Financial Statements

June, 30 2020

bancobv.com.br/ri

banco BV

FINANCIAL STATEMENTS

as of June 30, 2020

(Amounts in thousands of Reais, unless otherwise indicated)

CONTENTS

Management Report

June 30th, 2020

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banco BV

1H20 Financial Highlights

Net Income
R$ 443 M
ROE 8.8%

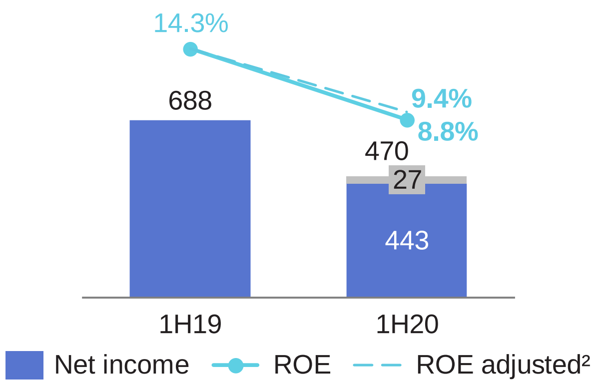
Credit Portfolio
R$ 69 billion
+11% vs 1S19

Liquidity Ratio (LCR)[1]
184%
vs 156% in 1S19

Basel Ratio
14.4%
Core capital 11.0%

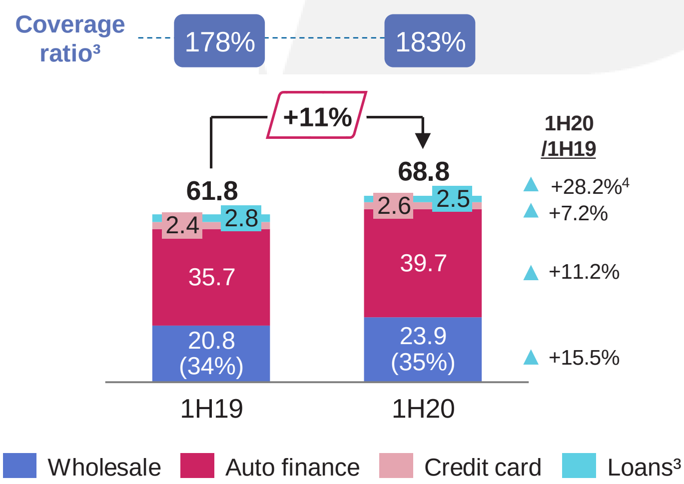
Net Income (R$ M) and ROE (%)

Income of R$ 443 million in 1H20 influenced by the prudential provisions accrued during the period to address the effects of the Covid-19 pandemic. Adjusting the impact of the donation to support the fight against the effects of the pandemic, profit would be R$ 470 million in 1H20 (ROE of 9.4%).



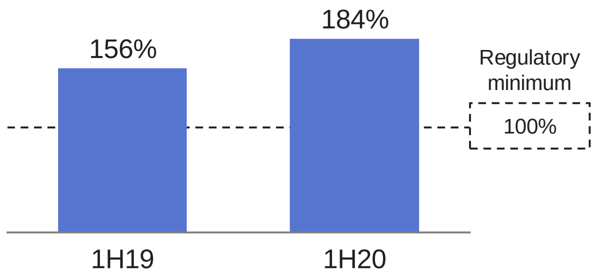
Credit Portfolio (R$ B)

Loan portfolio grew 11.4% vs 1H19. Coverage ratio remained fairly solid at 183%.



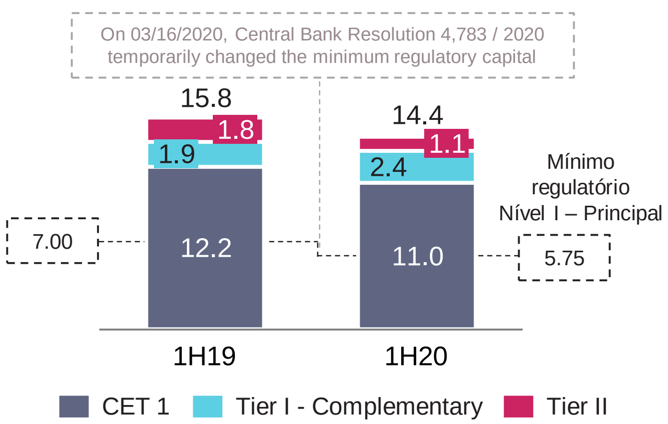
Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) rose from 156% in the 2Q19 to 184%, demonstrating BV's liquidity at relatively conservative levels.



Basel Ratio (%)

Basel Ratio closed at 14.4% in Jun.20, with Core Capital ratio reaching 11.0%, remaining well above the regulatory minimum of 5.75% in the period.



[1] Liquidity Coverage Ratio (LCR)
[2] R$ 30M donation made by BV to support the fight against the Covid-19 pandemic, net of taxes
[3] Includes personal borrowings, consumer finance, private payroll and public payroll (the last, in run-off)
[4] Excluding public payroll

Support in Combating the Pandemic

Measures Taken by Banco BV Amidst the Covid-19 Pandemic

Due to the advance of the Covid-19 pandemic in Brazil, BV structured a **Crisis Committee**, formed by its CEO and main executives.

The Committee defined **3 areas of action to combat the impacts of the pandemic**

- Preserve the lives of our employees, family and business partners
- Ensure business continuity
- Create a positive impact on the society

Preserve the lives of our employees, family and business partners

Remote work	Health Committee	Benefits
Extending remote work to about 7,000 people	**In partnership with the Hospital Sírio Libanês, we provide 24h per day support to employees and families**	**New benefits introduced during the pandemic**
This number accounts for almost all of our in-house and outsourced employees	Monitoring suspected or confirmed cases. Shipping protection kits to all employees	Flexible hours extended to all employees; Potential for combining the Meal and Food Voucher; Early advance of the 13th salary

Digital experience	Internal communication	Satisfaction survey
Development of new digital solutions. 100% digital hiring	**Prompt communication with all employees about the measures adopted by BV**	**98% of employees are satisfied with the way that BV is handling the pandemic**
The selection, hiring and onboarding processes are conducted in a 100% digital way, along with talent development activities	Frequent guidance on health issues, the remote working model and benefits	New survey to gauge employees' experience during the pandemic

Support in Combating the Pandemic

Measures Taken by Banco BV Amidst the Covid-19 Pandemic

Ensure business continuity

BV's business model, characterized by its lightness and robustness, allows quick adaptation, ensuring the continuity of business during crisis, with safety

Infrastructure and information security

Infrastructure for remote work was already in place to **quickly** and **reliably** serve 100% of BV's employees.

Organizational culture

Remote work has been adopted by BV since 2017. **Digital transformation** is key component of the bank's strategy and culture

Governance and crisis management

- Installation of the Crisis Committee
- Daily ALM Committee meetings
- Review of credit policies aimed at assisting clients and preserving the soundness of the bank's balance sheet
- Adequacy of the analysis and policy process for carrying out contract renegotiations and rearrangements

Strengthening Governance, reviewing policies and intensifying monitoring

Solid and resilient balance sheet

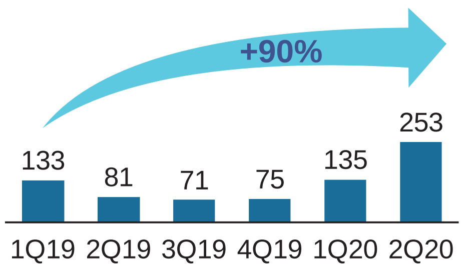
- Resilience in the core business
  After falling 80% during the first weeks of the pandemic, there was a gradual recovery in the demand for light vehicle finance to pre-crisis levels at the **end of June/20**
- Solidness in the balance sheet reflected in the strength of capital, liquidity and hedging delinquencies

  Basel Ratio: **14.4%**
  Liquidity Coverage Ratio (LCR): **184%**

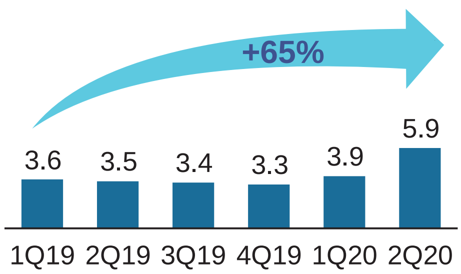
Use of Digital Channels by our clients

✓ Celerity in the development of solutions: Creation of the tool that allows the renegotiation of contracts via digital channels
✓ Strong growth in the use of digital channels by our clients

New clients on digital channels
(in '000)



Clients logged in the BV website
(in million)



Approximately **1 million contracts** renegotiated since the beginning of the Covid-19 crisis,
77% of renegotiations carried out via **digital channels**

Support in Combating the Pandemic

Measures Taken by Banco BV Amidst the Covid-19 Pandemic

Create a positive impact on the society

60 days extension of installment payments

60-day extension of due dates for paying installments on loan contracts, with no credit collection

+ 800,000 clients benefited

Reduction of fees and rates for BV's Credit Cards

Additionally, the financing period for billing was increased to 18 months Exemption of fees and charges for paying regular expenses such as water, electricity and telephone bills

+ 100.000 contracts renegotiated

R$ 50 million credit line

It was created a R$50 million credit line for national suppliers of essential hospital equipment and services to combat Covid-19, such as manufacturers of ventilators

+R$ 23 million already disbursed, including to one of the largest national ventilators manufactures

Social mobilization campaign

A campaign, in partnership with the Instituto Votorantim and the Banco do Brasil Foundation, to donate resources for hospital infrastructure and to socially vulnerable families. The donations were allocated to families in the social projects supported by the bank

More than R$ 2.8 million raised, with BV contributing R$1 for each R$1 donated.

Donation

R$30 million donation (in addition to the **R$ 2.8 million** raised) to combat Covid-19, especially for support to vulnerable families

+ 18.000 meal cards delivered to over 73,000 people

Donation for constructing 200 beds for the hospital in the campaign

Purchase of + 3,5 million pieces of PPE (masks, gloves, alcohol etc.) for hospitals across the country

Purchase of 1,017 pieces of equipment, including respirators and freezers for storing tests

Support provided to 32 projects (social, charitable organizations and hospitals) throughout Brazil

Donation of 26,000 hygiene kits for the elderly

Over 550,000 people impacted by BV's initiatives

Diversified Business Portfolio

Supported by the pillars of Efficiency & Financial Strength, Customer Centrality and Digital Maturity

Retail

auto finance

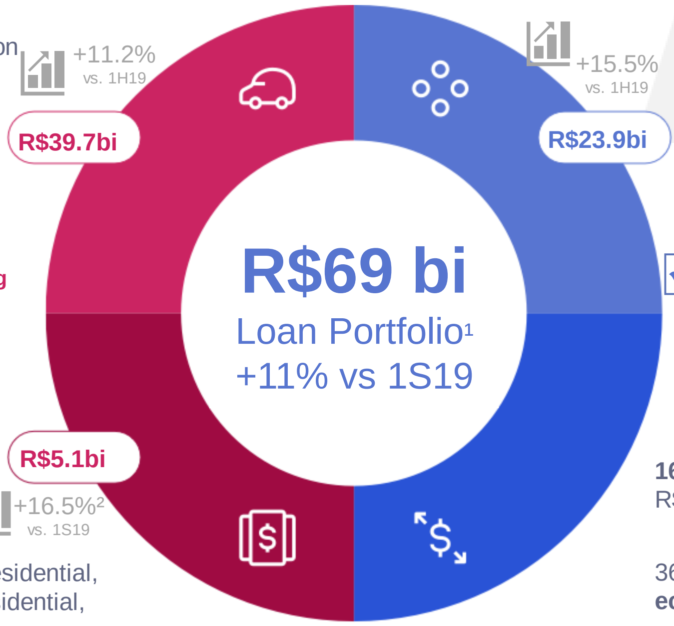
- Capillarity (+19,500 *dealers*)
- Innovation and digital transformation
- 100% digital contracting
- 97% automatic response

11% growth in the portfolio vs. 1S19, maintaining **the leadership in financing for light used vehicles** in Brazil

other businesses

- **Credit cards:** +917 thousand enable cards. Mastercard, Visa e Elo
- **Insurance:** Auto, loan protection, residential, life, dental, card and assistance (residential, funeral, pet)
- **Loans:** Personal loans, private payroll loans, credit with vehicle in guarantee, home equity, student loans, solar panels, tourism and medical procedures

Loans: Growth of 722% vs. 1H19 in the portfolio of financing for solar panels



Wholesale

corporate & investment banking

Corporate Banking

- Corporate (> R$300 million)
- Large Corporate (> R$1,5 billion)

Banking as a Service (BaaS)

- Settling and custodian bank for fintechs (ex. Neon)

47% growth **in the Corporate portfolio** vs. 1S19

wealth management

16th largest asset in Brazil[3]
R$51 billion under management (AuM)

36% of managed funds backed by **real economy assets**

Private Bank: Customized solutions for high-income customers

AuM remained stable in the quarter, reinforcing the resilience of BV Asset's fund portfolio

BVx is the innovation business unit that generates value through connection with the startup ecosystem, with co-creation methods, proprietary developments and investments in our partners.

- Partnerships and corporate venture capital
- Open BV Platform
- Lab – Innovation Lab

1 – Loan portfolio expanded in Jun / 20 (includes guarantees provided and private securities)
2 – Does not consider Public Payroll Loan operation
3 – ANBIMA ranking

Key Financial Information

RESULTS (R$ M)	1H19	1H20	Δ% 1H20/1H19
Total revenues (NII + revenues from services and insurance)	4,188	4,189	0.0%
Net Interest Income	3,190	3,292	3.2%
Income from services and banking fees	998	897	-10.1%
Cost of risk	(1,082)	(1,786)	65.1%
Personnel and admin. expenses (includes profit sharing)	(1,013)	(982)	-3.1%
Net Income	688	443	-35.6%
BALANÇO SHEET (R$ M)			
Total Assets	94,180	121,582	29.1%
Expanded loan portfolio	61,738	68,767	11.4%
Wholesale Segment	20,730	23,941	15.5%
Retail Segment	41,008	44,826	9.3%
Funding Sources	60,986	76,027	24.7%
Shareholders' equity	9,747	10,151	4.2%
Basel ratio (%)	15.8%	14.4%	-1.4 p.p.
Tier I Capital Ratio (%)	14.0%	13.3%	-0.7 p.p.
Common Equity Tier I (%)	12.2%	11.0%	-1.2 p.p.
MANAGERIAL INDICATORS (%)			
Return on Average Equity[1] (ROAE)	14.3%	8.8%	-5.4 p.p.
Return on Average Equity[1] (ROAE) - exponential	14.8%	9.0%	-5.7 p.p.
Return on Average Assets[2] (ROAA)	1.4%	0.8%	-0.6 p.p.
Net Interest Margin[3] (NIM) - Clients	9.6%	9.7%	0.1 p.p.
Net Interest Margin[3] (NIM) - Clients + Market	7.4%	7.0%	-0.4 p.p.
Efficiency Ratio (ER) - accumulated of 12 months[4]	32.4%	31.5%	-1.0 p.p.
90-day NPL	4.4%	5.2%	0.7 p.p.
Coverage Ratio (90-day NPL)	178%	183%	4.9 p.p.
OTHER INFORMATION			
Employees[7] (quantity)	3,776	3,979	5.4%
Assets under Management (R$ Million)	50,980	50,732	-0.5%

1. Ratio between net income and average equity for the period; 2. Ratio between net income and average total assets for the period; Exponentially annualized; 3. Ratio between gross financial margin with clients and average assets sensitive to spreads in the period. Annualized; 4. Ratio between gross financial margin and average profitable assets for the period. Annualized; 5. ER = personnel (excluding labor claims) and administrative expenses / (gross financial margin + service and fee income + other operating income + other operating expenses – tax expenses); 6. It does not consider interns and statutory employees; 7. It includes onshore funds (ANBIMA criteria) and private client funds (fixed income, variable income and offshore funds).

Note: In line with the best market practices and in synergy with shareholders, as of 2Q19 we started to disclose the ROE calculated using the exponential and linear methodology

1st Half 2020 Results (1H20)

For a detailed analysis of the figures below, we suggest reading this document together with the 2Q20 Earnings Release and our audited Financial Statements for the period ended in June 30, 2020. Both reports are available in our Investor Relations website (www.bancobv.com.br/ir).

Net Income

Net income in 1H20 stood at R$ 443 million (R$ 470 million adjusting the donation effect), equivalent to an annualized ROE (return on equity) of 8.8% p.a. (9.4% adjusted), compared to R$ 688 million and a ROE of 14.3% p.a. in the same period of 2019, representing a 35.6% decline in the period. The drop in income stemmed from the effects that the Covid-19 pandemic had on the economy and its respective impacts on the demand for new loans and on the level of loan provisioning in the portfolio.

R$443 million
net income recorded in the
1st half of 2020

The challenging scenario imposed by the Covid-19 crisis evidenced the resilience of the balance sheet and steady financial performance of banco BV

Total revenues

Total revenues (which is equal to the sum of the gross financial margin plus revenues from services and insurance) totaled R$ 4,189 million in the first six months, nearly unchanged compared to the same period in 2019 when it amounted to R$ 4,188 million.

Gross Financial Margin

Gross financial margin reached R$ 3,292 million, 3.2% higher than in 1H19, resulting from the 10.6% growth in the financial margin with clients, which largely reflects the expansion of the credit portfolio. This effect was partially offset by the 33.7% drop in the financial margin with the market due to (i) lower interest rates, which affect the structural hedges of the balance sheet, and; (ii) the lower return from the proprietary treasury desk positions as a result of the higher volatility in the period due to the Covid-19 crisis.

Cost of Risk

Cost of risk increased 65.1% in relation to 1H19, driven by the worsening macroeconomic environment resulting from the impacts of the Covid-19 pandemic and its effects on credit quality and subsequent ratings revisions. A prudential provision of R$ 160 million was accrued in 1Q20 in order to protect the Bank's balance sheet in the midst of a adverse economic scenario and a consequent increase in delinquency levels.

Personal and Administrative Expenses

Administrative and personnel expenses fell by 6.0% in 1H20 compared to the same period of 2019, standing at R$ 952 million. The result reflects a 20.5% decline in personnel expenses, mostly due to lower provision for variable compensation in 2020 driven by poorer business performance. This effect was partially offset by a 10.7% increase in administrative expenses driven by higher investments in marketing and technology.

Efficiency Ratio

The Efficiency Ratio finished 1H20 at 31.5%, improving 0.9 p.p. compared to the index calculated over the same period of 2019, when it stood at 32.4%. This performance reflects the digital transformation journey, coupled with a consistent and diversified revenue generation and continuous efforts to effectively manage the cost base, all in keeping with our strategy of steadily improving operational efficiency.

Digital transformation journey + Consistent and diversified revenue streams + Continued efforts to effectively manage the cost base

Gains in operational efficiency

Efficiency Ratio 31.5%
vs 32.4%1H19

1st Half 2020 Results (1H20)

Credit Portfolio

We ended 1H20 with 11.4% growth in the expanded credit portfolio, when compared to the same period in 2019, reflecting major strategic evolutions both in Wholesale and Retail.

Retail

Retail portfolio grew 9.3% compared to the first half of 2019, highlighting the 11.2% increase in the auto finance portfolio. This growth was influenced by the measures involving renegotiating contracts and term extension, promoted under the context of the Covid-19 crisis to support our clients. It is also worth pointing out that the portfolio of other Retail businesses, which includes the credit card group, private payroll loans, other loans and financing, grew by 16.5% in the same period, attesting to the higher portfolio diversification pursued by BV.

Retail

+9.3%

Was the growth in the Retail portfolio

Wholesale

The Wholesale portfolio, meanwhile, grew 15.5% compared to 1H19, emphasized by the 47.1% expansion in the Corporate segment (clients with annual turnover between R$ 300 million and R$ 1.5 billion), totaling R$ 9.1 billion, in line with our strategic plan to pursue a greater risk diversification and increase the profitability of the portfolio. It should be stressed that the growth of the portfolio over the period was also driven by the foreign exchange rate variation on transactions indexed to the dollar. Excluding the exchange rate impact, the growth of the Wholesale portfolio would have stood at 8.2%.

Wholesale

+15.5%

was the growth in the Wholesale portfolio

Funding and Liquidity

The total funding sources reached R$ 76.0 billion at the end of the first half of 2020, with stable funding instruments representing 55% of total funding. Furthermore, the bank has maintained its liquidity at relatively conservative levels. Its Liquidity Coverage Ratio (LCR), which is aimed to measure short-term liquidity in a stressful scenario, went from 156% at the end of the first half of 2019 to 184% at the end of the first half of 2020. It is also important to note that the minimum regulatory requirement is 100% for this indicator.

Capital

The capital ratios remain solid and closed the 1H20 at conservative levels. The Basel Ratio stood at 14.4% at the end of the six-month period, whereby the Tier I Capital ratio reached 13.3%, with 11.0% of Common Equity Tier I (CET I) and 2.4% of Complementary Capital. It is worth noting that the regulatory minimums were 9.25% for the total Basel ratio and 5.75% for the CET I.

Rating

Banco BV's remained its ratings reaffirmed by the international agencies. Standard & Poor's reaffirmed the bank's "BB-" on a global scale with a stable outlook, in line with the Brazilian sovereign rating, while Moody's maintained its global scale rating at Ba2 with a stable outlook and also in line with the sovereign rating.

Customer-Centric Strategy

The first half of 2020 was influenced by the consequences of the Covid-19 pandemic in Brazil. We believe there were two factors that were critical in successfully coping with this challenging scenario. An agile mindset – in response to our boost in digital maturity – and strong focus on customer-centric which has been driven our actions.

These factors are a vital part of the BV culture and shaped the decisions made on prioritizing concern for people and ensuring the health and well-being of everyone. In the beginning of the 2nd quarter, we had completed the migration of all own and third party employees from client services and collection teams to working remotely, without any disruptions to our clients.

As a measure of support for our clients, we implemented a large-scale program aimed at renegotiating installment payments, where a 60-day postponement for payments was granted, meaning that 2 installments could be transferred to the end of the contract without BV charging anything for it. More than 800,000 customers benefited from this initiative, helping them maintain their financial peace of mind.

Over 800,000 clients benefited
from the postponement of 2 payment installments of the contract, with no interest

77% of renegotiations
carried out through BV bank's digital channels

We have established a strong crisis management movement with the deployment of new supervised (central) service interfaces and also through innovations in the self-service areas on our digital channels. Despite the expressive increase in the volume of activities due to the pandemic, we improved the level of customer satisfaction (transactional NPS of 70 points in 1H20 compared to the 67 in 1H19), thereby reinforcing the appropriateness of the measures taken in this adverse environment.

NPS score

70 points[1]
Transactional NPS
vs 67 points in 1H19

During this semester, our reputation on *Reclame Aqui* (an independent communication channel between consumers and companies) has improved from “good” to “great”, the best rating among the leading[2] banks in the country on the platform.

Best rating
among Brazil’s largest banks[2]
at *Reclame Aqui*

Likewise, we were also featured positively on the Central Bank’s Complaints Ranking, boasting the lowest number of complaints per million customers among major banks[3] in Brazil, from January to June of 2020.

BANCO CENTRAL DO BRASIL

Lowest number of complaints
per customer among Brazil’s largest banks[3] on the Central Bank Index

1 – Considers the average of the1H20

2 – Based on the amount of assets. Period considered: 01/01/2020 to 06/30/2020. Source :https://www.reclameaqui.com.br/

3 – Ranking of the 1st semester of 2020 for Institutions with more than 4 million customers. Source :https://www.bcb.gov.br/

Digital Maturation

Through our digital transformation, we have been enhancing our soundness and adding speed and simplicity to our way of working, turning them into the hallmarks of our relations with customers, partners, employees, shareholders and society as a whole.

We believe that consumers and businesses increasingly want to interact with their financial service providers. We initiated a new customer service strategy in 2014 to transform our organization and provide our customers and partners with the most convenient digital clients experiences across our different channels and business environments.

Our digital maturity means a better experience for our clients and a consequent gain in operational efficiency. These attributes are clearly reflected in our process for approving and contracting financing. Today, our contracting process for light vehicles is 100% digital, from the simulation of installments and facial biometrics, to the signing of the contract. Additionally, 97% (Jun/2020) of all financing proposals received for light vehicle are reviewed through an automated credit decision process.

97%
automatic responses in the credit analysis[1]

100%
Paperless[1]
Digital contracting, from the simulation to the signing of the contract.

Agile Structure

A crucial factor to accelerate digital transformation was the consolidation of an agile methodology emerged in the software industry, which consists of a quick and flexible way of managing. Due to this methodology, the squads model, where multidisciplinary teams get together to devise solutions, has been increasingly applied at BV. Its practice has been evolving and maturing. It currently encompasses 76 squads, where a group of squads forms a tribe that prioritizes actions based on a trial and learning model.

The agile methodology was inserted into BV’s culture to bring more efficiency to businesses and ensure a customer-centric experience. With this method, we ensure more flexibility and autonomy to BV, which has been making us to develop projects in strategic sectors to create cutting edge solutions for our customers and partners.

Data Science

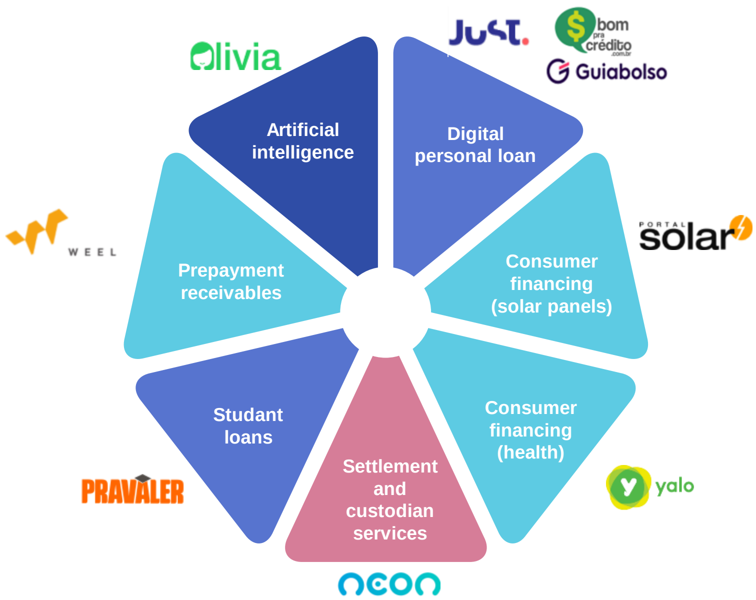
As part of the strategy to become more client-centric, we decided in 2019 to combine Data Science and Costumer Relationship Management (CRM) areas under the same structure. Our goal is to use this data to communicate with our customers in the most individual and customized way possible. We are constantly working on ways of acquiring new information in order to improve our machine learning algorithms and provide unique renegotiation offers to our clients. To do this, we have been utilizing document reading technology, speech analytics and human experience These tools allow us listen to our clients, collect feedback and refine our algorithms, helping us to improve our management and analytical skills.

[1] credit analysis for light vehicles

BVx Innovation Business Unit

The mission of **BVx** is to drive value through a connection with the startup ecosystem by means of co-creation, proprietary developments and investments in strategic partnerships. BVx has 3 operating fronts:

1) **Corporate Venture Capital and strategic partnerships**: Investments and partnerships with fintechs and other startups that have synergies with BV and that complement the portfolio of solutions for bank clients;
2) **BV open (Bank as a Platform)**: Using Open Banking initiatives to expand BV's role as a **Bank as a Platform**, creating greater efficiency and diversifying revenues through partners;
3) **BV Lab:** Its mission is to foster innovation through the following actions: i) experimentation with emerging technologies with potential impact on the financial industry; ii) integration and incubation of new partnerships with startups, and; iii) connection with innovation ecosystems.



TOTVS — New partnership in the provision of private payroll loans

A new partnership with TOTVS was signed to make BV's private payroll loan offer available in the software company's management system, thus reaching an audience of around 10 million employees of companies using TOTVS ERP solutions

carflix — Investment in the Carflix startup

BV headed the R$ 15 million investment in Carflix, a startup that acts as a middle-man for the purchase and sale of used cars, connecting buyers and sellers through its technological platform.

We ended 1S20 with 24 strategic partnerships with innovative companies, enriching our ecosystem

BV open – Bank as a Platform

Open BV is a platform that connects partners who, on the one hand use our API's, divided into 3 classes (**Banking-as-a-Service; Credit-as-a-Service and Investment-as-a-Service**), and on the other hand, they offer their products and services to their customers and to ours as well.

Via **Banking as a Service (BaaS)**, we act as a settlement and custodian bank for fintechs and startups. Through our platform, we allow such institutions to carry out transactions with the financial market through a superior and individualized experience to their customers. Fintechs such as Neon, Nubank and Stone currently use the services of our BaaS platform.

In 1H20, we posted the largest historical growth in volume[1] in BaaS, amounting to over 18.2 million financial transactions processed in our platform.

+18.2 million
transactions carried out in 1S20, +211% above 1S19

As of today, our library of API's is accessed by 178 partners

1. Includes registration and payment of slips and electronic transferring

People

No company transforms itself without employees' involvement and efforts. We value diversity, we are aware of its relevance to achieve results. In the first half of 2020, we have been reinforcing our culture in practice through our principles: **Correct, simple, partnered and courageous.**

In light of the pandemic, we have taken all the steps needed to reassure, provide information on and ensure the health and well-being of our employees and their families. Among the measures that have been implemented, we have quickly expanded remote work and created a health committee. Right after the pandemic began, we mobilized around 7,000 people, including own and third-party employees, to work from home in less than 10 days.

In conjunction with the medical team at Sírio Libanês, we provided a range of guidelines, a call center for all employees and their family, as well as monitoring of all suspected or confirmed cases by administering PCR tests for cases in which people displayed symptoms of Covid-19.

Right after the pandemic began, **we mobilized around 7,000 people in less than 10 days**, including own and third-party employees, to work from home

We have also prioritized measures that are focused on well-being and mental health through initiatives such as guided meditation, psychological assistance and the launch of *"BV acolhe"* (BV assists), an exclusive and confidential channel created to provide 24-hour support to our employees and their families.

Other actions, including flexible working hours and benefits, were also adopted to provide support to employees during this crisis. Our communication has been constant and punctual, resulting in transparency in all issues handled by BV.

We have been able to reach this point by investing in the continual management of our culture and prioritizing the empowerment of our people. We have placed employees at the forefront of our efforts and re-examined their entire experience within the organization. One example of this is the digital transformation of the People and Culture area. The entire process for hiring new employees is conducted online, resulting in efficiency gains and better experience for new employees.

During this period, we intensified our leadership training initiatives to maximize their people management, self-knowledge, business and innovation skills. We have fostered a development cycle in which 100% of leaders are eligible and can learn about, experiment, collaborate on and resolve real problems, increasing their ability to lead in a more humane way, contextualized to the business in the bank's progressive platform, in addition to leveraging their role as an agent of change and a link between the culture and the business.

In corporate education, we have the ambition of being recognized for investing more and more in the development and training of our teams and leaders, so that to encourage a continual learning culture. To reach this goal, we have developed our own educational model.

Flexibility, respect and autonomy set the tone for our everyday lives, and this is reflected in how our employees feel about working here. We are ranked 5th in Glassdoor's list of the 50 Best Places to Work. Based on the opinions of company employees, the ranking places us at the top of financial companies, as well as the sole Brazilian firm among the top 5.

Sustainability

Sustainability for Banco BV is the development and execution of enduring actions, which reaffirm our commitment to the development of Brazil, reduce the impact on the environment and assure the broad management of risks and opportunities for our customers, employees and shareholders. Below, our main sustainability initiatives in the first semester of 2020.

Social responsibility

Since the beginning of the pandemic, BV has been taking emergency social measures to combat Covid-19. With the donation of R$ 30 million, which was primarily intended for the purchase of essential hospital items and for the distribution of essential items to vulnerable families, BV has already positively impacted more than 420,000 people across the country. We are a family owned and operated business. Banco BV was included in the ranking of the 100 companies that most solidarity in Brazil, occupying the 24th position.

In addition to the donation of R$ 30 million, which was supported by the Banco do Brasil Foundation and the Votorantim Institute, BV launched a donation collection campaign open to society. For every R$ 1.00 donated, BV donated an additional R$ 1.00, doubling the amount of donations up to a limit of R$ 10 million. The campaign was on the air for three months, from March 31 to June 30, and had R$ 2.8 million in donations from people and companies, in addition to the counterpart of the banco BV.

So far, we have seen the following outcomes:

Support provided to 40 projects (social, charitable organizations and hospitals) throughout Brazil

Over 18,000 meal cards have been delivered to around 73,000 people

The purchase of more than 3.5 million pieces of PPE, including masks, gloves, alcohol, and others, for hospitals throughout Brazil, in partnership with the Public Management Support Program of Instituto Votorantim, which assists highly vulnerable Brazilian municipalities in their efforts to combat the corona virus

Support for the construction of a private campaign hospital (Parque dos Atletas) in Rio de Janeiro, in partnership with Rede D'Or, facilitating the construction of 200 hospital beds – 50 for intensive care and 150 for regular patients;

A plan for donating 1,017 pieces of equipment, including respirators and freezers for storing tests

More than 550,000 people have benefited from our initiatives

Other initiatives and projects are under review to receive the remainder of the funds, which are expected to be distributed over the next few months.

Included among the bank's initiatives for general society is a R$50 million credit line offered at cost for domestic suppliers of essential hospital equipment and services. R$20 million of that has been used by one of the leading Brazilian manufacturers of equipment for respiratory ventilation, and R$3 million has been applied by another industrial firm that also manufactures medical equipment.

On the business front, BV has also worked on extending due dates for payments, reducing interest on credit cards and renegotiation plans. We have also entered into a partnership with Yalo in which credit card customers were granted complimentary access to discounts and health benefits, in addition to being able to make consultations remotely at a discount.

