,748)	(21,390)	(13,308)	(24,853)	(21,472)
Travel expenses	21 (1,355)	(3,601)	(7,255)	(1,355)	(3,601)	(7,255)
Promotions and public relations	21 (3,229)	(9,503)	(2,242)	(3,229)	(9,503)	(2,241)
Other operating expenses	23 (44,833)	(51,492)	(3,856)	(46,997)	(53,857)	(3,856)
Non-operating income	2,078	2,800	13,768	2,078	2,800	13,768
Non-operating expense	(12,012)	(13,747)	(16,122)	(12,012)	(13,747)	(16,122)
Other administrative expenses	21 (14,323)	(21,803)	(33,190)	(14,384)	(21,893)	(33,313)
Gross value added	495,993	220,201	952,996	507,653	237,243	964,731
Retained values	(9,493)	(18,332)	(14,211)	(9,492)	(18,331)	(14,211)
Depreciation and amortization	21 (9,493)	(18,332)	(14,211)	(9,492)	(18,331)	(14,211)
Net value added	486,500	201,869	938,785	498,161	218,912	950,520
Added value received in transfer	6,734	9,952	7,108	-	-	-
Equity pick-up from subsidiaries	6,734	9,952	7,108	-	-	-
Added value distributed	493,234	211,821	945,893	498,161	218,912	950,520
Distribuição do valor adicionado	493,234	211,821	945,893	498,161	218,912	950,520
Salaries and social charges	164,406	324,467	323,000	164,406	324,467	322,998
Direct compensation	75,241	147,884	136,633	75,240	147,883	136,631
Benefits	18,374	33,724	28,051	18,374	33,724	28,051
Social Charges - FGTS	6,643	12,696	11,735	6,643	12,696	11,735
Training	780	2,264	2,070	781	2,265	2,070
Profit sharing	63,368	127,899	144,511	63,368	127,899	144,511
Taxes, charges and compulsory contributions	141,704	(449,972)	79,926	146,631	(442,881)	84,555
Federal	132,181	(466,028)	60,662	137,107	(458,938)	65,290
State	-	-	2	-	-	2
Municipal	9,523	16,056	19,262	9,524	16,057	19,263
Compensation of third party capital	7,661	15,250	14,568	7,661	15,250	14,568
Rental	21 7,661	15,250	14,568	7,661	15,250	14,568
Compensation of shareholders	179,463	322,076	528,399	179,463	322,076	528,399
Interest on equity	29.b 41,791	107,371	225,258	56,045	107,370	225,258
Retained profit	137,672	214,705	303,141	123,418	214,706	303,141

The accompanying notes are integral part of these financial statements.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2020 and 2019
(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 26).

The Administration has been following developments related to COVID-19, observing with due attention the government guidelines, World Health Organization and specialized advice. The Bank has been adopting several preventive measures to preserve the safety and health of its employees, as well as maintaining the operation.

To guarantee the liquidity level in the financial system, the National Monetary Council and the Brazilian Central Bank adopted measures to minimize the crisis effects on the economy. We highlight the granting of loans to financial institutions through the temporary liquidity line, whose amount raised by the Bank on December 31, 2020 was R\$ 1,000,363. The amount of credit operations extended by the Bank since the pandemic COVID-19 impact totaled R\$ 797,284.

The Emergency Program for Access to Credit (Peac), was instituted by Law 14.042/20, with objective to facilitating the access to credit and preserving companies, for the protection of jobs and income. The amount of credit operations guaranteed by the PEAC-FGI program on December 31, 2020 is R\$ 3,566,440.

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., ABC Brasil Administração e Participações Ltda. and ABC Brasil Comercializadora de Energia Ltda., for which the direct and indirect ownership interest as of December 31, 2020 and 2019, is equivalent to approximately 100%.

Banco ABC Brasil S.A.

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In addition, as of January 2020, the changes arising from CMN Resolution No. 4,818/20 and Bacen Resolution No. 2/2020 were included in financial statements. The main objective of these standards is to bring similarity with the guidelines for the presentation of financial statements in accordance with International Financial Reporting Standards (IFRS). The main changes implemented were: statement of financial position accounts are presented in order of liquidity and enforceability; the statement of financial position balances for the period are presented in comparison with the end of the immediate previous fiscal year and the remaining statements are compared with the same periods of the previous fiscal year for which they were presented; and the inclusion of the Statement of Comprehensive Income. The changes implemented by the new standards did not impact Net Income or Shareholders' Equity of the comparative periods.

The financial statements were approved by the Directors on February 05, 2021.

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.

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, CPC 24 - Subsequent Event, Employee Benefits, CPC 46 - Measuring the fair value and CPC 41- Earnings per share.

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.

Banco ABC Brasil S.A.

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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 nº 4,818/20 and Bacen Resolution nº 2/2020 - Provides for the general criteria for preparing and disclosing financial statements by financial institutions.

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.

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.

Banco ABC Brasil S.A.

Notes to the financial statements

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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.

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.

Banco ABC Brasil S.A.

Notes to the financial statements

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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 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.

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.

Banco ABC Brasil S.A.

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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 6.b, 16.b and 17.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 6.b).

e) 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.

f) 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.

g) 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.

Banco ABC Brasil S.A.

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h) *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.

The financial statements have been prepared and are presented considering the general criteria for the preparation and disclosure of financial statements established by Resolution No. 4,818/20 and Resolution BCB No. 2/2020, effective as of January 1, 2021. The balances of the amounts corresponding to previous periods, presented for comparison purposes, are also now being restated considering these general criteria.

3. Current and non-current segregation

Classification of current and noncurrent / long-term assets and liabilities

The assets and liabilities realizable up to twelve months after the balance sheet are classified in current and those whose maturity or actual settlement occurs in the twelve months after

the balance sheet date are classified in non-current. The deferred tax credits and tax liabilities (a) are classified in their entirety in non-current regardless of the realization period. The trading securities are classified in current asset, regardless of their maturity date and securities classified as available for sale (b) are classified according to the maturity date, regardless of its liquidity, as established by Circular Bacen No. 3,068 / 2001.

a) Estimates of future realizations of deferred tax credits and obligations are shown below:

	Bank			Consolidated		
	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year	Total
Tax credits	958,610	135,786	1,094,396	959,791	135,786	1,095,577
Deferred tax credits	258,728	-	258,728	262,193	-	262,193

b) Treasury Bills - LFT, classified as available for sale, are presented in the balance sheet by the maturity even though they have high liquidity and amount to R\$ 1,766.401 in the Bank and R\$ 1,891,314 in the consolidated.

The segregation of the balance sheet between current and non-current is demonstrated in below, in accordance with CMN Resolution 4,818/20 and Bacen Resolutions No 2/2020.

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2020 and 2019
(In thousands of reais)

3. Current and non-current segregation

		Bank					
		December 2020			December 2019		
		Current	Non-current	Total	Current	Non-current	Total
Assets	Note						
Cash and Banks	4	513,293	-	513,293	297,187	-	297,187
Financial Instruments		25,094,861	15,816,412	40,911,273	23,967,799	11,683,610	35,651,409
Interbank investments	5	7,356,916	115,725	7,472,641	5,316,341	9,813	5,326,154
Foreign exchange portfolio	10	2,957,066	143,220	3,100,286	4,292,758	73,875	4,366,633
Marketable securities	6.a	1,743,018	5,721,092	7,464,110	2,946,123	4,763,605	7,709,728
Derivative financial instruments	6.b	1,154,566	924,118	2,078,684	611,215	438,346	1,049,561
Loans	8	11,883,295	8,912,257	20,795,552	10,801,362	6,397,971	17,199,333
Other assets		837,403	52,920	890,323	745,770	14,983	760,753
Interbank accounts	7	157,780	-	157,780	66,011	-	66,011
Trading and intermediation of securities	11.a	244,079	-	244,079	253,760	-	253,760
Receivables		20,000	5,553	25,553	20,713	5,343	26,056
Prepaid expenses		6,037	6,206	12,243	8,287	1,261	9,548
Assets not for own use		192,679	-	192,679	248,298	-	248,298
Sundry	11.b	216,828	39,011	255,839	148,701	7,000	155,701
Other investments		-	2,150	2,150	-	1,379	1,379
Provisions for expected losses associated with credit risk	9	(380,966)	(205,012)	(585,978)	(295,159)	(132,934)	(428,093)
Deferred tax assets	24	-	1,094,394	1,094,394	-	484,541	484,541
Investments in associates and subsidiaries	12	-	379,627	379,627	-	210,517	210,517
Fixed assets	13	-	66,177	66,177	-	61,650	61,650
Intangible assets	13	-	123,535	123,535	-	84,780	84,780
Depreciation and amortization	13	-	(95,764)	(95,764)	-	(77,431)	(77,431)
Fixed assets		-	(42,565)	(42,565)	-	(35,990)	(35,990)
Intangible assets		-	(53,199)	(53,199)	-	(41,441)	(41,441)
Total Assets		26,064,591	17,232,289	43,296,880	24,715,597	12,329,716	37,045,313

Banco ABC Brasil S.A.