Environment

In early 2020, we were the first Brazilian private bank to issue a certified Green Bond in the foreign market. The US$ 50 million transaction, with 4 years maturity, was implemented as a Private Placement for a foreign institutional investor. The funding sources will be earmarked for assets or projects related to renewable energy generation, like financing solar panels and constructing wind farms.

The issuance of the green bond by banco BV earned the international Climate Bonds Standard certification, which is coordinated by the Climate Bonds Initiative (CBI). It is a global non-profit organization that is focused on promoting large-scale investments in the low carbon economy. The CBI is the only organization in the world that uses industrial criteria to certify issuances as green.

We were the first Brazilian private bank to issue a Green Bond

Acknowledgements

We remain committed to our strategic pillars with a focus on financial strength, customer-centric and digital maturity. The economic crisis triggered by the pandemic in the first half of the year has underlined the importance of these pillars, while demanded support from the non-state sector for the most vulnerable families. We will therefore continue to monitor the course of the pandemic while remaining focused on preserving people's health, the business continuity, and our on-going support to the community.

We thank our customers, investors and shareholders for their confidence and our employees for their commitment.

Board of Directors

José Luiz Majolo	President
Rubem de Freitas Novaes	Vice-President
Carlos Hamilton V. Araújo	Member
Celso Scaramuzza	Member
Jairo Sampaio Saddi	Member
Carlos Renato Bonetti	Member

Audit Committee

José Danúbio Rozo	Coordinator
Gilberto L. da Aparecida	Member
Armando Wolfrid	Member

Fiscal Council

Paulo Antonio S. Uebel	Member
Lupercio de Souza Izabel	Vice-President
João Batista D. de Souza	Member

Accountant

Alexei De Bona CRC PR-036459/O-3

Executive officers

Gabriel Ferreira	CEO
Adriana Conde	Executive officer
Alexandre Ibrahim	Executive officer
Flávio Suchek	Executive officer
Guilherme Horn	Executive officer
José Roberto Salvini	Executive officer
Marcelo Clara	Executive officer
Rodrigo Tremante[1]	CFO
Rogerio Monori	Executive officer
Albano Correa	Officer
Ana Paula Tarcia	Officer
Celso Rocha	Officer[2]
Edmar Casalatina	Officer[2]
Eduardo Teles	Officer
Marcelo Kenji	Officer
Marcos Barros	Officer[2]

[1] CFO and Investor Relations Officer
[2] Directors of companies controlled by banco BV.

Summary of the Audit Committee Report

First Half of 2020

Introduction

The Audit Committee ("Committee") is a statutory body that is governed by Resolution 3,198/2004 of the National Monetary Council ("CMN"), Banco Votorantim S.A. ("Banco BV") Bylaws, and its Internal Regulations.

The Committee is an advisory entity for the Board of Directors, operating independently and on a permanent basis. Over the first half of 2020, the Committee operated with three members for one period and with four members for another, two of whom were appointed by the shareholder Banco do Brasil S.A. (Gilberto Lourenço da Aparecida and Nilson Martiniano Moreira) and two were appointed by the shareholder Votorantim Finanças S.A. (José Danúbio Rozo and Armando Wolfrid). Armando Wolfrid was removed from office on July 14, 2020.

As permitted by Article 11 of CMN Resolution 3,198/2004, Banco BV opted to establish a single Audit Committee for Banco BV and its subsidiaries, jointly referred to as a "Conglomerate". In accordance with the Bylaws of Banco BV and its Internal Regulations, the Audit Committee's primary duties are to assess the effectiveness of the internal control system, to examine the financial statements prior to their publication, to evaluate the effectiveness of internal and independent audits, to exercise its duties and responsibilities with the companies controlled by Banco BV that have joined the single Audit Committee, in addition to others stipulated in law or determined by the Board of Directors.

The management of Banco BV and its subsidiaries are responsible for preparing and ensuring the integrity of financial statements, managing risks, maintaining an effective internal control system, and ensuring compliance of activities with legal and regulatory standards.

The mission of the Internal Audit is to provide shareholders, the Board of Directors, and the Executive Board with independent, impartial, and prompt assessments of the effectiveness of risk management, the appropriateness of controls and compliance with the rules and regulations related to the Conglomerate's operations.

KPMG Auditores Independentes is entrusted with providing the auditing services for the financial statements and is responsible for expressing its opinion on the suitability, with regards to the financial and equity position in accordance with the accounting practices adopted in Brazil, as well as to evaluate the quality and appropriateness of the internal control system, including electronic data processing and risk management systems, and the compliance with legal and regulatory requirements.

Activities carried out during the period

Over the course of the first half of 2020, Banco BV saw its businesses and operations, as well as all economic activity in Brazil and throughout the world, severely impacted by the COVID-19 pandemic. However, in order not to jeopardize the progress of its work plan, the Committee employed the means and technologies that enabled it to accomplish what had been planned for the period without any significant difficulties.

In an effort to perform its duties and in compliance with the provisions of its Annual Work Plan – approved by the Board of Directors on May 12, 2019 – the Audit Committee held a meeting to review the Plan for Activities in 2020, 12 meetings solely with Committee and Advisory members and 46 meetings with a range of departments and areas, including the Board of Directors, representatives from senior management, internal and independent audits (KPMG), and with the key heads of the business and control areas.

At these meetings, there was particular attention paid to matters related to accounting processes, internal controls, business and product areas, operations, compliance, legal contingencies, information technology and security, recommendations for internal and independent auditing, and outside inspection entities.

Meetings with the internal audit focused on the work performed during the period, key findings, and recommendations. A copy of the reports on the work performed was received and the results were examined. Through the independent audit, the work from the period was tracked and verified, in particular, the review of the financial statements and the Report referring to Bacen Circular 3,467/2009.

The financial statements related to Banco BV's Corporate Consolidation were examined, as well as the individual statements from Banco BV, BV Financeira S.A. – Crédito, Financiamento e Investimento and BV Leasing – Arrendamento Mercantil S.A., the main assets, liabilities, shareholder equity, earnings and explanatory notes in the BR GAAP standard, the accounting practices adopted and the content of the independent auditors' report. The Technical Study on the consumption of Tax Credit was examined in accordance with item II, paragraph 2, of article 1 of Bacen Circular 3,776/2015.

In situations where the need for refinements was pointed out, it recommended improvements.

Conclusions

Based on the activities performed during the period and bearing in mind the duties and limitations inherent in the scope of its activities, the Audit Committee concludes that:

a) The Conglomerate's Internal Control System is effective and is appropriate for its size, type of operations, and risk appetite approved by the Board of Directors;
b) The Internal Auditor carried out its activities in a satisfactory, professional, and independent manner;
c) The Independent Auditor acted effectively and allocated the proper number of qualified professionals to examine the financial statements for the period; and
d) The Financial Statements from June 30, 2020, related to Banco BV's Corporate Consolidation, as well as the individual Financial Statements from Banco BV, BV Financeira S.A. – Crédito, Financiamento e Investimento and BV Leasing – Arrendamento Mercantil S.A., were prepared in accordance with legal norms and practices adopted in Brazil and reflect, in material respects, the financial position of the companies mentioned in that period.

São Paulo, August 6, 2020.

Gilberto Lourenço da Aparecida
Coordinator

José Danúbio Rozo
Member

Nilson Martiniano Moreira
Member

Independent auditors' report on the individual and consolidated financial statements

To the Shareholders and Board of Directors of
Banco Votorantim S.A.
São Paulo - SP

Opinion

We have audited the individual and consolidated financial statements of Banco Votorantim S.A. ("Bank") referred to as "Bank" and "Consolidated", respectively, which comprise the statement of financial position as at June 30, 2020, the individual and consolidated statements of income and comprehensive income, changes in shareholder's equity and cash flows, for the six-month period ended, and the notes, including significant accounting practices.

In our opinion, the accompanying individual and consolidated financial statements, present fairly, in all material respects, the individual and consolidated financial position of Banco Votorantim S.A. as at June 30, 2020, its individual and consolidated financial performance and its individual and consolidated cash flows for the six-month period ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil - Bacen.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of individual and consolidated financial statements" section of our report. We are independent of the Bank in accordance with the relevant ethical requirements in the Accountant´s Professional Ethics Code and the Professional Standards issued by the Federal Accounting Council (CFC), and we have fulfilled our 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 individual and consolidated financial statements of the current six-month 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 therefore, we do not provide a separate opinion on these matters.

Allowance for loan losses	
See Notes 4h and 11 of the individual and consolidated financial statements.	
Key audit matter	**How our audit addressed this matter**
As disclosed in Notes 4h and 11, for purposes of measuring the allowance for loan losses. The Bank classifies its loans (which comprise loans, leasing, advances on foreign exchange contracts and other receivables with credit characteristics) into nine risk levels, taking into account information such as late payments, economic and financial position, indebtedness level, economy sector, guarantee characteristics and other factors and assumptions of the current regulations, with rating "AA" being the minimum risk level and "H" the maximum risk level. The Bank initially applies the loss percentages established in the regulations for each risk level for purposes of calculating the allowance and further increases the allowance, when necessary, based on internal evaluations. The classification of loans into risk levels requires the Bank to make assumptions and judgments, based on its internal risk classification methodologies, and the allowance for loan losses represents the Bank´s best estimate of the portfolio losses. Due to the relevance of loans and the uncertainties, accentuated by the current economic and economic scenario by the pandemic state due to Covid-19, and judgements related to the allowance for loan losses and the impact that any changes in assumptions may generate on the recorded amounts in the individual and consolidated financial statements, we considered this as a significant matter in our audit.	We evaluated the design of internal controls related to the risk level (“ratings”) approval processes of loans used as a basis for calculating the allowance for loan losses. Based on sampling, we evaluated the supporting documentation provided by Management that supports the customer's rating based on the Internal Credit Policies. We recalculated the allowance for loan losses based on the requirements of Resolution 2,682/99. For a selection of significant counter-parties with a change in rating, we evaluated the supporting documentation for their rating. Lastly, we assessed whether the disclosures made in the individual and consolidated financial statements, described in Notes 4h and 11, are in accordance with applicable standards. Based on the evidence obtained through the procedures described above, we consider the level of provisioning and disclosures made in the context of the individual and consolidated financial statements taken as a whole to be acceptable.

Fair value of financial instruments	
See Notes 4f, 4g, 8 and 9 of the individual and consolidated financial statements.	
Key audit matter	How our audit addressed this matter
As mentioned in Notes 4f, 4g, 8 and 9, the Bank has significant balances of derivative financial instruments and marketable securities. For financial instruments that are not actively traded and therefore the prices are not obtained directly from an active market, the determination of fair value is subject to a higher level of uncertainty as the Bank has to make significant judgments to estimate those values. Due to the high level of judgment, accentuated by the current economic and economic scenario by the pandemic state due to Covid-19, we consider measuring the fair value and the evaluation of indicative evidence of impairment of these financial instruments, we considered this as a significant matter in our audit.	We evaluated the design of internal controls related to governance on the internal models used in the calculation of the fair value of financial instruments and the monthly review by the independent area price validation group. For a sample of financial instruments whose parameters for measuring fair value are not observable, with technical support from our specialists with knowledge in financial instruments, we assessed the adequacy of the models developed by the Bank for determining fair values and the reasonableness of the data, parameters and information included in the pricing models used and we recalculated the fair values of these operations. We analyzed the supporting documentation for recording a provision for permanent losses (impairment). We also assessed whether the disclosures made in the individual and consolidated financial statements, described in Notes 4f, 4g, 8 and 9, are in accordance with the applicable standards. We also consider the Bank's assessment of the possible effects on its methodologies and assumptions, linked to the current pandemic scenario due to Covid-19 and possible impacts on measurements. Based on the evidence obtained through the procedures described above, we consider the measurement of the fair value of financial instruments and the disclosures made in the context of the individual and consolidated financial statements taken as a whole to be acceptable.

Provisions and contingent liabilities	
See Notes 4r and 27 of the individual and consolidated financial statements.	
Key audit matter	**How our audit addressed this matter**
As mentioned in Notes 4r and 27, the Bank constitutes a provision for labor, civil and tax claims arising from the normal course of its operations. Estimates of the outcome and financial effect are determined by the nature of the lawsuits and administrative procedures and the judgment of the Bank, through the opinion of the legal advisors, based on the nature of the lawsuits and administrative procedures, complemented by the experience of similar past cases. Due to the relevance, complexity and judgment involved in the assessment, measurement, timing of recognition and disclosures related to Provisions and contingent liabilities, we consider this matter relevant to our audit.	We evaluated the design and operational effectiveness of internal controls related to the assessment/ classification of procedural risk and the calculation of the provision. We confirmed with the external legal advisors that the contingency base is complete and accurate by reconciling the responses of the advisors to the Bank's base control. Based on samples, we assessed the determination of the procedural risk of the lawsuits and administrative procedures. In addition, we evaluated the criteria used in the methodology for measuring the provisioned values, as well as historical data and information. We also performed a comparison between the amounts paid and provisioned for cases closed during the semester (back test). We also assessed whether the disclosures made in the individual and consolidated financial statements, described in Notes 4r and 27, are in accordance with the applicable rules. Based on the evidence obtained through the procedures described above, we consider the level of provisioning and disclosures made in the context of the individual and consolidated financial statements taken as a whole to be acceptable.

Projection of the future results for realization of deferred tax assets	
See Notes 4q, 24a.2 and 24a.3 of the individual and consolidated financial statements.	
Key audit matter	How our audit addressed this matter
The individual and consolidated financial statements include deferred tax assets, the realization of which is supported by estimates of future profitability based on the business plan and budget prepared by the Bank. To prepare projections of future results for the purposes, among others, of verifying the realization of assets, the Bank adopts assumptions based on its corporate strategies and on the macroeconomic scenario, such as interest and inflation rates, among others, considering the current and past performance and the expected growth in the market. Due to the relevance of the balances related to these deferred tax assets, as they are based on estimates of future profitability and the impact that any changes in the assumptions accentuated by the current economic and economic scenario by the pandemic state due to Covid-19, could generate in the amounts recorded in the individual and consolidated financial statements, we consider this matter as significant for our audit.	We evaluated the design and effectiveness of the relevant internal controls, related to the process of determining and approving the assumptions used for the purpose of preparing the projection of future results, which is the basis for assessing the realization of deferred tax assets. With the involvement of our specialists in corporate finance, we evaluated the reasonableness of the assumptions used by the Bank, as well as the Bank's assessment of the possible effects on the economic situation resulting from the Covid-19 pandemic in its projections of future taxable results, recalculated the projections based on such assumptions and assessed whether they met the guidelines of the current regulation. With the support of our tax specialists, we evaluated the basis of calculation and recalculated the deferred tax assets. Additionally, we compared the amounts approved in the previous year's budget versus the actual result in 2019, as well as the compliance with the requirements of CMN Resolution No. 3,059/02. We also assessed whether the disclosures made in the individual and consolidated financial statements, described in Notes 4q, 24a.2 and 24a.3, are in accordance with the applicable standards. Based on the evidence obtained through the procedures described above, we consider the projections of future results, which are the basis for the realization of deferred tax assets and the disclosures made in the context of the individual and consolidated financial statements taken as a whole to be acceptable.

Other matters – Statement of value added

The individual and consolidated statements of value added for the six-month period ended June 30, 2020, prepared under the responsibility of the Bank´s management, and presented as supplementary information for purposes of accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil - Bacen, were subject to audit procedures performed in conjunction with the auditing of the Bank's financial statements. For the purpose of forming our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria set forth in Technical Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added have been properly prepared, in all material respects, in accordance with the criteria set forth in this Technical Pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

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

The Bank's management is responsible for other information that comprises Management´s 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´s Report, and, in doing so, consider whether the other information is, on all material respects, inconsistent with the individual and consolidated financial statements or with 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 in the Management´s Report, we are required to report this 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 the accounting practices adopted in Brazil applicable to institutions authorized to operate by Central Bank of Brazil - Bacen and for such internal controls as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Bank and its subsidiaries ability to continue as 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 and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 performed in accordance with the Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and perform audit procedures responsive to those risks, and obtain 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 involves the override of internal control, collusion, forgery, intentional omissions or misrepresentations.
- Obtain an understanding of internal control relevant to the audit 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 and it's subsidiaries internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and it's subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Bank and it's subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained adequate and sufficient audit evidence regarding the financial information of the group's entities or business activities to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, consequently, for the audit opinion

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

We also have provided those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and 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 have determined those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditors' report, unless law or regulation precludes public disclosure about the matter, or when, in extremely rare circumstances, we have determined 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 benefit of such communication.

São Paulo, August 6, 2020

KPMG Auditores Independentes

CRC SP014428/O-6

Original report in Portuguese signed by

João Paulo Dal Poz Alouche

Accountant CRC 1SP245785/O-2

STATEMENT OF FINANCIAL POSITION

As of June 30, 2020 and December 31, 2019

(In thousands of Reais, unless otherwise stated)

	Note	Bank		Consolidated	
		06.30.2020	12.31.2019	06.30.2020	12.31.2019
Cash and due from banks	**6**	**8,407,949**	**2,327,760**	**3,917,295**	**1,051,889**
Financial assets		**94,962,696**	**78,836,931**	**107,779,425**	**86,703,431**
Interbank investments	**7a**	**36,647,882**	**39,037,190**	**6,122,183**	**2,531,995**
Securities		**36,762,751**	**24,567,184**	**39,869,210**	**27,720,262**
Securities portfolio	8a	37,651,410	25,473,689	40,757,869	28,626,767
(Provision for impairment of securities)	8a	(888,659)	(906,505)	(888,659)	(906,505)
Derivative financial instruments	**9a**	**8,779,522**	**3,082,862**	**7,353,031**	**2,737,346**
Interbank accounts	**10a**	**791,568**	**1,772,165**	**791,568**	**1,772,165**
Loan portfolio	**11a**	**10,082,365**	**9,639,694**	**51,491,201**	**50,960,142**
Loans		8,162,004	7,087,393	51,569,136	49,516,883
Other receivables with loan characteristics		3,585,250	4,325,923	5,004,324	6,061,460
Lease portfolio		-	-	81,609	97,677
(Allowance for losses associated with credit risk)		(1,664,889)	(1,773,622)	(5,163,868)	(4,715,878)
Other financial assets	**12a**	**1,898,608**	**737,836**	**2,152,232**	**981,521**
Tax assets		**4,055,094**	**3,609,762**	**7,929,728**	**7,229,052**
Current tax assets	24a.1	217,247	251,392	579,574	590,499
Deferred tax assets	24a.2	3,837,847	3,358,370	7,350,154	6,638,553
Investments		**3,771,992**	**3,563,998**	**82,895**	**79,649**
Investments in subsidiaries, associates and joint ventures	13a	3,771,805	3,563,813	82,708	79,463
Other investments	13e	187	185	187	186
Property for use	**14**	**77,508**	**67,079**	**100,029**	**94,416**
Other property for use		254,841	232,748	389,455	366,423
(Accumulated depreciation)		(177,333)	(165,669)	(289,426)	(272,007)
Intangible assets	**15a**	**232,936**	**211,655**	**395,905**	**303,404**
Intangible assets		564,415	504,698	851,947	702,674
(Accumulated amortization)		(181,882)	(147,307)	(301,206)	(248,295)
(Accumulated impairment)		(149,597)	(145,736)	(154,836)	(150,975)
Other assets	**12a**	**359,237**	**371,884**	**1,377,094**	**1,400,139**
TOTAL ASSETS		**111,867,412**	**88,989,069**	**121,582,371**	**96,861,980**

See the accompanying notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2020 and December 31, 2019

(In thousands of Reais, unless otherwise stated)

	Note	Bank		Consolidated	
		06.30.2020	12.31.2019	06.30.2020	12.31.2019
Financial liabilities		**100,960,719**	**78,232,869**	**108,725,899**	**84,001,354**
Deposits	16a	25,945,228	17,207,376	25,061,816	16,355,713
Money market repurchase commitments	16c	24,733,978	15,832,953	24,635,217	15,206,091
Securities issued	18	31,918,779	31,134,839	31,964,249	32,066,337
Interbank accounts	10c	15,955	144	1,383,297	1,642,152
Borrowings and domestic onlendings	17a	4,976,769	3,578,360	4,976,769	3,578,360
Derivative financial instruments	9a	7,705,597	3,017,252	6,846,039	2,934,562
Subordinated debts and debt instruments eligible as capital	19a	3,918,851	6,597,168	3,918,851	6,597,168
Other financial liabilities	20a	1,745,562	864,777	9,939,661	5,620,971
Tax liabilities		**52,325**	**120,529**	**515,498**	**566,872**
Current tax liabilities	24b.1	32,687	77,790	472,251	478,488
Deferred tax liabilities	24b.2	19,638	42,739	43,247	88,384
Provisions for contingencies	**27e**	**104,622**	**103,860**	**912,341**	**906,308**
Other liabilities	**20a**	**606,872**	**676,354**	**1,277,406**	**1,501,565**
SHAREHOLDER'S EQUITY		**10,142,874**	**9,855,457**	**10,151,227**	**9,885,881**
Capital	**23a**	**8,130,372**	**8,130,372**	**8,130,372**	**8,130,372**
Capital reserves	**23b**	**372,120**	**372,120**	**372,120**	**372,120**
Profit reserves		**1,400,198**	**1,379,702**	**1,354,565**	**1,334,069**
Other comprehensive income	**23g**	**(75,174)**	**(26,737)**	**(54,291)**	**49,320**
Retained earnings		**315,358**	**-**	**348,461**	**-**
Non-controlling interests		**-**	**-**	**-**	**-**
TOTAL LIABILITIES		**111,867,412**	**88,989,069**	**121,582,371**	**96,861,980**

See the accompanying notes to the financial statements.

INCOME STATEMENT

Six month periods ended June 30, 2020 and June 30, 2019

(In thousands of Reais, unless otherwise stated)

	Note	Bank		Consolidated	
		1H2020	1H2019	1H2020	1H2019
FINANCIAL INTERMEDIATION INCOME		**4,469,534**	**2,717,903**	**7,469,393**	**5,524,269**
Loans	11b	473,874	351,751	4,153,406	3,951,115
Leases	11h	-	-	5,430	13,050
Income from securities	8d	2,347,678	2,500,422	1,920,505	1,437,016
Income (Losses) from derivative financial instruments	9i	1,239,096	(186,652)	583,888	(452,595)
Income from exchange foreign operations	12c	387,805	35,370	387,805	35,370
Income from compulsory deposits	10d	21,081	17,012	21,081	17,012
Liabilities associated with assigned financial assets	11j.1	-	-	397,278	523,301
FINANCIAL INTERMEDIATION EXPENSES		**(4,742,235)**	**(2,241,673)**	**(4,912,825)**	**(2,481,425)**
Deposits and securities sold under repurchase agreements	16d	(3,704,668)	(2,172,522)	(3,693,509)	(2,137,337)
Borrowings and onlendings	17d	(1,037,567)	(69,151)	(1,037,567)	(69,151)
Liabilities associated with assigned financial assets	11j.1	-	-	(181,749)	(274,937)
INCOME (LOSS) FROM FINANCIAL INTERMEDIATION		**(272,701)**	**476,230**	**2,556,568**	**3,042,844**
INCOME (LOSS) FROM ALLOWANCE FOR LOSSES		**10,777**	**(67,384)**	**(1,529,054)**	**(912,688)**
(Provision) / reversal of provision for loan losses	11f.1	628	(121,353)	(1,537,542)	(969,242)
Other (provision) / reversal of provision associated with credit risk	11f.1	(7,697)	65,049	(9,358)	67,634
(Provision) / reversal of provision for securities impairment	8e	17,846	(11,080)	17,846	(11,080)
OPERATING INCOME/EXPENSES		**214,565**	**440,905**	**(851,544)**	**(867,829)**
Service income	21a	131,851	114,900	656,842	726,001
Income from banking fees	21b	1,108	533	371,505	426,606
Personnel expenses	21c	(42,548)	(135,035)	(427,922)	(626,563)
Other administrative expenses	21d	(135,374)	(101,097)	(733,839)	(641,182)
Tax expenses	24c	(32,339)	(34,250)	(258,000)	(299,191)
Share of profit (loss) in subsidiaries, associates and joint ventures	13a	294,171	577,337	(32,948)	(9,174)
(Provision) / reversal of provision for contingent liabilities	27e.3	(762)	28,717	(6,033)	130,326
Other operating income	21e	12,016	9,184	78,074	65,075
Other operating expenses	21f	(13,558)	(19,384)	(499,223)	(639,727)
OPERATING INCOME		**(47,359)**	**849,751**	**175,970**	**1,262,327**
OTHER INCOME AND EXPENSES	**22**	**(6,706)**	**(192)**	**29,974**	**(206)**
Other income		3,762	2,880	38,421	7,349
Other expenses		(10,468)	(3,072)	(8,447)	(7,555)
INCOME BEFORE TAXES AND CONTRIBUTIONS AND PROFIT SHARING		**(54,065)**	**849,559**	**205,944**	**1,262,121**
INCOME TAX AND SOCIAL CONTRIBUTION	**24d.1**	**488,238**	**(102,608)**	**338,903**	**(436,514)**
PROFIT SHARING - EMPLOYEES AND MANAGEMENT		**(24,274)**	**(58,944)**	**(101,845)**	**(137,600)**
NON-CONTROLLING INTERESTS		-	-	-	-
NET PROFIT		**409,899**	**688,007**	**443,002**	**688,007**
EARNINGS PER SHARE					
Earnings per share - R$	23e	3.89	6.53		
Number of shares (thousand lot)	23a	105,391,473	105,391,473		

See the accompanying notes to the financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

Six month periods ended June 30, 2020 and June 30, 2019

(In thousands of Reais, unless otherwise stated)

	Note	Bank	
		1H2020	1H2019
Net income for the period		**409,899**	**688,007**
Other comprehensive income that can be subsequently reclassified to profit or loss:			
Net variation in the fair value of financial assets available for sale	23g	**(65,027)**	**152,743**
Adjustment to fair value against shareholder's equity		48,885	292,577
Adjustment to fair value transferred to income		(161,767)	(38,851)
Tax effect		47,855	(100,983)
Cash flow hedge	23g	**16,590**	**(69,309)**
Adjustment to fair value against shareholder's equity		30,566	(118,733)
Adjustment to fair value transferred to income		(402)	3,218
Tax effect		(13,574)	46,206
Total of other comprehensive income for the period		**(48,437)**	**83,434**
Total comprehensive income		**361,462**	**771,441**

	Note	Consolidated	
		1H2020	1H2019
Net income for the period		**443,002**	**688,007**
Other comprehensive income that can be subsequently reclassified to profit or loss:			
Net variation in the fair value of financial assets available for sale	23g	**(120,201)**	**152,743**
Adjustment to fair value against shareholder's equity		44,030	292,577
Adjustment to fair value transferred to income		(212,086)	(38,851)
Tax effect		47,855	(100,983)
Cash flow hedge	23g	**16,590**	**(69,309)**
Adjustment to fair value against shareholder's equity		30,566	(118,733)
Adjustment to fair value transferred to income		(402)	3,218
Tax effect		(13,574)	46,206
Total of other comprehensive income for the period		**(103,611)**	**83,434**
Total comprehensive income		**339,391**	**771,441**

See the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Six month periods ended June 30, 2020 and June 30, 2019

(In thousands of Reais, unless otherwise stated)

Bank	Note	Capital	Capital reserves	Profit reserves		Other comprehensive income	Retained earnings	Total
Events		Paid-up capital		Legal	Other reserves			
Balances at December 31, 2018		**8,130,372**	**372,120**	**134,733**	**915,365**	**(178,995)**	**-**	**9,373,595**
Equity valuation adjustments, net of taxes	23g	-	-	-	-	83,434	-	83,434
Net income for the period		-	-	-	-	-	688,007	688,007
Allocations:								
Legal reserve	23d	-	-	34,401	-	-	(34,401)	-
Declared dividends	23d						(400,000)	(400,000)
Balances at June 30, 2019		**8,130,372**	**372,120**	**169,134**	**915,365**	**(95,561)**	**253,606**	**9,745,036**
Changes in the period		**-**	**-**	**34,401**	**-**	**83,434**	**253,606**	**371,441**
Balances at December 31, 2019 (1)		**8,130,372**	**372,120**	**205,527**	**1,174,175**	**(26,737)**	**-**	**9,855,457**
Equity valuation adjustments, net of taxes	23g	-	-	-	-	(48,437)	-	(48,437)
Net income for the period		-	-	-	-	-	409,899	409,899
Allocations:								
Legal reserve	23d	-	-	20,496	-	-	(20,496)	-
Declared dividends	23d	-	-	-	-	-	(26,545)	(26,545)
Declared interest on own capital	23d	-	-	-	-	-	(47,500)	(47,500)
Balances at June 30, 2020 (1)		**8,130,372**	**372,120**	**226,023**	**1,174,175**	**(75,174)**	**315,358**	**10,142,874**
Changes in the period		**-**	**-**	**20,496**	**-**	**(48,437)**	**315,358**	**287,417**

(1) Does not includes effects of elimination of unrealized income arising from transactions between linked parties described in note 23f.

Earnings per Share are disclosed in the Statement of Income.

See the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

Six month periods ended June 30, 2020 and June 30, 2019

(In thousands of Reais, unless otherwise stated)

	Note	Bank		Consolidated	
		1H2020	1H2019	1H2020	1H2019
Cash flows from operating activities					
Income (loss) before income and social contribution taxes		**(54,065)**	**849,559**	**205,944**	**1,262,121**
Adjustments to income (loss) before income and social contribution taxes		**(147,901)**	**(319,613)**	**1,875,258**	**1,322,291**
Provision / (reversal of provision) for loan losses	11f	90,330	169,861	1,790,298	1,245,676
Provision / (reversal of provision) for securities impairment	8e	(17,846)	11,080	(17,846)	11,080
Other provision / (reversal of provision) associated with credit risk	11f	7,697	(65,049)	9,358	(67,634)
Depreciation and amortization	21d	11,099	12,132	68,845	55,716
Provision / (reversal of provision) for investment losses due to tax incentives	22	(2,485)	-	(5,931)	-
Income from investments in associates and joint ventures	13a	(294,171)	(577,337)	32,948	9,174
Exchange variation of investments abroad	9i	(557,966)	34,829	(557,966)	34,829
Exchange variation of financing abroad	29e	546,267	(44,318)	546,267	(44,318)
(Profit) / Loss on disposal of assets	22	(1,277)	639	3,340	4,687
Provision / (provision reversal) for devaluation of other assets	22	9,142	(2,841)	(29,645)	(3,682)
Expenses / (Reversal of expenses) with civil, labor and tax provisions	27e.3	762	(28,717)	6,033	(130,326)
Effect of changes in foreign exchange rates on cash and cash equivalents		(48,691)	1,651	(48,691)	1,651
Interest expense on subordinated debt obligations and debt instruments eligible for capital	29e	158,207	249,130	158,207	249,130
Interest income from securities held to maturity		(48,905)	(80,659)	(64,686)	(80,659)
Other operating income and expenses		-	-	(15,210)	36,977
Other adjustments		(64)	(14)	(63)	(10)
Adjusted income before income and tax social contribution		**(201,966)**	**529,946**	**2,081,202**	**2,584,412**
Changes in assets/liabilities		**11,585,131**	**(3,380,260)**	**6,003,478**	**(2,610,905)**
(Increase) / decrease in interbank investments		2,389,308	4,201,572	(3,590,188)	6,677,487
(Increase) Decrease in trading securities and derivative financial instruments		(10,710,468)	(306,370)	(10,692,681)	2,110,527
(Increase) / decrease in interbank accounts		996,408	(251,457)	721,742	(192,328)
(Increase) / decrease in loans and leases		(563,453)	469,938	(2,354,847)	(2,824,964)
(Increase) / decrease in other assets		(1,052,922)	(497,020)	(1,048,486)	(577,165)
(Increase) Decrease in tax assets		46,754	23,167	23,534	(50,348)
Income and social contribution taxes paid		(9,242)	(1,034)	(315,501)	(179,987)
(Decrease) / increase in deposits		8,737,852	459,232	8,706,103	475,413
(Decrease) / increase in money market repurchase commitments		8,901,025	(7,768,707)	9,429,126	(7,491,230)
(Decrease) / increase in securities issued		783,940	674,148	(102,088)	331,679
(Decrease) / increase in liabilities from borrowings and onlendings		1,398,409	(649,887)	1,398,409	(649,887)
(Decrease) / increase in other obligations		730,329	247,912	3,949,535	(179,236)
(Decrease) / increase in tax liabilities		(62,809)	18,246	(121,180)	(60,866)
CASH USED BY OPERATING ACTIVITIES		**11,383,165**	**(2,850,314)**	**8,084,680**	**(26,493)**
Cash flows from investing activities					
(Acquisition / increase) of securities available for sale		(3,007,129)	(284,081)	(3,010,833)	(284,980)
(Acquisition / increase) of securities held to maturity		(933,346)	-	(1,244,848)	-
(Acquisition) of property for use		(21,469)	(2,965)	(21,590)	(6,681)
(Acquisition / activation) of intangible		(137,236)	(54,191)	(149,167)	(116,518)
(Acquisition / increase) of investments in subsidiaries		(21,006)	(34,828)	(40,788)	142,793
Disposal / decrease of securities available for sale		1,431,094	3,038,870	2,039,846	995,390
Maturity of securities held to maturity		-	132,968	-	132,968
Disposal of property for use		-	-	-	7
Disposal / decrease of investments in subsidiaries		667,634	11,733	565,481	(34,829)
Disposal of intangible assets		77,624	-	-	-
Dividends / interest on own capital received [(1)]		-	542,707	1,767	1,873
NET CASH GENERATED BY INVESTING ACTIVITIES		**(1,943,834)**	**3,350,213**	**(1,860,132)**	**830,023**
Cash flows from financing activities					
Dividends paid		(25,042)	(18,859)	(25,042)	(18,859)
(Decrease) / increase in obligations due to subordinated debts	29e	(3,212,298)	(128,226)	(3,212,298)	(128,226)
(Decrease) / increase in debt instruments eligible for capital	29e	(170,493)	(48,506)	(170,493)	(48,506)
CASH GENERATED BY FINANCING ACTIVITIES		**(3,407,833)**	**(195,591)**	**(3,407,833)**	**(195,591)**
Net variation in cash and cash equivalents		**6,031,498**	**304,308**	**2,816,715**	**607,939**
Beginning of the period		2,327,760	1,554,979	1,051,889	1,609,240
Effect of changes in foreign exchange rates on cash and cash equivalents		48,691	(1,651)	48,691	(1,651)
End of the period	6	8,407,949	1,857,636	3,917,295	2,215,528
Net increase (decrease) in cash and cash equivalents		**6,031,498**	**304,308**	**2,816,715**	**607,939**

[(1)] Amounts net of taxes.