Notes to the financial statements
December 31, 2020 and 2019
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3. Current and non-current segregation

		Bank					
		December 2020			December 2019		
		Current	Non-current	Total	Current	Non-current	Total
Liabilities and Shareholders' equity	Note						
Deposits and financial Instruments		29,626,634	8,213,931	37,840,565	24,110,028	8,211,579	32,321,607
Deposits	14	9,470,422	684,999	10,155,421	5,209,782	484,092	5,693,874
Money market funding	14	1,370,144	-	1,370,144	1,092,483	-	1,092,483
Funds from acceptance and issue of securities	15	6,176,003	4,256,097	10,432,100	4,690,917	4,814,728	9,505,645
Borrowings and Onlending	16	8,542,198	583,768	9,125,966	7,694,135	752,534	8,446,669
Derivative financial instruments	6.b	1,009,981	925,484	1,935,465	401,486	360,138	761,624
Foreign exchange portfolio	10	2,916,610	149,239	3,065,849	4,356,523	69,949	4,426,472
Subordinated debts	17	141,276	158,1547	1,722,823	664,702	1,708,194	2,372,896
Debts instruments eligible for capital		-	32,797	32,797	-	21,944	21,944
Provisions	18	167,747	29,033	196,780	124,719	20,227	144,946
Deferred tax obligations	24		258,729	258,729	-	156,843	156,843
Other liabilities		653,561	36,637	690,198	332,187	26,270	358,457
Interbranch accounts		93,519	-	93,519	47,732	-	47,732
Social and statutory		73,500	317	73,817	90,734	315	91,049
Taxes and social security	19.a	76,670	1,358	78,028	94,424	1,120	95,544
Trading and intermediation of securities	19.c	408,045	-	408,045	87,078	-	87,078
Sundry	19.b	1,827	34,962	36,789	12,219	24,835	37,054
Deferred income			22,345	22,345	-	22,727	22,727
Shareholders' equity		-	4,288,263	4,288,263	-	4,040,733	4,040,733
Capital	29.a	-	2,594,681	2,594,681	-	2,565,892	2,565,892
Brazilian residents		-	759,039	759,039	-	590,397	590,397
Foreign residents		-	1,835,642	1,835,642	-	1,975,495	1,975,495
Capital reserve		-	38,596	38,596	-	45,651	45,651
Profit reserve	29.d	-	1,712,861	1,712,861	-	1,498,156	1,498,156
Equity valuation adjustments		-	(1,017)	(1,017)	-	7,969	7,969
Treasury stock	29.e	-	(56,858)	(56,858)	-	(76,935)	(76,935)
Total liabilities		30,447,942	12,848,938	43,296,880	24,566,934	12,478,379	37,045,313

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3. Current and non-current segregation

		Consolidated					
		December 2020			December 2019		
		Current	Non-current	Total	Current	Non-current	Total
Assets	Note						
Cash and Banks	4	513,293	-	513,293	297,187	-	297,187
Financial Instruments		25,143,988	16,007,621	41,151,609	24,178,530	11,683,610	35,862,140
Interbank investments	5	7,356,916	115,725	7,472,641	5,316,341	9,813	5,326,154
Foreign exchange portfolio	10	2,957,066	143,220	3,100,286	4,292,758	73,875	4,366,633
Marketable securities	6.a	1,743,018	5,907,914	7,650,932	3,156,854	4,763,605	7,920,459
Derivative financial instruments	6.b	1,199,041	928,505	2,127,546	611,215	438,346	1,049,561
Loans	8	11,887,947	8,912,257	20,800,204	10,801,362	6,397,971	17,199,333
Other assets		975,033	84,971	1,060,004	749,445	14,983	764,428
Interbank accounts	7	157,780	-	157,780	66,011	-	66,011
Trading and intermediation of securities	11.a	244,079	-	244,079	253,760	-	253,760
Receivables		20,000	5,553	25,553	20,713	5,343	26,056
Prepaid expenses		6,037	6,206	12,243	8,287	1,261	9,548
Assets not for own use		192,679	-	192,679	248,298	-	248,298
Sundry	11.b	354,458	71,062	425,520	152,376	7,000	159,376
Other investments		-	2,150	2,150	-	1,379	1,379
Provisions for expected losses associated with credit risk	9	(380,966)	(205,012)	(585,978)	(295,159)	(132,934)	(428,093)
Deferred tax assets	24	959,788	135,786	1,095,574	-	484,548	484,548
Investments in associates and subsidiaries	12	-	391	391	-	-	-
Fixed assets	13	-	66,177	66,177	-	61,650	61,650
Intangible assets	13	-	123,535	123,535	-	84,780	84,780
Depreciation and amortization	13	-	(95,764)	(95,764)	-	(77,431)	(77,431)
Fixed assets		-	(42,565)	(42,565)	-	(35,990)	(35,990)
Intangible assets		-	(53,199)	(53,199)	-	(41,441)	(41,441)
Total Assets		27,211,136	16,117,705	43,328,841	24,930,003	12,119,206	37,049,209

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3. Current and non-current segregation

		Consolidated					
		December 2020			December 2019		
	Note	Current	Non-current	Total	Current	Non-current	Total
Liabilities and Shareholders' equity							
Deposits and financial Instruments		29,647,070	8,215,202	37,862,272	24,109,823	8,211,579	32,321,402
Deposits	14	9,470,329	684,999	10,155,328	5,209,577	484,092	5,693,669
Money market funding	14	1,354,313	-	1,354,313	1,092,483	-	1,092,483
Funds from acceptance and issue of securities	15	6,176,003	4,256,097	10,432,100	4,690,917	4,814,728	9,505,645
Borrowings and Onlending	16	8,542,198	583,768	9,125,966	7,694,135	752,534	8,446,669
Derivative financial instruments	6.b	1,046,341	926,755	1,973,096	401,486	360,138	761,624
Foreign exchange portfolio	10	2,916,610	149,239	3,065,849	4,356,523	69,949	4,426,472
Subordinated debts	17	141,276	1,581,547	1,722,823	664,702	1,708,194	2,372,896
Debts instruments eligible for capital		-	32,797	32,797	-	21,944	21,944
Provisions	18	170,533	29,033	199,566	124,756	20,227	144,983
Deferred tax obligations	24	-	262,194	262,194	-	156,850	156,850
Other liabilities		657,564	36,637	694,201	336,244	26,270	362,514
Interbranch accounts		93,519	-	93,519	47,732	-	47,732
Social and statutory		73,500	317	73,817	90,734	315	91,049
Taxes and social security	19.a	80,673	1,358	82,031	98,481	1,120	99,601
Trading and intermediation of securities	19.c	408,045	-	408,045	87,078	-	87,078
Sundry	19.b	1,827	34,962	36,789	12,219	24,835	37,054
Deferred income		-	22,345	22,345	-	22,727	22,727
Shareholders' equity		-	4,288,263	4,288,263	-	4,040,733	4,040,733
Capital	29.a	-	2,594,681	2,594,681	-	2,565,892	2,565,892
Brazilian residents		-	759,039	759,039	-	590,397	590,397
Foreign residents		-	1,835,642	1,835,642	-	1,975,495	1,975,495
Capital reserve		-	38,596	38,596	-	45,651	45,651
Profit reserve	29.d	-	1,712,861	1,712,861	-	1,498,156	1,498,156
Equity valuation adjustments		-	(1,017)	(1,017)	-	7,969	7,969
Treasury stock	29.e	-	(56,858)	(56,858)	-	(76,935)	(76,935)
Total liabilities		30,475,167	12,853,674	43,328,841	24,570,823	12,478,386	37,049,209

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4. Cash and cash equivalents

Cash and cash equivalent components:

	Bank and Consolidated	
	December 2020	December 2019
Cash and banks	513,293	297,187
Interbank investments	5,731,491	3,709,824
Foreign investments	218,876	382,615
Other investments with maturity equal or less than 90 days (a)	5,512,615	3,327,209
Total cash and cash equivalents	6,244,784	4,007,011

(a) Related to operations whose maturity on the date of effective investment was equal to or less than 90 days and which have an insignificant risk of change in value.

5. Interbank investments

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

	Bank and Consolidated							December 2019
	December 2020							
	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
Money market investments	5,908,106	580,654	200,836	-	-	-	6,689,596	4,271,060
Investments in interbank deposits	51,311	70,066	145,940	181,127	108,421	7,304	564,169	672,479
Foreign investments	218,876	-	-	-	-	-	218,876	382,615
Total	6,178,293	650,720	346,776	181,127	108,421	7,304	7,472,641	5,326,154

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6. Marketable securities and derivative financial instruments

a) Marketable securities

The classification of marketable securities at December 31, 2020 and 2019 are as follows:

	December 2020				December 2019	
	Bank		Consolidated		Bank	Consolidated
	Cost	Market/ Accounting	Cost	Market/ Accounting	Market/ Accounting	Market/ Accounting
Trading securities						
Financial Treasury Bills - "LFT"	45,480	45,300	45,480	45,300	31,107	241,838
Eurobonds	2,413	2,474	2,413	2,474	17,928	17,928
National Treasury Notes - "NTN - B"	186,241	188,433	186,241	188,433	139,761	139,761
National treasury bills - "LTN"	-	-	-	-	9	9
Bank Deposit Certificate - "CDB"	-	-	-	-	5,460	5,460
Debentures	142,386	155,262	142,386	155,262	157,419	157,419
Foreign government bonds	-	-	-	-	1,268,013	1,268,013
Public Company Shares	186,777	318,661	186,777	318,661	57,473	57,473
Certificate of Agribusiness Receivables - "CRA"	40,789	40,274	40,789	40,274	68,066	68,066
Funds in infrastructure holdings	65,838	66,416	65,838	66,416	-	-
Subtotal - Trading securities	669,924	816,820	669,924	816,820	1,745,236	1,955,967
Securities available for sale (b)						
Financial Treasury Bills - "LFT"	1,781,309	1,766,401	1,907,823	1,891,314	1,266,566	1,266,566
Eurobonds	1,276	1,401	1,276	1,401	14,269	14,269
National Treasury Notes - "NTN - B"	78,534	79,041	78,534	79,041	5,204	5,204
National Treasury Notes - "NTN - A"	126,647	136,070	126,647	136,070	103,135	103,135
National treasury bills - "LTN"	-	-	-	-	420,708	420,708
Bank Deposit Certificate - "CDB"	36,069	36,069	97,979	97,978	-	-
Certificate of Real State Receivables - "CRI"	8,525	10,084	8,525	10,084	10,033	10,033
Debentures	1,503,701	1,489,672	1,503,701	1,489,672	1,828,174	1,828,174
Promissory Notes - "NP"	189,876	188,781	189,876	188,781	201,596	201,596
Rural Product bills - "CPR"	722,117	739,134	722,117	739,134	1,062,717	1,062,717
Financial Treasury - "LF"	37,559	37,453	37,559	37,453	83,529	83,529
Certificate of Agribusiness Receivables - "CRA"	109,350	109,052	109,350	109,052	102,483	102,483
Fixed Rate Notes - FRN	20,248	20,590	20,248	20,590	83,179	83,179
Subtotal - Securities available for sale	4,615,211	4,613,748	4,803,635	4,800,570	5,181,593	5,181,593
Held to maturity (a)						
National Treasury Notes - "NTN - B"	121,518	121,518	121,518	121,518	68,996	68,996
National treasury bills - "LTN"	847,411	847,411	847,411	847,411	713,903	713,903
National Treasury Notes - "NTN - F"	1,064,613	1,064,613	1,064,613	1,064,613	-	-
Subtotal - held to maturity	2,033,542	2,033,542	2,033,542	2,033,542	782,899	782,899
Total	7,318,677	7,464,110	7,507,101	7,650,932	7,709,728	7,920,459

(a) Securities classified as held to maturity are valued at amortized cost. If they were valued at market value, on December 31, 2020, would have positive adjustment of R\$76,386 (positive adjustment of R\$ 27,259 on December 31, 2019).