See the accompanying notes to the financial statements.

STATEMENT OF ADDED VALUE

Six month period ended June 30, 2020 and June 30, 2019

(In thousands of Reais, unless otherwise stated)

	Note	Bank				Consolidated			
		1H2020		1H2019		1H2020		1H2019	
Income		**4,604,260**		**2,784,277**		**6,571,478**		**5,319,656**	
Financial intermediation income		4,469,534		2,717,903		7,469,393		5,524,269	
Service income and banking fees	21a / 21b	132,959		115,433		1,028,347		1,152,607	
Allowance for loan losses	8e / 11f	10,777		(67,384)		(1,529,054)		(912,688)	
(Provision) / reversal of provision for contingent liabilities	27e.3	(762)		28,717		(6,033)		130,326	
Other income/(expenses)	21e / 21f / 22	(8,248)		(10,392)		(391,175)		(574,858)	
Financial Intermediation expenses		**(4,742,235)**		**(2,241,673)**		**(4,912,825)**		**(2,481,425)**	
Inputs acquired from third parties		**(115,219)**		**(83,674)**		**(634,243)**		**(559,150)**	
Materials, water, electricity and gas	21d	(1,006)		(548)		(4,112)		(4,080)	
Outsourced services	21d	(1,204)		(583)		(4,691)		(5,109)	
Communications	21d	(753)		(686)		(27,218)		(25,200)	
Data processing	21d	(38,164)		(31,775)		(142,619)		(119,943)	
Transportation	21d	(340)		(518)		(3,034)		(6,612)	
Surveillance and security services	21d	(433)		(255)		(1,011)		(749)	
Specialized technical services	21d	(36,119)		(21,621)		(241,004)		(227,398)	
Financial system services	21d	(13,678)		(14,514)		(53,133)		(45,760)	
Advertising and publicity	21d	(11,361)		(573)		(27,864)		(16,246)	
Judicial and notary public fees	21d	(1,206)		(3,209)		(35,139)		(41,093)	
Other	21d	(10,955)		(9,392)		(94,418)		(66,960)	
Gross value added		**(253,194)**		**458,930**		**1,024,410**		**2,279,081**	
Amortization/depreciation expenses	21d	(11,099)		(12,132)		(68,845)		(55,716)	
Net value added produced by the entity		**(264,293)**		**446,798**		**955,565**		**2,223,365**	
Value added received as transfer		**294,171**		**577,337**		**(32,948)**		**(9,174)**	
Income from investments in associates and joint ventures	13a	294,171		577,337		(32,948)		(9,174)	
Value added payable		**29,878**	**100.00%**	**1,024,135**	**100.00%**	**922,617**	**100.00%**	**2,214,191**	**100.00%**
Distributed value added		**29,878**	**100.00%**	**1,024,135**	**100.00%**	**922,617**	**100.00%**	**2,214,191**	**100.00%**
Personnel		**42,026**	**140.66%**	**165,338**	**16.14%**	**450,525**	**48.83%**	**678,511**	**30.64%**
Salaries, fees and labor demands [(1)]	21c	(15,070)		80,930		238,203		435,446	
Profit sharing - Employees and Management		24,274		58,944		101,845		137,600	
Benefits, training programs and other	21c	24,630		14,092		82,918		68,802	
FGTS		8,164		11,352		27,531		36,643	
Other charges		28		20		28		20	
Taxes, rates and contributions		**(431,103)**	**-1442.88%**	**165,499**	**16.16%**	**(1,661)**	**-0.18%**	**821,357**	**37.10%**
Federal		(437,306)		160,041		(40,775)		741,545	
State		20		126		20		405	
Municipal		6,183		5,332		39,094		79,407	
Third-party capital remuneration		**9,056**	**30.31%**	**5,291**	**0.52%**	**30,751**	**3.33%**	**26,316**	**1.19%**
Rental	21d	9,056		5,291		30,751		26,316	
Remuneration of own capital		**409,899**	**1371.91%**	**688,007**	**67.18%**	**443,002**	**48.02%**	**688,007**	**31.07%**
Dividends / interest of own capital		74,045		400,000		74,045		400,000	
Retained earnings		335,854		288,007		368,957		288,007	

(1) Includes reversal of provision for long-term incentive plan expenses, related to disbursements, whose realization is no longer expected.

See the accompanying notes to the financial statements.

Notes to the Individual and Consolidated Financial Statements

1. THE CONGLOMERATE AND ITS OPERATIONS

Banco Votorantim S.A. ("banco BV", "Bank", "Institution", "Company", "Conglomerate" or "Consolidated") is a private company with its headquarters located at Av. das Nações Unidas, nº 14.171, in the city of São Paulo – SP, Brazil. The bank operates as a Multiple Bank, develops banking activities in areas it is authorized to operate in, which include commercial banking, investment banking and foreign exchange operation portfolios.

In December 2019 the Bank announced the change of brand "Banco Votorantim" to "banco BV". The abbreviation assumes the nickname which was already used by many of our clients and partners. This way, the banco BV unifies its trademarks in a single architecture, assumes the "carry for your life" signature and enhances its position both for retail, where, mainly, operates with vehicle financing, and for wholesale, where it operates in both corporate and wealth management.

Through its subsidiaries, the Conglomerate also carries out operations in the areas of consumer credit, leasing, administration of investment funds and credit cards, securities brokerage and distribution, insurances brokerage, sales promotion services and/or commercial representation, venture participation and real estate incorporations and any other activities in which institutions that are part of the National Financial System are permitted to engage. Other information about the companies which comprise the Conglomerate are described in note 3.

Since 2014, banco BV has expanded its investments in technology and data, consolidated its corporative culture and diversified its business, becoming one of most connected banks to fintechs and the startup ecosystem. Therefore, the restructuring of the visual identity was the natural course to reflect the evolution to all segments that operate, creating synergy and logic between brands and company's business units.

Transactions are conducted in the context of a set of institutions that operate in an integrated manner in the financial market, including in relation to risk management, and certain transactions have the joint participation or the intermediation of member institutions, which form an integral part of the financial system. The benefits of the services provided between these institutions and the costs of the operational and administrative structures, are absorbed based on the practicality and reasonableness of the allocation of the benefits and costs, jointly or individually.

2. CORPORATE RESTRUCTURING

In the meeting of the Board of Directors of Banco Votorantim S.A., held on November 7, 2019, the plan to convert the subsidiary BV Leasing - Arrendamento Mercantil S.A. into a multiple bank was approved through the addition of the commercial portfolio, a plan approved by the regulator on July 22, 2020 and whose deliberation depends on the resolution of the General Meeting of BV Leasing and final homologation by the Central Bank of Brazil.

3. PRESENTATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The Individual and Consolidated Financial Statements contemplates operations realized between their financial and nonfinancial companies that integrates the Conglomerate and were prepared based on the accounting guidelines derived from Brazilian Corporation Law and the rules and instructions of the National Monetary Council (CMN), the Central Bank of Brazil (Bacen), Securities and Exchange Commission (CVM), when applicable, and are presented in accordance with the Accounting Plan for Institutions in the National Financial System (COSIF).

As of the year ended in December 31, 2019, the management chooses to disclose the Consolidated Financial Statements of banco BV including the consolidation of non-financial companies (Economic-financial conglomerate). Before that, the consolidation contemplates only the financial companies (Financial conglomerate). All the periods presented in these Financial Statements refers to the Economic-financial conglomerate. This arrangement has as intention to have a greater alignment with market practices of disclosure of financial statements.

The preparation of the financial statements in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil, requires that Management use its judgment in determining and recording accounting estimates, when applicable. The main accounting judgments and estimates applied to assets and liabilities are described in note 5.

In the preparation of the consolidated financial statements, the intercompany transactions, and any unrealized income and expenses arising from intercompany transactions, and intercompany balances, including interest held by one company in another, were eliminated, net of tax effects. Interest held by non-controlling shareholders in the shareholders' equity of the subsidiaries and in income were highlighted in consolidated financial statements. The lease transactions were classified as finance leases, and the amounts of leased property, plant and equipment were reclassified to the caption Leases including the excess and/or insufficient depreciation, less residual value received in advance. The process does not include the consolidation of equity investment funds with the characteristics of a venture capital entity. The accounting balances of banco BV's branch abroad were translated into Reais, using the foreign currency quotation on the closing date of the period, and were adjusted to conform to the accounting policies described in Note 4. The foreign exchange gains and losses of the operations in the Country of the branch were presented in the lines of the statement of income, according to the respective assets and liabilities which originated them. The result of foreign exchange movements of foreign investments, as well as the adjustments to fair value of financial instruments designated to hedge are presented in the group are presented in the "Income from derivative financial instruments" with the purpose of eliminating the effect of hedging against the exchange rate fluctuations of these investments and these financial instruments.

In compliance with the process of convergence with international accounting standards, some guidelines and their interpretations were issued by the Accounting Pronouncements Committee (CPC), which are applicable to financial institutions when approved by CMN.

Accordingly, the accounting pronouncements already approved by CMN and applicable to these financial statements are:

Resolution No. 3,566 / 2008 - Impairment of assets - CPC 01 (R1).
Resolution No. 3,604 / 2008 - Statement of cash flows - CPC 03 (R2).
Resolution No. 3,823 / 2009 - Provisions, contingent liabilities and contingent assets - CPC 25.
Resolution No. 3,973 / 2011 - Subsequent events - CPC 24.
Resolution No. 3,989 / 2011 - Share-based payment - CPC 10 (R1).
Resolution No. 4,007 / 2011 - Accounting policies, change in estimate and correction of error - CPC 23.
Resolution No. 4,144 / 2012 - Basic Conceptual Pronouncement - CPC 00 (R1).
Resolution No. 4,424 / 2015 - Employee benefits - CPC 33 (R1).
Resolution No. 4,636 / 2018 - Disclosure about related parties - CPC 05 (R1).
Resolution No. 4,748 / 2019 - Measurement at fair value - CPC 46.

The Conglomerate also applied the following pronouncements that are not in conflict with Bacen rules, as determined by article 22, paragraph 2, of Law No. 6,385 / 1976: CPC 09 - Statement of Added Value (DVA), CPC 12 - Adjustment to Present Value, CPC 36 (R3) - Consolidated Statements and CPC 41 - Earnings per Share.

Resolutions that partially incorporated the pronouncements issued by the CPC and are applicable to the interim financial statements:

Resolution No. 4,524 / 2016 - Effects of changes in exchange rates and conversion of financial statements - CPC 02 (R2).
Resolution No. 4,534 / 2016 - Intangible assets - CPC 04 (R1).
Resolution No. 4,535 / 2016 - Property, plant and equipment - CPC 27.

Changes in the presentation of the Financial Statements

Based on CMN Resolution No. 4,720 / 2019 and Bacen Circular No. 3,959 / 2019, the Conglomerate made changes to the presentation of the financial statements of March 31, 2020, meeting the requirements of the respective circular, where we highlight the main changes:

Statement of Financial Position

- Presentation of assets and liabilities exclusively in order of liquidity and enforceability. The opening of short and long term segregation is being disclosed in the respective notes;
- Adoption of new nomenclature and grouping of equity items, such as: financial assets (including the grouped presentation of the loans portfolio), financial liabilities, tax assets and liabilities, provision for contingencies.

Income Statement

- Opening of expenses for provisions segregated by the most relevant classes presented in the line "Income (loss) from allowance for losses";
- Change in the allocation of the "Income (loss) from allowance for losses", starting to be presented immediately after "Income (loss) from financial intermediation". Revenue from the recovery of credits previously written off as losses is now presented in this line;
- Presentation of the provision for contingencies in a specific line in: "(Provision) / reversal of provision for contingent liabilities";
- Elimination of the "Non-operating income" nomenclature, as well as non-operating income and expenses. Items with these characteristics are now called "Other income" or "Other expenses".

Notes

(Amounts in thousand of Reais, unless otherwise indicated)

- Inclusion of note 5 "Main judgments and accounting estimates", which describes the application of certain assumptions and relevant judgments on equity elements that involve a high degree of uncertainty and that may have a material impact on these financial statements.

Presentation of comparative balances

For better presentation and comparability in these financial statements, the comparative balances reflect these changes in the presentation of the financial statements.

In addition, the National Monetary Council edited the Resolution no. 4,818 / 2020, consolidating the criteria for preparation and disclosure of individual and consolidated Financial Statements by financial institutions and other institutions authorized to operate by the Central Bank. By means of this Resolution, it will be required that the consolidated Corporate Financial Statements of entities registered as publicly-held companies or that are leaders of a prudential conglomerate within the scope of Segment 1 (S1), Segment 2 (S2) or Segment 3 (S3), according to specific regulations, be disclosed exclusively under International Financial Reporting Standards (IFRS), as from January 1, 2022.

Regulations that depend on Bacen regulations that can generate relevant impacts on the Financial Statements:

CPC 18 (R2) - Investment in associates, subsidiaries and joint ventures:

The equity method or the cost method is applied or, according to the rules, for investment in an associate, subsidiary or joint venture. This procedure differs from CPC 18, which provides for the possibility of adopting measurement at fair value through profit or loss, in accordance with IFRS 9, for a portion of the investment in an associate, subsidiary or joint venture controlled, qualified as a venture capital organization, regardless of whether it exerts significant influence over this portion of the participation.

Unconsolidated investment due to non-adoption of CPC 18	Activity	Interest %
Fundo de Invest. em Participações BV - Multiestratégia Investimento no Exterior	Investment fund	100.00%
Fundo de Invest. em Participações BV Tech I - Multiestratégia Investimento no Exterior (1)	Investment fund	100.00%

(1) Investment fund established in April 2020.

The recognition of goodwill amortization expense arising from goodwill identified in the acquisitions differs from the provisions of CPC 18, which does not allow amortization of goodwill, and this intangible asset is only subject to periodic impairment tests.

CPC 48 - Financial instruments:

The classification of financial assets is carried out in accordance with the entity's intention on these assets, different from the provisions of CPC 18, in which there is the introduction of the concept of business model evaluation and evaluation of contractual cash flow characteristics.

Regarding the impairment of financial assets, CPC 48 brings a new model of expected credit loss instead of an incurred loss model, to be measured depending on the classification of financial assets in three stages according to changes in credit risk, in addition to the use of forward looking information, such as macroeconomic expectations, to reflect the impacts of future events on the expected loss.

In case of discontinuity of cash flow hedge, the accumulated value in shareholders' equity is transferred immediately to the income for the period, different from the provisions of CPC 48, which provides for the deferral of this item according to the same maturity period of the operations that were hedged object. For hedge accounting purposes, the IASB continues to work on the macro hedge accounting project and, for this reason, brings the option expressed in CPC 48 to maintain the same requirements presented by CPC 38 - Financial Instruments, which is the standard that preceded CPC 48.

CPC 47 - Customer contract revenue:

The remuneration for domestic correspondents referring to the origination of credit operations is recognized as an expense on the date of contracting, renegotiation or renewal of these operations, in accordance with the provisions of Bacen Circular No. 3693/2013, as amended by Bacen Circular No. 3738/2014. This procedure differs from the provisions of CPC 47, which establishes that the recognition of this expense is deferred for the term of the operation.

These Financial Statements were authorized for issue by Executive Board on August 06, 2020.

(Amounts in thousand of Reais, unless otherwise indicated)

Shareholding interest included in the consolidated interim Financial Statements, segregated by activity:

	Activity	06.30.2020	12.31.2019
		Interest %	
Financial institutions - domestic			
BV Financeira S.A. Crédito, Financiamento e Investimento (BV Financeira) (1)	Financial services	100.00%	100.00%
BV Leasing Arrendamento Mercantil S.A. (BV Leasing) (1)	Lease	100.00%	100.00%
Votorantim Asset Management Distribuidora de TVM Ltda. (Votorantim Asset DTVM) (1)	Asset Management	99.99%	99.99%
Insurance market institutions			
Votorantim Corretora de Seguros S.A (Votorantim Corretora Seguros)	Brokerage securities	100.00%	100.00%
Non-financial institutions			
Promotiva S.A. (Promotiva)	Rendering of services	100.00%	100.00%
BV Investimentos Altern. e Gestão de Recursos S.A. (BVIA)	Asset Management	100.00%	100.00%
BV Empreendimentos e Participações S.A. (BVEP)	Holding	100.00%	100.00%
Atenas SP 02 - Empreendimento Imobiliário (Atenas)	SPE	100.00%	100.00%
Consolidated investment funds			
Votorantim Expertise Multimercado Fundo de Investimento. (Expertise)	Investment fund	100.00%	100.00%
BVIA subsidiaries			
Marques de Monte Santo Empreend. Imobiliário SPE Ltda. (Monte Santo)	SPE	100.00%	100.00%
Parque Valença Empreendimento Imobiliário SPE Ltda. (Parque Valença)	SPE	100.00%	100.00%
BVEP subsidiaries			
IRE República Empreendimento Imobiliário S.A. (IRE República)	SPE	100.00%	100.00%
Senador Dantas Empreendimento Imobiliário SPE S.A. (Senador Dantas)	SPE	100.00%	100.00%
Henri Dunant Empreend. Imobiliário S.A. (Henri Dunant)	SPE	100.00%	100.00%
Arena XI Incorporações SPE Ltda. (Arena XI)	SPE	100.00%	100.00%
D'oro XVIII Incorporações Ltda. (D'oro XVIII)	SPE	100.00%	100.00%
BVEP Vila Parque Empreendimentos Imobiliários SPE Ltda. (Vila Parque) (2)	SPE	100.00%	-
Atenas subsidiaries			
Atenas Sp 02 – Empreendimento Imobiliário Ltda. – Lote 1	SPE	100.00%	100.00%
Atenas Sp 02 – Empreendimento Imobiliário Ltda. – Lote 3	SPE	100.00%	100.00%

(1) Financial instituion subsidiaries.

(2) In February 2020, BVEP carried out an asset exchange transaction, assigning SPEs classified as non-financial assets held for sale and receiving control of SPE NS Emp. Imob. 23 SPE Ltda, later called BVEP Vila Parque Empreendimentos Imobiliários SPE Ltda.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by banco BV were consistently applied to all periods presented in these individual and consolidated Financial Statements and have been applied consistently by all entities of the Conglomerate.

a) Income Statement

Revenues and expenses are recognized on an accrual basis in the period earned or incurred. Transactions that were carried out with floating financial charges are adjusted on a pro rata die, based on the variation of the respective agreed-on indices; and transactions with fixed financial charges are recorded at redemption value, rectified by unrecognized income or unrecognized expenses corresponding to the future period. Transactions indexed to foreign currencies are adjusted at the reporting sheet date at the current rate criteria.

b) Functional and presentation currency

The Individual and Consolidated financial statements are presented in Brazilian Reais, the Bank's functional and presentation currency. The functional currency, which is the currency of the primary economic environment in which the entity operates, is the Brazilian Reais for all Group entities. In these Financial Statements, the presentation currency is also the Real.

c) Measurement at present value

Financial assets and liabilities are presented at present value as a result of application of accrual regime for recognition of respective interest revenues and expenses.

Non-contractual obligations, mainly represented by provisions for lawsuits and legal obligations whose disbursement date is unknown and not under control of the Conglomerate, are measured at present value, as they are initially recognized at estimated disbursement value on evaluation date and are adjusted on a monthly basis.

d) Cash and cash equivalents

Cash and cash equivalents are represented by available funds in domestic currency, foreign currency, money market repurchase commitments - own portfolio, interbank deposit investments and foreign currency investments with high liquidity and insignificant risk of changes in value, whose maturity of the operations on the date of the investment is equal to or shorter than 90 days.

e) Interbank investments

Interbank investments are shown at cost of investment or acquisition, plus income accrued up to the reporting date and adjusted for reserve for losses, as applicable.

Interbank investments that are subject to market risk hedging are valued at their fair value using consistent and verifiable criteria. The fair value adjustments of these operations are recorded in the same line as the financial asset, contra entry to income from derivative financial instruments.

f) Securities

Securities acquired for the formation of its own portfolio are recorded are recorded at the amount effectively paid, net of provision for loss, when necessary, and classified into three different categories based on Management's intent:

Trading securities: Securities acquired for the purpose of being actively and frequently negotiated. Subsequent to initial recognition, trading securities are measured at fair value with changes therein recognized in profit or loss;

Securities available for sale: Securities that may be traded at any time, though are not acquired for the purpose of being actively and frequently negotiated. Subsequent to initial recognition, securities available for sale are measured at fair value with changes therein recognized in a separate account in shareholders' equity, net of taxes; and

Securities held to maturity: Securities acquired with the positive intent and financial capacity to hold to maturity. Held-to maturity securities are initially recognized at cost plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. For securities reclassified to this category, the fair value adjustment is recognized. For securities reclassified to this category, the fair value adjustment is incorporated to cost, and is recorded prospectively at amortized cost using the effective interest rate method.

The methodology of adjustment to fair value was established in compliance with consistent and verifiable criteria, which take into consideration the average price of trading on the date of calculation, or, in the absence thereof, the daily basis adjustment of forward market transactions disclosed by external sources, or the probable net realizable value determined by pricing models, using interest rate future value curves, exchange rates, price and currency indexes. The determination of fair value takes unto consideration the credit risk of the issuer (credit spread adjustment).

Income on securities, regardless of the category, is accrued pro rata die, based on the variation of the index and on the agreed-upon interest rates, by the compounding or straight-line method, up to the date of maturity or of the final sale of the security, and is recognized directly in profit or loss.

Losses on securities classified as available for sale and as held to maturity that are not temporary losses are directly recognized in profit or loss and now comprise the new asset cost basis.

Upon disposal, difference determined between sales value and acquisition cost adjusted by earnings and other than temporary impairment losses, are considered as the transaction result and is accounted for on transaction date as income or loss of securities.

Following guidelines of the Central Bank of Brazil, the Conglomerate adopts the change in unit price as an adjustment to fair value recognized directly in equity for funds with the following characteristics:

- Funds in which the quoted price of the units is not available for redemption (realization) in the short term, that is, when the redemption of units occurs only in the liquidation or closure of the fund; and
- Funds in which there is a forecast of payment of dividends, as a form of remuneration of its unitholders in the course of the fund's business.

The investments in units held by the Conglomerate, of investment funds that have these characteristics, are Equity Investment Funds (FIPs).

g) Derivative financial instruments

Derivative financial instruments are valued at fair value at the reporting date. Changes in value are recorded in the income or expense accounts of the respective financial instruments.

The fair value adjustment methodology of derivative financial instruments was established based on consistent and verifiable criteria, considering the average price of trading on the date of calculation, or, in the absence thereof, conventional and proven methodologies and pricing models that reflect the net realizable value. The fair value considers the credit risk of the counterparty (credit valuation adjustment).

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in the fair value of financial assets or liabilities are considered hedging instruments and are classified according to their nature as either:

Market risk hedge: changes in the fair values of the financial instruments and the corresponding hedged items are recognized in profit or loss; and

For object items that were discontinued from the market risk hedge relationship and remain recorded in the statement of financial position, as in the case of credit contracts assigned with substantial retention of risks and benefits, when applicable, the fair value adjustment is recognized in the result for the remaining term of the operations.

Cash flow hedge: the derivative financial instruments intended to offset the variation of the institution's estimated future cash flow are classified in the cash flow hedge category. These derivative financial instruments are adjusted to fair value, and the effective portion of the appreciations or devaluations, net of tax effects, is recorded in the separate shareholders' equity account. Effective portion is that in which the variation in the hedged item, directly related to the corresponding risk, is offset by the variation in the financial instrument used for hedge, considering the accumulated effect of the operation. Other variations in these instruments are recognized directly in income for the period.

For the hedge object items that were discontinued from the cash flow hedge ratio and remain recorded in the statement of financial position, the accumulated reserve in shareholders' equity is immediately transferred to the income for the period.

The Conglomerate realizes hedge operations that include linked characteristics to third-parties credit risk or related parts which can result in advanced derivative maturity without any value being owed to the Bank, as forecasted contractually.

h) Loan portfolio - Loans, leases, other receivables with loan characteristics and allowance for losses associated with credit risk

The loan portfolio, including loans, leases and other receivables with loan characteristics are classified according to Management's assessment regarding the level of risk, taking into consideration the current economic environment, past experience and risks specifically related to the respective operation, the counterparty and guarantors, periods of delinquency, and economic group in accordance with the parameters established by CMN, which requires the classification of the portfolio into nine risk levels, ranging from AA (minimum risk) to H (maximum risk), as well as the classification of transactions with delinquency of more than 14 days as non-performing loans. In relation to the delinquency period for operations with a term of over thirty-six 36 months, the Conglomerate left adopting from December, 2019 the double counting of days adopted over intervals of delinquency defined for the nine risk levels to retail operations as well as to wholesale operations, which followed the internal assessment. For operations contracted with clients whose total liability exceeds R$ 50,000.00, a client evaluation of expected losses associated with credit risk is made.

Income from credit transactions are no longer appropriated as income as long as operations are over 59 days past.

Operations with a risk level H continue in this status for 180 days, at which time they are written off against the existing provision and controlled in off-balance sheet accounts.

Renegotiated operations are maintained, at a minimum, at the level at which they were initially rated on the date of renegotiation. Renegotiations of credit transactions that had been previously written off against provisions are rated as level H and any gains from renegotiation are recognized in profit or loss when effectively received. In order to mitigate the impact of the covid-19 on the economy, the National Monetary Council, through CMN Resolution No. 4,791 / 2020, flexibilized the characterization of a problematic asset allowing situations of (i) incapacity of the counterparty to honor the obligation under the agreed conditions and (ii) restructuring the transaction related to the exposure, are no longer considered indicative that an obligation will not be fully honored. This flexibility is valid for restructuring loans operations carried out up to September 30, 2020.

The allowance for losses associated with credit risk, considered sufficient by Management, complies with the requirement established by CMN Resolution no. 2,682 / 1999 (note 11e).

Loans that are hedged against market risk are stated at fair value using consistent and verifiable criterion. Adjustments to these transactions from fair value adjustment valuations are recorded in loans, also considering the classification percentage of allowance for losses associated with credit risk as a contra-entry to income from derivative financial instruments.

Financial assets assigned consider the transfer level of risks and benefits of assets transferred to other entity:

- When financial assets are transferred to another entity, but there is no substantial transfer of the risks and benefits related to the transferred assets, assets remain on the Company's statement of financial position. The income and expenses arising from these operations are recognized in an accrual basis accordingly to the remaining period of these operations;
- When all the risks and benefits related to assets are substantially transferred to an entity, assets are derecognized from the Conglomerate Statement of Financial Position.

i) Other assets - Other receivables and assets

Assets not for own use

The assets not for own use are recorded when adjudicated, received in payment or otherwise received for settlement or amortization of debts, based on the following criteria for recognition of these assets:

The value of the assets is recorded considering the following criteria:

- Assets with funded amounts in excess of R$ 51,100.00 are recorded at the value obtained through a technical report from a third-party company and not related to the Conglomerate;
- Assets with funded amounts between R$ 25,550.00 e R$ 51,100.00: are recorded by the value obtained through a technical report; and
- Assets with funded amounts of less than R$ 25,550.00 are recorded for the average balance obtained in the sales of the last 6 months, taking into account the characteristics of the asset.

In addition, in the case of recovery of credits through payment in kind, the following procedures are observed:

- When the valuation of the assets exceeds the book value of the credits, the amount recorded is equal to the amount of the credit, since it is not allowed to account for the differential as income; and
- When the valuation of the assets is less than the book value of the credits, the amount recorded is limited to the amount of the valuation of the assets.

The Conglomerate periodically evaluates if there is any indication that these assets may have suffered a devaluation. If there is any indication, the entity estimates its recoverable amount. If the recoverable amount is less than its carrying amount, the asset is reduced to its recoverable amount through a provision for impairment loss, which is recognized in the statement of income under "Other expenses".

Prepaid expenses

These expenses refer to the application of payments made in advance, for which the benefits or the services will occur in subsequent periods. Prepaid expenses are recorded at cost and amortized as incurred.

From January 2, 2015, in compliance with requirements of CMN Resolution no. 4,294/2013, and in accordance with permission provided for in Bacen Circular no. 3,738/2014, two thirds of the remuneration relating to 2015 origination of credit or lease transactions by correspondents are recorded in assets, and the remaining portion is recognized in profit or loss for the period upon origination. As of January 1, 2016, the portion recorded in assets was reduced to one third of the remuneration of operations originated in 2016. In the semester ended June 30, 2019, the amortization of the amounts recorded in assets based on the faculty provided for in circular referred above.

The operations generated as from January 1, 2017, have the remuneration fully recognized as an expense.

j) Investments

Investments in subsidiaries and associates with significant influence or interest of 20% or more in the voting capital are accounted for by the equity method based on the shareholders' equity in the subsidiary. Financial statements of Banco Votorantim's branch abroad are conformed to accounting criteria in force in Brazil and translated into Brazilian Reais in accordance with prevailing law, and their effects are recognized in profit or loss. Other permanent investments are valued at cost of acquisition, less provision for impairment, as applicable.

The goodwill paid on the acquisition of investments, which corresponds to the amount that exceeds the investee's equity value, is amortized based on the expectation of future profitability or for its realization.

Other permanent investments are stated at acquisition cost, less a provision for impairment losses (impairment), when applicable.

k) Property for use

Property for use is valued at acquisition cost less depreciation, which is calculated on a straight-line basis using the following annual rates in accordance with estimated useful lives of assets. Due to this practice, the following annual depreciation rates are used: depreciable value (corresponding to the acquisition cost less the residual value, if any): vehicles - 20%, data processing systems - 20% and other items - 10% (Note 14). The residual value of these assets is reviewed annually or when there are significant changes in the assumptions used.

l) Intangible

Intangible assets have defined useful lives and primarily relates to softwares and use licenses or rights (Note 15). Amortization is calculated by the straight-line method, based on the period over which the benefit is generated and is levied on the amortizable amount (corresponding to the acquisition cost less the residual value, when applicable), as of the date of availability of the intangible asset for use and is recorded under Other administrative expenses - Amortization (Note 21d). The residual value and the useful life of these assets is reviewed annually or when there are significant changes in the assumptions used.

m) Earnings per Share

Earnings per share are disclosed in accordance with the criteria defined in CPC 41 - Earnings per share. The Bank's basic and diluted earnings per share were calculated by dividing the net profit attributable to shareholders by the weighted average number of their shares. There is no distinction in the method of calculating both indices, since the Bank does not hold treasury shares and there are currently no equity instruments or any associated instrument that produce a potential dilution.

n) Impairment of non-financial assets - Impairment

The Conglomerate assesses periodically, if there is any sign that an asset may be impaired. If so, the Institution estimates the asset's recoverable value, which is the greater of: i) the asset’s fair value less costs to sell; and ii) the asset’s value in use.

If the asset’s recoverable value is lower than its carrying value, the asset’s carrying value is reduced to its recoverable value through a provision for impairment losses that is recognized in Statement of Income, in Other administrative expenses or Other operating expenses, according to the nature of the asset.

Methodologies applied to the evaluation of the recoverable value of the main non-financial assets:

Investments: the methodology for determining the recoverable value of investments accounted for by the equity method is based on evaluation of equity in investees, their business plans and invested amounts’ return capacity. A provision for impairment loss is recognized in profit or loss in the period when the carrying value of an investment, including goodwill, exceeds its recoverable value. Impairment tests are performed on a quarterly basis.

Intangible assets: Software acquired, developed internally and use licenses - softwares developed internally according to the Conglomerate’s needs are part of the Bank investment policy which aims the modernization and adequacy to new technologies and business requirements. As there are no similar items in the market and also because of the high cost to implement metrics that permit determining the value in use, testing of software recoverability and use license recoverability are comprised of the evaluation of its utility for the Institution such that when the software no longer has future economic benefits, the recoverable value of the intangible asset is adjusted. Management performs impairment tests every six months for software under development and annually for completed software.

Assets not for use: Real Estate - provision made based on annual appraisal reports made by specialized consultants and the total provision is made if the asset has been classified in BNDU (assets not for use) for more than 36 months, regardless of the number of auctions held to dispose of the asset.

Furniture - For vehicles, the provision for devaluation is constituted monthly based on the term of permanence of BNDU - assets not for use (obsolescence of the asset). For registrations longer than 720 days, a provision of 100% of the book balance is recorded. Physical inventories are carried out annually in the yards.

Machinery and equipment - a provision for devaluation is set up based on the survey of Annual Valuation Reports carried out by specialized consultants and the total provision is set up if the asset has been classified in BNDU (assets not for use) for more than 720 days.

Impairment loss recognized to adjust these assets’ recoverable value is stated in the respective notes.

(Amounts in thousand of Reais, unless otherwise indicated)

o) Employee benefits

Recognition, measurement and disclosure of employee benefits short and long-term are conducted in accordance with criteria defined in CPC 33 (R1) - Benefits to employees, approved by the CMN Resolution no. 4,424/2015. In accordance with the accrual regime, this pronouncement requires that an entity recognize a liability as a contra-entry to the net income of the period when the employee provides services in exchange for benefits to be paid in the future.

The Conglomerate has a variable compensation program eligible for its officers and employees. Amounts to be paid that are adjusted according to the grace period (from one to a maximum of four years) and to the characteristics of each benefit are recorded under “Other liabilities - Provision for personnel expenses” as a contra entry to caption “Personnel expenses - Proceeds”. Program details are disclosed in Note 26.