(b) The market value submitted is net of the allowance for devaluation considered permanent in the securities in the amount of R\$ 88,102 on December 31, 2020 (R\$ 22,491 on December 31, 2019).

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At December 31, 2020, unrealized income on securities classified as available for sale totaled a loss of R\$ 3,065 (gain of R\$ 12,373 at December 31, 2019), which is recorded in equity under the account "Equity valuation adjustment" net of tax effects, amounting a loss to R\$ 1,017 (gain of R\$ 7,969 at December 31, 2019).

The composition of the portfolio as of December 31, 2020 and 2019, considering the hierarchical levels of fair value measurement are shown as follows:

	Bank				Consolidated			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
December 2020								
Trading securities	776,546	40,274	-	816,820	776,546	40,274	-	816,820
Securities available for sale	2,026,174	1,722,022	865,552	4,613,748	2,151,087	1,783,931	865,552	4,800,570
December 2019								
Trading securities	1,631,625	113,611	-	1,745,236	1,842,356	113,611	-	1,955,967
Securities available for sale	1,994,407	2,041,290	1,145,896	5,181,593	1,994,407	2,041,290	1,145,896	5,181,593

Measurement of fair value - level 1 is based on quoted prices (not adjusted) in active markets for identical assets or liabilities.

Measurement of fair value - level 2 is based on other variables in addition to observable quoted prices included in level 1 for asset or liability, whether directly (i.e., as prices) or indirectly (i.e., based on prices).

Measurement of fair value - level 3 is based are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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The Bank's portfolios at December 31, 2020, classified by maturity, are as follows:

	Bank						
	December 2020						
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Trading securities							
Financial Treasury Bills - "LFT"	-	1,582	-	2,161	10,085	31,472	45,300
Eurobonds	-	-	-	-	-	2,474	2,474
National Treasury Notes - "NTN - B"	-	-	112,015	-	6,130	70,288	188,433
Debentures	-	-	-	-	-	155,262	155,262
Public Company Shares	318,661	-	-	-	-	-	318,661
Certificate of Agribusiness Receivables - "CRA"	-	-	-	-	40,274	-	40,274
Funds in infrastructure holdings	-	-	-	-	-	66,416	66,416
Subtotal - Trading securities	318,661	1,582	112,015	2,161	56,489	325,912	816,820
Securities available for sale							
Financial Treasury Bills - "LFT"	-	-	-	-	107,291	1,659,110	1,766,401
Eurobonds	-	-	-	-	-	1,401	1,401
National Treasury Notes - "NTN - B"	-	-	-	-	42,877	36,164	79,041
National Treasury Notes - "NTN - A"	-	-	-	-	-	136,070	136,070
Bank Deposit Certificate - "CDB"	-	-	-	-	36,069	-	36,069
Certificate of Real State Receivables – "CRI"	-	-	-	-	10,084	-	10,084
Debentures	-	19,938	172,872	111,539	414,803	770,520	1,489,672
Promissory Notes - "NP"	1,451	8,331	99,196	40,349	39,454	-	188,781
Rural Product bills - "CPR"	13,662	16,173	34,253	87,707	363,144	224,195	739,134
Financial Treasury - "LF"	-	-	26,852	-	10,601	-	37,453
Certificate of Agribusiness Receivables - "CRA"	-	-	-	30,623	29,069	49,360	109,052
Fixed Rate Notes - FRN	-	-	-	20,590	-	-	20,590
Subtotal - Securities available for sale	15,113	44,442	333,173	290,808	1,053,392	2,876,820	4,613,748
Held to maturity							
National Treasury Notes - "NTN - B"	-	-	-	-	19,106	102,412	121,518
National Treasury Bills - "LTN"	-	-	98,687	143,975	480,949	123,800	847,411
National Treasury Notes - "NTN - F"	-	-	-	-	-	1,064,613	1,064,613
Subtotal - held to maturity	-	-	98,687	143,975	500,055	1,290,825	2,033,542
Total - December 2020	333,774	46,024	543,875	436,944	1,609,936	4,493,557	7,464,110
Total - December 2019	330,349	469,857	307,527	1,487,209	1,906,292	3,208,494	7,709,728

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	Consolidated						
	December 2020						
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Trading securities							
Financial Treasury Bills - "LFT"	-	1,582	-	2,161	10,085	31,472	45,300
Eurobonds	-	-	-	-	-	2,474	2,474
National Treasury Notes - "NTN - B"	-	-	112,015	-	6,130	70,288	188,433
Debentures	-	-	-	-	-	155,262	155,262
Public Company Shares	318,661	-	-	-	-	-	318,661
Certificate of Agribusiness Receivables - "CRA"	-	-	-	-	40,274	-	40,274
Funds in infrastructure holdings	-	-	-	-	-	66,416	66,416
Subtotal - Trading securities	318,661	1,582	112,015	2,161	56,489	325,912	816,820
Securities available for sale							
Financial Treasury Bills - "LFT"	-	-	-	-	107,291	1,784,023	1,891,314
Eurobonds	-	-	-	-	-	1,401	1,401
National Treasury Notes - "NTN - B"	-	-	-	-	42,877	36,164	79,041
National Treasury Notes - "NTN - A"	-	-	-	-	-	136,070	136,070
Bank Deposit Certificate - "CDB"	-	-	-	-	97,978	-	97,978
Certificate of Real State Receivables – "CRI"	-	-	-	-	10,084	-	10,084
Debentures	-	19,938	172,872	111,539	414,803	770,520	1,489,672
Promissory Notes - "NP"	1,451	8,331	99,196	40,349	39,454	-	188,781
Rural Product bills - "CPR"	13,662	16,173	34,253	87,707	363,144	224,195	739,134
Financial Treasury - "LF"	-	-	26,852	-	10,601	-	37,453
Certificate of Agribusiness Receivables - "CRA"	-	-	-	30,623	29,069	49,360	109,052
Fixed Rate Notes - FRN	-	-	-	20,590	-	-	20,590
Subtotal - Securities available for sale	15,113	44,442	333,173	290,808	1,115,301	3,001,733	4,800,570
Held to maturity							
National Treasury Notes - "NTN - B"	-	-	-	-	19,106	102,412	121,518
National Treasury Bills - "LTN"	-	-	98,687	143,975	480,949	123,800	847,411
National Treasury Notes - "NTN - F"	-	-	-	-	-	1,064,613	1,064,613
Subtotal - held to maturity	-	-	98,687	143,975	500,055	1,290,825	2,033,542
Total - December 2020	333,774	46,024	543,875	436,944	1,671,845	4,618,470	7,650,932
Total - December 2019	330,349	680,588	307,527	1,487,209	1,906,292	3,208,494	7,920,459

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

Operation type	Linked securities	Bank and Consolidated	
		Market value	
		December 2020	December 2019
Derivatives - B3 S.A. - Brasil, Bolsa, Balcão e CBLC	LTN / NTN/ CDB/ LFT	771,552	178,415
Exchange - B3 S.A. - Brasil, Bolsa, Balcão	LTN	405,633	103,837
Agribusiness credit bills funding	Rural product bills	648,981	471,207
Total		1,826,166	753,459

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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 atched 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:

	December 2020				December 2019	
	Bank				Bank and Consolidated	
	Notional value	Cost - receivable / (payable)	Marked to Market adjustment	Market value	Notional value	Market value
Future contracts	21,842,151	-	-	-	12,205,270	-
Purchase commitments	9,705,674	-	-	-	4,180,067	-
Interbank market	7,033,135	-	-	-	3,026,762	-
Foreign currency	1,297,876	-	-	-	1,153,305	-
Others	1,374,663	-	-	-	-	-
Sales commitments	12,136,477	-	-	-	8,025,203	-
Interbank market	8,285,919	-	-	-	6,199,102	-
Foreign currency	3,472,989	-	-	-	1,826,101	-
Others	377,569	-	-	-	-	-
Asset position	23,736,589	2,450,960	(372,276)	2,078,684	19,330,741	1,002,331
Swap contracts	2,153,506	98,929	44,659	143,588	2,854,803	130,411
Interbank market	675,492	10,008	11,701	21,709	1,114,584	25,882
Foreign currency	177,131	20,037	6,678	26,715	382,112	64,746
Fixed rates	935,015	33,555	27,355	60,910	1,149,709	30,817
Others	365,868	35,329	(1,075)	34,254	208,398	8,966
Options contracts	14,896,423	2,117,410	(420,729)	1,696,681	13,610,277	818,265
Purchase commitments	7,065,785	1,681,449	(92,569)	1,588,880	6,624,383	353,319
Foreign currency	6,963,551	1,674,570	(130,299)	1,544,271	6,591,453	351,303
Others financial assets	50,539	114	150	264	-	-
Shares	51,695	6,765	37,580	44,345	32,930	2,016
Sales commitments	7,830,638	435,961	(328,160)	107,801	6,985,894	464,946
Foreign currency	6,948,519	435,504	(327,750)	107,754	6,799,060	461,169
Others financial assets	882,119	457	(410)	47	178,194	3,762
Shares	-	-	-	-	8,640	15
Others financial instruments(a)	6,686,660	234,621	3,794	238,415	2,865,661	53,655
Foreign currency	2,448,538	129,694	392	130,086	902,726	25,750
Others financial assets	4,238,122	104,927	3,402	108,329	1,962,935	27,905