The amounts referring to the profit sharing (PLR) of directors and employees are recognized in "Other liabilities - Provision for profit sharing" against the result, in "Profit sharing - employees and management".

p) Deposits, money market repurchase commitments, securities issued, borrowings and onlendings and subordinated debts

Deposits and money market repurchase commitments are stated at the amounts of the liabilities and consider, when applicable, the charges enforceable up to the reporting date, recognized on a “pro rata die”.

Costs incurred in issuing securities or other forms of funding that are included as transaction costs are recognized in the income statement on an accrual basis for the term of the original operations and are stated as reducers of the corresponding liability.

Funding that is subject to market risk hedging is valued at its fair value using consistent and verifiable criteria. The valuation adjustments to fair value of these operations are recorded in the same line as the financial liability, in contra-entry to income from derivative financial instruments.

q) Taxes

The bank taxes, including revenues taxes, are calculated based on rates shown in the chart below:

Taxes	Current rates
Income tax (15% + 10% additional)	25%
Social contribution on net income - Banco Votorantim S.A. (1)	20%
Social contribution on net income - other financial and non-financial institutions	From 9% to 15%
PIS / PASEP (2)	From 0.65 to 1.65%
Contribution for Social Security Funding (2)	From 3% to 7.6%
Service tax (3)	From 2% to 5%

(1) Article 32 of Constitutional Amendment No. 103, November 12, 2019, increased the social contribution on net income rate from banks of any kind, from 15% to 20%, starting as of March 1, 2020. The effects of the increase in the Social contribution rate are reflected in the balances of existing deferred tax assets and liabilities as of December 2019.
(2) For the non-financial institutions that choose the non-cumulative regime, PIS/PASEP rate is 1.65% and Contribution for Social Security Funding rate is 7.6%.
(3) Service income taxes.

Deferred tax assets (tax credits) and deferred tax liabilities are constituted by the application of the tax rates in force on their respective bases. In the event of a change in tax legislation that changes criteria and rates to be adopted in future periods, the effects are recognized immediately based on the criteria and rates applicable to the period in which each portion of the assets will be realized or the liability settled. For the constitution, maintenance and write-off of deferred tax assets, the criteria established by CMN Resolution no. 3,059/2002, as amended by CMN Resolutions no. 3,355/2006 and no. 4,192/2013, are observed and are supported by a study of realization capacity.

Deferred income tax is recognized at the subsidiary BV Leasing, calculated at the rate of 25%, on the adjustment of excess of depreciation of the lease portfolio of subsidiary BV Leasing.

r) Provisions, contingent liabilities, legal obligations and contingent assets

Recognition, measurement and disclosure of provisions, contingent assets and liabilities and of legal obligations are conducted in accordance with criteria defined in CPC 25 - Provisions, contingent liabilities and contingent assets, approved by the CMN Resolution 3,823/2009 (Note 27).

Contingent liabilities are recognized in the Financial Statements when, based on the opinion of legal advisors and Management, the risk of losing a legal or administrative claim is considered probable, with a probable outflow of funds for the settlement of obligations and when the amounts involved measurable with sufficient security. Contingent liabilities classified as possible losses are not recognized in the accounts, and should only be disclosed in the explanatory notes, and those classified as remote do not require provision or disclosure.

Based on loss forecasts assessed by Management, the Conglomerate constitutes a provision for labor, tax and civil claims. For labor-related lawsuits, the provision volume is determined by means of legal assessments and statistical models. For tax lawsuits, the probable loss amount is estimated through the assessment of legal counsel (individualized method). For civil cases considered similar and usual, and whose value is not considered relevant, the provision volume is determined using a statistical model based on the loss observed in the history of closed suits of the same characteristics (mass method).

For unusual civil cases, or whose value is considered relevant, the probable loss is estimated through the assessment of legal counsel (individualized method).

Legal obligations comprise lawsuits related to tax obligations, where the subject being contested is the legality or constitutionality of such obligations, which, regardless of the probability of success, are recognized in full in the Financial Statements.

Contingent assets are not recognized in the Financial Statements, since they may be a result that can never be realized. However, when the realization of the gain is virtually certain, then the related asset is no longer a contingent asset and it is recognized in the Financial Statements.

s) Guarantees and sureties

The financial guarantees provided, which require contractually defined payments, as a result of non-payment of the obligation by the debtor on the due date, such as: guarantee, sureties, recourse, or other obligation that represents a guarantee of compliance with third parties' financial obligations, are recorded and controlled in off-balance sheet accounts.

When the obligation value is subject to foreign exchange movements or to any other type of adjustment, balances of these accounts are adjusted at the reporting date.

Income for the period from provided guarantee and sureties commissions not yet received, are accounted for on a monthly basis in "Other financial assets - Other credits and income receivable", with a corresponding entry to "Service Income - Income from guarantees provided".

Commissions received in advance are recorded in "Commissions for intermediation of operations payable", in the group "Other financial liabilities", appropriated monthly, on an accrual basis.

In line with the requirements of CMN Resolutions 2,682/1999 and 4,512/2016, the constitution of a provision for losses in the provision for financial guarantees to customers, takes into account:

- The sector of performance, competitive and regulatory environment, stock control and management, as well as financial solidity, being these variables captured through the qualitative and quantitative rating models, as well as; and
- The probability of unsuccessful judicial or administrative proceedings, leading to the withdrawal of funds necessary to settle the obligation in financial guarantees provided in contingent liabilities of third-parties.

With the application of CMN Resolution no. 4,512/2016, provisions for losses on the financial guarantees provided are presented in "Other Liabilities" (note 28.1.a1).

t) Other assets and liabilities

Other assets and liabilities are stated at realizable values, including, when applicable, monetary and foreign exchange movements on a pro rata die basis and a reserve for losses, as necessary. Liabilities are stated at known measurable amounts plus, as applicable, monetary charges, inflation adjustments and foreign exchange movements on a pro rata basis.

5. MAIN JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of consolidated interim Financial Statements requires the application of certain relevant assumptions and judgments that involve a high degree of uncertainty and that may have a material impact on these statements. Management applies estimates that can significantly change the amounts presented in the Financial Statements, and the amounts may differ in scenarios in which such propositions are not used. The accounting policies adopted are described below, which are highly complex and guide relevant aspects in determining our operations.

The estimates and judgments considered most relevant by the Conglomerate are detailed below:

a) Allowance for losses associated with credit risk of loans, leases e other credits with loan characteristics

In addition to observing the requirements for setting up a provision due to the delay in the payment of a portion of the principal or charges for operations, the provision is calculated based on management's judgment of the level of risk, considering the economic situation, the specific risks in relation to operation, debtors and guarantors, delay periods and the economic group, following the provisions of CMN Resolution 2,682 / 1999.

Further details on the criteria used to measure losses associated with credit risk are presented in note 11.

b) Provisions for impairment of securities

Management applies judgments to identify and provision transactions that have impairment losses and considers the following situations, not limited to them, as indicative:

(i) Significant financial difficulty for the issuer or bond;

(ii) Breach of contract, such as non-compliance or delay in payment of interest or principal;

(iii) Concession of benefit to the issuer or obligated, for economic or legal reasons related to its financial difficulties, carried out by the Bank or its related companies, which would not otherwise consider;

(iv) It is likely that the debtor will enter bankruptcy or other financial reorganization;

(v) Disappearance of an active market for this financial asset due to financial difficulties; among others.

The general application of the provision for impairment losses on securities is described in Note 8e.

c) Projection of future results for the realization of tax credits

The realization of tax credits is supported by the Institution's budget projections, duly approved by the governance bodies. These projections are based on the current strategic planning, which considers business plan assumptions, corporate strategies, macroeconomic scenario such as inflation and interest rates, historical performance and expectations for future growth, among others.

This item is highlighted especially because of the representativeness of the balances of activated tax credits, the use of estimates of future profitability that incur a high degree of judgment and the relevant impacts that changes in assumptions can bring to the Financial Statements.

Details on the projection of future results for the realization of tax credits are presented in Note 24.

d) Fair value of financial instruments

There are specific techniques for assessing the fair value of Financial Instruments that are not traded in active markets and for which prices and market parameters are not available. This calculation incorporates assumptions under Management's judgment, which takes into account the assessment of market information and circumstances.

The methodologies used to assess the fair value of certain financial instruments are described in Notes 4f and 4g.

e) Provisions for contingent liabilities - tax, civil and labor

Based on loss forecasts evaluated by Management, the Conglomerate constitutes a provision for tax, civil and labor claims through legal assessments and statistical models.

The assessment of loss forecasts takes into account the probability of the entity's disbursements for each procedural element and may incur a high degree of judgment the greater the existing uncertainty.

Details of provisions and contingent liabilities are presented in Note 27.

f) Amortization and impairment of goodwill due to expected future profitability

According to the rules of the Central Bank, the goodwill recorded in the investor or parent company, which is based on the forecast of future results of the associate or subsidiary, must be amortized in line with the projection terms that justified it. Estimating the terms for generating future results of investments in an associate, subsidiary or joint venture for which goodwill has been recognized involves significant judgments by Management.

Additionally, goodwill is tested periodically for its recoverable value, which also involve assumptions and a considerable degree of judgment in estimating future cash flows to discount them at present value.

g) Impairment of the cost of investments in subsidiaries, associates and jointly controlled companies, intangible assets and other assets

The impairment test of these assets is carried out, at least annually, in order to determine whether there is any indication that an asset may have suffered a devaluation.

When the recoverable value of these assets cannot be obtained through external sources, the valuation of the recoverable value of these assets may incur considerable judgments, mainly in the measurement of the potential associated future economic benefits.

The general application of the criteria for recognizing the provision for impairment losses on non-financial assets is described in Note 4n.

h) Investment in equity investment funds (FIPs)

For investments in quotas of investment funds qualified as a venture capital organization, regardless of having significant influence, the classification of these assets as marketable securities is maintained, measured at fair value in equity.

The measurement of the fair value of these assets incurs a significant degree of judgment in the adoption of assumptions, as described in Note 4f.

i) Significant events arising from Covid-19 in the Financial Statements and impacts on the Conglomerate

The Management has been monitoring the evolution of its operations on a daily basis, which includes monitoring foreign exchange and interest positions, capital and liquidity levels, the credit risk behavior of assets, the market risks of its financial instruments, the production of new credit operations and the evolution of funding.

Several measures were taken by Management to protect and support its employees, clients, commercial partners, suppliers and the management of business continuity, which includes remote work and incentivizing the use of digital channels. Regarding credit operations, the Conglomerate allowed its customers (subject to certain conditions) to renegotiate contracts that include the postponement of the payment term of installments and the extension of the total term of these operations, thus enabling a lower impact on the cash flows of its customers in this pandemic scenario.

In addition, National Monetary Council (CMN) and the Central Bank of Brazil (Bacen) have been adopting measures to mitigate the effects of the economic crisis caused by the pandemic and assure the maintenance of appropriate liquidity levels of the financial system. Among them, the flexibilization of the characterizing criteria of the restructuring of loan operations for credit risk management purposes and the granting of borrowings to financial institutions through the Special Temporary Liquidity Line which will contribute in mitigating the impacts resulting from the pandemic.

The main effects and impacts arising from covid-19 on the Financial Statements for this period are described below and, when applicable, in the notes corresponding to the Statement of Financial Position lines that were affected.

- **Provision for expected losses associated with credit risk from loans, leases and other receivables with loan characteristics**

In view of the increase in credit risk in the face of the pandemic scenario, the process of managing this risk has been rescaled, taking into account the effects on credit quality, adjustments in concession policies, renegotiation strategies and reviews of client risk levels and credit limits.

- **Provisions for securities impairment**

The securities portfolio is monitored in a timely manner, with reviews of the financial position and risk levels of the counterparties. There was no significant impact on provisions for impairment of securities as a result of the pandemic.

- **Projection of future results for realization of deferred tax credits**

The studies on the expectation of realization of tax credits considerates the update of estimates from the future results of the Conglomerate with the impacts of covid-19. We have concluded that the consumption of tax credits continues to be realized within the 10-year period, as established by CMN Resolution No. 3,059/2002.

- **Impairment of investments, intangible assets and other assets**

No relevant impacts were observed as a result of the pandemic.

- **Amortization and impairment of goodwill for expectation of future profitability**

There was no indication of non-recoverability of the goodwill recognised in the institution's accounts as a result of the pandemic.

(Amounts in thousand of Reais, unless otherwise indicated)

- **Provisions and contingent liabilities - tax, civil and labor**

We have not verified any relevant impacts on contingencies. For the second half of 2020, for civil contingencies, there may be an increase in the number of lawsuits involving the Bank, questioning the contractual conditions and charges due to delinquency.

- **Capital management**

The devaluation of the Real negatively impacted the capitalization indexes, due to its impacts on tax credit of temporary differences, arising from the hedge of investments abroad. However, they remained at levels substantially higher than the minimum required by current regulation and above the risk appetite established by the shareholders. In this context, the Management decided to reallocate US$ 150,000 (R$ 754,545) of the branch assets in Nassau, mitigating any future impacts in a scenario of worsening of the devaluation of the national currency.

- **Liquidity management**

• The institution maintains conservative levels of cash and structural liquidity indicators, having strengthened them even in the current scenario;

• In view of the new measures implemented by the Central Bank to strengthen the financial system, the Bank raised funds on the market through Financial Guaranteed Bills (LFG), which comprises the special temporary liquidity line covered by wholesale credit operations;

• In addition, the Conglomerate carried out a larger volume of credit assignments with substantial retention of risks and benefits, thus expanding this type of fund raising.

- **Assets and liabilities management**

• The exposure to market risk in the Conglomerate, which includes financial assets and liabilities measured at fair value (securities and derivatives), is controlled by limits established by Management, considering relevant metrics of interest rate risk, foreign exchange exposure, potential impacts on net interest income and economic value of equity, also observing stress scenarios for market price variation;

• The significant drop in interest rates in the local market has little impact on the Bank's short-term net interest margin, in view of the hedge practice;

• The institution adopts accounting hedge policies, which offer adequate protection to market and cash flow risks of its business operations;

• Despite the devaluation of the local currency, the Bank showed little impact on the fluctuation of the economic value of its positions as a result of policies to hedge its assets, liabilities and investments in foreign currency.

6. CASH AND CASH EQUIVALENTS

	Bank		Consolidated	
	06.30.2020	31.12.2019	06.30.2020	31.12.2019
Cash and due from banks	**454,754**	**263,089**	**554,774**	**359,360**
Cash and due from banks in national currency	1,594	2,778	99,466	97,759
Cash and due from banks in foreign currency	453,160	260,311	455,308	261,601
Interbank funds applied [1]	**7,953,195**	**2,064,671**	**3,362,521**	**692,529**
Securities purchased under resale agreements	421,272	307,586	91,690	307,586
Interbank accounts or relations	4,830,603	1,372,142	569,511	-
Investments in foreign currency	2,701,320	384,943	2,701,320	384,943
Total	**8,407,949**	**2,327,760**	**3,917,295**	**1,051,889**

[1] Refer to transactions with original maturities of 90 days or less from the acquisition date and are subject to an insignificant risk change in fair value.

(Amounts in thousand of Reais, unless otherwise indicated)

7. INTERBANK INVESTMENTS

a) Breakdown

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Reverse repurchase agreements	**5,863,365**	**2,887,414**	**5,596,836**	**2,281,503**
Reverse repurchase agreements - Held	**393,882**	**1,139,799**	**393,882**	**533,888**
National Treasury Bill - LTN	12,532	119,825	12,532	119,825
National Treasury Notes - NTN	203,210	843,787	203,210	237,876
Securities of Brazilian Foreign Debt	178,140	176,187	178,140	176,187
Reverse repurchase agreements - Resold	**2,235,595**	**966,389**	**1,969,066**	**966,389**
National Treasury Bill - LTN	1,148,574	966,389	1,148,574	966,389
National Treasury Notes - NTN	1,087,021	-	820,492	-
Reverse repurchase agreements - Short position	**3,233,888**	**781,226**	**3,233,888**	**781,226**
National Treasury Bill - LTN	1,249,600	36,684	1,249,600	36,684
National Treasury Notes - NTN	1,984,288	744,542	1,984,288	744,542
Interbank deposit investments	**30,784,517**	**36,149,776**	**525,347**	**250,492**
Total	**36,647,882**	**39,037,190**	**6,122,183**	**2,531,995**
Current assets	20,368,649	21,660,976	5,944,043	2,531,995
Non-current assets	16,279,233	17,376,214	178,140	-

b) Income from interbank investments

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Income from securities purchased under resale agreements	**104,463**	**367,753**	**93,829**	**350,748**
Own portfolio	43,126	76,484	32,492	78,001
Financed operations	40,216	264,602	40,216	246,080
Short position	21,121	26,667	21,121	26,667
Income from interbank deposits [(1)]	**1,259,940**	**1,188,033**	**341,113**	**10,260**
Total [(2)]	**1,364,403**	**1,555,786**	**434,942**	**361,008**

(1) Includes the effects of exchange rate changes on the corresponding assets.
(2) The amounts comprise the balance of income from securities (Note 8d).

Amounts in thousand of Reais, unless otherwise indicated)

8. SECURITIES

a) Composition of the portfolio by category, type of paper and maturity term

Bank	06.30.2020								12.31.2019		
Maturity in days	Fair value					Total			Total		
	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Fair value	Fair value adjustment	Cost	Fair value	Fair value adjustment
1 – Trading securities	**-**	**11,463,798**	**105,388**	**119,172**	**6,647,395**	**18,255,510**	**18,335,753**	**80,243**	**8,543,857**	**8,548,418**	**4,561**
Government bonds	**-**	**11,463,798**	**105,388**	**119,115**	**6,647,372**	**18,255,430**	**18,335,673**	**80,243**	**8,543,748**	**8,548,308**	**4,560**
Financial Treasury Bills	-	-	-	-	-	-	-	-	15,035	15,035	-
National Treasury Bills	-	11,463,798	19,883	25,820	3,190,314	14,686,507	14,699,815	13,308	7,747,699	7,749,484	1,785
National Treasury Notes	-	-	85,505	93,295	3,446,435	3,558,182	3,625,235	67,053	781,014	783,789	2,775
Brazilian Foreign Debt Securities	-	-	-	-	10,623	10,741	10,623	(118)	-	-	-
Private securities	**-**	**-**	**-**	**57**	**23**	**80**	**80**	**-**	**109**	**110**	**1**
Eurobonds	-	-	-	57	23	80	80	-	109	110	1
2 – Securities available for sale	**10,249**	**552,113**	**705,773**	**1,916,182**	**12,670,282**	**15,858,969**	**15,854,599**	**(4,370)**	**14,310,438**	**14,373,600**	**63,162**
Government bonds	**-**	**249,977**	**280,944**	**1,196,680**	**9,131,285**	**10,710,539**	**10,858,886**	**148,347**	**10,300,422**	**10,517,502**	**217,080**
Financial Treasury Bills	-	-	246,937	473,336	5,235,539	5,957,304	5,955,812	(1,492)	5,644,435	5,645,111	676
National Treasury Bills	-	249,977	-	-	1,207,248	1,394,983	1,457,225	62,242	1,415,782	1,431,924	16,142
National Treasury Notes	-	-	34,007	140,182	496,253	640,861	670,442	29,581	1,613,499	1,759,519	146,020
Brazilian Foreign Debt Securities	-	-	-	583,162	2,192,245	2,717,391	2,775,407	58,016	1,626,706	1,680,948	54,242
Private securities	**10,249**	**302,136**	**424,829**	**719,502**	**3,538,997**	**5,148,430**	**4,995,713**	**(152,717)**	**4,010,016**	**3,856,098**	**(153,918)**
Debentures [1]	-	11,562	7,035	188,496	2,158,653	2,532,838	2,365,746	(167,092)	2,188,774	2,037,580	(151,194)
Promissory notes [2]	-	-	262,299	366,907	123,470	753,728	752,676	(1,052)	140,580	140,180	(400)
Shares [3]	10,249	-	-	-	-	8,588	10,249	1,661	9,387	10,092	705
Quotas of investment funds [4]	-	-	-	20,246	392,673	398,943	412,919	13,976	242,391	260,583	18,192
Rural Product Notes - Commodities [5]	-	18,134	39,867	106,667	514,643	678,859	679,311	452	464,552	441,443	(23,109)
Eurobonds	-	272,440	-	-	-	272,536	272,440	(96)	202,097	203,767	1,670
Financial Bills	-	-	-	21,248	-	21,461	21,248	(213)	78,007	77,836	(171)
Floating Rate Notes	-	-	105,633	15,938	29,508	149,202	151,079	1,877	334,446	337,354	2,908
Certificate of Real Estate Receivables	-	-	-	-	207,706	209,511	207,706	(1,805)	206,555	204,571	(1,984)
Agribusiness Receivables Certificate	-	-	9,995	-	112,344	122,764	122,339	(425)	143,227	142,692	(535)
3 – Securities held to maturity	**-**	**-**	**245,486**	**-**	**2,501,293**	**2,572,399**	**2,746,779**	**174,380**	**1,645,166**	**1,735,352**	**90,186**
Government bonds	**-**	**-**	**245,486**	**-**	**2,501,293**	**2,572,399**	**2,746,779**	**174,380**	**1,645,166**	**1,735,352**	**90,186**
National Treasury Notes	-	-	245,486	-	2,501,293	2,572,399	2,746,779	174,380	1,645,166	1,735,352	90,186
Total (1 + 2 + 3)	**10,249**	**12,015,911**	**1,056,647**	**2,035,354**	**21,818,970**	**36,686,878**	**36,937,131**	**250,253**	**24,499,461**	**24,657,370**	**157,909**

Amounts in thousand of Reais, unless otherwise indicated)

Consolidated	06.30.2020								12.31.2019		
	Fair value					Total			Total		
Maturity in days	Without maturity	From 0 to 30 days	From 31 to 180 days	From 181 to 360 days	Over 360 days	Cost	Fair value	Fair value adjustment	Cost	Fair value	Fair value adjustment
1 – Trading securities	**170**	**11,463,798**	**105,388**	**126,129**	**7,838,665**	**19,328,845**	**19,534,150**	**205,305**	**9,366,461**	**9,434,871**	**68,410**
Government bonds	**-**	**11,463,798**	**105,388**	**126,072**	**7,834,585**	**19,324,538**	**19,529,843**	**205,305**	**9,362,179**	**9,430,588**	**68,409**
Financial Treasury Bills	-	-	-	6,957	90,734	97,736	97,691	(45)	109,804	109,808	4
National Treasury Bills	-	11,463,798	19,883	25,820	3,190,314	14,686,507	14,699,815	13,308	7,747,699	7,749,484	1,785
National Treasury Notes	-	-	85,505	93,295	4,542,914	4,529,554	4,721,714	192,160	1,504,676	1,571,296	66,620
Brazilian Foreign Debt Securities	-	-	-	-	10,623	10,741	10,623	(118)			
Private securities	**170**	**-**	**-**	**57**	**4,080**	**4,307**	**4,307**	**-**	**4,282**	**4,283**	**1**
Eurobonds	-	-	-	57	23	80	80	-	109	110	1
Debentures	-	-	-	-	4,057	4,057	4,057	-	3,872	3,872	-
Quotas of investment funds	170	-	-	-	-	170	170	-	301	301	-
2 – Securities available for sale	**11,106**	**552,113**	**1,278,703**	**1,917,354**	**13,127,327**	**16,835,079**	**16,886,603**	**51,524**	**15,852,976**	**16,065,826**	**212,850**
Government bonds	**-**	**249,977**	**853,874**	**1,197,852**	**9,543,833**	**11,640,229**	**11,845,536**	**205,307**	**11,812,687**	**12,180,191**	**367,504**
Financial Treasury Bills	-	-	246,937	474,508	5,235,539	5,958,476	5,956,984	(1,492)	5,656,620	5,657,297	677
National Treasury Bills	-	249,977	-	-	1,207,248	1,394,983	1,457,225	62,242	1,415,782	1,431,924	16,142
National Treasury Notes	-	-	34,007	140,182	908,801	1,005,393	1,082,990	77,597	2,569,295	2,853,151	283,856
Brazilian Foreign Debt Securities	-	-	-	583,162	2,192,245	2,717,391	2,775,407	58,016	1,626,706	1,680,948	54,242
Government Notes - other countries	-	-	572,930	-	-	563,986	572,930	8,944	544,284	556,871	12,587
Private securities	**11,106**	**302,136**	**424,829**	**719,502**	**3,583,494**	**5,194,850**	**5,041,067**	**(153,783)**	**4,040,289**	**3,885,635**	**(154,654)**
Debentures (1)	-	11,562	7,035	188,496	2,158,653	2,532,838	2,365,746	(167,092)	2,154,665	2,003,470	(151,195)
Promissory notes (2)	-	-	262,299	366,907	123,470	753,728	752,676	(1,052)	140,580	140,180	(400)
Shares (3)	10,249	-	-	-	-	8,588	10,249	1,661	9,387	10,092	705
Quotas of investment funds (4)	857	-	-	20,246	437,170	445,363	458,273	12,910	306,773	324,230	17,457
Rural Product Notes - Commodities (5)	-	18,134	39,867	106,667	514,643	678,859	679,311	452	464,552	441,443	(23,109)
Eurobonds	-	272,440	-	-	-	272,536	272,440	(96)	202,097	203,767	1,670
Financial Bills	-	-	-	21,248	-	21,461	21,248	(213)	78,007	77,836	(171)
Floating Rate Notes	-	-	105,633	15,938	29,508	149,202	151,079	1,877	334,446	337,354	2,908
Certificate of Real Estate Receivables	-	-	-	-	207,706	209,511	207,706	(1,805)	206,555	204,571	(1,984)
Agribusiness Receivables Certificate	-	-	9,995	-	112,344	122,764	122,339	(425)	143,227	142,692	(535)
3 – Securities held to maturity	**-**	**-**	**245,486**	**489,113**	**2,925,156**	**3,448,457**	**3,659,755**	**211,298**	**2,219,565**	**2,317,247**	**97,682**
Government bonds	**-**	**-**	**245,486**	**489,113**	**2,925,156**	**3,448,457**	**3,659,755**	**211,298**	**2,219,565**	**2,317,247**	**97,682**
National Treasury Notes	-	-	245,486	489,113	2,925,156	3,448,457	3,659,755	211,298	2,219,565	2,317,247	97,682
Total (1 + 2 + 3)	**11,276**	**12,015,911**	**1,629,577**	**2,532,596**	**23,891,148**	**39,612,381**	**40,080,508**	**468,127**	**27,439,002**	**27,817,944**	**378,942**

The fair value considers the prudential adjustment of credit risk spread, fulfilling the provision in Article 8 of the CMN Resolution no. 4,277/2013.

The securities classified as "Held to maturity" are recorded at cost in accordance with Bacen Circular No. 3,068/2001. For purposes of presentation, these operations are adjusted to fair value.

(1) The cost of the Debentures includes a provision for losses in the amount of R$ 757,455 (R$ 766,851 on December 31, 2019) counterpart the Income from securities.

(2) Includes promissory notes convertible into shares.

(3) The cost value of the Shares includes a provision for losses in the amount of R$ 76,402 (R$ 84,307 on December 31, 2019) counterpart the Income from securities. The fair value of the shares represents the quotation disclosed by B3 - Brasil, Bolsa, Balcão.

(4) The cost value of the Quotas of investments funds includes a provision for losses in the amount of R$ 29,038 (R$ 29,056 on December 31, 2019) counterpart the Income from securities.

(5) The cost of the Rural Product Notes also considers the provision for losses in the amount of R$ 25,764 (R$ 26,291 on December 31, 2019) counterpart the Income from securities.

Amounts in thousand of Reais, unless otherwise indicated)

b) Composition of portfolio by caption in the statement of financial position and maturity term

Maturity in years	06.30.2020							12.31.2019	
	Fair value					Total		Total	
	Without maturity	Falling due, up to 1 year	Falling due - From 1 to 5 years	Falling due from 5 to 10 years	Falling due for more than 10 years	Cost	Fair value	Cost	Fair value
Bank									
By category	**10,249**	**15,107,912**	**18,684,172**	**2,568,643**	**566,155**	**36,686,878**	**36,937,131**	**24,499,461**	**24,657,370**
Trading securities	-	11,688,358	5,735,085	905,941	6,369	18,255,510	18,335,753	8,543,857	8,548,418
Securities available for sale	10,249	3,174,068	10,563,363	1,662,702	444,217	15,858,969	15,854,599	14,310,438	14,373,600
Securities held to maturity	-	245,486	2,385,724	-	115,569	2,572,399	2,746,779	1,645,166	1,735,352
Consolidated									
By category	**11,276**	**16,178,084**	**20,711,853**	**2,645,696**	**533,599**	**39,612,381**	**40,080,508**	**27,439,002**	**27,817,944**
Trading securities	170	11,695,315	6,926,355	905,941	6,369	19,328,845	19,534,150	9,366,461	9,434,871
Securities available for sale	11,106	3,748,170	10,975,911	1,739,755	411,661	16,835,079	16,886,603	15,852,976	16,065,826
Securities held to maturity	-	734,599	2,809,587	-	115,569	3,448,457	3,659,755	2,219,565	2,317,247

(Amounts in thousand of Reais, unless otherwise indicated)

c) Summary of the portfolio by category

By category	06.30.2020		12.31.2019	
Bank				
1 – Trading securities	18,335,753	50%	8,548,418	35%
2 – Securities available for sale	15,854,599	43%	14,373,600	58%
3 – Securities held to maturity	2,572,399	7%	1,645,166	7%
Book value of portfolio	**36,762,751**	**100%**	**24,567,184**	**100%**
Fair value adjustment of category three	174,380		90,186	
Fair value of portfolio	**36,937,131**		**24,657,370**	
Consolidated				
1 – Trading securities	19,534,150	49%	9,434,871	34%
2 – Securities available for sale	16,886,603	42%	16,065,826	58%
3 – Securities held to maturity	3,448,457	9%	2,219,565	8%
Book value of portfolio	**39,869,210**	**100%**	**27,720,262**	**100%**
Fair value adjustment of category three	211,298		97,682	
Fair value of portfolio	**40,080,508**		**27,817,944**	

Fulfilling the provision of Article 8 of Circular 3,068/01, of the Central Bank of Brazil, banco BV declares that it has the necessary financial capacity and intention to hold to maturity the securities classified in the “securities held to maturity” category, in the amount of R$ 2,572,399 in Bank and R$ 3,448,457 in Consolidated (R$ 1,645,166 in Bank and R$ 2,219,565 in Consolidated on December 31, 2019), representing 7% e 9% of the total securities in Bank and Consolidated, respectively (7% in Bank and 8% in Consolidated on December 31, 2019).

d) Income from securities

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Interbank investments (Note 7b)	1,364,403	1,555,786	434,942	361,008
Fixed income securities	842,839	876,709	1,327,292	995,010
Securities abroad	134,734	48,455	154,436	66,694
Variable income securities [1]	(9,948)	1,166	(12,376)	1,166
Investments in investment funds	12,523	11,774	13,084	6,606
Other	3,127	6,532	3,127	6,532
Total	**2,347,678**	**2,500,422**	**1,920,505**	**1,437,016**

(1) Includes income from the sale of investments by tax incentives

e) (Provision) / reversal of provision for impairment of securities

	Bank and Consolidated	
	1H2020	1H2019
Shares	7,905	1,537
Debentures	9,396	(40,142)
Quotas of investment funds	18	(3,215)
Agribusiness Receivables Certificate	527	30,740
Total	**17,846**	**(11,080)**

f) Reclassifications of securities

There was no reclassification of Securities between categories in the six month period ended June 30, 2020.

In the year ended December 31, 2019 the National Treasury Notes were reclassified from the "Available for sale" category to the ‘’Held to maturity’’ category, as a result of Management’s intention in relation to the securities, in accordance with Bacen Circular No. 3,068/2001. The reclassification of these securities had no impact on income and shareholder’s equity on the respective reference date of the event.

	Consolidated		
	Cost	Fair value	Unrealized gain / (loss)
National Treasury Notes	541,969	583,066	41,097
Total	**541,969**	**583,066**	**41,097**

9. DERIVATIVE FINANCIAL INSTRUMENTS

The Conglomerate uses derivative financial instruments to manage its positions on a consolidated basis and to fulfill the needs of it's client's, classifying its own positions as necessary for hedging (of market risk and cash flow) and trading, both with approval limits in the Company. The hedging strategy for asset protection, which is approved by Management, is in line with the macroeconomic scenario analyses.

In the options market, assets or long positions have the Conglomerate as the holder, while liability or short positions have the Conglomerate as the seller.

The models employed in derivative risk management are periodically reviewed, and decision making is based on the best risk/return ratios, with likely losses being estimated following an analysis of macroeconomic scenarios.

The Conglomerate has tools and systems that are adequate to manage derivative financial instruments. Negotiation of new derivatives, standardized or not, depends on prior risk analysis. Subsidiaries' risk evaluation is carried out on an individual basis and its management is carried out on a consolidated basis.

The Conglomerate uses statistical methodologies and simulations to measure the risk of its positions, including with derivatives, using value at risk and sensitivity models and stress analysis.

Risks

The main risks, inherent in derivative financial instruments deriving from the Bank and its subsidiaries' businesses are credit risk, market risk, liquidity risk and operational risk.

Credit risk is defined as the possibility of losses associated with: (a) Non-compliance by the counterparty (the borrower, the guarantor or the issuer of securities or securities acquired), of its obligations under the terms agreed upon; (b) Devaluation, reduction of income and expected gains on financial instruments arising from the deterioration of the credit quality of the counterparty, the intervening party or the mitigating instrument; (c) Restructuring of financial instruments; or (d) Costs of recovery of exposures of problematic assets.

Exposure to credit risk in futures contracts is minimized due to the daily financial settlement. Swap contracts registered with CETIP are subject to credit risk in case that the counterparty is not able or willing to comply with its contractual obligations, while swap contracts registered with B3 S.A. - Brasil, Bolsa, Balcão are not subject to the same risk, considering that B3 S.A. guarantees these transactions.