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	December 2020				December 2019	
	Bank				Bank and Consolidated(a)	
	Notional value	Cost - receivable / (payable)	Marked to Market adjustment	Market value	Notional value	Market value
Liability position	24,477,747	(1,251,359)	(684,106)	(1,935,465)	24,207,109	(761,624)
Swap contracts	2,656,574	(277,938)	(15,375)	(293,313)	3,870,230	(91,185)
Interbank market	32,628	(3,153)	1,645	(1,508)	127,721	(3,416)
Foreign currency	1,933,129	(216,179)	(5,840)	(222,019)	2,848,813	(38,682)
Fixed rates	531,651	(21,539)	(17,052)	(38,591)	827,466	(38,757)
Others	159,166	(37,067)	5,872	(31,195)	66,230	(10,330)
Options contracts	15,897,976	(791,166)	(669,391)	(1,460,557)	14,418,963	(565,651)
Purchase commitments	7,589,066	(660,504)	(706,336)	(1,366,840)	7,354,294	(241,557)
Foreign currency	7,182,910	(657,750)	(707,227)	(1,364,977)	7,227,458	(226,647)
Others financial assets	406,156	(2,754)	891	(1,863)	118,856	(14,679)
Shares	-	-	-	-	7,980	(231)
Sales commitments	8,308,910	(130,662)	36,945	(93,717)	7,064,669	(324,094)
Foreign currency	7,066,996	(120,279)	31,138	(89,141)	6,974,620	(323,093)
Others financial assets	1,190,219	(3,953)	(443)	(4,396)	90,049	(1,001)
Shares	51,695	(6,430)	6,250	(180)	-	-
Others financial instruments(a)	5,923,197	(182,255)	660	(181,595)	5,917,916	(104,788)
Foreign currency	1,461,736	(82,070)	974	(81,096)	2,456,490	(74,784)
Others financial assets	4,461,461	(100,185)	(314)	(100,499)	3,461,426	(30,004)

(a) The consolidated financial statements as of December 31, 2020 include, in addition to the amounts shown in the previous table, the amount of R\$ 192,349 (asset position) and R\$ 173,271 (liability position) in notional value of purchase and sale of the energy and R\$ 48,862 (asset position) and R\$ 67,631 (liability position) in market value, of the subsidiary ABC Brasil Comercializadora de Energia Ltda. in derivative financial instruments.

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Derivative financial instruments by maturity, as of December 31, 2020 and 2019, are as follows:

	December 2020							December 2019
	Bank							Bank
	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	6,775,506	8,481,104	2,675,683	1,920,031	1,433,743	556,084	21,842,151	12,205,270
Option contracts	1,462,853	276,309	267,703	15,113,602	13,673,932	-	30,794,399	28,029,240
Swap contracts	107,633	339,316	1,414,365	989,716	1,386,068	572,982	4,810,080	7,034,376
Others financial instruments	2,234,270	7,817,544	993,823	975,792	588,428	-	12,609,857	8,783,577
Total - December 2020	10,580,262	16,914,273	5,351,574	18,999,141	17,082,171	1,129,066	70,056,487	-
Total - December 2019	4,378,082	9,701,630	7,331,568	16,137,508	17,450,826	1,052,849	-	56,052,463
Asset position								
Option contracts	216	6,168	45,426	823,879	820,992	-	1,696,681	818,265
Swap contracts	3778	3,666	17,917	30,096	72,381	15,750	143,588	177,641
Others financial instruments	34,661	87,540	52,358	48,861	14,995	-	238,415	53,655
Total - December 2020	38,655	97,374	115,701	902,836	908,368	15,750	2,078,684	-
Total - December 2019	17,274	30,859	138,771	424,311	428,467	9,879	-	1,049,561
Liability position								
Option contracts	(26,682)	(1,371)	(1,001)	(726,651)	(704,852)	-	(1,460,557)	(565,651)
Swap contracts	(3,468)	(14,087)	(25,915)	(54,952)	(137,008)	(57,883)	(293,313)	(91,185)
Others financial instruments	(28,255)	(56,105)	(23,807)	(47,687)	(25,741)	-	(181,595)	(104,788)
Total - December 2020	(58,405)	(71,563)	(50,723)	(829,290)	(867,601)	(57,883)	(1,935,465)	-
Total - December 2019	(16,367)	(64,594)	(56,555)	(263,970)	(348,626)	(11,512)	-	(761,624)

	December 2020							December 2019
	Consolidated							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	6,775,506	8,481,104	2,675,683	1,920,031	1,433,743	556,084	21,842,151	12,205,270
Option contracts	1,462,853	276,309	267,703	15,113,602	13,673,932	-	30,794,399	28,029,240
Swap contracts	107,633	339,316	1,414,365	989,716	1,386,068	572,982	4,810,080	7,034,376
Others financial instruments	2,267,357	7,870,776	1,061,904	1,119,716	655,724	-	12,975,477	8,783,577
Total - December 2020	10,613,349	16,967,505	5,419,655	19,143,065	17,149,467	1,129,066	70,422,107	-
Total - December 2019	4,378,082	9,701,630	7,331,568	16,137,508	17,450,826	1,052,849	-	56,052,463
Asset position								
Option contracts	216	6,168	45,426	823,879	820,992	-	1,696,681	818,265
Swap contracts	3,778	3,666	17,917	30,096	72,381	15,750	143,588	177,641
Others financial instruments	44,978	94,791	57,437	70,689	19,382	-	287,277	53,655
Total - December 2020	48,972	104,625	120,780	924,664	912,755	15,750	2,127,546	-
Total - December 2019	17,274	30,859	138,771	424,311	428,467	9,879	-	1,049,561
Liability position								
Option contracts	(26,682)	(1,371)	(1,001)	(726,651)	(704,852)	-	(1,460,557)	(565,651)
Swap contracts	(3,468)	(14,087)	(25,915)	(54,952)	(137,008)	(57,883)	(293,313)	(91,185)
Others financial instruments	(38,231)	(63,110)	(26,336)	(64,537)	(27,012)	-	(219,226)	(104,788)
Total - December 2020	(68,381)	(78,568)	(53,252)	(846,140)	(868,872)	(57,883)	(1,973,096)	-
Total - December 2019	(16,367)	(64,594)	(56,555)	(263,970)	(348,626)	(11,512)	-	(761,624)

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The composition of the portfolio as of December 31, 2020 and 2019, considering the hierarchical levels of fair value measurement are shown as follows:

	Bank			Consolidated		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Asset Position						
December 2020	1,715,792	362,892	2,078,684	1,715,792	411,754	2,127,546
December 2019	792,972	256,589	1,049,561	792,972	256,589	1,049,561
Liabilities Position						
December 2020	1,508,366	427,099	1,935,465	1,508,366	464,730	1,973,096
December 2019	535,535	226,089	761,624	535,535	226,089	761,624

Gains (losses) on derivative financial instruments for the years ended December 31, 2020 and 2019 are as follows:

	December 2020			December 2019
	Bank			Bank and Consolidated
	Gains	Losses	Net	Net
Swaps	1,869,868	(2,156,732)	(286,864)	51,241
Futures	24,519,071	(25,061,154)	(542,083)	110,652
Options	55,148,390	(55,150,016)	(1,626)	27,312
Others financial instruments	2,814,053	(1,730,904)	1,083,149	(101,453)
Total	84,351,382	(84,098,806)	252,576	87,752

The consolidated amount includes revenue of R\$ 12,932 (gains of R\$ 32,578 and losses of R\$ 19,646) in Other financial instruments of the subsidiary ABC Brasil Comercializadora de Energia Ltda., In the year ended December 31, 2020.

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)	8,549	9,739	10,928
Net exposure of currency coupons (RWAjur2)	20,663	21,059	21,456
Net exposure of index coupons (RWAjur3)	12,299	13,469	14,640
Total interest rate exposure (Note 30)	41,511	44,267	47,024
ii) Foreign exchange rate			
Total exposure purchased at exchange rates	21,787	47,217	72,646
iii) Index, shares and commodities			
Total exposure to index, shares and commodities	41,299	42,070	42,840

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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, 2020.

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.

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, 2020.

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, 2020 an exposure of R\$ 289,104 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.

7. Interbank accounts

The breakdown of interbank accounts represents the amount of R\$ 157,780 as of December 31, 2020 (R\$ 66,011 at December 31, 2019), represented by Interbank onlendings, in the amount of R\$ 141,518 (R\$ 65,332 at December 31, 2019), reserve requirements - Central Bank deposits, in the amount of R\$ 16,262 (R\$ 679 at December 31, 2019).

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8. Lending operations, guarantees and responsibilities

The amounts of loans and financial guarantees provided are as follows:

Loans portfolio by modality:

	Bank		Consolidated	
	December 2020	December 2019	December 2020	December 2019
Loans				
Loans	11,273,333	5,922,087	11,277,985	5,922,087
Financing	5,528,734	6,353,310	5,528,734	6,353,310
Financing - Rural and agribusiness	1,035,014	1,260,788	1,035,014	1,260,788
Advances on export contracts and interest	604,571	780,635	604,571	780,635
Notes and loans receivable	2,305,687	2,732,046	2,305,687	2,732,046
Honored bills	48,213	150,467	48,213	150,467
Total - Loans	20,795,552	17,199,333	20,800,204	17,199,333
Financial guarantees and responsibilities (a)	10,160,984	9,256,126	10,160,984	9,256,126
Total	30,956,536	26,455,459	30,961,188	26,455,459

(a) The guarantees provided on behalf of clients are subject to charges and counter-guarantees by its beneficiaries. On December 31, 2020, the balance of provisions for guarantees and responsibilities is R\$ 76,622 (R\$ 53,269 at December 31, 2019) - Note 18.