Market risk is defined as the possibility of financial losses arising from variations in the fair value of exposures held by a Financial Institution. These financial losses may be incurred due to the impact produced by the variation of risk factors, such as interest rates, exchange rates, share and commodity prices, among others.

Liquidity risk is defined as:

- The possibility of the Bank not being able to effectively honor expected and unexpected current and future obligations, including those deriving from binding guarantees, without affecting its daily operations and without incurring significant losses; and
- The possibility that the Bank may not be able to trade a position at the market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

Operational risk is defined as the possibility of occurrence of losses resulting from external events or from failure, deficiency or inadequacy of internal processes, people or systems.

(Amounts in thousand of Reais, unless otherwise indicated)

a) Breakdown of derivative financial instruments portfolio by index

By index	Bank						Consolidated					
	06.30.2020			12.31.2019			06.30.2020			12.31.2019		
	Reference value	Cost	Fair value	Reference value	Cost	Fair value	Reference value	Cost	Fair value	Reference value	Cost	Fair value
1 - Futures contracts												
Purchase commitments	**14,907,912**	**-**	**-**	**13,300,742**	**-**	**-**	**14,919,411**	**-**	**-**	**13,312,003**	**-**	**-**
Interbank deposits	8,671,161	-	-	5,069,867	-	-	8,682,660	-	-	5,081,128	-	-
Currencies	190,291	-	-	2,303,496	-	-	190,291	-	-	2,303,496	-	-
Index	395,592	-	-	363,757	-	-	395,592	-	-	363,757	-	-
Foreign currency coupon	5,650,868	-	-	5,563,622	-	-	5,650,868	-	-	5,563,622	-	-
Sales commitments	**63,635,432**	**-**	**-**	**45,919,609**	**-**	**-**	**79,537,841**	**-**	**-**	**64,005,583**	**-**	**-**
Interbank deposits	38,758,652	-	-	28,040,373	-	-	54,661,061	-	-	46,126,347	-	-
Currencies	2,665,469	-	-	765,832	-	-	2,665,469	-	-	765,832	-	-
Index	632,766	-	-	606,836	-	-	632,766	-	-	606,836	-	-
Libor	16,259,217	-	-	10,613,592	-	-	16,259,217	-	-	10,613,592	-	-
Foreign currency coupon	5,319,328	-	-	5,892,976	-	-	5,319,328	-	-	5,892,976	-	-
2 - Term contracts												
Asset position	**1,184,258**	**1,184,258**	**1,184,123**	**264,867**	**264,867**	**264,852**	**1,184,258**	**1,184,258**	**1,184,123**	**264,867**	**264,867**	**264,852**
Currency term	902,106	902,106	901,969	151,331	151,331	151,331	902,106	902,106	901,969	151,331	151,331	151,331
Government bond term	282,152	282,152	282,154	113,536	113,536	113,521	282,152	282,152	282,154	113,536	113,536	113,521
Liability position	**1,184,258**	**(1,184,258)**	**(1,187,819)**	**264,867**	**(264,867)**	**(264,288)**	**1,184,258**	**(1,184,258)**	**(1,187,819)**	**264,867**	**(264,867)**	**(264,288)**
Currency term	902,106	(902,106)	(905,636)	151,331	(151,331)	(150,752)	902,106	(902,106)	(905,636)	151,331	(151,331)	(150,752)
Government bond term	282,152	(282,152)	(282,183)	113,536	(113,536)	(113,536)	282,152	(282,152)	(282,183)	113,536	(113,536)	(113,536)
3 - Option contracts [(1)]												
Call option - Long position	**7,537,504**	**537,120**	**1,952,150**	**6,722,669**	**468,858**	**246,866**	**8,662,504**	**573,023**	**2,196,130**	**7,847,669**	**504,760**	**252,649**
Foreign currency	5,145,425	417,322	1,623,902	5,527,950	432,220	227,445	6,270,425	453,225	1,867,882	6,652,950	468,122	233,228
Flexible options	2,381,286	119,445	325,724	1,021,719	35,060	14,146	2,381,286	119,445	325,724	1,021,719	35,060	14,146
Shares	-	-	-	173,000	1,578	5,275	-	-	-	173,000	1,578	5,275
Others	10,793	353	2,524	-	-	-	10,793	353	2,524	-	-	-
Put option - Long position	**49,295,441**	**465,915**	**230,601**	**35,143,955**	**590,887**	**445,254**	**46,985,699**	**358,000**	**223,778**	**32,729,213**	**482,871**	**369,326**
Foreign currency	5,353,000	211,420	11,323	6,226,125	307,616	182,428	6,570,500	344,639	11,410	7,338,625	440,734	287,158
Interbank deposits	40,162,500	3,969	206,687	25,238,000	40,579	80,496	40,162,500	3,969	206,687	25,238,000	40,579	80,496
Flexible options	3,541,348	241,369	6,911	3,550,235	241,507	181,203	14,106	235	1	22,993	373	545
Shares	180,000	7,508	5,680	104,000	1,163	1,108	180,000	7,508	5,680	104,000	1,163	1,108
Foreign government index	58,593	1,649	-	25,595	22	19	58,593	1,649	-	25,595	22	19
Call option - short position	**9,575,444**	**(642,864)**	**(2,971,177)**	**17,182,025**	**(648,322)**	**(402,146)**	**7,160,702**	**(441,729)**	**(2,135,715)**	**14,767,283**	**(447,188)**	**(267,913)**
Foreign currency	6,000,875	(400,662)	(1,864,399)	6,365,125	(403,525)	(255,748)	7,113,375	(438,743)	(2,120,877)	7,477,625	(441,607)	(262,651)
Interbank deposits	-	-	-	7,125,000	(761)	-	-	-	-	7,125,000	(761)	-
Flexible options	3,564,569	(241,529)	(1,103,549)	3,576,400	(241,776)	(143,070)	37,327	(2,313)	(11,609)	49,158	(2,560)	(1,934)
Shares	-	-	-	115,500	(2,260)	(3,328)	-	-	-	115,500	(2,260)	(3,328)
Others	10,000	(673)	(3,229)	-	-	-	10,000	(673)	(3,229)	-	-	-

(Amounts in thousand of Reais, unless otherwise indicated)

	Bank						Consolidated					
	06.30.2020			12.31.2019			06.30.2020			12.31.2019		
By index	Reference value	Cost	Fair value	Reference value	Cost	Fair value	Reference value	Cost	Fair value	Reference value	Cost	Fair value
Put Option - Short position	**47,441,863**	**(317,595)**	**(264,259)**	**31,776,379**	**(311,539)**	**(311,346)**	**48,566,863**	**(459,727)**	**(264,259)**	**32,901,379**	**(453,671)**	**(427,196)**
Foreign currency	4,769,250	(187,781)	(13,423)	5,449,625	(234,370)	(202,769)	5,894,250	(329,913)	(13,423)	6,574,625	(376,502)	(318,619)
Interbank deposits	40,159,500	(2,813)	(203,735)	25,237,000	(40,097)	(79,496)	40,159,500	(2,813)	(203,735)	25,237,000	(40,097)	(79,496)
Flexible options	2,273,044	(119,219)	(42,490)	888,754	(34,768)	(27,985)	2,273,044	(119,219)	(42,490)	888,754	(34,768)	(27,985)
Shares	176,000	(6,303)	(4,611)	201,000	(2,304)	(1,096)	176,000	(6,303)	(4,611)	201,000	(2,304)	(1,096)
Foreign government index	64,069	(1,479)	-	-	-	-	64,069	(1,479)	-	-	-	-
4 - Swap contracts (1) (2)												
Asset position	**10,858,066**	**3,573,823**	**3,555,731**	**14,413,674**	**1,882,970**	**2,049,858**	**9,456,611**	**3,118,606**	**2,977,114**	**11,735,282**	**1,696,673**	**1,784,456**
Interbank deposits	-	-	-	1,456,664	88,041	91,203	-	-	-	1,456,664	88,041	91,203
Foreign currency	4,320,980	2,751,441	2,363,853	4,053,773	1,024,592	781,671	3,797,063	2,347,709	1,853,234	3,514,533	897,897	606,146
Prefixed	4,624,482	387,011	696,361	6,931,078	396,141	659,916	3,746,944	335,526	628,363	4,791,926	336,539	570,039
IPCA	1,795,613	434,414	485,517	1,854,876	372,109	510,996	1,795,613	434,414	485,517	1,854,876	372,109	510,996
IGP-M	78,000	-	9,249	78,000	743	4,598	78,000	-	9,249	78,000	743	4,598
Libor	38,991	957	751	39,283	1,344	1,474	38,991	957	751	39,283	1,344	1,474
Liability position	**7,034,527**	**(3,118,150)**	**(3,214,289)**	**6,884,259**	**(1,551,394)**	**(1,876,280)**	**7,002,866**	**(3,099,163)**	**(3,190,193)**	**6,631,005**	**(1,538,959)**	**(1,861,464)**
Interbank deposits	-	-	-	714,116	(28,443)	(6,145)	-	-	-	714,116	(28,443)	(6,145)
Foreign currency	4,840,945	(2,028,443)	(1,689,031)	3,054,159	(507,092)	(306,925)	4,809,284	(2,009,456)	(1,664,935)	3,021,607	(502,356)	(299,990)
Prefixed	391,817	(369,692)	(801,905)	760,398	(373,956)	(778,408)	391,817	(369,692)	(801,905)	539,696	(366,257)	(770,527)
IPCA	1,410,809	(580,451)	(635,099)	1,723,625	(571,079)	(717,425)	1,410,809	(580,451)	(635,099)	1,723,625	(571,079)	(717,425)
IGP-M	-	(626)	-	-	-	(630)	-	(626)	-	-	-	(630)
Libor	390,956	(138,938)	(88,254)	631,961	(70,824)	(66,747)	390,956	(138,938)	(88,254)	631,961	(70,824)	(66,747)
5 - Other derivatives financial instruments												
Asset position	**9,781,910**	**1,928,155**	**1,856,917**	**11,371,072**	**78,563**	**76,032**	**6,420,567**	**798,312**	**771,886**	**8,009,729**	**73,573**	**66,063**
Non Deliverable Forward - Foreign currency (1)	9,770,958	1,927,463	1,856,430	11,107,061	77,353	74,863	6,409,615	797,620	771,399	7,745,718	72,363	64,894
Credit derivatives (2)	10,952	692	487	261,996	1,210	1,147	10,952	692	487	261,996	1,210	1,147
Credit Linked Notes	-	-	-	2,015	-	22	-	-	-	2,015	-	22
Liability position	**635,820**	**(72,575)**	**(68,053)**	**1,156,578**	**(134,424)**	**(163,192)**	**635,820**	**(72,575)**	**(68,053)**	**1,156,578**	**(110,652)**	**(113,701)**
Non Deliverable Forward - Foreign currency (1)	624,868	(71,878)	(67,566)	1,094,102	(133,635)	(162,499)	624,868	(71,878)	(67,566)	1,094,102	(109,863)	(113,008)
Credit derivatives (2)	10,952	(697)	(487)	62,476	(789)	(693)	10,952	(697)	(487)	62,476	(789)	(693)
Total Assets (1 + 2 + 3 + 4 + 5)	**93,565,091**	**7,689,271**	**8,779,522**	**81,216,979**	**3,286,145**	**3,082,862**	**87,629,050**	**6,032,199**	**7,353,031**	**73,898,763**	**3,022,744**	**2,737,346**
Total Liabilities (1 + 2 + 3 + 4 + 5)	**128,323,086**	**(5,335,442)**	**(7,705,597)**	**102,918,850**	**(2,910,546)**	**(3,017,252)**	**142,904,092**	**(5,257,452)**	**(6,846,039)**	**119,461,828**	**(2,815,337)**	**(2,934,562)**

(1) The fair value for swap operations, options and non deliverable forward - foreign currency considers the credit risk of the counterparty (credit valuation adjustment).

(2) The presentation of credit derivatives by position (asset or liability) takes into account the respective fair value of each contract.

(Amounts in thousand of Reais, unless otherwise indicated)

b) Breakdown of derivative financial instruments by maturity date (reference value)

Maturity in days	Bank						Consolidated					
	From 0 to 30	From 31 to 180	From 181 to 360	Over 360	06.30.2020	12.31.2019	From 0 to 30	From 31 to 180	From 181 to 360	Over 360	06.30.2020	12.31.2019
Future contracts	15,787,581	15,307,604	14,923,399	32,524,760	78,543,344	59,220,351	15,799,080	18,070,377	17,403,702	43,184,093	94,457,252	77,317,586
Forward contracts	1,184,258	-	-	-	1,184,258	264,867	1,184,258	-	-	-	1,184,258	264,867
Option contracts	62,845,549	2,425,932	33,841,488	14,737,283	113,850,252	90,825,028	67,320,549	2,530,932	29,512,606	12,011,681	111,375,768	88,245,544
Swap contracts	1,482,711	6,042,813	1,978,035	8,389,034	17,892,593	21,297,933	1,289,296	5,526,990	1,778,488	7,864,703	16,459,477	18,366,287
Non Deliverable Forward - Foreign currency	206,417	5,486,625	2,914,338	1,788,446	10,395,826	12,201,163	206,417	5,486,625	874,414	467,027	7,034,483	8,839,820
Credit derivatives	-	-	-	21,904	21,904	324,472	-	-	-	21,904	21,904	324,472
Credit Linked Notes	-	-	-	-	-	2,015	-	-	-	-	-	2,015
Total	**81,506,516**	**29,262,974**	**53,657,260**	**57,461,427**	**221,888,177**	**184,135,829**	**85,799,600**	**31,614,924**	**49,569,210**	**63,549,408**	**230,533,142**	**193,360,591**

c) Breakdown of derivative financial instruments Portfolio by market and counterparty (reference value on June 30, 2020)

	Futures	Terms	Options	Swap	Credit derivatives	Non Deliverable Forward
Bank						
B3	**78,543,344**	**-**	**102,069,213**	**-**	**-**	**-**
Over-the-counter market (Cetip)	**-**	**1,184,258**	**11,781,039**	**17,892,593**	**21,904**	**10,395,826**
Financial institutions	-	1,184,258	1,656,549	14,327,615	21,904	6,656,703
Client	-	-	10,124,490	3,564,978	-	3,739,123
Consolidated						
B3	**94,457,252**	**-**	**106,649,213**	**-**	**-**	**-**
Over-the-counter market (Cetip)	**-**	**1,184,258**	**4,726,555**	**16,459,477**	**21,904**	**7,034,483**
Financial institutions	-	1,184,258	1,656,549	13,394,499	21,904	3,295,360
Client	-	-	3,070,006	3,064,978	-	3,739,123

(Amounts in thousand of Reais, unless otherwise indicated)

d) Breakdown of credit derivative financial instruments portfolio

Bank and Consolidated	06.30.2020			12.31.2019		
	Reference value	Cost	Fair value	Reference value	Cost	Fair value
Credit Swap						
Received risk	10,952	(697)	(487)	264,011	(425)	(197)
Transferred risk	10,952	692	487	60,461	846	651
By index						
Asset position - Prefixed	10,952	692	487	261,996	1,210	1,147
Liability position - Prefixed	10,952	(697)	(487)	62,476	(789)	(693)

For received risk transactions, credit limits are approved both for client risk and counterparty risk, according to the credit committee's levels and forums. Credit limits are assigned to the underlying exposure at derivative reference value, considering amounts deposited in guarantee.

For transferred risk, transaction is conducted in a trading portfolio with a sovereign risk client. In this case, future possible exposure is considered to assign the counterparty limit. The credit derivative financial instruments portfolio impacted Portion Referring to Weighed Exposures per Risk Factor (PRMR) for determination of the Bank's Basel ratio of R$ 214 (R$ 2,843 on December 31, 2019).

(Amounts in thousand of Reais, unless otherwise indicated)

e) Breakdown of margin given in guarantee of operations with derivative financial instruments and other transactions settled in clearing or providers of clearing and settlement services

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Financial Treasury Bills - LFT	447,184	77,708	531,882	80,712
National Treasury Notes - NTN	-	-	456,859	291,294
National Treasury Bills - LTN	287,972	17,946	287,972	17,946
Units in investment funds	34,764	34,175	49,324	48,109
Others	106,936	55,084	106,936	55,084
Total	**876,856**	**184,913**	**1,432,973**	**493,145**

f) Breakdown of derivatives portfolio for hedging

Hedge transactions were evaluated as effective, in accordance with provisions of Bacen Circular no. 3,082/2002, and hedge effectiveness varies from 80% to 125%. For loans operations, the risk level is considered in the risk assessment of the fair value and consequently considered in the effectiveness calculation metric.

Market risk hedge

The Conglomerate, in order to protect itself against fluctuations in its financial instruments' interest and exchange rates, contracted derivatives to offset risks deriving from exposures to fair value variations.

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Market risk hedge				
Hedge instruments				
Liabilities	**1,979,944**	**2,403,396**	**17,882,353**	**20,489,371**
Futures	1,979,944	2,403,396	17,882,353	20,489,371
Hedged items				
Assets	**1,979,583**	**2,062,710**	**18,020,992**	**20,540,376**
Purchase and sale commitments	1,700,237	1,877,581	1,700,237	1,877,581
Loans	279,346	185,129	16,320,755	18,662,795

In the six month periods ended June 30, 2020 and 2019, some operations are no longer qualified as market risk hedge. The balance corresponding to the adjustment to the fair value of the hedged item existing on the closing date of the accounting hedge started to be deferred (except for the cases of early settlement of the object) by the contractual term of these operations whose effect on the result in the six month period ended on June 30, 2020 was R$ 1,398 (R$ 15,447 as of June, 2020) net of tax effects, presented under "Income (Losses) from derivative financial instruments".

Cash flow hedge

To protect the future cash flows of payments against exposure to variable interest rate (CDI), the Conglomerate traded DI Future contracts at B3.

To protect the cash flow of future disbursements on securities issued abroad against exposure to exchange rate risk USD, the Conglomerate has traded over-the-counter swap contracts recorded in B3.

	Bank and Consolidated	
	06.30.2020	12.31.2019
Cash flow hedge		
Hedge instruments		
Assets	**688,032**	**175,326**
Swap [1]	688,032	175,326
Liabilities	**15,021,160**	**12,820,188**
Future	15,021,160	12,820,188
Hedged items		
Liabilities	**16,418,490**	**13,931,487**
Perpetual bonus - Instrument of debts eligible for Capital	1,652,696	1,216,494
Financial bills	14,067,981	12,010,105
Subordinated debt - Instrument of debts eligible for Capital	697,813	704,888

[1] The nominal value of the swap is R$ 970,620 on June 30, 2020 and December 31, 2019.

In the six month period ended June 30, 2019, some operations were no longer classified as cash flow hedge, which generated income / (expense) in the period of R$ (2,050) net of tax effects, presented under the caption "Income from derivative financial instruments". In the six month period ended June 30, 2020 there were no operation that were no longer classified as cash flow hedge.

(Amounts in thousand of Reais, unless otherwise indicated)

g) Gains and losses on hedge instruments and hedged items

Market risk hedge

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Losses from hedged Items [(1)]	(586)	-	(586)	-
Gains from hedge instruments [(1)]	594	-	594	-
Net effect	**8**	**-**	**8**	**-**
Gains from hedge items	43,679	88,236	851,663	685,159
Losses from hedged instruments	(44,440)	(89,013)	(850,393)	(687,972)
Net effect	**(761)**	**(777)**	**1,270**	**(2,813)**

[(1)] Refers to the hedge accounting of the portfolio of assets that had a decline in the curve in the six month period ended on June 30, 2019.

Cash flow hedge

Bank and Consolidated	06.30.2020		12.31.2019	
Hedge instruments	Effective portion accumulated	Ineffective portion accumulated	Effective portion accumulated	Ineffective portion accumulated
Future DI	(229,999)	(85)	(173,676)	(65)
Swaps	29,129	(2,766)	(57,358)	(3,188)
Total	**(200,870)**	**(2,851)**	**(231,034)**	**(3,253)**

The effective portion is recognized in shareholders' equity in equity valuation adjustments and the ineffective portion is recognized in the statement of income in income from derivative financial instruments.

In the six month period ended June 30, 2020, the fair value adjustment of the effective portion, in the amount of R$ 30,164 (R$ (115,515) in the six month period ended June 30, 2019), was recognized in shareholders' equity and ineffective portion, in the amount of R$ 402 (R$ 198 in the six month period ended June 30, 2019) was recognized in "Income from derivative financial instruments".

Net gains of tax effects relating to cash flow hedges that the Conglomerate expects to recognize in income over the next 12 months totaling R$ 108,501 (loss of R$ 106,511 in the six month period ended June 30, 2019).

h) Derivative financial instruments breakdown into current and non-current

	Bank					
	06.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Term operations	1,184,123	-	1,184,123	264,852	-	264,852
Options market	1,224,865	957,886	2,182,751	268,864	423,256	692,120
Swap contracts	949,659	2,606,072	3,555,731	822,060	1,227,798	2,049,858
Non Deliverable Forward - Foreign currency	1,317,632	538,798	1,856,430	64,800	10,063	74,863
Credit derivatives	-	487	487	454	693	1,147
Credit linked notes	-	-	-	22	-	22
Total	**4,676,279**	**4,103,243**	**8,779,522**	**1,421,052**	**1,661,810**	**3,082,862**
Liabilities						
Term operations	(1,187,819)	-	(1,187,819)	(264,288)	-	(264,288)
Options market	(1,780,866)	(1,454,570)	(3,235,436)	(302,258)	(411,234)	(713,492)
Swap contracts	(1,361,630)	(1,852,659)	(3,214,289)	(844,823)	(1,031,457)	(1,876,280)
Non Deliverable Forward - Foreign currency	(65,399)	(2,167)	(67,566)	(98,343)	(64,156)	(162,499)
Credit derivatives	-	(487)	(487)	-	(693)	(693)
Total	**(4,395,714)**	**(3,309,883)**	**(7,705,597)**	**(1,509,712)**	**(1,507,540)**	**(3,017,252)**

(Amounts in thousand of Reais, unless otherwise indicated)

	Consolidated					
	06.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Term operations	1,184,123	-	1,184,123	264,852	-	264,852
Options market	1,465,694	954,214	2,419,908	379,377	242,598	621,975
Swap contracts	860,085	2,117,029	2,977,114	743,410	1,041,046	1,784,456
Non Deliverable Forward - Foreign currency	674,724	96,675	771,399	64,800	94	64,894
Credit derivatives	-	487	487	454	693	1,147
Credit linked notes	-	-	-	22	-	22
Total	**4,184,626**	**3,168,405**	**7,353,031**	**1,452,915**	**1,284,431**	**2,737,346**
Liabilities						
Term operations	(1,187,819)	-	(1,187,819)	(264,288)	-	(264,288)
Options market	(1,391,198)	(1,008,776)	(2,399,974)	(425,010)	(270,099)	(695,109)
Swap contracts	(1,360,576)	(1,829,617)	(3,190,193)	(836,693)	(1,024,771)	(1,861,464)
Non Deliverable Forward - Foreign currency	(65,399)	(2,167)	(67,566)	(98,343)	(14,665)	(113,008)
Credit derivatives	-	(487)	(487)	-	(693)	(693)
Total	**(4,004,992)**	**(2,841,047)**	**(6,846,039)**	**(1,624,334)**	**(1,310,228)**	**(2,934,562)**

i) Income from derivative financial instruments

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Swap contracts	(85,948)	214,187	(423,759)	148,566
Term operations	(5,103)	1,375	(5,103)	1,375
Options market	(996,860)	101,652	127,535	(10,818)
Futures contracts	(742,482)	(368,599)	(1,249,311)	(613,022)
Credit derivatives	(7,894)	2,287	(7,894)	2,287
Fair value adjustments of hedged financial instruments	9,284	35,272	198,874	81,387
Non Deliverable Forward - Foreign currency	2,510,165	(138,004)	1,385,612	(27,548)
Income from foreign exchange movements of investments abroad	557,966	(34,829)	557,966	(34,829)
Credit Linked Notes	(32)	7	(32)	7
Total	**1,239,096**	**(186,652)**	**583,888**	**(452,595)**

j) Hedge accounting

Bank	Hedge object			Hedge instruments		
	06.30.2020		12.31.2019		06.30.2020	12.31.2019
Strategy/Risk	Fair value	Unrealized gain (loss)	Fair value	Derivative	Fair value	Fair value
Purchase and sale commitment hedge/ fair value / pre-fixed rate	1,700,237	47	1,877,581	Future DI	1,691,047	2,211,053
Loan operations hedge / fair value / pre-fixed rate / exchange variation	279,346	9,199	185,129	Future DI Future DDI	234,386 54,511	192,343 -
Hedge of financial bills, interbank deposits, perpetual bonus and subordinated debt / Cash flow / pre-fixed rate	16,418,490	262,738	13,931,487	Future DI Swap	15,021,160 1,963,167	12,820,188 1,449,655

Consolidated	Hedge object			Hedge instruments		
	06.30.2020		12.31.2019		06.30.2020	12.31.2019
Strategy/Risk	Fair value	Unrealized gain (loss)	Fair value	Derivative	Fair value	Fair value
Purchase and sale commitment hedge/ fair value / pre-fixed rate	1,700,237	47	1,877,581	Future DI	1,691,047	2,211,053
Loan operations hedge / fair value / pre-fixed rate / exchange variation	16,320,755	477,172	18,662,795	Future DI Future DDI	16,136,795 54,511	18,278,318 -
Hedge of financial bills, interbank deposits, perpetual bonus and subordinated debt / Cash flow / pre-fixed rate	16,418,490	262,738	13,931,487	Future DI Swap	15,021,160 1,963,167	12,820,188 1,449,655

(Amounts in thousand of Reais, unless otherwise indicated)

10. INTERBANK ACCOUNTS

a) Breakdown

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Assets	**791,568**	**1,772,165**	**791,568**	**1,772,165**
Reserve requirements (Note 10b)	790,380	1,772,165	790,380	1,772,165
Payments and receivables to be settled (Note 10c)	1,188	-	1,188	-
Liabilities	**15,955**	**144**	**1,383,297**	**1,642,152**
Payments and receivables to be settled (Note 10c)	15,955	144	1,383,297	1,642,152

b) Reserve requirements

	Bank and Consolidated	
	06.30.2020	12.31.2019
Assets		
Compulsory deposits at the Central Bank of Brazil	**790,380**	**1,772,165**
Demand deposits	788,870	1,769,417
Microfinance transactions	1,510	2,748
Total	**790,380**	**1,772,165**
Current assets	790,380	1,772,165

c) Payments and receivables to be settled

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Assets				
Rights with participants in settlement systems	**1,188**	**-**	**1,188**	**-**
Checks and other papers remitted	20	-	20	-
Receipts of documents sent by other system participants	1,168	-	1,168	-
Total	**1,188**	**-**	**1,188**	**-**
Current assets	1,188	-	1,188	-
Liabilities				
Liabilities to settlement system participants	**14,552**	**-**	**14,552**	**-**
Checks and other papers received	14,552	-	14,552	-
Payment Transactions	**1,403**	**144**	**1,368,745**	**1,642,152**
Credit cards	1,403	144	1,368,745	1,642,152
Total	**15,955**	**144**	**1,383,297**	**1,642,152**
Current liabilities	15,955	144	1,383,297	1,642,152

d) Income from compulsory deposits

	Bank and Consolidated	
	1H2020	1H2019
Credits linked to Central Bank of Brazil	**21,081**	**17,012**
Requirement on time deposits	21,081	17,012
Total	**21,081**	**17,012**

(Amounts in thousand of Reais, unless otherwise indicated)

11. LOANS

a) Portfolio by modality

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Loans	**8,162,004**	**7,087,393**	**51,569,136**	**49,516,883**
Loans and discounted notes	3,929,922	2,712,110	6,172,033	5,365,913
Financings	3,665,480	3,695,334	38,155,385	39,574,734
Rural and agribusiness financing	553,139	659,025	553,139	659,025
Real estate financing agreements	13,463	20,924	13,463	20,924
Loans linked to assignments (Note 11j.1) [(1)]	-	-	6,675,116	3,896,287
Other receivables with loan characteristics	**3,585,250**	**4,325,923**	**5,004,324**	**6,061,460**
Credit card operations	-	-	1,417,266	1,733,714
Advances on exchanges contracts and others linked credits	559,155	389,749	559,155	389,749
Other credits linked to payment transactions [(2)]	573,839	377,341	573,839	377,341
Trade and credit receivables	2,452,256	3,558,833	2,454,064	3,560,656
Leases (Note 11g)	**-**	**-**	**81,609**	**97,677**
Total loan portfolio	**11,747,254**	**11,413,316**	**56,655,069**	**55,676,020**
Allowance for losses associated with credit risk	**(1,664,889)**	**(1,773,622)**	**(5,163,868)**	**(4,715,878)**
(Allowance for loan losses)	(353,551)	(435,789)	(3,819,830)	(3,346,584)
(Allowance for loans linked to assignments losses) [(3)]	(1,311,338)	(1,337,833)	(1,342,231)	(1,367,077)
(Allowance for lease losses)	-	-	(1,807)	(2,217)
Total loan portfolio, net of provisions	**10,082,365**	**9,639,694**	**51,491,201**	**50,960,142**
Current assets	6,220,557	6,026,349	26,833,403	27,292,472
Non-current assets	3,861,808	3,613,345	24,657,798	23,667,670

(1) Credit transactions assigned with substantial retention of the risks and benefits of the financial asset that is the transaction object.
(2) Credit rights on payment transactions acquired by assignment with retention of risks and benefits by the assignor.
(3) Includes provision for losses on operations under homologated judicial reorganization and allowed for linked payment transactions losses.

b) Income from loans and leases

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Loans	**473,874**	**351,751**	**4,153,406**	**3,951,115**
Loans and discounted notes	154,279	187,164	624,963	738,838
Financings	281,086	147,412	3,476,583	3,187,046
Rural and agribusiness financing	12,803	13,565	12,803	13,565
Real estate financing agreements	479	1,974	479	1,974
Financing in foreign currency	18,854	1,636	18,854	1,636
Other	6,373	-	19,724	8,056
Income from leases (Note 11h)	**-**	**-**	**5,430**	**13,050**
Total [(1)]	**473,874**	**351,751**	**4,158,836**	**3,964,165**

(1) Credit transactions linked to assignments are not included. Considering such assets, income from Consolidated loan and lease operations in the six month period ended June 30, 2020 would total R$ 4,556,114 (R$ 4,487,466 in the six month period ended June 30, 2019).

c) Loan portfolio by sector of economic activity

Bank	06.30.2020	%	12.31.2019	%
Private sector	**11,738,055**	**100.00%**	**11,407,499**	**100.00%**
Individual [(1)]	**151,083**	**1.29%**	**159,038**	**1.39%**
Legal entities	**11,586,972**	**98.71%**	**11,248,461**	**98.61%**
Animal agribusiness	299,769	2.55%	346,911	3.04%
Vegetable agribusiness	171,976	1.47%	144,088	1.26%
Specific construction activities	22,734	0.19%	23,165	0.20%
Automotive	48,635	0.41%	49,287	0.43%
Wholesale commerce and sundry industries	5,107,040	43.51%	4,501,583	39.46%
Retail business	895,700	7.63%	859,299	7.53%
Heavy construction	20,965	0.18%	5,957	0.05%
Electronics	3,382	0.03%	-	0.00%
Electric power	125,082	1.07%	130,152	1.14%
Real estate	91,123	0.78%	76,000	0.67%
Financial institutions and services	792,678	6.75%	574,634	5.04%
Wood and furniture	8,162	0.07%	9,131	0.08%
Mining and Metallurgy	106,168	0.90%	100,857	0.88%
Paper and pulp	137,849	1.17%	127,879	1.12%
Chemical	57,042	0.49%	127,906	1.12%
Services	2,881,628	24.55%	3,209,915	28.14%
Telecommunications	-	0.00%	98,229	0.86%
Textile and apparel	109,393	0.93%	114,858	1.01%
Transportation	520,911	4.44%	594,286	5.21%
Other activities	186,735	1.59%	154,324	1.37%
Total	**11,738,055**	**100.00%**	**11,407,499**	**100.00%**
(+/-) Adjustment to fair value [(2)]	**9,199**		**5,817**	
Total of loan portfolio adjusted to fair value	**11,747,254**		**11,413,316**	

(Amounts in thousand of Reais, unless otherwise indicated)

Consolidated	06.30.2020	%	12.31.2019	%
Private sector	**56,177,897**	**100.00%**	**55,348,482**	**100.00%**
Individual [(1)]	**43,326,140**	**77.12%**	**42,881,930**	**77.48%**
Legal entities	**12,851,757**	**22.88%**	**12,466,552**	**22.52%**
Animal agribusiness	304,179	0.54%	351,227	0.63%
Vegetable agribusiness	179,644	0.32%	151,702	0.27%
Specific construction activities	75,656	0.13%	77,146	0.14%
Automotive	61,221	0.11%	61,564	0.11%
Wholesale commerce and sundry industries	5,235,577	9.32%	4,626,748	8.36%
Retail business	1,190,748	2.12%	1,121,604	2.03%
Heavy construction	22,804	0.04%	7,632	0.01%
Electronics	3,392	0.01%	27	0.00%
Electric power	126,526	0.23%	131,693	0.24%
Real estate	99,133	0.18%	84,142	0.15%
Financial institutions and services	794,204	1.41%	576,200	1.04%
Wood and furniture	17,952	0.03%	18,990	0.03%
Mining and Metallurgy	108,417	0.19%	103,422	0.19%
Paper and pulp	139,577	0.25%	129,499	0.23%
Chemical	57,448	0.10%	128,462	0.23%
Services	3,239,994	5.77%	3,566,698	6.44%
Telecommunications	4,401	0.01%	102,406	0.19%
Textile and apparel	119,568	0.21%	124,601	0.23%
Transportation	877,804	1.56%	941,880	1.70%
Other activities	193,512	0.35%	160,909	0.30%
Total	**56,177,897**	**100.00%**	**55,348,482**	**100.00%**
(+/-) Adjustment to fair value [(2)]	**477,172**		**327,538**	
Total of loan portfolio adjusted to fair value	**56,655,069**		**55,676,020**	

(1) Includes loans operations of the agribusiness sectors and other sectors of economic activity made with individuals.
(2) Refers to fair value adjustment of loan operations that are the object of market risk hedge.