Loans portfolio by sector activity:

	Bank					
	December 2020			December 2019		
	Loans	Guarantees and responsibilities	Total	Loans	Guarantees and responsibilities	Total
Private Sector						
Financial intermediaries	68,991	1,710,546	1,779,537	332,732	1,610,402	1,943,134
Industry	5,968,765	1,638,736	7,607,501	5,302,976	1,533,198	6,836,174
Commercial	4,951,934	811,478	5,763,412	3,589,218	1,027,911	4,617,129
Services	9,303,193	4,721,164	14,024,357	7,663,312	4,004,565	11,667,877
Individuals	400,679	70,821	471,500	270,447	67,097	337,544
Total - Private sector	20,693,562	8,952,745	29,646,307	17,158,685	8,243,173	25,401,858
Public Sector	101,990	1,208,239	1,310,229	40,648	1,012,953	1,053,601
Total	20,795,552	10,160,984	30,956,536	17,199,333	9,256,126	26,455,459

	Consolidated					
	December 2020			December 2019		
	Loans	Guarantees and responsibilities	Total	Loans	Guarantees and responsibilities	Total
Private Sector						
Financial intermediaries	68,991	1,710,546	1,779,537	332,732	1,610,402	1,943,134
Industry	5,968,765	1,638,736	7,607,501	5,302,976	1,533,198	6,836,174
Commercial	4,931,882	811,478	5,743,360	3,589,218	1,027,911	4,617,129
Services	9,303,193	4,721,164	14,024,357	7,663,312	4,004,565	11,667,877
Individuals	425,383	70,821	496,204	270,447	67,097	337,544
Total - Private sector	20,698,214	8,952,745	29,650,959	17,158,685	8,243,173	25,401,858
Public Sector	101,990	1,208,239	1,310,229	40,648	1,012,953	1,053,601
Total	20,800,204	10,160,984	30,961,188	17,199,333	9,256,126	26,455,459

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

	Bank							
	December 2020							
	Maturities						Overdue after 15 days	Total
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years		
Loans	1,664,879	2,510,434	3,211,404	4,356,535	7,112,164	1,800,093	140,043	20,795,552
Financial guarantees and responsibilities	558,751	1,351,112	1,516,090	3,108,624	3,582,083	44,324	-	10,160,984
Total - December 2020	2,223,630	3,861,546	4,727,494	7,465,159	10,694,247	1,844,417	140,043	30,956,536
Total - December 2019	2,197,417	4,105,669	3,922,746	6,326,227	8,250,631	1,447,776	204,993	26,455,459

	Consolidated							
	December 2020							
	Maturities						Overdue after 15 days	Total
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years		
Loans	1,644,827	2,510,434	3,236,108	4,356,535	7,112,164	1,800,093	140,043	20,800,204
Financial guarantees and responsibilities	558,751	1,351,112	1,516,090	3,108,624	3,582,083	44,324	-	10,160,984
Total - December 2020	2,203,578	3,861,546	4,752,198	7,465,159	10,694,247	1,844,417	140,043	30,961,188
Total - December 2019	2,197,417	4,105,669	3,922,746	6,326,227	8,250,631	1,447,776	204,993	26,455,459

During the year ended December 31, 2020, 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 \$ 125,986 (R\$ 2,925 at December 31, 2019), the effect of these operations on the income was gain on year ended December 31, 2020 of R\$ 1,087 (R\$ 2,323 of gain at December 31, 2019).

Credit risk concentration are as follows:

	Bank and Consolidated			
	December 2020		December 2019	
	Balance	% of portfolio (1)	Balance	% of portfolio (1)
Main debtor	627,011	2.03	694,520	2.63
10 main debtors	4,209,546	13.60	4,060,693	15.35
20 main debtors	6,751,585	21.81	6,317,994	23.88

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

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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 apresented as follows:

	Bank and Consolidated					December 2019
	December 2020					
	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Total	Total
Restricted operations on assets						
Loan operations	12,268	13,333	23,997	12,126	61,724	83,223
Liabilities - restricted operations on assets						
Loan operations	13,898	15,105	27,184	13,738	69,925	90,431

The net result from these operations at December 31, 2020 was R\$ 391 (R\$ 557 at december 31, 2019).

9. Allowance for loan and other credit losses

The portfolio of loans and the allowance for loan and other credit losses, at December 31, 2020 and 2019, are as follows:

		Bank			
		December 2020			
		Total operations			Allowance
Risk rating	Minimum Level of allowance	Normal course	Past due	Total	Res. 2682
AA	-	3,245,809	-	3,245,809	-
A	0.5%	7,226,320	-	7,226,320	36,132
B	1.0%	7,553,000	196	7,553,196	75,520
C	3.0%	1,849,699	578	1,850,277	55,508
D	10.0%	201,039	998	202,037	24,361
E	30.0%	257,778	65,102	322,880	97,069
F	50.0%	128,336	7,926	136,262	69,057
G	70.0%	61,111	47,386	108,497	78,057
H	100.0%	132,417	17,857	150,274	150,274
Total		20,655,509	140,043	20,795,552	585,978

		Consolidated			
		December 2020			
		Total operations			Allowance
Risk rating	Minimum Level of allowance	Normal course	Past due	Total	Res. 2682
AA	-	3,250,461	-	3,250,461	-
A	0.5%	7,226,320	-	7,226,320	36,132
B	1.0%	7,553,000	196	7,553,196	75,520
C	3.0%	1,849,699	578	1,850,277	55,508
D	10.0%	201,039	998	202,037	24,361
E	30.0%	257,778	65,102	322,880	97,069
F	50.0%	128,336	7,926	136,262	69,057
G	70.0%	61,111	47,386	108,497	78,057
H	100.0%	132,417	17,857	150,274	150,274
Total		20.660.161	140.043	20.800.204	585.978

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Risk rating	Minimum Level of allowance	Bank and Consolidated			
		December 2019			
		Total operations		Allowance	
		Normal course	Past due	Total	Res. 2,682/99
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

Changes in the allowances for loan losses for the years ended December 31, 2020 and 2019 were as follows:

	Bank and Consolidated	
	December 2020	December 2019
Balances at the beginning of the year	428,093	379,357
Constitution / (Reversal)	247,713	130,637
(Reversal) Additional of provision	-	(50,000)
Foreign exchange variation	7,584	800
Classified as future year P&L	(2,442)	1,297
Loans written off as losses	(88,309)	(33,998)
Write-off of credit assignment	(6,661)	-
Balances at the end of the year	585,978	428,093

At December 31, 2020, balance of renegotiated loans amounted to R\$ 212,224 (R\$ 163,287 at December 31, 2019), being total loan transactions renegotiated over the year ended December 31, 2020 amounted to R\$ 119,738 (R\$ 4,954 at December 31, 2019).

The amount of loans recovered for the year ended December 31, 2020, previously offset against the provision, was R\$ 12,718 (R\$ 11,485 at December 31, 2019).

10. Foreign exchange portfolio

The balance of the foreign exchange portfolio is as under:

	Bank and Consolidated	
	December 2020	December 2019
Financial instruments - Asset Position		
Foreign exchange purchased to be settled - CCL	2,397,323	2,319,779
Provision for Exchange variation of CCL	(9,171)	(2,110)
Rights on foreign Exchange sales	722,567	2,072,203
Advances received	(10,433)	(23,239)
Total	3,100,286	4,366,633
Financial instruments - Liabilities Position		
Foreign exchange sold to settle	731,290	2,222,693
Foreign exchange purchase liabilities	2,334,559	2,203,779
Total	3,065,849	4,426,472

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11. 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	
	December 2020	December 2019	December 2020	December 2019
Debtors for the purchase of assets	59,571	14,133	57,208	14,133
Guarantee deposit debtors	13,589	20,498	13,589	20,498
Taxes and contributions to be offset	176,305	117,817	180,041	121,492
Securities and credits receivable	-	-	164,825	-
Other	6,374	3,253	9,857	3,253
Total	255,839	155,701	425,520	159,376

12. Investments

	Bank					
	ABC Brasil Distribuidora de Títulos e Valores Mobiliários S.A.		ABC Brasil Administração e Participações Ltda.		ABC Brasil Comercializadora de Energia Ltda.	
	December 2020	December 2019	December 2020	December 2019	December 2020	Total December 2020 December 2019
Capital	88,516	88,516	55,632	55,632	160,000	
Equity	103,922	102,670	109,076	107,847	166,629	
Net income for the year	1,818	3,281	1,886	3,827	6,248	
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	160,000,000	
Ownership interest (%)	100,00	100,00	99,99	99,99	100,00	
Book value	103,922	102,670	109,076	107,847	166,629	379,627
Equity pickup	1,818	3,281	1,886	3,827	6,248	9,952
						210,517
						7,108

13. 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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14. 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		
							December 2019	December 2020	December 2019
	December 2020								
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	Total	Total	Total
Demand deposits	383,476	-	-	-	-	383,476	232,719	383,383	232,514
Interbank deposits	-	113,953	566,107	30,181	-	710,241	302,480	710,241	302,480
Time deposits	-	2,820,463	5,586,423	558,768	96,050	9,061,704	5,158,675	9,061,704	5,158,675
Open market funding	-	1,370,144	-	-	-	1,370,144	1,092,483	1,354,313	1,092,483
Total - December 2020	383,476	4,304,560	6,152,530	588,949	96,050	11,525,565	-	11,509,641	-
Total - December 2019	232,719	2,539,712	3,529,834	393,547	90,545	-	6,786,357	-	6,786,152

15. 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					December 2019
	December 2020					
	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	Total
Real estate credit bill	233,766	361,875	175,866	26,252	797,759	1,054,755
Agribusiness credit bills	701,850	1,118,606	850,389	103,790	2,774,635	2,658,812
Financial bills	600,931	3,154,167	2,432,261	663,374	6,850,733	5,760,929
Certificates of structured finance	374	4,434	4,165	-	8,973	31,149
Total - December 2020	1,536,921	4,639,082	3,462,681	793,416	10,432,100	-
Total - December 2019	1,499,415	3,191,502	4,663,143	151,585	-	9,505,645

16. Borrowings and onlendings

a) Borrowings and onlendings by maturity are as follows:

	Bank and Consolidated					
	December 2020					
	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	December 2019 Total
Borrowings:						
Foreign	2,408,137	4,204,000	44	-	6,612,181	6,128,468
Onlendings – government agencies:						
BNDES	29,873	75,765	160,761	158,173	424,572	371,281
FINAME	28,825	80,813	159,576	89,101	358,315	463,319
Other institutions	119,446	298,428	16,113	-	433,987	332,832
Onlendings - Foreign	184,245	1,112,666	-	-	1,296,911	1,150,769
Total - December 2020	2,770,526	5,771,672	336,494	247,274	9,125,966	-
Total - December 2019	2,905,645	4,788,490	430,053	322,481	-	8,446,669

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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 (IIC Inter American Investment Corporation and IDB - Inter-American Development Bank), 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, 2020 and 2019 are composed as follows:

	Bank and Consolidated	
	December 2020	December 2019
Borrowings and onlendings		
Foreign Onlendings subject to "Hedge accounting" – Note 6.b		
Principal amount (US\$ 18,5 million on December 31, 2019)	-	74,402
Accrued interest	-	432
Subtotal	-	74,834
Adjustment to market value ("Hedge Accounting") - Notes 2.II.d and 6.b	-	2,063
Total	-	76,897
Other foreign onlendings	1,296,911	1,073,872
Total	1,296,911	1,150,769

17. Subordinated debts

The composition of the balance of subordinated debt at December 31, 2020 and 2019 are composed as follows:

	Bank and Consolidated	
	December 2020	December 2019
Subordinated debts subject to "Hedge accounting" – Note 6.b		
Subordinated Notes (US\$ 69,3 million on December 31, 2019)	-	284,544
Subtotal	-	284,544
Others Subordinated debts		
Financial bills	1,242,253	1,375,488
Perpetual Financial Bills	480,570	480,067
Subordinated Notes (US\$ 57,0 million on December 31, 2019)	-	232,797
Subtotal	1,722,823	2,088,352
Total Subordinated debts	1,722,823	2,372,896

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On April 8, 2020, the subordinated debt resulting from the issuing of subordinated notes abroad was fully settled according to contractual terms.

The balance of R\$ 1,242,253, related to capital through the issuance of financial bills with subordination clause, with maturity until August 2028.

The balance of R\$ 480,570, related to capital through the issuance of perpetual financial bills.

18. Provisions

The compositions of provisions December 31, 2020 and 2019 are composed as follows:

	Bank		Consolidated	
	December 2020	December 2019	December 2020	December 2019
Allowance for payments to be settled	100,705	78,886	103,491	78,923
Provision for contingent liabilities (Note 28.d)	19,453	12,791	19,453	12,791
Provision for financial guarantees provided (Note 8)	76,622	53,269	76,622	53,269
Total	196,780	144,946	199,566	144,983

The financial guarantees provided are subject to charges and counter-guarantees and recorded in off balance accounts. As of december 31,2020 and 2019, the balances of the financial guarantees provided composed as follows:

Type of guarantee	Bank e Consolidated			
	December 2020		December 2019	
	Amount	Provision	Amount	Provision
Guarantees given to customers	10,065,450	76,134	9,202,915	53,189
Import credit facilities	95,534	488	53,211	80
Total (Note 8)	10,160,984	76,622	9,256,126	53,269

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

Risks rating	Bank and consolidated			
	December 2020		December 2019	
	Amount	Provision	Amount	Provision
AA	4,666,891	-	4,759,003	-
A	2,313,281	11,566	2,019,160	10,096
B	2,701,072	28,266	2,080,742	20,807
C	298,029	8,941	247,938	7,438
D	133,322	13,332	149,283	14,928
E	48,389	14,517	-	-
Total	10,160,984	76,622	9,256,126	53,269

19. Other liabilities

a) Tax and social security balances are as follows:

	Bank		Consolidated	
	December 2020	December 2019	December 2020	December 2019
Provision for income and social contribution taxes on income	28,181	22,772	31,053	26,792
Taxes and contributions payable	49,847	72,772	49,939	72,809
Provision for other deferred taxes	-	-	1,039	-
Total	78,028	95,544	82,031	99,601

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

	Bank and consolidated	
	December 2020	December 2019
Collection of taxes	1,118	4,181
Discount on acquired credits	35,041	24,865
Sundry domestic creditors	630	8,008
Total	36,789	37,054

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

20. Income from services rendered

Income from services rendered, for the semester and years ended December 31, 2020 and 2019, are composed as follows:

	Bank and consolidated		
	2nd Semester 2020	December 2020	December 2019
Income from guarantees given to customers	96,011	176,727	193,765
Fees related to credit operations	7,997	13,463	12,768
Collection fees	9,717	18,018	19,206
Bank fees	1,570	2,868	3,508
Income from commissioning and security placement	52,334	68,240	113,509
Income from other services	2,923	4,660	5,957
Total	170,552	283,976	348,713

21. Other administrative expenses

Other administrative expenses in the semester and years ended December 31, 2020 and 2019 are composed as follows:

	Bank			Consolidated		
	2nd Semester 2020	December 2020	December 2019	2nd Semester 2020	December 2020	December 2019
Third party services	3,598	6,620	9,231	3,837	6,860	9,236
Financial system services	15,412	31,678	29,094	15,431	31,710	29,118
Rentals	7,661	15,250	14,568	7,661	15,250	14,568
Specialized technical services	13,268	24,748	21,390	13,308	24,853	21,472
Data processing	12,595	23,868	16,996	12,595	23,868	16,996
Communication	2,555	4,847	4,586	2,555	4,847	4,586
Travel expenses	1,355	3,601	7,255	1,355	3,601	7,255
Depreciation and amortization	9,493	18,332	14,211	9,493	18,332	14,211
Promotions and public relations	722	1,851	2,242	722	1,851	2,242
Publications	75	202	328	93	237	366
Philanthropic contributions	-	-	120	-	-	182
Transportation	584	1,375	1,864	584	1,375	1,864
Asset maintenance and conservation	1,011	1,871	1,938	1,011	1,871	1,938
Water, electricity and gas	419	878	1,152	419	878	1,152
Materials	74	192	442	74	192	442
Insurance	620	940	650	620	940	650
Advertising and Publicity	2,507	7,652	9,908	2,507	7,652	9,908
Condominium	1,319	2,656	2,751	1,319	2,656	2,751
Legal Fees	764	1,905	2,355	764	1,905	2,355
Judicial agreement	4,557	4,557	-	4,557	4,557	-
Others	4,900	7,227	11,682	4,942	7,281	11,705
Total	83,489	160,250	152,763	83,847	160,716	152,997

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22. Other operating income

The breakdown of other operating income, for the semester and years ended December 31, 2020 and 2019 are as follows:

	Bank			Consolidated		
	2nd Semester 2020	December 2020	December 2019	2nd Semester 2020	December 2020	December 2019
Reversal of provision	-	-	9,233	-	-	9,233
Interests and monetary correction of assets	462	695	1,231	478	749	1,231
Recovery of charges and expenses	59	247	1,769	59	247	1,769
Dividends received	7,023	7,029	-	7,023	7,029	-
Other	1,327	1,607	188	1,327	1,607	188
Total	8,871	9,578	12,421	8,887	9,632	12,421

23. Other operating expenses

Other operating expenses for the semester and years ended December 31, 2020 and 2019 are as follows:

	Bank			Consolidated		
	2nd Semester 2020	December 2020	December 2019	2nd Semester 2020	December 2020	December 2019
Provision for financial guarantees provided to costumers	19,838	23,353	416	19,838	23,353	416
Constitution of other provisions	18,233	19,727	1,696	18,233	19,727	1,696
Constitution of provision for contingencies	5,321	6,662	-	5,321	6,662	-
Prepayment provision	-	-	-	2,163	2,363	-
Other expenses	1,441	1,750	1,744	1,442	1,752	1,744
Total	44,833	51,492	3,856	46,997	53,857	3,856

24. Income and social contributions taxes

The nature and origin of deferred tax assets deferred tax liabilities, as well as the changes occurred in the year are stated as follows:

	December 2019	Additions	Write-offs	December 2020
Deferred tax assets				
Temporary differences:				
Allowance for loan losses and others	184,921	272,834	(183,037)	274,718
Provision for financial guarantees provided to costumers	33,506	17,612	-	51,117
Provision for assets not for own use - BNDU	19,087	3,457	(271)	22,273
Adjustment to market value - securities and derivatives	195,352	646,900	(192,507)	649,744
Unrealized gains (losses) on futures market	10,438	14,298	(6,209)	18,527
Other	27,872	54,740	(23,926)	58,689
Adjustment to market value - available for sale securities	13,365	16,997	(11,035)	19,326
Total	484,541	1,026,838	(416,985)	1,094,394
Deferred tax liabilities				
Temporary differences:				
Adjustments to market value - securities and derivatives	(132,982)	(235,119)	131,745	(236,356)
Unrealized gains (losses) on futures market	(5,681)	(3,734)	4,697	(4,718)
Adjustment to market value - available for sale securities	(18,146)	(12,621)	13,112	(17,655)
Adjustment resulting from the transition tax regime - RTT	(34)	(2)	36	-
Total	(156,843)	(251,476)	149,590	(258,729)
Net balance	327,698	775,362	(267,395)	835,665

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The consolidated financial statements include, further to the amounts presented in the table above, adjustment to market value of securities available for sale and financial instruments derivatives in amount of R\$ 2,285 at December 31, 2020 (on December 31, 2019 do not differ from the information shown in the foregoing table) in deferred tax assets.

The net balance of deferred tax assets and tax liabilities at December 31, 2020 and 2019, are stated as follows:

	Bank		Consolidated	
	December 2020	December 2019	December 2020	December 2019
Other credits - Sundry - Tax credits	1,094,394	484,541	1,095,574	484,548
Other liabilities - Provision for deferred taxes and contributions	(258,729)	(156,843)	(262,194)	(156,850)
Total	835,665	327,698	833,380	327,698

The realization of deferred tax assets and liabilities at December 31, 2020 based on the history of profitability and estimated realization are stated as follows:

Year	Bank			Consolidated
	Assets	Liabilities	Net	Net
2021	958,608	(258,729)	699,879	697,594
2022	64,039	-	64,039	64,039
2023	43,652	-	43,652	43,652
2024	7,774	-	7,774	7,774
2025	19,856	-	19,856	19,856
Over 5 years	465	-	465	465
Total	1,094,394	(258,729)	835,665	833,380
Present Value - Selic	1,069,365	(253,905)	815,460	813,218

For income tax, the rate used is 15% plus an additional 10% of annual taxable income exceeding R\$ 240 thousand. The social contribution rate is 15% for financial companies and 9% for non-financial companies

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

Expenses with income and social contribution taxes for the semester and years ended December 31, 2020 and 2019 are calculated as follows:

	Bank		
	2nd Semester 2020	December 2019	December 2019
Income before taxation less profit sharing	266,387	(234,077)	487,623
Total income and social contributions taxes	119,874	(99,981)	195,050
Net income from write-offs and write-ups of deferred liabilities net of tax credits	(104,311)	462,721	(14,733)
Nontaxable revenues / expenses net of nondeductible expenses	34,621	(283,312)	(64,574)
Equity pick up in subsidiaries	(3,030)	(4,432)	(2,843)
Interest on equity capital	(18,806)	(46,648)	(90,103)
Other amounts	(45,733)	(82,983)	(59,869)
Total income and social contribution taxes - Current	(17,385)	(54,635)	(37,072)
Deferred taxes and contributions			
Tax liabilities recognized in the period	(541,203)	238,855	130,918
Tax liabilities realized in the period	(6,539)	(136,479)	(45,962)
Tax credits recognized in the period	515,533	(1,009,841)	(379,158)
Tax credits realized in the period	136,518	405,947	290,498
Total deferred taxes and contributions	104,309	(501,518)	(3,704)
Total income and social contribution taxes	86,924	(556,153)	(40,776)

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	Consolidated		
	2nd Semester 2020	December 2019	December 2019
Income before taxation less profit sharing	270,108	(228,541)	491,644
Total income and social contributions taxes	123,505	(94,536)	199,158
Net income from write-offs and write-ups of deferred liabilities net of tax credits	(106,526)	460,059	(14,733)
Nontaxable revenues / expenses net of nondeductible expenses	31,722	(287,581)	(67,394)
Interest on equity capital	(18,806)	(46,648)	(90,103)
Other amounts	(45,776)	(83,056)	(59,979)
Total income and social contribution taxes - Current	(15,881)	(51,762)	(33,051)
Deferred taxes and contributions			
Tax liabilities recognized in the period	(538,252)	242,321	130,926
Tax liabilities realized in the period	(6,538)	(136,485)	(45,962)
Tax credits recognized in the period	514,797	(1,010,645)	(379,172)
Tax credits realized in the period	136,519	405,954	290,504
Total deferred taxes and contributions	106,526	(498,855)	(3,704)
Total income and social contribution taxes	90,645	(550,617)	(36,755)

25. 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, 2020 and 2019, transactions between related parties are as follows:

Transactions / Related parties	Maturity	Remuneration	December 2020		December 2019	
			Assets / (Liabilities)	Income / (Expenses) Period	Assets / (Liabilities)	Income / (Expenses) Period
Cash and cash equivalents						
Arab Banking Corporation - New York (4)	No maturity	Without remuneration	524	-	406	-
ABC International Bank - Milan (4)	No maturity	Without remuneration	10	-	7	-
Loans						
ABC Brasil Com. de Energia Ltda. (3)	01/26/2021	0,85% y.y.	20,000	52	-	-
Administradores (4)	06/28/2021	2,8% y.y.	24,700	4	-	-
Demand deposits						
ABC Brasil Adm. e Participações Ltda. (3)	No maturity	Without remuneration	(55)	-	(69)	-
ABC Brasil DTVM S.A. (3)	No maturity	Without remuneration	(21)	-	(136)	-
ABC Brasil Com. de Energia Ltda. (3)	No maturity	Without remuneration	(17)	-	-	-
Marsau Comercial Exp. e Importadora Ltda. (4)	No maturity	Without remuneration	(27)	-	(22)	-
Time deposits and funds from acceptance and issue of securities						
Marsau Comercial Exp. e Importadora Ltda. (4)	01/29/2021	0.30% y.y	(180)	-	(115)	-
Marsau Uruguay Holdings Sociedad Anonima (1)	01/29/2021	0.30% y.y	(715)	-	(1.124)	-
Key members of management (4)	(a)	(a)	(20,421)	(909)	(35.215)	(2.390)
Money market funding						
ABC Brasil Com. de Energia Ltda. (3)	01/11/2021	CDI	(15,818)	(12)	-	-
Borrowings						
Arab Banking Corporation - Bahrain (2)	06/07/2021	1,35% y.y	(493,687)	(613)	(408,232)	(37)
Arab Banking Corporation - Tunisie (4)	08/12/2021	1,88% y.y	(287,237)	(1,955)	(219,740)	(1,115)
Arab Banking Corporation - New York (4)	06/09/2021	1,88% y.y	(103,934)	(119)	(80,780)	(166)
Arab Banking Corporation - Egypt (4)	01/07/2021	0,44% y.y	(20,787)	(6)	(16,123)	(1)

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

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- (a) CDB - Rate of 100.00 % up to 101.00% of CDI - Lowest starting date: 02/27/2019, largest date of maturity: 12/19/2022.
LCA / LCI - Rate of 90.00 % up to 114.00 of CDI - Lowest starting date: 01/11/2019, largest date of maturity: 02/27/2023.
LCA - Fixed interest rate of 5.70% up to 10.60% - Lowest starting date: 05/18/2018, largest date of maturity: 09/25/2025.

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.

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.

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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.

The total compensation of key members of management for the years ended December 31, 2020 and 2019 are composed as follows:

	December 2020	December 2019
Fixed remuneration	23,281	21,931
Variable remuneration	12,662	15,467
Total short-term benefits	35,943	37,398
Share-based compensation	61,671	77,662
Total long-term benefits	61,671	77,662
Total	97,614	115,060

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 25.b, shares were granted to executives eligible, for settlement at the end of the vesting period, as shown below in number of shares:

	December 2020	December 2019
At the beginning of the year	4,004,989	4,161,003
Shares delivered	1,508,136	3,079,652
Shares granted	(2,998,748)	(3,235,666)
At end of the year	2,514,377	4,004,989

Banco ABC Brasil S.A.

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26. Overseas branch

The transactions with third parties carried out by the overseas branch at December 31, 2020 and 2019 are as follows:

	December 2020	December 2019
Assets		
Cash and banks	411,564	213,905
Interbank investments	104,823	314,709
Marketable securities and derivative financial instruments	75,674	186,029
Lending operations - Net	1,689,785	2,287,725
Other receivables, amounts and assets	564,730	921,853
Total	2,846,576	3,924,221
Liabilities		
Demand deposits	279	218
Time deposits	396,664	108,724
Third-party assets in transit	213	145
Foreign borrowings	5,982,536	5,390,203
Derivative financial instruments	13,144	35,994
Other liabilities	506,470	806,841
Total	6,899,306	6,342,125

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\$ 424,482 (R\$ 67,964 negative at December 31, 2019), according the Brazilian Central Bank resolution No. 4,524/16.

27. 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, 2020, the balance of the profit sharing amounted to R\$ 127,899 (R\$ 144,511 on December 31, 2019).

28. 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\$ 383,449 (R\$ 328,920 on December 31, 2019) and have not been provisioned, see below the main lawsuits whose probability of unfavorable outcome was assessed as possible:

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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\$ 17,031 (R\$ 15,718 on December 31, 2019).

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\$ 263,829 (R\$ 211,718 on December 31, 2019).

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\$ 5,765 (R\$ 5,671 on December 31, 2019).

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\$ 87,940 (R\$ 86,295 on December 31, 2019).

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\$ 1,096 (R\$ 1,073 on December 31, 2019).

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\$ 1,941 (R\$ 1,927 on December 31, 2019).

b) Labor

On December 31, 2020, labor lawsuits in progress classified by our legal counsel as probable loss totaled R\$ 9,622 (Note 28.d). The labor lawsuits classified as possible loss totaled R\$ 22,854 and were not provisioned.

Banco ABC Brasil S.A.

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c) Civil

On December 31, 2020, civil claims in progress classified by our legal counsel as probable loss totaled R\$ 2,629 (Note 28.d). The civil lawsuits classified as possible loss totaled R\$ 2,797 and were not provisioned.

d) Changes in provisions

	Bank and Consolidated					Total
	Tax	Labor	Civil			
At the beginning of the year	1,506	8,960	2,325			12,791
Constitution / (Reversal)	5,696	3,439	304			9,439
Write-off	-	(2,777)	-			(2,777)
At end of the year	7,202	9,622	2,629	b)	(a)	19,453

(a) Note 28.c e (b) Note 28.b.

29. Equity

a) Capital

On December 31, 2020 capital comprises 220,890,867 registered and uncertified shares (218,359,057 on December 31, 2019), without par value, of which 110,795,134 common shares (109,496,432 on December 31, 2019) and 110,095,733 preferred shares (108,862,625 on December 31, 2019).

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.

On December 31, 2020 and 2019, was provisioned the amounts shown in the table below were accrued as interest on equity, calculated in accordance with the provisions of Law No. 9,249/95.

2020		
Resolution approval date	Interest on equity	Reduction in expenses with income and social contributions taxes
06/20/2020	33,871	13,573
12/30/2020	73,500	33,075
Total - 2020	107,371	46,648
2019		
Resolution approval date	Interest on equity	Reduction in expenses with income and social contributions taxes
06/28/2019	120,161	48,064
12/20/2019	105,097	42,039
Total - 2019	225,258	90,103

Banco ABC Brasil S.A.

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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, respecting the limits according Resolution CMN nº 4,885/20.