(Amounts in thousand of Reais, unless otherwise indicated)

d) Loan portfolio by risk level and maturity

Bank	AA	A	B	C	D	E	F	G	H	06.30.2020	12.31.2019
Performing loans											
Falling due installments	**3,242,354**	**4,835,690**	**1,133,262**	**322,176**	**253,806**	**65,087**	**132,043**	**1,296,996**	**232,548**	**11,513,962**	**11,129,570**
From 01 to 30	1,058,059	279,717	31,634	58,422	22,178	826	581	11,456	1,082	1,463,955	1,655,072
From 31 to 60	474,614	350,197	120,126	12,744	7,296	579	550	-	1,434	967,540	652,577
From 61 to 90	372,595	273,594	159,172	31,370	15,495	584	9,331	109	443	862,693	764,822
From 91 to 180	303,786	551,241	114,504	13,392	9,183	9,153	10,301	396	4,620	1,016,576	1,382,934
From 181 to 360	777,430	1,024,425	138,730	65,537	29,101	8,546	11,978	2,878	2,775	2,061,400	1,695,817
Over 360 days	255,870	2,356,516	569,096	140,711	170,553	45,399	99,302	1,282,157	222,194	5,141,798	4,978,348
Installments overdue	**773**	**500**	**-**	**-**	**-**	**-**	**8,688**	**-**	**-**	**9,961**	**8,746**
Up to 14 days	773	500	-	-	-	-	8,688	-	-	9,961	8,746
Subtotal	**3,243,127**	**4,836,190**	**1,133,262**	**322,176**	**253,806**	**65,087**	**140,731**	**1,296,996**	**232,548**	**11,523,923**	**11,138,316**
Non-performing loans											
Falling due installments	**-**	**-**	**-**	**-**	**-**	**-**	**26,773**	**12,978**	**126,129**	**165,880**	**99,897**
From 01 to 30	-	-	-	-	-	-	1,628	9	751	2,388	4,167
From 31 to 60	-	-	-	-	-	-	90	-	597	687	587
From 61 to 90	-	-	-	-	-	-	90	-	565	655	795
From 91 to 180	-	-	-	-	-	-	1,670	840	1,753	4,263	9,494
From 181 to 360	-	-	-	-	-	-	4,687	678	4,991	10,356	21,358
Over 360 days	-	-	-	-	-	-	18,608	11,451	117,472	147,531	63,496
Installments overdue (1)	**-**	**-**	**955**	**-**	**-**	**-**	**23,936**	**20,034**	**3,327**	**48,252**	**169,286**
From 01 to 14	-	-	-	-	-	-	151	53	994	1,198	9,972
From 15 to 30	-	-	955	-	-	-	-	-	34	989	2,628
From 31 to 60	-	-	-	-	-	-	153	54	1,063	1,270	1,548
From 61 to 90	-	-	-	-	-	-	1,745	798	483	3,026	1,388
From 91 to 180	-	-	-	-	-	-	21,887	19,129	753	41,769	36,260
From 181 to 360	-	-	-	-	-	-	-	-	-	-	117,490
Subtotal	**-**	**-**	**955**	**-**	**-**	**-**	**50,709**	**33,012**	**129,456**	**214,132**	**269,183**
Total	**3,243,127**	**4,836,190**	**1,134,217**	**322,176**	**253,806**	**65,087**	**191,440**	**1,330,008**	**362,004**	**11,738,055**	**11,407,499**
(+/-) Adjustment to fair value (2)										**9,199**	**5,817**
Total of loan portfolio adjusted to fair value										**11,747,254**	**11,413,316**

(Amounts in thousand of Reais, unless otherwise indicated)

Consolidated	AA	A	B	C	D	E	F	G	H	06.30.2020	12.31.2019
					Performing loans						
Falling due installments	**3,244,250**	**23,799,890**	**9,665,300**	**8,685,902**	**1,112,856**	**365,112**	**224,885**	**1,480,207**	**391,315**	**48,969,717**	**47,197,664**
From 01 to 30	1,058,127	1,589,961	308,661	324,850	53,964	11,091	4,655	19,330	11,894	3,382,533	3,581,254
From 31 to 60	474,682	1,250,849	409,616	289,580	39,460	10,992	4,515	7,702	10,891	2,498,287	2,278,263
From 61 to 90	372,663	1,176,373	454,929	315,337	48,438	11,707	13,542	8,141	10,265	2,411,395	2,299,040
From 91 to 180	303,991	3,133,019	993,780	861,759	106,619	42,136	22,649	23,695	32,718	5,520,366	5,727,530
From 181 to 360	777,835	5,344,377	1,744,482	1,622,330	205,279	69,274	34,140	43,637	50,017	9,891,371	9,277,829
Over 360 days	256,952	11,305,311	5,753,832	5,272,046	659,096	219,912	145,384	1,377,702	275,530	25,265,765	24,033,748
Installments overdue	**773**	**1,227,464**	**115,565**	**119,784**	**60,549**	**16,633**	**23,681**	**11,252**	**41,394**	**1,617,095**	**1,947,780**
Up to 14 days	773	1,227,464	115,565	119,784	60,549	16,633	23,681	11,252	41,394	1,617,095	1,947,780
Subtotal	**3,245,023**	**25,027,354**	**9,780,865**	**8,805,686**	**1,173,405**	**381,745**	**248,566**	**1,491,459**	**432,709**	**50,586,812**	**49,145,444**
					Operações em curso anormal						
Falling due installments	**-**	**-**	**579,968**	**616,841**	**479,374**	**415,481**	**274,768**	**434,839**	**951,630**	**3,752,901**	**4,429,828**
From 01 to 30	-	-	31,959	33,461	26,437	21,700	15,919	23,651	50,597	203,724	233,889
From 31 to 60	-	-	31,032	29,795	23,802	19,752	12,995	20,972	44,949	183,297	226,989
From 61 to 90	-	-	29,923	29,110	23,088	19,173	12,543	20,503	43,793	178,133	212,335
From 91 to 180	-	-	82,969	82,750	65,262	54,733	36,854	58,963	123,191	504,722	601,059
From 181 to 360	-	-	136,789	138,273	108,458	92,666	62,596	96,986	203,145	838,913	1,023,256
Over 360 days	-	-	267,296	303,452	232,327	207,457	133,861	213,764	485,955	1,844,112	2,132,300
Installments overdue [(1)]	**-**	**-**	**135,630**	**162,205**	**215,131**	**189,680**	**178,126**	**211,976**	**745,436**	**1,838,184**	**1,773,210**
From 01 to 14	-	-	-	12,266	10,570	9,630	6,274	9,411	22,573	70,724	90,793
From 15 to 30	-	-	135,630	104,649	82,557	43,704	25,546	27,445	42,761	462,292	424,172
From 31 to 60	-	-	-	45,290	50,333	21,676	14,115	24,079	51,609	207,102	228,303
From 61 to 90	-	-	-	-	71,671	23,149	17,085	26,500	53,514	191,919	177,602
From 91 to 180	-	-	-	-	-	91,521	115,106	124,541	164,063	495,231	362,727
From 181 to 360	-	-	-	-	-	-	-	-	410,916	410,916	489,613
Subtotal	**-**	**-**	**715,598**	**779,046**	**694,505**	**605,161**	**452,894**	**646,815**	**1,697,066**	**5,591,085**	**6,203,038**
Total	**3,245,023**	**25,027,354**	**10,496,463**	**9,584,732**	**1,867,910**	**986,906**	**701,460**	**2,138,274**	**2,129,775**	**56,177,897**	**55,348,482**
(+/-) Adjustment to fair value [(2)]										**477,172**	**327,538**
Total of loan portfolio adjusted to fair value										**56,655,069**	**55,676,020**

(1) Up to November 2019, for retail operations with a maturity of more than 36 months, the double counting of days overdue were performed, as permitted by CMN Resolution No. 2,682/1999. For wholesale operations, double counting over delay intervals were also applied, according to an internal assessment. As of December 2019, the Conglomerate stopped adopting double counting for wholesale and retail operations.

(2) Refers to fair value adjustment of loan operations that are the object of market risk hedge.

(Amounts in thousand of Reais, unless otherwise indicated)

e) Allowance for loan losses by risk levels

Risk level	% Provision	06.30.2020				12.31.2019			
		Value of operations	Minimum provision required	Additional provision [(1)]	Existing provision	Value of operations	Minimum provision required	Additional provision [(1)]	Existing provision
Bank									
AA	0.00%	3,243,127	-	-	-	3,184,377	-	-	-
A	0.50%	4,836,190	(24,181)	-	(24,181)	4,950,639	(24,753)	-	(24,753)
B	1.00%	1,134,217	(11,342)	-	(11,342)	881,032	(8,810)	-	(8,810)
C	3.00%	322,176	(9,665)	-	(9,665)	216,882	(6,507)	-	(6,507)
D	10.00%	253,806	(25,381)	-	(25,381)	123,845	(12,384)	-	(12,384)
E	30.00%	65,087	(19,526)	-	(19,526)	75,363	(22,608)	-	(22,608)
F	50.00%	191,440	(95,720)	-	(95,720)	128,831	(64,415)	-	(64,415)
G	70.00%	1,330,008	(931,006)	(186,064)	(1,117,070)	1,324,272	(926,990)	(184,897)	(1,111,887)
H	100.00%	362,004	(362,004)	-	(362,004)	522,258	(522,258)	-	(522,258)
Total		**11,738,055**	**(1,478,825)**	**(186,064)**	**(1,664,889)**	**11,407,499**	**(1,588,725)**	**(184,897)**	**(1,773,622)**
(+/-) Adjustment to fair value [(2)]		**9,199**				**5,817**			
Total of loan portfolio adjusted to fair value		**11,747,254**				**11,413,316**			
Consolidated									
AA	0.00%	3,245,023	-	-	-	3,192,300	-	-	-
A	0.50%	25,027,354	(125,137)	-	(125,137)	25,261,517	(126,308)	-	(126,308)
B	1.00%	10,496,463	(104,965)	-	(104,965)	10,911,587	(109,116)	-	(109,116)
C	3.00%	9,584,732	(287,542)	-	(287,542)	9,374,955	(281,249)	-	(281,249)
D	10.00%	1,867,910	(186,791)	-	(186,791)	1,371,789	(137,180)	-	(137,180)
E	30.00%	986,906	(296,072)	-	(296,072)	669,746	(200,925)	-	(200,925)
F	50.00%	701,460	(350,730)	-	(350,730)	671,774	(335,887)	-	(335,887)
G	70.00%	2,138,274	(1,496,792)	(186,064)	(1,682,856)	1,848,322	(1,293,824)	(184,897)	(1,478,721)
H	100.00%	2,129,775	(2,129,775)	-	(2,129,775)	2,046,492	(2,046,492)	-	(2,046,492)
Total		**56,177,897**	**(4,977,804)**	**(186,064)**	**(5,163,868)**	**55,348,482**	**(4,530,981)**	**(184,897)**	**(4,715,878)**
(+/-) Adjustment to fair value [(2)]		**477,172**				**327,538**			
Total of loan portfolio adjusted to fair value		**56,655,069**				**55,676,020**			

(1) New additional provisions were constituted, when increase in risk level is not applicable.
(2) Refers to fair value adjustment of loan operations that are the object of market risk hedge.

(Amounts in thousand of Reais, unless otherwise indicated)

f) Allowance for losses associated with credit risk

f.1) Income (loss) from allowance for losses associated with credit risk

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
(Provision) / reversal of provision for losses associated with the loan portfolio (Note 11f.2)	**(90,330)**	**(169,861)**	**(1,790,298)**	**(1,245,676)**
Loans	(120,782)	(31,423)	(1,824,198)	(1,100,019)
Leases	-	-	410	(4,854)
Other receivables with loan characteristics	30,452	(138,438)	33,490	(140,803)
Income from recovery of loans previously written off as losses	**90,958**	**48,508**	**252,756**	**276,434**
Loans	75,958	46,738	237,744	273,007
Leases	-	-	12	1,657
Other receivables with loan characteristics	15,000	1,770	15,000	1,770
Total (provision) / reversal of provision for losses associated with the loan portfolio	**628**	**(121,353)**	**(1,537,542)**	**(969,242)**
Other (provisions) / reversals of provisions for losses associated with credit risk [1]	**(7,697)**	**65,049**	**(9,358)**	**67,634**
Financial guarantees provided	(6,877)	64,917	(6,877)	64,917
Other risks	(820)	132	(2,481)	2,717
Total other (provisions) / reversals of provisions associated with credit risk	**(7,697)**	**65,049**	**(9,358)**	**67,634**
Total	**(7,069)**	**(56,304)**	**(1,546,900)**	**(901,608)**

(1) The respective provisions are presented in Other Liabilities - "Provision for loss with financial guarantees provided" and "Provision for loss - other risks" (Note 20a).

f.2) Changes

Comprise loans, leases and other receivables with loan characteristics.

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Opening balance	**1,773,622**	**1,250,029**	**4,715,878**	**3,630,864**
Reinforcement / (reversal) [1]	**90,330**	**169,861**	**1,790,298**	**1,245,676**
Minimum allowance for loan losses required	89,163	169,861	1,789,131	1,245,676
Incremental allowance for loan losses	1,167	-	1,167	-
Write-offs to losses	**(199,063)**	**(26,353)**	**(1,342,308)**	**(970,473)**
Closing balance	**1,664,889**	**1,393,537**	**5,163,868**	**3,906,067**

(1) It does not include income from recovery of loans previously written off for losses.

g) Lease portfolio by maturity

Consolidated	06.30.2020	12.31.2019
Up to 1 year [1]	35,268	40,259
From 1 to 5 years	46,341	57,418
Total present value	**81,609**	**97,677**

(1) Includes overdue installments.

h) Net profit from leases

Consolidated	1H2020	1H2019
Leases	5,402	4,062
Profit on disposal of leases	28	8,988
Total	**5,430**	**13,050**

(Amounts in thousand of Reais, unless otherwise indicated)

i) Concentration of loans

	06.30.2020	% of portfolio	12.31.2019	% of portfolio
Bank				
Largest debtor	670,316	5.71%	670,316	5.88%
10 largest debtors	2,470,560	21.05%	2,675,864	23.46%
20 largest debtors	3,566,627	30.39%	3,777,315	33.11%
50 largest debtors	5,913,618	50.38%	5,940,865	52.08%
100 largest debtors	8,159,039	69.51%	7,974,936	69.91%
Consolidated				
Largest debtor	670,316	1.19%	670,316	1.21%
10 largest debtors	2,472,026	4.40%	2,677,503	4.84%
20 largest debtors	3,568,093	6.35%	3,778,953	6.83%
50 largest debtors	5,915,084	10.53%	5,942,503	10.74%
100 largest debtors	8,161,474	14.53%	7,977,849	14.41%

j) Information on loan assignments

j.1) Assignments with recourse

Transfers of financial assets (consumer loans) to related parties were undertaken, with a substantial retention of the risks and benefits.

	06.30.2020		12.31.2019	
	Financial assets subject to sale	Liability related to recourse assumed [1]	Financial assets subject to sale	Liability related to recourse assumed [1]
Financial institutions - related parties	6,675,116	7,955,778	3,896,287	4,494,033
Total	**6,675,116**	**7,955,778**	**3,896,287**	**4,494,033**

(1) Recorded in caption "Other liabilities - Bond transactions linked to disposals (Note 20a).

In the six month period ended June 30, 2020, the income from assigned financial assets in the Conglomerate R$ 397,278 (R$ 523,301 in the six month period ended June 30, 2019) and expenses on the liabilities with assigned financial assets totaled R$ 181,749 (R$ 274,937 in the six month period ended June 30, 2019). In the Bank, there was no income or expense from operations with these characteristics in the six month periods ended June 30, 2020 and 2019.

j.2) Sales without recourse of credits previously written off as loss

In the six month period ended June 30, 2020, revenues from sales without recourse of loans previously written off as losses totaled R$ 35,634 in the Bank and R$ 65,106 in the Conglomerate (R$ 19,010 in the Bank and R$ 38,970 Conglomerate in the six month period ended June 30, 2019), which were recognized in income for the period under "Income from loans".

k) Changes in renegotiated credit

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Credits renegotiated in the period [1]	**1,483,800**	**1,253,840**	**19,047,309**	**2,034,088**
Renegotiated for delay [2]	72,760	50,070	525,541	289,590
Renovated [3] [4]	1,411,040	1,203,770	18,521,768	1,744,498
Movement of renegotiated credits due to delay				
Opening balance	**284,293**	**452,434**	**681,811**	**785,169**
Signings	72,760	50,070	525,541	289,590
Amounts received, net of interest accrued	(21,523)	(112,463)	(163,304)	(182,151)
Written off as losses	(14,382)	(2,674)	(158,655)	(145,347)
Closing balance	**321,148**	**387,367**	**885,393**	**747,261**
Allowance for losses of the renegotiated portfolio due to delay	135,855	95,864	498,929	347,858
(%) Allowance for losses on the portfolio renegotiated for delay	42.30%	24.75%	56.35%	46.55%
90-day delinquency of portfolio renegotiated due to delay	433	45,862	355,724	328,416
(%) Delinquency on the portfolio renegotiated by delay	0.13%	11.84%	40.18%	43.95%

(1) Represents the balance renegotiated in the period of credit operations, maturing or in delay.
(2) Credits renegotiated in the period for debt composition due to delayed payment by customers.
(3) Renegotiated credits of non-overdue operations for extension, novation, granting of a new transaction for partial or full settlement of a previous transaction or any other type of agreement that implies a change in the terms of payment or in terms of payment originally agreed upon.
(4) In the consolidated, it includes customer contracts renegotiated as a result of actions to minimize the effects of COVID-19, carried out as of March 2020.

(Amounts in thousand of Reais, unless otherwise indicated)

I) Other information

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Credit contracted to be released	523,255	537,818	3,317,033	3,067,962
Financial guarantees provided (Note 28.1.a.1)	6,717,963	6,607,112	6,717,963	6,607,112

12. OTHER ASSETS

a) Breakdown

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Other financial assets	**1,898,608**	**737,836**	**2,152,232**	**981,521**
Relations with correspondents	215	39	215	39
Other credits and receivables	11,952	9,127	186,530	131,938
Credit card transactions	-	-	48,878	44,845
Receivables from securities settlements abroad	81,302	14,042	81,302	14,042
Other credits for trading and intermediation of securities	138,497	103,999	141,170	140,697
Foreign exchange portfolio (Note 12b)	1,664,892	610,359	1,664,892	610,359
Other	1,750	270	29,245	39,601
Other assets	**359,237**	**371,884**	**1,377,094**	**1,400,139**
Other assets (Note 12d)	88,537	79,223	495,835	566,304
Sundry domestic debtors	11,001	11,019	93,995	61,818
Salary advances and prepayments	426	231	659	458
Advances to suppliers	1,061	3,641	1,973	4,859
Deposits in guarantee - Contingencies (Note 27g)	178,215	174,248	705,403	714,856
Deposits in guarantee - Other	976	807	983	814
Amounts to be received by related parties	34,779	53,242	-	-
Dividends receivable	956	4,581	3,307	2,251
Other	43,286	44,892	74,939	48,779
Total	**2,257,845**	**1,109,720**	**3,529,326**	**2,381,660**
Current assets	2,045,153	915,989	2,803,229	1,633,023
Non-current assets	212,692	193,731	726,097	748,637

b) Foreign exchange portfolio

Bank and Consolidated	06.30.2020	12.31.2019
Assets - Other receivables [(1)]		
Purchased foreign exchange contracts to be settled	1,163,916	455,240
Receivables from foreign exchange sales contracts	500,976	155,119
Total	**1,664,892**	**610,359**
Current assets	1,664,892	610,359
Liabilities - Other liabilities [(2)]		
Sold foreign exchange to be settled	(505,535)	(153,229)
Liabilities for foreign exchange purchases	(1,041,211)	(448,879)
Total	**(1,546,746)**	**(602,108)**
Current liabilities	(1,546,746)	(602,108)
Off-balance Accounts		
Credits opened for imports	74,158	104,342

(1) The income receivable from advances granted in foreign exchange contracts are presented in "Loans - Other credits with credit granting characteristics" (Note 11a).

(2) Advances granted in foreign exchange contracts are presented in "Loans - Other credits with credit granting characteristics" (Note 11a).

c) Income from foreign exchange transactions

	Bank and Consolidated	
	1H2020	1H2019
Foreign exchange income	2,454,689	800,569
Foreign exchange expenses	(2,066,884)	(765,199)
Income from foreign exchange transactions	**387,805**	**35,370**

(Amounts in thousand of Reais, unless otherwise indicated)

d) Other assets

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Assets not for own use	**68,688**	**68,703**	**489,043**	**454,496**
Vehicles and alike	3,131	3,073	151,249	108,861
Real estate [1]	65,557	65,630	337,794	345,635
(Provision for devaluation)	**(26,524)**	**(20,537)**	**(65,159)**	**(56,925)**
Prepaid expenses	**46,373**	**31,057**	**53,826**	**40,003**
Insurance costs	1,159	2,000	3,212	4,720
Data processing expenses	14,511	14,308	14,818	14,971
Financial system service expenses	3,258	2,816	3,572	3,023
Specialized technical service expenses	18,865	6,030	20,518	6,919
Expenses with repairs, adaptations and maintenance	5,490	5,849	5,490	5,849
Others	3,090	54	6,216	4,521
Others	**-**	**-**	**18,125**	**128,730**
Investments in real estate [2]	-	-	18,125	128,730
Total	**88,537**	**79,223**	**495,835**	**566,304**
Current assets	88,271	78,973	464,263	519,076
Non-current assets	266	250	31,572	47,228

(1) Property not for own use built by investee companies of specific purpose and held for sale.
(2) Refers to temporary shareholdings, as of the intention change of the Administration over this shareholding interests.

13. INVESTMENTS

a) Changes in associates, subsidiaries and joint ventures

	12.31.2019	Changes from 1H2020			06.30.2020	1H2019	
	Investment Value	Dividends/ Other events [3]	Share of profit (loss)	Impairment/ Goodwill [4]	Investment Value	Share of profit (loss)	Impairment/ Goodwill [4]
Domestic - Bank Venture							
BV Financeira	763,308	(30,754)	103,095	-	835,649	415,360	-
BV Leasing	967,168	2,604	23,425	-	993,197	(14,298)	-
Votorantim Asset DTVM	140,895	-	16,650	-	157,545	(1,847)	-
Votorantim Corretora Seguros	680,592	(2,404)	131,178	-	809,366	145,664	-
BVIA	146,209	-	7,726	-	153,935	12,323	-
Promotiva	68,307	(625)	13,823	-	81,505	14,655	-
Atenas [1]	201,858	(55,000)	25,192	(27,922)	144,128	15,881	(24,130)
BVEP	595,476	-	1,004	-	596,480	13,729	-
Total - Bank	**3,563,813**	**(86,179)**	**322,093**	**(27,922)**	**3,771,805**	**601,467**	**(24,130)**
Domestic - BVEP Associates and joint ventures							
BVEP associates [1]	21,692	(4,161)	(816)	-	16,715	(3,605)	14,323
BVEP joint ventures [1]	26,724	(433)	2,029	(2,570)	25,750	2,515	(1,444)
Total - Consolidated	**48,416**	**(4,594)**	**1,213**	**(2,570)**	**42,465**	**(1,090)**	**12,879**
Goodwill of subsidiaries [2]	31,047	40,787	-	(31,591)	40,243	-	(20,963)
Total	**79,463**	**36,193**	**1,213**	**(34,161)**	**82,708**	**(1,090)**	**(8,084)**

(1) Includes goodwill in the acquisition of this investments, detailed in note 13c.
(2) They refer to the goodwill for expected future profitability that remain in the consolidation of subsidiaries directly and indirectly by banco BV.
(3) Includes capital reduction of investments.
(4) Recognized in results in item "Income from investments in ventures, associates and joint ventures".

(Amounts in thousand of Reais, unless otherwise indicated)

b) Breakdown of the remuneration of the capital of companies controlled by Banco BV

	1H2020			1H2019
	Payment through profit of the period		Total	
	Dividends	Interest on Own Capital		
Domestic - Bank Venture				
BV Financeira	-	-	-	426,674
BV Leasing	-	-	-	4,012
Votorantim Asset DTVM	-	-	-	6,703
Votorantim Corretora Seguros	-	-	-	90,001
BVIA	-	-	-	1,600
Promotiva	-	-	-	759
BVEP	-	-	-	12,958
Total - Bank	**-**	**-**	**-**	**542,707**
BVEP subsidiaries	390	-	390	960
BVEP joint ventures	1,767	-	1,767	1,398
BVEP ventures	-	-	-	475
Atenas subsidiaries	-	-	-	-
Total - Consolidated	**2,157**	**-**	**2,157**	**545,540**

c) Goodwill and impairment - outstanding balances

	Goodwill		Impairment	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Banco BV associates	**-**	**27,922**	**-**	**-**
Atenas SP 02	-	27,922	-	-
BVEP associates	**-**	**-**	**(642)**	**(2,334)**
BVEP Joint ventures	**-**	**1,698**	**(2,407)**	**(1,535)**
BVEP ventures (1)	**43,300**	**6,121**	**(3,058)**	**(2,995)**
Total	**43,300**	**35,741**	**(6,107)**	**(6,864)**

(1) Includes goodwill from the acquisition of investments made in the six month period ended June 30, 2020.

d) Summary financial information of associates and jointly controlled entities

	06.30.2020		12.31.2019	
	BVEP Associates	BVEP Joint Ventures	BVEP Associates	BVEP Joint Ventures
Total Assets (1)	**109,710**	**72,366**	**141,416**	**128,998**
Total Liabilities (1)	**109,710**	**72,366**	**141,416**	**128,998**
Liabilities	64,013	14,726	91,640	57,496
Shareholders' equity	45,697	57,640	49,776	71,502
	1H2020		1H2019	
Profit / (loss) for the period (1)	**123**	**3,766**	**17,725**	**3,275**

(1) The information on assets, liabilities and profit / (loss) are not adjusted by the percentages held directly or indirectly by banco BV.

e) Other investments

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Investments via tax incentives	11,608	14,093	92,748	98,680
Shares and quotas	180	180	180	180
Other	7	5	1,759	1,757
(Accumulated impairment)	(11,608)	(14,093)	(94,500)	(100,431)
Total	**187**	**185**	**187**	**186**

(Amounts in thousand of Reais, unless otherwise indicated)

14. PROPERTY FOR USE

	12.31.2019	1H2020		06.30.2020		
	Book value	Changes [1]	Depreciation	Cost value	Accumulated depreciation	Book value
Bank						
Facilities	30,053	5,955	(3,550)	90,234	(57,776)	32,458
Furniture and equipment in use	5,404	1,630	(548)	31,254	(24,768)	6,486
Communication system	2,202	466	(543)	12,262	(10,137)	2,125
System data processing	28,866	13,399	(6,363)	117,651	(81,749)	35,902
Security system	138	52	(29)	2,596	(2,435)	161
Transportation system	416	23	(63)	844	(468)	376
Total	**67,079**	**21,525**	**(11,096)**	**254,841**	**(177,333)**	**77,508**
Consolidated						
Facilities	51,175	6,061	(7,086)	148,049	(97,899)	50,150
Furniture and equipment in use	10,426	1,645	(1,309)	49,489	(38,727)	10,762
Communication system	2,238	466	(552)	16,946	(14,794)	2,152
System data processing	29,973	13,399	(6,983)	171,095	(134,706)	36,389
Security system	188	52	(40)	2,753	(2,553)	200
Transportation system	416	23	(63)	1,123	(747)	376
Total	**94,416**	**21,646**	**(16,033)**	**389,455**	**(289,426)**	**100,029**

(1) Includes exchange variation.

15. INTANGIBLE ASSETS

a) Breakdown

	06.30.2020				12.31.2019			
	Cost value	Accumulated amortization	Accumulated impairment [1]	Book value	Cost value	Accumulated amortization	Accumulated impairment [1]	Book value
Bank								
Software acquired	31,274	(27,336)	-	3,938	31,061	(25,994)	-	5,067
Licenses	195,921	(127,689)	-	68,232	145,704	(100,603)	-	45,101
Softwares developed internally	337,220	(26,857)	(149,597)	160,766	327,933	(20,710)	(145,736)	161,487
Total	**564,415**	**(181,882)**	**(149,597)**	**232,936**	**504,698**	**(147,307)**	**(145,736)**	**211,655**
Consolidated								
Software acquired	58,523	(30,161)	-	28,362	58,310	(28,624)	-	29,686
Licenses	285,043	(192,703)	-	92,340	231,863	(160,029)	-	71,834
Sales rights agreements	25,936	(24,774)	-	1,162	21,966	(20,654)	-	1,312
Softwares developed internally	476,445	(53,568)	(153,836)	269,041	389,535	(38,988)	(149,975)	200,572
Trademark and Patent	6,000	-	(1,000)	5,000	1,000	-	(1,000)	-
Total	**851,947**	**(301,206)**	**(154,836)**	**395,905**	**702,674**	**(248,295)**	**(150,975)**	**303,404**

(1) It mainly results from the change in the software development model applied in the Conglomerate in December 2019, which now follows the agile method. With the modification, which produced a greater granularity of technology initiatives, the Conglomerate reassessed the criteria for recognizing these intangible assets, promoting the impairment of intangible assets not adhering to the new criterion, in order to preserve the reliable measurement of the activated expenses and respective future economic benefits over time.

(Amounts in thousand of Reais, unless otherwise indicated)

b) Changes

	12.31.2019	1H2020				06.30.2020
	Book value	Acquisitions [1]	Transfer [2]	Amortization	Impairment	Book value
Bank						
Software acquired	5,067	213	-	(1,342)	-	3,938
Licenses	45,101	50,120	-	(26,989)	-	68,232
Softwares developed internally	161,487	86,910	(77,624)	(6,146)	(3,861)	160,766
Total	**211,655**	**137,243**	**(77,624)**	**(34,477)**	**(3,861)**	**232,936**
Consolidated						
Software acquired	29,686	213	-	(1,537)	-	28,362
Licenses	71,834	53,081	-	(32,575)	-	92,340
Sales rights agreements	1,312	3,970	-	(4,120)	-	1,162
Softwares developed internally	200,572	86,910	-	(14,580)	(3,861)	269,041
Trademark and Patent	-	5,000	-	-	-	5,000
Total	**303,404**	**149,174**	**-**	**(52,812)**	**(3,861)**	**395,905**

(1) Includes exchange variation.
(2) They refer to the transfer of software between companies of the Conglomerate.

c) Amortization estimate on June 30, 2020

	2020	2021	2022	2023	2024	As from 2025	Total
Bank							
Amounts to be amortized	44,177	72,154	30,190	30,070	30,040	26,305	**232,936**
Consolidated							
Amounts to be amortized	57,888	103,902	61,711	56,951	53,277	62,176	**395,905**

16. DEPOSITS AND REPURCHASE COMMITMENTS

a) Deposits

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Demand deposits	**298,695**	**247,101**	**294,884**	**242,203**
Individuals	51,702	32,259	51,702	32,259
Legal entities	243,841	210,104	243,173	209,934
Related companies	3,143	4,728	-	-
Linked	9	10	9	10
Interbank deposits	**4,143,772**	**2,027,581**	**4,006,414**	**1,840,080**
Time deposits	**21,502,761**	**14,932,694**	**20,760,518**	**14,273,430**
Local currency	20,342,347	14,557,951	19,600,104	13,898,687
Foreign currency	1,160,414	374,743	1,160,414	374,743
Total	**25,945,228**	**17,207,376**	**25,061,816**	**16,355,713**
Current liabilities	21,288,727	14,758,724	20,730,079	14,178,896
Non-current liabilities	4,656,501	2,448,652	4,331,737	2,176,817

b) Segregation of deposits by due date on June 30, 2020

	Without maturity	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	06.30.2020	12.31.2019
Bank								
Demand deposits	298,695	-	-	-	-	-	298,695	247,101
Interbank accounts or relations	-	252,257	294,122	3,597,393	-	-	4,143,772	2,027,581
Time deposits	-	2,686,675	17,756,978	1,057,838	357	913	21,502,761	14,932,694
Total	**298,695**	**2,938,932**	**18,051,100**	**4,655,231**	**357**	**913**	**25,945,228**	**17,207,376**
Consolidated								
Demand deposits	294,884	-	-	-	-	-	294,884	242,203
Interbank accounts or relations	-	114,899	294,122	3,597,393	-	-	4,006,414	1,840,080
Time deposits	-	2,498,683	17,527,491	733,987	357	-	20,760,518	14,273,430
Total	**294,884**	**2,613,582**	**17,821,613**	**4,331,380**	**357**	**-**	**25,061,816**	**16,355,713**

(Amounts in thousand of Reais, unless otherwise indicated)

c) Liabilities with repurchase agreement

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Own portfolio	**19,180,082**	**14,085,957**	**19,347,850**	**13,459,095**
Private securities - Debentures [1]	2,159,098	2,766,114	2,159,078	2,766,114
Financial Treasury Bills	4,992,799	2,976,022	4,894,058	2,349,160
National Treasury Bills	3,104,624	5,385,396	3,104,624	5,385,396
National Treasury Notes	6,786,666	1,378,268	7,053,195	1,378,268
Private securities - Other	2,136,895	1,580,157	2,136,895	1,580,157
Third-party portfolio	**2,245,278**	**962,957**	**1,978,749**	**962,957**
National Treasury Bills	1,153,460	962,957	1,153,460	962,957
National Treasury Notes	1,091,818	-	825,289	-
Free movement portfolio	**3,308,618**	**784,039**	**3,308,618**	**784,039**
National Treasury Bills	1,260,141	36,408	1,260,141	36,408
National Treasury Notes	2,048,477	747,631	2,048,477	747,631
Total	**24,733,978**	**15,832,953**	**24,635,217**	**15,206,091**
Current liabilities	23,160,475	14,354,973	23,061,714	13,728,111
Non-current liabilities	1,573,503	1,477,980	1,573,503	1,477,980

(1) Includes operations with repurchase commitments with debentures coverage issued by linked companies according Bacen Resolution no. 4,527/2016.

d) Expenses from deposits and securities sold under repurchase agreements

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Funding expenses	**(379,728)**	**(354,486)**	**(364,574)**	**(342,647)**
Time Deposits	(289,330)	(281,317)	(277,212)	(278,552)
Interbank accounts	(90,398)	(73,169)	(87,362)	(64,095)
Expenses with repurchase commitments	**(404,671)**	**(690,896)**	**(400,157)**	**(588,640)**
Own portfolio	(238,970)	(407,584)	(179,214)	(247,612)
Third-party portfolio	(37,534)	(267,293)	(92,776)	(325,009)
Free portfolio [1]	(128,167)	(16,019)	(128,167)	(16,019)
Expenses with fund raising from securities issued	**(2,256,812)**	**(998,984)**	**(2,265,321)**	**(1,077,894)**
Mortgage Bonds	(5,203)	(10,165)	(5,203)	(10,165)
Agribusiness Letters of Credit	(28,340)	(52,612)	(28,340)	(52,612)
Financial lease bills	-	-	(7,673)	(75,119)
Financial bills	(538,585)	(917,514)	(538,585)	(917,514)
Financial Guaranteed Bills	(3,513)	-	(3,513)	-
Issue of securities abroad [2]	(1,670,013)	(11,249)	(1,670,013)	(11,249)
Debentures	-	-	(836)	(3,791)
Other	(11,158)	(7,444)	(11,158)	(7,444)
Expenses with subordinated debts abroad [2]	**(663,457)**	**(128,156)**	**(663,457)**	**(128,156)**
Total	**(3,704,668)**	**(2,172,522)**	**(3,693,509)**	**(2,137,337)**

(1) Includes effects of changes in the fair value of the corresponding liability.
(2) Includes the foreign exchange movements effects of the corresponding liabilities.

17. BORROWINGS AND DOMESTIC ONLENDINGS

a) Breakdown

	Bank and Consolidated	
	06.30.2020	12.31.2019
Borrowings (Note 17b)	3,744,265	2,127,900
Domestic onlendings (Note 17c)	1,232,504	1,450,460
Total	**4,976,769**	**3,578,360**

b) Borrowings

	Up to 3 months	3 to 12 months	Bank and Consolidated 06.30.2020	Bank and Consolidated 12.31.2019
Abroad	**1,768,297**	**1,975,968**	**3,744,265**	**2,127,900**
Raised from foreign banks	1,759,197	1,964,615	3,723,812	2,074,673
Imports	9,100	11,353	20,453	53,227
Total	**1,768,297**	**1,975,968**	**3,744,265**	**2,127,900**
Current liabilities			3,744,265	2,114,453
Non-current liabilities			-	13,447

(Amounts in thousand of Reais, unless otherwise indicated)

c) Onlendings

Domestic - Official institutions

Programs	Interest rates p.a. [1]	Bank and Consolidated	
		06.30.2020	12.31.2019
National Treasury		**93,391**	**146,625**
Fixed rate	from 5.00% to 7.00% a.a.	93,391	142,828
Variable rate	Selic	-	3,797
BNDES		**465,174**	**522,438**
Fixed rate	from 0.70% to 5.70% a.a.	73,006	88,014
Variable rate	from 1.42% to 1.50% p.a.+ IPCA from 1.00% to 4.00% p.a.+ TJLP from 2.28% to 2.38% p.a.+ Selic	347,700	401,295
Foreign exchange	1.80% + foreign exchange movements	44,468	33,129
FINAME		**673,939**	**781,397**
Fixed rate	up to 8.50% a.a.	499,616	590,135
Variable rate	from 1.60% to 2.28% p.a.+ TJLP from 1.15% to 2.40% p.a.+ IPCA from 1.70% to 2.48% p.a.+ Selic	173,672	190,546
Foreign exchange	from 1.70% to 2.00% a.a + foreign exchange movements	651	716
Total		**1,232,504**	**1,450,460**
Current liabilities		377,343	466,203
Non-current liabilities		855,161	984,257

(1) The interest rates refer to the balances held on June 30, 2020.

d) Expenses with liabilities from borrowings and transfer from Brazilian government

	Bank and Consolidated	
	1H2020	1H2019
Borrowing expenses [1]	**(784,623)**	**(30,202)**
Expenses with transfer from Brazilian government	**(45,016)**	**(50,994)**
National Treasury	(3,020)	(1,468)
BNDES	(23,874)	(20,469)
FINAME	(18,122)	(29,057)
Expenses with Obligations to foreign bankers [1]	**(207,928)**	**12,045**
Total	**(1,037,567)**	**(69,151)**

(1) Includes foreign exchange movements on loans and onlendings abroad.

18. SECURITIES ISSUED

Funding	Currency	Amount issued	Interest rates p.a. [1]	Issue year	Maturity year	Bank	
						06.30.2020	12.31.2019
Real estate credit note funds						**291,655**	**258,567**
Fixed rate	R$	1,340	from 8.39% to 15.04% p.a.	2016	2021	1,706	1,634
Variable rate	R$	274,442	from 93.00% to 104.00% of DI	2017	2022	287,380	254,450
Variable rate	R$	2,000	4.43% p.a. + IPCA	2017	2021	2,569	2,483
Agribusiness credit bills						**1,589,892**	**1,735,854**
Fixed rate	R$	12,748	from 3.35% to 12.53% p.a.	2015	2023	14,896	13,653
Variable rate	R$	1,465,549	from 90.00% to 116.00% p.a. of	2015	2022	1,574,018	1,721,253
Variable rate	R$	834	from 3.91% to 5.99% p.a. + IPCA	2016	2021	978	948
Financial bills						**23,148,473**	**25,081,447**
Fixed rate	R$	397,657	from 4.08% to 16.33% p.a.	2012	2027	441,961	388,617
Variable rate	R$	20,729,374	from 100.00% to 129.50% p.a	2016	2024	22,217,107	24,220,838
Variable rate	R$	408,454	from 1.82% to 8.05% p.a.+ IPCA	2013	2030	489,405	471,992
Financial Guaranteed Bills						**1,345,213**	**-**
Variable rate	R$	1,341,700	0.59% p.a.+ Selic	2020	2021	1,345,213	-
Obrigações por TVM no exterior						**5,534,068**	**4,058,971**
Fixed rate	R$	93,555	from 1.76% to 15.19% p.a.	2013	2023	79,318	161,616
Variable rate	R$	674	from 90.00% to 98.47% of DI	2019	2020	695	5,372
Foreign exchange [2]	USD	1,300,720	from 2.65 to 4.50% p.a. + foreign exchange movements	2019	2024	5,372,225	3,891,983
Foreign exchange	EUR	14,900	0.08% p.a. + foreign exchange movements	2020	2020	81,830	-
Structured operations certificates						**9,478**	**-**
Fixed rate	R$	10,000	7.93% p.a. + foreign exchange	2020	2021	9,478	-
Total						**31,918,779**	**31,134,839**
Current liabilities						19,472,398	14,426,241
Non-current liabilities						12,446,381	16,708,598

(1) The interest rates refers to the balances held on June, 2020.
(2) In September 2019, USD 850,000 was issued abroad with semiannual interest payments.

(Amounts in thousand of Reais, unless otherwise indicated)

Funding	Currency	Amount issued	Interest rates p.a. [1]	Issue year	Maturity year	Consolidated 06.30.2020	Consolidated 12.31.2019
Debentures						**45,470**	**45,718**
Variable rate	R$	45,000	97% p.a. of DI	2017	2026	45,470	45,718
Leasing Letters						**-**	**885,780**
Variable rate	R$	-	from 101.00% to 103.00% of DI	2019	2020	-	885,780
Real estate credit note funds						**291,655**	**258,567**
Fixed rate	R$	1,340	from 8.39% to 15.04% p.a.	2016	2021	1,706	1,634
Variable rate	R$	274,442	from 93.00% to 104.00% of DI	2017	2022	287,380	254,450
Variable rate	R$	2,000	4.43% p.a. + IPCA	2017	2021	2,569	2,483
Agribusiness credit bills						**1,589,892**	**1,735,854**
Fixed rate	R$	12,748	from 3.35% to 12.53% p.a.	2015	2023	14,896	13,653
Variable rate	R$	1,465,549	from 90.00% to 116.00% p.a. of	2015	2022	1,574,018	1,721,253
Variable rate	R$	834	from 3.91% to 5.99% p.a. + IPCA	2016	2021	978	948
Financial bills						**23,148,473**	**25,081,447**
Fixed rate	R$	397,657	from 4.08% to 16.33% p.a.	2012	2027	441,961	388,617
Variable rate	R$	20,729,374	from 100.00% to 129.50% a.a of DI	2016	2024	22,217,107	24,220,838
Variable rate	R$	408,454	from 1.82% to 8.05% p.a.+ IPCA	2013	2030	489,405	471,992
Financial Guaranteed Bills						**1,345,213**	**-**
Variable rate	R$	1,341,700	0.59% p.a.+ Selic	2020	2021	1,345,213	-
Securities issued abroad						**5,534,068**	**4,058,971**
Fixed rate	R$	93,555	from 1.76% to 15.19% p.a.	2013	2023	79,318	161,616
Variable rate	R$	674	from 90.00% to 98.47% of DI	2019	2020	695	5,372
Foreign exchange [2]	USD	1,300,720	from 2.65 to 4.50% p.a. + foreign exchange movements	2019	2024	5,372,225	3,891,983
Foreign exchange	EUR	14,900	0.08% p.a. + foreign exchange movements	2020	2020	81,830	-
Structured operations certificates						**9,478**	**-**
Fixed rate	R$	10,000	7.93% p.a. + foreign exchange	2020	2021	9,478	-
Total						**31,964,249**	**32,066,337**
Current liabilities						19,472,398	15,312,021
Non-current liabilities						12,491,851	16,754,316

(1) The interest rates refers to the balances held on March 31, 2020.
(2) In September 2019, USD 850,000 was issued abroad with semiannual interest payments.

19. SUBORDINATED DEBTS AND DEBT INSTRUMENTS ELIGIBLE AS CAPITAL

a) Breakdown

	Bank and Consolidated 06.30.2020	Bank and Consolidated 12.31.2019
Subordinated debts (Note 19b)	35,156	3,116,893
Debt instruments eligible as capital (Note 19c)	3,883,695	3,480,275
Total	**3,918,851**	**6,597,168**

b) Subordinated debts

Funding	Amount issued	Interest rates p.a. [1]	Issue year	Maturity year	Bank and Consolidated 06.30.2020	Bank and Consolidated 12.31.2019
Subordinated debt					**-**	**3,097,563**
Exchange rate variation	-	7.38% p.a. + foreign exchange movements	2013	2020	-	3,097,563
Subordinated financing bills					**35,156**	**19,330**
Variable rate	1,800	119.00% p.a. of DI	2016	2023	2,569	2,485
Variable rate	30,090	from 6.13% to 7.11% p.a. + IPCA	2010	2030	32,587	16,845
Total					**35,156**	**3,116,893**
Current liabilities					17,584	3,114,408
Non-current liabilities					17,572	2,485

(1) The interest rates refers to balances held on June 30, 2020.

(Amounts in thousand of Reais, unless otherwise indicated)

c) Debt instruments eligible as capital

Funding	Amount issued	Interest rates p.a. [1]	Issue year	Maturity year	Bank and Consolidated 06.30.2020	Bank and Consolidated 12.31.2019
Subordinated financing bills					**2,234,842**	**2,268,410**
Variable rate	963,526	from 100.00% to 120.00% p.a. up to 2.16% a.a of DI	2014	2024	1,394,896	1,443,708
Variable rate	311,740	from 5.72% to 9.31% p.a. + IPCA	2013	2030	604,244	603,469
Fixed rate	103,200	from 11.03% to 17.98% p.a.	2015	2024	195,433	181,784
Variable rate	27,500	117.50% of Selic	2016	2023	40,269	39,449
Funding	**Amount issued**	**Interest rates p.a. (1)**	**Issue year**		**06.30.2020**	**12.31.2019**
Perpetual Bond [2]					**1,648,853**	**1,211,865**
Fixed rate	USD 300,000	8,25% p.a.	2017		1,648,853	1,211,865
Total					**3,883,695**	**3,480,275**
Current liabilities					483,558	221,789
Non-current liabilities					3,400,137	3,258,486

(1) The interest rates refers to balances held on June 30, 2020.

(2) On November 30, 2017, the issuance abroad of USD 300,000 million was made with semi-annual interest payments. The bonds have a redemption option on the initiative of the Bank as of Dec. 2022 or at each subsequent half-yearly interest payment, once previously authorized by the Central Bank of Brazil (Bacen). Includes the costs of issuing these instruments, which are deferred through it's life, as well as the costs do not set part of the hedge framework.

20. OTHER LIABILITIES

a) Breakdown

	Bank 06.30.2020	Bank 12.31.2019	Consolidated 06.30.2020	Consolidated 12.31.2019
Other financial liabilities	**1,745,562**	**864,777**	**9,939,661**	**5,620,971**
Obligations from transactions linked to assignments (Note 11j.1) [1]	-	-	7,955,778	4,494,033
Commissions for operations payable	22,772	27,637	23,203	29,910
Credit card operations	-	-	105,287	118,176
Liabilities for acquisition of assets and rights	3,719	332	3,719	332
Trading and intermediation of securities	171,153	231,355	214,410	289,542
Foreign exchange portfolio (Note 12b)	1,546,746	602,108	1,546,746	602,108
Others	1,172	3,345	90,518	86,870
Other liabilities	**606,872**	**676,354**	**1,277,406**	**1,501,565**
Third-party transit resources	52,654	46,925	52,654	46,925
Provision for profit sharing	38,091	84,309	105,965	188,666
Provision for personnel expenses	169,085	252,835	269,693	430,801
Provision for administrative expenses	32,195	30,935	235,220	234,745
Provision for financial guarantees provided (Note 28.1.a.1)	186,220	181,762	186,220	181,762
Provision for losses - other risks	365	-	2,769	3,183
Legal obligations (Note 27h)	26,714	24,116	41,360	37,117
Sundry creditors - domestic	9,676	25,501	271,310	322,595
Sundry creditors - overseas	5,418	1,341	5,418	1,341
Amounts payable to associated companies	18,627	205	-	-
Dividends payable / Interest on own capital [2]	66,920	25,042	66,920	25,042
Others	907	3,383	39,877	29,388
Total	**2,352,434**	**1,541,131**	**11,217,067**	**7,122,536**
Current liabilities	1,956,004	1,147,547	5,949,005	4,599,857
Non-current liabilities	396,430	393,584	5,268,062	2,522,679

(1) Refers to obligations for sale or transfer of financial assets with substantial retention of risks and benefits.

(2) For interest on own capital, it refers to the net amount of tax effects.

(Amounts in thousand of Reais, unless otherwise indicated)

21. OPERATING INCOME/EXPENSES

a) Service income

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Asset management	-	-	68,699	67,607
Collection	23,156	16,443	2,755	1,243
Commissions on placing of securities	40,596	43,358	40,990	50,066
Brokerage of Stock Exchange transactions	-	-	3,002	1,220
Income from custody services	160	314	9,477	9,039
Income from guarantees provided	57,387	44,347	57,387	44,337
Credit card transactions	-	-	59,408	59,273
Insurance brokerage commission	-	-	222,509	277,030
Financial advisory services	1,990	5,891	2,050	5,891
Banking correspondent	-	-	166,695	187,415
Other services	8,562	4,547	23,870	22,880
Total	**131,851**	**114,900**	**656,842**	**726,001**

b) Income from banking fees

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Master file registration	-	-	183,112	214,606
Funds transfer	792	413	792	413
Appraisal of assets	-	-	123,715	156,380
Income from credit card	-	-	62,530	54,332
Other	316	120	1,356	875
Total	**1,108**	**533**	**371,505**	**426,606**

c) Personnel expenses

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Administrators' remuneration and other (Note 25)	(3,351)	(2,922)	(10,756)	(9,863)
Benefits	(21,866)	(12,350)	(74,013)	(63,218)
Social charges	(22,121)	(19,785)	(78,132)	(81,068)
Salary [1] [2]	9,974	(53,204)	(158,613)	(246,497)
Labor claims	(2,420)	(45,032)	(97,503)	(220,333)
Training	(1,156)	(724)	(4,186)	(2,698)
Supplementary private pension	(1,608)	(1,018)	(4,719)	(2,886)
Total	**(42,548)**	**(135,035)**	**(427,922)**	**(626,563)**

(1) Includes reversal of provision for long-term incentive plan expenses.
(2) Includes expenses and related charges for variable remuneration programmes.

(Amounts in thousand of Reais, unless otherwise indicated)

d) Other administrative expenses

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Water, energy and gas	(452)	(348)	(1,975)	(2,562)
Rental	(9,056)	(5,291)	(30,751)	(26,316)
Communications	(753)	(686)	(27,218)	(25,200)
Maintenance of property, plant and equipment	(1,298)	(1,087)	(6,760)	(7,087)
Material	(554)	(200)	(2,137)	(1,518)
Data processing	(38,164)	(31,775)	(142,619)	(119,943)
Promotions and public relations	(3,134)	(1,638)	(12,168)	(9,062)
Advertising and publicity	(11,361)	(573)	(27,864)	(16,246)
Publications	(460)	(355)	(1,067)	(940)
Insurance	(692)	(699)	(2,547)	(2,607)
Financial system services	(13,678)	(14,514)	(53,133)	(45,760)
Outsourced services	(1,204)	(583)	(4,691)	(5,109)
Surveillance and security services	(433)	(255)	(1,011)	(749)
Specialized technical services	(36,119)	(21,621)	(241,004)	(227,398)
Transportation	(340)	(518)	(3,034)	(6,612)
Traveling	(525)	(941)	(3,052)	(4,781)
Judicial and notary public fees	(1,206)	(3,209)	(35,139)	(41,093)
Amortization [1]	(9,463)	(8,804)	(52,812)	(38,481)
Depreciation [1]	(1,636)	(3,328)	(16,033)	(17,235)
Other	(4,846)	(4,672)	(68,824)	(42,483)
Total	**(135,374)**	**(101,097)**	**(733,839)**	**(641,182)**

(1) In the Bank, includes the effects of the agreement for apportionment / reimbursement of expenses and direct and indirect costs entered into between banco BV and its subsidiaries.

e) Other operating income

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Recovery of charges and expenses	5,478	483	8,265	10,865
Restatement of judicial deposits	3,141	3,200	16,435	16,257
Inflation indexation	1,196	3,530	6,580	11,407
Reimbursement of overpaid tax fines	923	166	4,738	166
Operating cost reimbursement	-	-	1,486	7,438
Recovery from operational losses	-	-	19,781	1,499
Reversal of provision for insurance cancellation	-	-	15,210	-
Income from real estate activity [1]	-	-	2,510	14,138
Other	1,278	1,805	3,069	3,305
Total [2]	**12,016**	**9,184**	**78,074**	**65,075**

(1) Includes income from the sale of shares.

(2) Income and expenses of the same type are presented at the net amount determined in each period.

f) Other operating expenses

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Costs associated with the production - Business partners [1]	(1,161)	(1,298)	(392,454)	(468,848)
Civil claims	(125)	(957)	(60,320)	(69,708)
Tax claims	(2,598)	(1,911)	(4,239)	(3,872)
Operating losses	(2,146)	(4,617)	(4,251)	(9,004)
Premium paid on financial assets	(121)	(1,277)	(121)	(1,277)
Premium paid on bank preference	(5,888)	(1,678)	(5,888)	(1,678)
Provision for insurance cancellation	-	-	-	(36,977)
Others	(1,519)	(7,646)	(31,950)	(48,363)
Total [2]	**(13,558)**	**(19,384)**	**(499,223)**	**(639,727)**

(1) Mainly refer to commissions on loans originated by partners and trade agreements with tenants and freelancers, including maintenance expenses.

(2) Income and expenses of the same type are presented at the net amount determined in each period.

(Amounts in thousand of Reais, unless otherwise indicated)

22. OTHER INCOME AND EXPENSES

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Other Income	**3,762**	**2,880**	**38,421**	**7,349**
Profit on the disposal of assets	1,277	-	-	-
Rental income	-	39	9	62
Reversal of provision for devaluation of other assets [1]	-	2,841	29,645	3,682
Reversal of provision for investment losses due to tax incentives	2,485	-	5,931	-
Other income not directly associated with operating activity	-	-	2,836	3,605
Other expenses	**(10,468)**	**(3,072)**	**(8,447)**	**(7,555)**
Loss on disposal of assets	-	(639)	(3,340)	(4,687)
Capital losses	-	-	(1,859)	-
Devaluation of other assets	(9,142)	-	-	-
Expense on real estate not in use	(1,275)	(2,288)	(3,180)	(2,699)
Other expenses not directly associated with operating activity	(51)	(145)	(68)	(169)
Total [2]	**(6,706)**	**(192)**	**29,974**	**(206)**

(1) Includes reversal of provision for losses on interests in real estate projects presented in “Other assets” (Note 12d).

(2) Income and expenses of the same type are presented at the net amount determined in each period.

23. SHAREHOLDER’S EQUITY

a) Capital

Capital of Banco Votorantim S.A., fully subscribed and paid-in, in the amount of R$ 8,130,372 (R$ 8,130,372 on December 31, 2019) is represented by 105,391,472,816 shares, of which 53,760,296,740 are common shares with no par value and 51,631,176,076 nominative preferred shares with no par value (86,229,386,840 common shares with no par value and 19,162,085,976 nominative preferred shares with no par value on December 31, 2019). Preferred shares have priority in reimbursement from capital without premium.

On February 6, 2020, the Extraordinary General Meeting approved the conversion of 32,469,090,100 common shares into preferred shares.

b) Capital reserve

Capital reserve is related to premium arose on subscription of shares, in the amount of R$ 372,120.

c) Profit reserve

Legal reserve

Composed mandatorily of 5% of the period’s net profit, up to the limit of 20% of Capital. The Legal Reserve may cease to be funded when jointly with Capital Reserves it exceeds 30% of Capital. The Legal Reserve may be employed only in a capital increase or to offset losses.

Statutory reserve for expansion

The law and the Bylaws allow management, at the end of the period, making a proposal to allocate to "Statutory reserve for expansion" the portion of the profit not allocate to the Legal reserve and not distributed, if any, in order to meet the investments for business expansion. In addition, the reserve balance may also be used to pay dividends.

d) Dividends / Interest on Own Capital

Shareholders are assured to receive to a minimum mandatory dividend, both in the form of dividends and interest on own capital, corresponding to 25% of net profit for the period, less the allocation to the legal reserve.

In accordance with Laws no. 9,249/1995 and no. 12,973/2014 and the Company's Bylaws, the Board of Directors decided to deliberate with its shareholders on interest on own captial and dividends.

Interest on own capital is calculated on the adjusted shareholders' equity accounts and limited to the variation, pro rata die, of the long-term interest rate (TJLP), subject to the existence of profits computed before deduction or retained earnings and profit reserves, in an amount equal to or greater than twice their value.

In compliance with the procedures established by CMN Resolution No. 4,706/2018, the recognition of capital remuneration must be made contra the retained earnings or reserves, that is, no longer being processed in income accounts.

As provided in CMN Resolution No. 4,820 / 2020, financial institutions and other institutions authorized to operate by Bank Central are prohibited from remunerating their own capital above the mandatory minimum dividend, referring to the year of 2020.

For the semesters ended June 30, 2020 and 2019, the Company made the following distributions:

	1H2020			
	Amount (R$ thousand)	Value per lot of one thousand shares – R$	Reference date of shareholding position	Payment date
Dividends	26,545	0.25	06.29.2020	payable up to 12.31.2020
Interest on own capital [1]	47,500	0.45	06.29.2020	payable up to 12.31.2020
Total allocated to shareholders	**74,045**	**0.70**		

	1H2019			
	Amount (R$ thousand)	Value per lot of one thousand shares – R$	Reference date of shareholding position	Payment date
Dividends	400,000	3.80	06.28.2019	12.18.2019
Total allocated to shareholders	**400,000**	**3.80**		

(1) Amounts subject to a 15% withholding income tax rate.

	1H2020	1H2019
	Amount (R$ thousand)	
Net profit for the period (Banco Votorantim S.A.)	**409,899**	**688,007**
Legal reserve	(20,496)	(34,401)
Earnings Subject to distribution	**389,403**	**653,606**
Dividends	26,545	400,000
Interest on own capital (gross amount)	47,500	-
Withholding income tax related on interest on own capital	(7,125)	
Proposed dividends	**66,920**	**400,000**
% of earnings distributed	**17%**	**61%**

d) Earnings per share

	1H2020	1H2019
Net profit - Banco Votorantim S.A (R$ thousand)	409,899	688,007
Weighted average number by thousand shares (basic and diluted)	105,391,473	105,391,473
Earnings per share (basic and diluted) (R$)	3.89	6.53

f) Reconciliation of shareholders' equity and net profit

	Net profit		Shareholders' equity	
	1H2020	1H2019	06.30.2020	12.31.2019
Banco Votorantim S.A.	**409,899**	**688,007**	**10,142,874**	**9,855,457**
Unrealized income [1]	33,103	-	8,353	30,424
Consolidated	**443,002**	**688,007**	**10,151,227**	**9,885,881**

(1) Refers to unrealized income from related parties, net of taxes.

g) Other comprehensive income

Bank and Consolidated	1H2020				1H2019			
	Opening balance	Changes	Tax effect	Closing balance	Opening balance	Changes	Tax effect	Closing balance
Securities available to sale	100,332	(112,882)	47,855	35,305	(79,381)	253,726	(100,983)	73,362
Banco BV [1] [2]	38,374	(62,323)	27,850	3,901	(122,286)	237,766	(95,106)	20,374
Ventures	61,958	(50,559)	20,005	31,404	42,905	15,960	(5,877)	52,988
Cash flow hedge	**(127,069)**	**30,164**	**(13,574)**	**(110,479)**	**(99,614)**	**(115,515)**	**46,206**	**(168,923)**
Banco BV [1] [2]	(127,069)	30,164	(13,574)	(110,479)	(99,614)	(115,515)	46,206	(168,923)
Total - Bank	**(26,737)**	**(82,718)**	**34,281**	**(75,174)**	**(178,995)**	**138,211**	**(54,777)**	**(95,561)**
Unrealized income effect [3]	**76,057**	**(55,174)**	**-**	**20,883**	**-**	**-**	**-**	**-**
Total - Consolidated	**49,320**	**(137,892)**	**34,281**	**(54,291)**	**(178,995)**	**138,211**	**(54,777)**	**(95,561)**

(1) Includes agency abroad.
(2) Includes the effect of unrealized income from transactions of linked companies.
(3) Tax effect is presented in "Other credits - Sundry".

h) Shareholders interest (Amount of shares)

The amount of issued shares from Banco Votorantim S.A. in which shareholders are owners, directly and indirectly, of more than 5% of shares:

Shareholders - Shares (thousand)	06.30.2020					
	Ordinary	% Ordinary	Preference	% Preference	Total	% Total
Votorantim Finanças S.A.	26,880,148	50.00%	25,815,588	50.00%	52,695,736	50.00%
Banco do Brasil S.A.	26,880,148	50.00%	25,815,588	50.00%	52,695,736	50.00%
Total	**53,760,297**	**100.00%**	**51,631,176**	**100.00%**	**105,391,473**	**100.00%**
Domestic residents	53,760,297	100.00%	51,631,176	100.00%	105,391,473	100.00%

Shareholders - Shares (thousand)	12.31.2019					
	Ordinary	% Ordinary	Preference	% Preference	Total	% Total
Votorantim Finanças S.A.	43,114,693	50.00%	9,581,043	50.00%	52,695,736	50.00%
Banco do Brasil S.A.	43,114,693	50.00%	9,581,043	50.00%	52,695,736	50.00%
Total	**86,229,387**	**100.00%**	**19,162,086**	**100.00%**	**105,391,473**	**100.00%**
Domestic residents	86,229,387	100.00%	19,162,086	100.00%	105,391,473	100.00%

24. TAXES

a) Tax assets

Total tax assets recognized

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Current tax assets (Note 24 a.1)	217,247	251,392	579,574	590,499
Deferred tax assets (Note 24 a.2)	3,837,847	3,358,370	7,350,154	6,638,553
Total	**4,055,094**	**3,609,762**	**7,929,728**	**7,229,052**
Current assets	1,171,700	701,298	2,398,828	2,081,567
Non-current assets	2,883,394	2,908,464	5,530,900	5,147,485

a.1) Current tax assets

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Taxes and contributions to be offset	68,482	102,627	428,937	436,973
Recoverable income tax	-	-	1,872	4,761
Presumed credit - Law no. 12,838/13	148,765	148,765	148,765	148,765
Total [1]	**217,247**	**251,392**	**579,574**	**590,499**

(1) Includes taxes and current contributions to be offset whose expected offset time is more than 12 months.

(Amounts in thousand of Reais, unless otherwise indicated)

a.2) Deferred tax assets (Recognised)

Bank	12.31.2019	1H2020		06.30.2020 (1)
		Net changes in the period		
	Balance	Constitution [2]	Write-off	Balance
Temporary differences	**2,541,395**	**520,115**	**(177,314)**	**2,884,196**
Allowance for loan losses	1,539,427	37,796	(70,338)	1,506,885
Liability provisions	263,800	36,553	(86,644)	213,709
Fair value adjustments of financial instruments [3]	214,459	427,688	(12,609)	629,538
Other provisions [4]	523,709	18,078	(7,723)	534,064
Social contribution on net profit tax loss/negative basis	**816,975**	**136,676**	**-**	**953,651**
Total deferred tax assets recognized	**3,358,370**	**656,791**	**(177,314)**	**3,837,847**
Income tax	1,863,170	360,577	(103,263)	2,120,484
Social contribution	1,495,200	296,214	(74,051)	1,717,363

Consolidated	12.31.2019	1H2020		06.30.2020 (1)
		Net changes in the period		
	Balance	Constitution [2]	Write-off	Balance
Temporary differences	**5,194,681**	**1,330,676**	**(626,457)**	**5,898,900**
Allowance for loan losses	3,671,054	834,589	(466,261)	4,039,382
Liability provisions	739,167	40,451	(134,678)	644,940
Fair value adjustments of financial instruments [3]	238,783	426,920	(12,610)	653,093
Other provisions [4]	545,677	28,716	(12,908)	561,485
Social contribution on net profit tax loss/negative basis	**1,443,872**	**156,024**	**(148,642)**	**1,451,254**
Total deferred tax assets recognized	**6,638,553**	**1,486,700**	**(775,099)**	**7,350,154**
Income tax	4,090,276	875,801	(476,178)	4,489,899
Social contribution	2,548,277	610,899	(298,921)	2,860,255

(1) In the six month period ended June 30, 2020 the amount of R$ 91,357 (from R$ 629,538 total) in Bank, and R$ 91,357 (from R$ 653,093) in Consolidated, is the deferred tax asset arising from fair value adjustments of securities classified as available for sale, recorded in Shareholder's equity.

(2) Includes, in the six month period ended June 30, 2020 the amount of R$ 33,585, related to the effects of Social contribution on net profit rate increase to 20%, applicable to deferred tax asset from banco BV realizable from March 2020, referring to the amounts January and February.

(3) The amounts corresponding to the changes of deferred tax asset arising from adjustments to fair value of securities available for sale, recorded in shareholder's equity account in the six month period ended June 30, 2020 are R$ (12,609) of the total R$ 415,079 in the Bank and of R$ (12,610) of the total R$ 413,310 in the Consolidated.

(4) Includes tax assets from expenses of provision por securities losses.

Realization estimate

The realization estimate of deferred tax assets is supported by in the technical study prepared as at June 30,2020.

	Bank		Consolidated	
	Nominal value	Present value	Nominal value	Present value
In 2020	967,583	957,566	1,542,213	1,526,247
In 2021	387,645	372,804	1,007,231	968,669
In 2022	302,731	279,942	1,140,576	1,054,717
In 2023	390,151	343,811	990,250	872,635
In 2024	335,472	279,621	805,531	671,423
From 2025 to 2026	708,073	545,835	1,070,144	825,737
From 2027 to 2029	746,192	444,569	794,209	474,902
Total deferred tax assets	**3,837,847**	**3,224,148**	**7,350,154**	**6,394,330**

In the six month period ended June 30, 2020, there was a partial realization of tax credits at Banco Votorantim in the amount of R$ 312,256 (R$ 386,796 in the six month period ended June 30, 2019), corresponding to 48% (60% in the six month period ended June 30, 2019) of the respective estimate of tax realization of the balance of tax credits for the whole year of 2020, which was included in the technical study prepared on December 31, 2019.

Realization of nominal values for deferred tax assets

	Bank		Consolidated	
	Tax losses/Social contribution on net profit to offset [1]	Intertemporal differences [2]	Tax losses/Social contribution on net profit to offset [1]	Intertemporal differences [2]
In 2020	13%	29%	10%	24%
In 2021	12%	10%	11%	14%
In 2022	9%	8%	12%	16%
In 2023	8%	11%	12%	14%
In 2024	8%	9%	12%	11%
From 2025 to 2026	28%	15%	28%	11%
From 2027 to 2029	22%	18%	15%	10%

(1) Projected consumption linked to the capacity to generate IRPJ and CSLL taxable amounts in subsequent periods.

(2) The consumption capacity arises from movements in provisions expectation of reversals, write-offs and uses.