On August 7, 2020, the Board of Directors approved a proposal from the Executive Board to distribute interest on equity in the total gross amount of R\$ 33,871, which represents a gross amount of R\$ 0.159 per common share and preferred share.

On December 30, 2020, the Board of Directors approved a proposal from the Executive Board to distribute interest on shareholders' equity in the total gross amount of R\$ 73,500, which represents a gross amount of R\$ 0.3381 per common share and preferred share. A proposal was also made to increase the Company's capital, in the amount of up to R\$ 62,475, through the issuance of new shares, for private subscription (private subscription) with the use of credit on interest on equity now distributed or in local currency national.

c) Capital increase

On October 22, 2020 was deliberate by the Board of Directors a capital increase of R\$ 28,789, corresponding to the issuance of 2,531,810 new shares, being 1,298,702 new common shares and 1,233,108 new preferred shares through the use of interest on shareholders' equity or cash payment, approved by the Central Bank of Brazil on December 07, 2020.

On March 13, 2019 was deliberate by the Board of Directors a capital increase of R\$ 95,579, 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.

d) Destination of earnings

i) *Income reserve - Legal reserve*

The establishment of compulsory legal reserve of 5% of net income on December 31, 2020 amounted of R\$ 16,104 (R\$ 26,420 on December 31, 2019).

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.

Banco ABC Brasil S.A.

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e) Treasury shares

For the year ended December 31, 2020, based on authorization of the Board of Directors to acquire shares of Company for holding in treasury, 2,221,619 preferred shares were repurchased.

On December 31, 2020, the total value of shares repurchased in treasury is R\$ 56,858 equivalents to 3,535,332 preferred shares (R\$ 76,935 equivalents to 4,312,461 on December 31, 2019). The average cost per share repurchased treasury is R\$ 16,08.

Changes in treasury shares

	2020	2019
At the beginning of the year	4,312,461	2,514,535
Shares acquired	2,221,619	5,033,592
Shares delivered (note 25 c)	(2,998,748)	(3,235,666)
At the end of the year	3,535,332	4,312,461

f) Earnings per share

i) Basic earnings per share:

The basic earnings are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the period, excluding shares purchased by the Company and held as treasury shares (Note 29 e).

	2nd Semester 2020	December 2019	December 2019
Net profit attributable to the Parent	179,463	322,076	528,399
Weighted average shares outstanding	215,345,602	214,594,560	212,854,306
Basic earning per share (Brazilian reais)	0.83	1.50	2.48

ii) Diluted earnings per share

The diluted earnings per share is computed similar to basic earnings per share, but with the adjustment made by assuming the conversion of potentially dilutive shares in the denominator.

	2nd Semester 2020	December 2019	December 2019
Net profit attributable to the Parent	179,463	322,076	528,399
Weighted average shares outstanding	218,330,032	218,055,911	216,938,388
Diluted earning per share (Brazilian reais)	0.82	1.48	2.44

Banco ABC Brasil S.A.

Notes to the financial statements
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30. 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, 2020 calculated based on the prudential conglomerate is 16.85% (16.89% at December 31, 2019). The table below shows the calculation of the minimum equity required for the reference risk weighted assets (RWA) which is 8.00% since 2019.

	December 2020	December 2019
Credit risk	2,308,396	2,166,739
Interest Rate	41,511	61,805
Commodities	41,026	121,645
Actions	273	5,205
Operating risk	144,468	167,918
Exchange risk	22,071	28,195
Required capital base (PRE)	2,557,745	2,551,507
Reference equity (PR)	5,388,427	5,387,009
Excess of equity in relation to limit	2,830,682	2,835,502
Conciliation shareholders' equity		
Shareholders' equity	4,288,263	4,040,733
Subordinated financial bills - Level II	689,929	905,779
Perpetual Subordinated financial bills - Level I	480,570	480,067
Other adjustments	(70,335)	(39,570)
Total reference equity x shareholders' equity	5,388,427	5,387,009

31. 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 total assets included in this agreement as of December 31, 2020 amount to R\$ 215,447 (the Bank does not have compensation mitigation services as of December 31, 2019).

Banco ABC Brasil S.A.

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32. 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, 2020 and 2019.

	December 2020	December 2019
Equity under BRGAAP	4,288,263	4,040,733
Allowance for losses on loans and advances to clients	(a) 32,964	19,317
Guarantees and responsibilities	(a) 15,090	9,941
Others	(8,910)	(2,409)
Equity under IFRS	4,327,407	4,067,582
Net income under BRGAAP	322,076	528,399
Allowance for losses on loans and advances to clients	(a) 15,765	(25,630)
Guarantees and responsibilities	(a) 2,629	(7,178)
Others	218	1,803
Net income under IFRS	340,688	497,394

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.

33. Non-recurring income

As provided for BCB Resolution 02, the result that is not related or incidentally related to the Bank's typical activities and is not expected to occur frequently in future years should be considered as a non-recurring result. As of December 31, 2020, there was no result classified as non-recurring. The balance of the non-recurring result on December 31, 2019, net of tax effects, is presented as follows:

	Bank and Consolidated	
	2020	2019
Non-recurring result	-	39,316
Reversal of additional credit provision	-	30,000
Tax credit – change of the CSLL rate to 20%	-	18,436
Personnel expenses and other administrative expenses	-	(9,120)

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The Directors

Executive Comitee

Anis Chacur Neto
Antonio José Nicolini
Antonio Sanchez Junior
José Eduardo Cintra Laloni
Marco Antonio Ascoli Mastroeni
Renato Pasqualin Sobrinho
Sergio Lulia Jacob
Sergio Ricardo Borejo

Directors

Alexandre Yoshiaki Sinzato
Carlos Augusto Del Monaco De Paula Santos e Silva
César Valdez Mindof
Daniel Credidio Brandão Barbosa de Oliveira
Edgard de Souza Toledo Neto
Everthon Novaes Vieira
Felipe Sene Tamburus
Fernando Vazquez Fernandez
Gustavo Henrique Tavares Silva Bellon
Gustavo Machado Vieira de Almeida
Leila Maria de Carvalho Rocha
Livia Sousa Sant'ana
Luiz Antonio de Assumpção Neto
Paulo Romagnoli
Ricardo Gentile Rocha
Rodrigo Andreos Cordeiro
Rodrigo Sotero Galvão
Waldecir dos Santos Junior

Banco ABC Brasil S.A.

Management report

Performance in the year of 2020

We submit to your consideration the individual and consolidated accounting information of Banco ABC BRASIL S.A. for the year of 2020.

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, 2020 the shareholding structure of Banco ABC Brasil S.A. was the following: Bank ABC: 60.0%; Free-float: 32.9%; Management and Board members: 5.4%; and Treasury Stock: 1.6%.

Business Profitability

The year of 2020 was severely hit by the impacts resulted from the COVID-19 pandemic, which demanded the introduction of social distance policies, negatively influencing the economic activity, the cash flow generation of corporate clients and the general risk perception. Even with a gradual improvement during the second half of the year, market conditions resulted in a more cautious credit concession and in a lower generation of transaction volumes. In this sense, Banco ABC BRASIL S.A. adopted a conservative approach in managing its credit portfolio, provision policy and in the maintenance of appropriate liquidity levels.

As a result, Banco ABC BRASIL S.A. reported net income of R\$322.1 million in the year of 2020 (R\$528.4 million in 2019), reaching an annualized return on average equity of 7.7% pa in the period (13.7% pa in the year of 2019).

Banco ABC Brasil S.A.

Management report

The decrease in the Bank's Net Income, compared to the previous year, is mainly explained by an increase in the Provision Expenses, by the reduction in the Shareholders' Equity Remunerated at CDI and by the decrease in Service Revenues. Those impacts were partially offset by an increase in the Margin with Clients and in the Margin with the Market, and by a decrease in the Profit Sharing.

Credit Portfolio

The credit portfolio (including loans and guarantees issued) totaled R\$31,0 billion as of December 31, 2020 (R\$26.5 billion as of the end of December, 2019). Regarding the credit portfolio quality, 95.8% of the loan transactions and 98.2% 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 96.6%. The loan loss provision balance was equivalent to 2.82% of the loan portfolio as of the end of the fourth quarter of 2020 (2.49% as of the end of December, 2019).

Securities Portfolio

At the end of the period, Banco ABC BRASIL S.A. accounted to R\$2,033.5 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.

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.abcbrazil.com.br > Relações com Investidores > Serviços RI > Fatores de risco > Estrutura de gestão de risco - Banco ABC Brasil.

Banco ABC Brasil S.A.

Management report

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.

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.

Banco ABC Brasil S.A.

Management report

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.

Banco ABC Brasil S.A.

Management report

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 Brazil 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 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.

Banco ABC Brasil S.A.

Management report

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 Nº 12,846 of Anti-Corruption and 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.

São Paulo, February 05, 2021.

The management



Summary report of the Audit Committee

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 fiscal year ended in 31 December 2020.

The Audit Committee full report, including details of the scope, work carried out and assessments will be available in the Banco ABC Brasil website – section Corporate Governance (<https://ri.abcbrasil.com.br/en/corporate-governance/audit-committee/>).

São Paulo, February 5, 2021

The Audit Committee



Fiscal Council's opinion

ABC Brasil S/A - Fiscal Council, in compliance with legal and statutory provisions and mandate, examined the management's report and the consolidated financial statements and explanatory notes for the fiscal year ended on December 31, 2020.

Based on the examinations carried out and considering the unqualified independent auditors' report issued on 5th February 2021 by the Ernst Young Auditores Independentes and information and clarifications received during the year, the Fiscal Council unanimously opines that the documents adequately and fairly reflect the Banco ABC Brasil S/A's equity and financial position as of 31 December 2020 and are in a position to be submitted to the shareholder's assessment and approval at the annual General Meeting.

São Paulo, February 5, 2021

The Fiscal Council



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, 2020.

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, 2020.

Sao Paulo, February 5, 2021.

Sergio Lulia Jacob
Director President

Sérgio Ricardo Borejo
Director Vice - President of Administrative

Leila Maria de Carvalho Rocha
Director