(Amounts in thousand of Reais, unless otherwise indicated)

a.3) Deferred tax asset (Not recognised)

	Consolidated	
	06.30.2020	12.31.2019
Social contribution on net profit tax loss/negative basis portions	24,233	22,866
Intertemporal Differences portions	26,804	35,008
Total of deferred tax assets not recorded in assets	**51,037**	**57,874**
Income tax	36,188	40,879
Social contribution	14,849	16,995

The balance not constituted of tax assets will only be recognized in the accounting books when it meets the regulatory aspects for its activation and presents effective prospect of realization.

b) Tax liabilities

Total tax liabilities recognized

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Current tax liabilities (Note 24 b.1)	32,687	77,790	472,251	478,488
Deferred tax liabilities - (Note 24 b.2)	19,638	42,739	43,247	88,384
Total	**52,325**	**120,529**	**515,498**	**566,872**
Current liabilities	37,250	99,888	489,909	536,915
Non-current liabilities	15,075	20,641	25,589	29,957

b.1) Current tax liabilities

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
IOF payable	732	686	804	16,106
Income tax and social contribution payable	16	-	6,017	5,940
Provision for taxes and contributions on income	-	41,091	378,066	354,526
Taxes and contributions payable	31,939	36,013	87,364	101,916
Total (1)	**32,687**	**77,790**	**472,251**	**478,488**

(1) Includes current taxes and contributions, whose settlement period is longer than 12 months.

b.2) Deferred tax liabilities

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Fair value adjustments of financial instruments	4,139	27,472	24,927	68,266
Presumed credit - Law nº 12,838/13	15,075	15,075	15,075	15,075
Other liabilities	424	192	3,245	5,043
Total deferred tax liabilities	**19,638**	**42,739**	**43,247**	**88,384**
Income tax	11,098	23,829	27,200	54,466
Social contribution	8,540	18,910	16,047	33,918

c) Tax expenses

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Contribution for Social Security Funding	(13,230)	(21,720)	(175,557)	(180,587)
Service tax	(4,701)	(4,650)	(33,977)	(58,701)
PIS	(2,150)	(3,529)	(29,551)	(30,606)
Others	(12,258)	(4,351)	(18,915)	(29,297)
Total	**(32,339)**	**(34,250)**	**(258,000)**	**(299,191)**

(Amounts in thousand of Reais, unless otherwise indicated)

d) Income tax and contribution expenses

d.1) Expenses of taxes and contributions on profit - Income tax and social contribution

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Current amounts	**-**	**10,060**	**(381,586)**	**(158,472)**
Income tax and social contribution on net profit - current	-	-	(381,586)	(168,532)
Income tax and social contribution on net profit - previous periods	-	10,060	-	10,060
Deferred amounts	**488,238**	**(112,668)**	**720,489**	**(278,042)**
Deferred tax liabilities	**(3,847)**	**(11,225)**	**(3,721)**	**95,951**
Fair value adjustments of financial instruments	(3,552)	(11,225)	(3,552)	96,111
Other liabilities	(295)	-	(169)	(160)
Deferred tax assets	**492,085**	**(101,443)**	**724,210**	**(373,993)**
Tax loss carryforwards and negative basis of social contribution on net profit	136,676	89,367	7,382	67,564
Temporary difference	(72,279)	(48,509)	289,909	(201,525)
Fair value adjustment	427,688	(142,301)	426,919	(240,032)
Total	**488,238**	**(102,608)**	**338,903**	**(436,514)**

d.2) Reconciliation of Income tax and social contribution on net profit charges

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Income (loss) before taxes and contributions	**(54,065)**	**849,559**	**205,944**	**1,262,121**
Total IR charges (25% rate) and CSLL (15% until February 2020 and 20% from March 2020)	24,905	(339,824)	(92,676)	(504,848)
JCP charges	21,375	(11,520)	21,375	-
Equity in the earnings of subsidiaries	132,377	230,935	(14,827)	(3,670)
Charges on employees' profit sharing	10,923	23,579	45,830	55,040
Other amounts [(1)] [(2)]	298,658	(5,778)	379,201	16,964
Income tax and social contribution for the period	**488,238**	**(102,608)**	**338,903**	**(436,514)**

(1) Includes, in the six month period ended June, 2020, the amount of R$ 33,585 related to the effects of Social contribution on net profit rate increase to 20%, applicable to deferred tax asset from banco BV with initial effect as of March 2020, referring to the values of January and February.

(2) Includes foreign exchange variation on investments abroad.

25. RELATED PARTIES

Costs of salaries and other benefits granted to key management personnel of banco BV, comprising the Board, Audit Committee, Board of Directors and Fiscal Council:

	Bank		Consolidated [(1)]	
	1H2020	1H2019	1H2020	1H2019
Administrators' remuneration and other	3,351	2,922	10,756	9,863
Bonuses	10,755	17,321	16,648	25,131
Social charges	5,647	6,929	7,898	10,283
Total	**19,753**	**27,172**	**35,302**	**45,277**

(1) Includes the members of Audit Committee, Compensation Committee, Risk and Capital Committee and Related Parties Transactions Committee.

The Conglomerate offers a defined contribution private pension plan to key management personnel.

The Conglomerate did not grant loans to key management personnel during the period.

The balances of accounts relating to transactions between consolidated companies of the Bank are eliminated in the consolidated interim Financial Statements and also take into consideration risk free basis. The shareholders of the Company are Banco do Brasil Conglomerate and Votorantim S.A. (main firms that set part of the Votorantim S.A Group are: Votorantim Finanças and Votorantim Cimentos).

The Conglomerate carries out banking transactions with related parties, such as current account deposits (not remunerated), remunerated deposits, money market repurchase commitments, derivative financial instruments and assignment of Loan portfolios. There are also service agreements, which include the agreement for apportionment / reimbursement of expenses and direct and indirect costs entered into with the companies of the Conglomerate.

These transactions are carried out under terms and conditions similar to those performed with third parties where applicable, prevailing at the transaction dates. These transactions do not involve abnormal default risks.

The Conglomerate, through its subsidiary BV Financeira, carried out credit assignments with a related party, with substantial risk retention. In the six month period ended June 30, 2020, these transactions amounted R$ 7,460,671 (R$ 2,256,907 in the six month ended June 30, 2019). The net result of credit assignments, considering income and expenses of the assignments with substantial retention of risks and benefits is presented in the table below under “Income from interest, provision of services and other income”.

(Amounts in thousand of Reais, unless otherwise indicated)

	06.30.2020						
	Conglom. Banco do Brasil	Votorantim S.A	Financial Institution subsidiaries [1]	Non-financial Institution subsidiaries [2]	Key management personnel [3]	Other [4]	Total
Assets							
Cash and cash equivalents	1,191	-	-	-	-	-	**1,191**
Interbank deposit investments [5]	-	-	34,520,260	-	-	596,113	**35,116,373**
Securities and derivative financial instruments	-	121,150	34,730	33,269	-	1,863,382	**2,052,531**
Loans and leases	-	3,118	-	-	-	-	**3,118**
Other assets	84,466	5,010	63,813	10,452	105	28,556	**192,402**
Liabilities							
Demand deposits	(435)	(21,468)	(1,019)	(784)	(18)	(888)	**(24,612)**
Time Deposits	(853,099)	(778,281)	(12)	(736,346)	(2,836)	(5,884)	**(2,376,458)**
Interbank accounts	-	-	(137,358)	-	-	-	**(137,358)**
Money market repurchase	(15,313)	(27,417)	(98,761)	-	(357)	-	**(141,848)**
Securities issued	(448)	(686,236)	-	-	(5,514)	-	**(692,198)**
Derivative financial instruments	-	-	-	-	-	(1,116,037)	**(1,116,037)**
Other liabilities	(8,185,635)	(37,024)	(12,238)	-	-	(2,277)	**(8,237,174)**
	1H2020						
Income (loss)							
Income from interest, provision of services and other income	188,403	27	974,052	-	-	9,673	**1,172,155**
Income (losses) from derivative financial instruments	(62,693)	162,951	5,252	6,047	-	396,052	**507,609**
Fund raising, administrative expenses and other	(26,727)	(33,450)	(7,550)	(11,322)	(122)	-	**(79,171)**

	12.31.2019						
	Conglom. Banco do Brasil	Votorantim S.A	Financial Institution subsidiaries [1]	Non-financial Institution subsidiaries [2]	Key management personnel [3]	Other [4]	Total
Assets							
Cash and cash equivalents	2,253	-	-	-	-	-	**2,253**
Interbank deposit investments [5]	-	-	37,271,426	-	-	605,911	**37,877,337**
Securities and derivative financial instruments	-	1,614	96,764	27,222	-	478,363	**603,963**
Loans and leases	70,448	11,657	89,380	2,200	225	670	**174,580**
Other assets							
Liabilities							
Demand deposits	(383)	(3,029)	(1,707)	(1,553)	(12)	(375)	**(7,059)**
Time Deposits	(208,043)	(808,485)	(12)	(659,252)	(127)	-	**(1,675,919)**
Interbank accounts	-	-	(187,500)	-	-	-	**(187,500)**
Money market repurchase	(803,876)	(42,084)	(626,862)	-	(316)	-	**(1,473,138)**
Securities issued	(129,788)	(559,839)	-	-	(6,680)	-	**(696,307)**
Derivative financial instruments	(42,788)	(8,525)	(7,881)	-	-	(197,562)	**(256,756)**
Other liabilities	(4,678,996)	-	(32,366)	-	-	(593)	**(4,711,955)**
	1H2019						
Income (loss)							
Income from interest, provision of services and other income	261,689	39	1,226,182	-	-	22,137	**1,510,047**
Income (losses) from derivative financial instruments	2,576	(4,863)	35,978	10,185	-	19,460	**63,336**
Fund raising, administrative expenses and other	(20,461)	(34,848)	(111,331)	(2,765)	(274)	-	**(169,679)**

(1) Companies related in note no. 3. Does not include transactions between ventures.

(2) Includes Promotiva S.A., BVIA - BV Investimentos e Participações de Gestão de Recursos S.A., Votorantim Corretora de Seguros S.A, BV Empreendimentos e Participações S.A. and Atenas SP 02 Empreendimentos Imobiliários Ltda. Does not include transactions between ventures.

(3) Board of Directors and their respective advisory committees, Executive Board, Fiscal Council and family members (spouse, children and stepchildren) of key management personnel.

(4) Includes Votorantim Votorantim Expertise Multimercado, Fundo de Invest. em Participações BV - Multiestratégia Investimento no Exterior, Fundo de Invest. em Participações BV Tech I - Multiestratégia Investimento no Exterior, controlled companies of BVIA – BV Investimentos e Participações de Gestão de Recursos S.A.and subsidiaries of BV Empreendimentos e Participações S.A., as well as all companies in which key personnel holds equity interest or in which they hold a statutory position.

(5) Includes operations with an original maturity of 90 days or less classified as Cash and cash equivalents.

(Amounts in thousand of Reais, unless otherwise indicated)

26. EMPLOYEES BENEFITS

The main benefits offered to the employees of the Conglomerate, provided for in the category collective agreement are health insurance, life insurance, dental care, meal and food vouchers, variable compensation programs and profit sharing. Among the mentioned benefits, we highlight the variable remuneration programs.

The Long-Term and Short-Term Compensation Programs: Conditional Variable Incentive, Long-Term Incentive and Phantom Share Repurchase Program approved by the Board of Directors on May 10, 2012 were valid until 2016, with effect until 2021.

In the first semester of 2017, the Conglomerate implemented the new Variable Compensation Program. The directors and employees of the Conglomerate are eligible for the program. This program was approved by the Board of Directors on March 09, 2017.

The Conglomerate also has a long-term incentive plan that aims to: (i) attract, motivate and retain talent; (ii) alignment of the interests of the officers and employees with the objectives and interests of the shareholders; (iii) generation of results and sustainable creation of value; and (iv) creating a long-term vision:

ILP plan: a four-year plan consisting of granting an incentive in kind linked to the performance of the organization over the time horizon.

Expenses expected to be incurred exclusively as a result of services provided to the Conglomerate by beneficiaries of variable remuneration programs: in the six month period ended June 30, 2020, R$ 40,490 were recognized in the Conglomerate's result as Personnel Expenses - Earnings (R$ 56,482 in the six month period ended June 30, 2019) in relation to long-term incentives transactions. These incentives in general become a right between one and in not more than four years as of the granting date.

The following payments were made to employees related to the Long-Term Remuneration Programs:

Program Year	1H2020	1H2019
2012 / 2013	-	1,620
2014	-	66,316
2015	1,278	42,775
2016	5,524	29,872
2017	1,350	8,300
2018	3,166	250
2019	1,955	-
2020	47,970	-
Total	**61,243**	**149,133**

In June 30, 2020, the Conglomerate recorded under "Other liabilities - provision for personnel expenses", the amount of R$ 156,034 (R$ 309,879 in December 31, 2019).

Phantom share value is calculated at least on a quarterly basis and is based on the Conglomerate’s income and on entries directly made to shareholders’ equity accounts, as determined by prevailing accounting practices. From this change in shareholders’ equity value, non-recurring movements will be excluded, individually evaluated and submitted to the Remuneration Committee, which will decide on its exclusion or not from shareholders’ equity calculation basis to measure the value of the phantom shares.

Changes in phantom shares

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Opening quantity	**17,620,394**	**36,376,442**	**24,125,108**	**50,535,332**
New / Updates	5,430,248	6,296,965	6,515,950	7,745,584
Paid	(12,134,667)	(27,561,058)	(15,438,547)	(34,691,423)
Expired	(114,594)	(511,713)	(359,140)	(3,286,714)
Closing quantity	**10,801,381**	**14,600,636**	**14,843,371**	**20,302,779**

In addition to the benefits provided in the collective agreement category, the Conglomerate still offers other benefits, among which we highlight the private pension plan.

In March 2019, the defined contribution private pension plan was launched, in the Free Benefit Generation Plan and Life Generating Free Benefits modalities, where the Conglomerate, as a sponsor contributes to the formation of the amount to be turn in complementary post-employment retirement income. This new plan was approved by the Board of Directors on December 6, 2018.

The private pension program aims to (i) strengthen the long-term bond; (ii) awareness of financial planning; and (iii) supplement the retirement income.

(Amounts in thousand of Reais, unless otherwise indicated)

27. CONTINGENT ASSETS AND LIABILITIES AND LEGAL, TAX AND SOCIAL SECURITY OBLIGATIONS

a) Contingents Assets

Contingent assets are not recognized in the Interim Financial Statements in accordance with CMN Resolution 3,823/2009.

b) Labor lawsuits

The Conglomerate is the defendant in labor lawsuits mostly filed by former employees. Provisions for probable losses represent several claims, such as: indemnities, overtime, working time exemption, supplement per function and representation, among other matters.

c) Tax lawsuits

The Conglomerate is subject, to inspections made by tax authorities, to questionings related to taxes, which may eventually generate assessments, for example: composition of the Income tax/Social contribution on net income tax basis (deductibility); and discussion related to the levy of taxes, upon occurrence of certain economic facts. Most lawsuits deriving from tax assessments refer to Services tax, Income tax, Social contribution on net profit, PIS/Contribution for Social Security Funding and Employer Social Security Contributions. Some of them are guaranteed, when necessary, by escrow deposits made to suspend payment of taxes under discussion.

d) Civil lawsuits

Basically, refer to indemnity actions whose nature is as follows: challenge on contracts' total effective cost; review on contract conditions and charges; and fees.

e) Provision for tax, civil and labor lawsuits - Probable

The Conglomerate recognized a provision for labor, tax and civil lawsuits with "probable" risk of loss, classified by individual methodology or on a collective basis, according to the nature and/or value of the process.

The estimates of outcome and financial effect are determined by the nature of the actions, by the judgment of the entity's Management, by the opinion of the legal counsel, based on the process elements, supplemented by the experience and complexity of similar claims.

The provision for labor, tax and civil lawsuits that was set up to cover the losses estimated, are considered sufficient by the Conglomerate's Management.

Balances of contingent liabilities classified as probable

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Tax claims	5,731	5,653	56,492	58,027
Civil claims	9,032	8,916	271,165	261,263
Labor claims	89,859	89,291	584,684	587,018
Total	**104,622**	**103,860**	**912,341**	**906,308**

(Amounts in thousand of Reais, unless otherwise indicated)

e.1) Changes in provisions for tax, civil and labor claims classified as probable

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Tax claims				
Opening balance	**5,653**	**5,351**	**58,027**	**60,102**
Additions	30	-	2,625	1,747
Reversal of provision	-	(332)	(289)	(2,376)
Reversals due to payment	-	-	(5,736)	(3,218)
Other adjustments	48	65	1,865	1,179
Closing balance	**5,731**	**5,084**	**56,492**	**57,434**
Civil claims				
Opening balance	**8,916**	**10,487**	**261,263**	**292,870**
Additions	9	725	28,203	32,389
Reversal of provision	(21)	(185)	(23,199)	(20,928)
Reversals due to payment	(2)	(477)	(33,069)	(36,687)
Other adjustments [1]	130	2,857	37,967	18,756
Closing balance	**9,032**	**13,407**	**271,165**	**286,400**
Labor claims				
Opening balance	**89,291**	**185,390**	**587,018**	**949,423**
Additions	13,061	47,020	133,980	147,942
Reversal of provision	(7,115)	(19,897)	(53,938)	(75,554)
Reversals due to payment	(8,216)	(66,350)	(101,129)	(227,380)
Other adjustments	2,838	7,857	18,753	33,804
Closing balance	**89,859**	**154,020**	**584,684**	**828,235**
Total tax, civil and labor claims	**104,622**	**172,511**	**912,341**	**1,172,069**

[1] It includes inflation adjustments and the effects of remeasurement of "unit prices", which compose the methodology for calculating losses.

e.2) Estimated schedule of disbursements on June 30, 2020

	Bank			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Up to 5 years	5,259	9,032	89,859	37,095	271,165	584,684
From 5 to 10 years	472	-	-	19,397	-	-
Total	**5,731**	**9,032**	**89,859**	**56,492**	**271,165**	**584,684**

Uncertain lawsuit duration and the possibility of changes in prior court judgments make disbursement schedule and values uncertain.

e.3) (Provision) / reversal of provision for contingent liabilities

	Bank		Consolidated	
	1H2020	1H2019	1H2020	1H2019
Civil claims	(116)	(2,920)	(9,902)	6,470
Labor claims	(568)	31,370	2,334	121,188
Tax claims	(78)	267	1,535	2,668
Total	**(762)**	**28,717**	**(6,033)**	**130,326**

f) Contingent liabilities - Possible

Amounts shown in the chart below represent estimated disbursement value in case the Bank receives a negative judgement. Claims are classified as possible when there are no elements that permit concluding final lawsuit outcome and when likelihood of loss is lower than probable and higher than remote.

(Amounts in thousand of Reais, unless otherwise indicated)

Balances of contingent liabilities classified as possible

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Tax claims [1]	658,637	652,738	1,966,656	1,970,642
Civil claims [2]	16,611	15,055	166,617	147,216
Labor claims [3]	46,966	49,122	238,103	187,468
Total	**722,214**	**716,915**	**2,371,376**	**2,305,326**

(1) Refer to the following proceedings:

	Bank		Consolidated	
Description of the main possible causes - Taxes	06.30.2020	12.31.2019	06.30.2020	12.31.2019
INSS on profit sharing	198,976	197,094	606,458	601,024
IRPJ - FINOR	22,919	22,583	26,903	25,820
ISS	1,206	967	18,301	13,831
INSS on profit sharing - Nassau Branch	39,020	38,734	39,020	38,733
PIS/COFINS on demutualization	21,634	21,310	45,741	45,260
IRPJ on undue offset of tax loss - Gratuities to statutory officers	27,062	26,808	27,062	26,808
IRPJ/CSLL - Deduction Allowance for loan losses 2008	-	-	117,803	116,522
Infringement Fine (non-homologation of DCOMP)	-	-	46,701	68,154
IRPJ/CSLL - Assessment notice: improper exclusion of premium arose on acquisition of securities of foreign governments	23,808	23,369	23,808	23,369
IRRF from remittances abroad: impossibility of compensation	48,717	48,131	48,717	48,131
PF e BNCSLL: excess of compensation AB 2012	90,070	88,921	90,070	88,921
IRPJ/CSLL on JCP cumulatively distributed of previous periods	111,365	109,924	136,678	134,854
IPVA - Third parties	37	37	157,527	139,809
INSS - Benefits (VA/VR)	22,582	21,923	22,582	21,923
IRPJ/CSLL - Deduction Allowance for loan losses 2014	-	-	305,182	300,429
ISS VRG	-	-	103,970	99,499
Other causes	51,241	52,937	150,133	177,555
Total	**658,637**	**652,738**	**1,966,656**	**1,970,642**

(2) Refers, basically, to collection actions.

(3) Refers to actions mostly brought by former employees claiming compensation, overtime pay, working hours, extra pay associated with certain jobs, and representation costs, and others.

g) Deposits as collateral

Balances of escrow deposits recognized for contingencies

	Bank		Consolidated	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Tax claims	147,053	142,619	230,016	223,304
Civil claims	7,017	6,769	177,404	182,907
Labor claims	24,145	24,860	297,983	308,645
Total	**178,215**	**174,248**	**705,403**	**714,856**

h) Legal obligations

The Consolidated maintains recorded under Other liabilities - legal obligation accounts the amount of R$ 41,360 (R$ 37,117 as of December 31, 2019) the Bank has recorded the amount of R$ 26,714 (R$ 24,116 as of December 31, 2019), whose main discussion due to a Declaratory Claim where the Group seeks to exclude the levy of ISS on revenues from sureties, warrants and other guarantees provided, as well as the reimbursement of the amounts paid in the last five year, the amount of which has been provisioned at Bank is R$ 24,432 (R$ 22,088 as of December 31, 2019).

The other actions refer to PIS LC 07/70, ISS Deduction in the PIS and COFINS calculation basis and APF - Accident Protection Factor.

i) Public civil lawsuits

Conglomerate has contingent liabilities involving public civil actions in which, based on the analysis of the legal advisors and/or assessment of internal lawyers, the risk of loss is considered possible. Depending of their current stage of completion, measurement of amounts involved in these lawsuits could not be determined with accuracy, while the possibility of loss depends on the qualification of the clients interested in the lawsuit.

Main themes discussed in these lawsuits, which we can highlight are lawsuits of collection of tariffs and issues involving payroll credit to INSS retirees and pensioners, and CDC (direct credit to consumers).

28. RISK AND CAPITAL MANAGEMENT

1) Risk management process

The integrated risk-management approach includes adopting instruments to ensure that material risks incurred by the Conglomerate. This approach aims to organize the decision process and define the mechanisms that establish risk appetite and risk level that is acceptable and compatible with the volume of capital available, in line with the business strategy adopted.

The Institution has a group of risks considered to be material, whose approving is done periodically by the Board of Directors. For each listed risk an assessment the most appropriate treatment is done (Management, Hedge / Insurances or Capitalization) with the goal to address the best monitoring and controlling way of each exposure. Risks considered to be material in the reference date are:

- Credit risk;
- Counterpart credit risk;
- Credit concentration risk;
- Market risk;
- Interests rate variation of banking portfolio risk (RBAN);
- Liquidity risk;
- Operational risk;
- Reputation risk;
- Strategy risk;
- Socio-environmental risk;
- Models risk;
- Compliance risk; and
- Contagion risk.

The levels of risk exposure are monitored through a risk limit framework, incorporated into the Conglomerate's daily activities. Senior Management gets involved by following up and performing actions that are necessary for risk management.

Compliance framework for capital and risks management comprise the entire Prudential Conglomerate and is composed, besides the respectives teams and directors responsible for risks and ALM (Asset Liability Management), also for collegiate forums, domestic and corporative, formally organized and with ranges representatives. Each compliance board have role, scope and composition determined by normative, that orientates about the rules, responsibilities and limits according to business strategies and market scenarios. Main forums are:

- Board of Controls and Risks and Board of ALM and taxes are the main internal management forums of risks and capital of the administration. In addition, the Executive Board (ComEx) has by assignment the general supervision of such subjects.
- Board of Risks and Capital (CRC) is in charge of assist the Board of Directors, in accordance with Resolution no 4,557 from BACEN, in the creation of a capital allocation strategy for the Conglomerate, in note to the risk appetite statement (RAS) and in the risk and capital monitoring, besides coordinate its activities with the Audit Board (COAUD), in order to turn the exchange of information easy, the necessary adjustments to the risks and capital compliance framework and guarantee the effective treatment to the risks the Conglomerate is exposed.

Risk appetite consists in risk statement that the Institution is inclined to accept to reach its goals, and is tracked through the indicators and its respective limits. Risks appetite statement is approved by the Board of Directors and reflects the expectation of the Senior Management and orientates the strategic planning and budget, permeating the Institution. As of this certificate, its monitoring happens through a dashboard composed by indicators and limits that are monthly followed-up in the competent ranges, besides shares, complementary monitoring and specific projects.

The Conglomerate has general and specific structures and policies for risk and capital management, in accordance with CMN Resolution No. 4,557, approved by the Board of Directors and the basic principles observed in the management and control of risks and capital were established in accordance with current regulations and market practices.

In addition emphasize that the Institution realizes the Internal Capital Adequacy Assessment Process (ICAAP), in line with CMN Resolution nº 4,557, Bacen Circular nº 3,911 and Bacen Circular-letter nº 3,907, and the respective report is annually disclosed to Bacen, comprising the plan of capital, stress test, plan of capital and management contingencies and the assessment of capital need before the relevant risks the Institution is exposed, among other subjects.

(Amounts in thousand of Reais, unless otherwise indicated)

Detailed information on the risk and capital management process can be observed in the document "Risk and Capital Management Report", prepared based on compliance with Bacen Circular No. 3.930/2019, available on the Investor Relations website at www.bancobv.com.br/ri. Below are the definitions of the main risks of the Conglomerate.

a) Credit risk

Credit Risk is defined as the possibility of occurrence of losses associated to:

- Non-compliance by the counterparty (the borrower, the guarantor or the issuer of securities or securities acquired), from its obligations under the terms agreed upon;
- Devaluation, reduction of remuneration and expected gains in financial instruments arising from the deterioration of the credit quality of the counterparty, the intervening party or the mitigating instrument;
- Restructuring of financial instruments; and
- Costs of recovery of exposures of problematic assets.

a.1) Financial guarantees provided

	Bank and Consolidated			
	06.30.2020		12.31.2019	
	Guaranteed values	Provision	Guaranteed values	Provision
Linked to bids, auctions, provision of services or execution of works	818,262	3,210	652,719	3,259
Guarantee or surety in judicial and administrative tax proceedings	3,569,909	143,398	3,591,541	148,302
Linked to the distribution of securities by public offering	53,594	268	91,007	455
Other bank guarantees	2,275,067	39,338	2,035,605	29,740
Other financial guarantees provided	1,131	6	236,240	6
Total	**6,717,963**	**186,220**	**6,607,112**	**181,762**

b) Liquidity risk

Liquidity risk is defined as:

- Possibility of the Conglomerate not being able to effectively honor expected and unexpected current and future obligations, including those deriving from guarantee binding, without affecting its daily operations and without incurring significant losses;
- Possibility that the Conglomerate not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

c) Operational risk

Operational risk is defined as the possibility of occurrence of losses resulting from external events or from failure, deficiency or inadequacy of internal processes, people or systems.

This definition includes the Legal Risk associated with inadequacies or deficiencies in contracts signed by the Conglomerate, penalties for noncompliance with legal provisions and indemnities for damages to third parties arising from the activities developed by the Conglomerate. Operational risk events include:

- Internal and external fraud;
- Labor claims and poor workplace safety;
- Inadequate practices regarding customers, products and services;
- Damage to physical assets owned or in use by the Conglomerate;
- Situations that lead to the disruption of the activities of the Conglomerate;
- Failures in information technology (IT) systems, processes or infrastructure; and
- Failure to execute, comply with deadlines or manage the activities of the Conglomerate.

d) Market risk

Market risk is defined as the possibility of financial losses arising from the variation in the fair value of exposures held by a financial institution. These financial losses may be incurred due to the impact produced by the variation of risk factors, such changes in interest rates, exchange rates, and stock or commodity prices.

(Amounts in thousand of Reais, unless otherwise indicated)

d.1) Sensitivity analysis

Conglomerate uses two methodologies for sensitivity analysis of its exposures:

Sensitivity analysis 1

Initially, it uses the application of parallel shocks on most relevant risk factor curves. The purpose of this method is to simulate effects on the fair value of the Conglomerate portfolio in view of possible scenarios, which consider possible fluctuations in market interest rates. Two possible scenarios are simulated in which analyzed risk would be increased or reduced by 100 base points.

Trading portfolio

Risk Factor	Concept	Basic interest rate shock			
		06.30.2020		12.31.2019	
		+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
Fixed rate	Fixed interest rate variation risk	2,795	(2,334)	(5,001)	5,102
Foreign currency coupons	Foreign currency coupon exchange movements	(2,379)	2,479	(96)	98
Price indexes	Price indexes coupons variation risk	(68)	91	197	(201)

Trading and Banking portfolio

Risk Factor	Concept	Basic interest rate shock			
		06.30.2020		12.31.2019	
		+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
Fixed rate	Fixed interest rate variation risk	(142,717)	148,660	(170,356)	173,798
Foreign currency coupons	Foreign currency coupon exchange movements	123,874	(119,690)	117,803	(120,183)
Price indexes	Price indexes coupons variation risk	(12,481)	13,577	(14,587)	14,881
TR/TBF	Risk of TR (reference rate) and TBF (basic financial rate) coupon variation	106	(106)	461	(470)

Sensitivity analysis 2

Simulations that measure the effect of changes in market and price curves on Conglomerate exposures for the purpose of simulating effects on income of three specific scenarios, as follows:

• Scenario 1 - In the construction of this scenario, the currencies suffer shocks of 1% over the closing value on June 30, 2020 (1% on December 31, 2019). The stressed value of the American dollar (DOL-CL of BM&F), would be R$ 5.4874 (101%) (R$ 4.0182 (101%) on December 31, 2019). The shocked IBOVESPA index is 96,006 points, equivalent to 101% of the closing value on June 30, 2020 (115,645 points, equivalent to 101% of the closing value on December 31, 2019). The pre-fixed interest rate curves, price index coupons, foreign currency coupons and other interest rate coupons are shocked in parallel by 10 basis points, i.e. all values, regardless of maturity, increase or decrease by 0.10% (0.10% at December 31, 2019).

• Scenario 2 - Scenario where the currencies and the ibovespa index suffer shocks of 25% and interest rates suffer parallel shocks of 25% over the closing value on June 30, 2020 (25% on December 31, 2019). The pre-index rate on June 30, 2020 for a one-year term is 2.3663% (4.5583% on December 31, 2019). Thus, the entire curve is shocked by 0.59% for more or less, according to the hypothetical result generated (1.14% on December 31, 2019).

• Scenario 3 - Scenario where the currencies and the ibovespa index are shocked by 50% and interest rates are shocked by 50% over the closing value on June 30, 2020 (50% on December 31, 2019).

In the analysis made for operations classified in the banking portfolio, the valuation or devaluation due to changes in interest rates and market prices do not represent a significant financial and accounting impact on the results of the Conglomerate. This is because this portfolio is mainly composed of credit operations, borrowings and securities, whose accounting record is carried out mainly at the rates agreed upon when the operations were contracted. In addition, the main characteristic of these portfolios is the accounting classification of financial assets measured at fair value through other comprehensive results and, therefore, the effects of interest rate or price fluctuations are reflected in shareholders' equity and not in results. There are also operations naturally linked to other instruments (natural hedge), thus minimizing the impacts in a stress scenario.

The tables below summarize the results for the trading portfolio, composed of public and private securities, derivative financial instruments and funds raised through repurchase agreement operations, and banking, presenting the amounts observed on each reference date:

(Amounts in thousand of Reais, unless otherwise indicated)

Trading portfolio

Risk factor / Concept	Exposure	Scenario I		Scenario II		Scenario III	
		Movements of rates	Income (loss)	Movements of rates	Income (loss)	Movements of rates	Income (loss)
	06.30.2020						
Fixed rate / Fixed interest rate movements risk	1,734,986	Increase	263	Decrease	(1,451)	Decrease	(2,696)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(372,781)	Increase	(242)	Increase	(529)	Increase	(1,054)
Foreign exchange movements / Exchange rate movements risk	782,973	Increase	7,619	Decrease	(149,111)	Decrease	(237,416)
Price indexes / Price indexes coupons movements risk	(113,469)	Increase	(8)	Increase	(11)	Increase	(21)
Other / Other coupons movements risk	(4,822)	Increase	(26)	Increase	290	Decrease	537
	12.31.2019						
Fixed rate / Fixed interest rate movements risk	(795,483)	Increase	502	Decrease	(5,887)	Decrease	(12,105)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(763,414)	Increase	(9)	Increase	(105)	Increase	(218)
Foreign exchange movements / Exchange rate movements risk	(460,817)	Increase	(4,682)	Increase	(132,822)	Increase	(302,418)
Price indexes / Price indexes coupons movements risk	(140,849)	Increase	(20)	Increase	(9)	Increase	(17)
Other / Other coupons movements risk	9,746	Increase	123	Decrease	(6,279)	Decrease	(29,466)

Trading and Banking portfolio

Risk factor / Concept	Exposure	Scenario I		Scenario II		Scenario III	
		Movements of rates	Income (loss)	Movements of rates	Income (loss)	Movements of rates	Income (loss)
	06.30.2020						
Fixed rate / Fixed interest rate movements risk	4,918,092	Increase	(14,525)	Increase	(85,079)	Increase	(168,159)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(6,923,486)	Increase	12,535	Decrease	(41,164)	Decrease	(82,832)
Foreign exchange movements / Exchange rate movements risk	(164,885)	Increase	(3,244)	Increase	(111,192)	Increase	(332,327)
TJLP / TJLP coupon movements risk	(85,348)	Increase	356	Increase	(2,692)	Increase	(5,518)
TR/TBF / TR (reference rate) and TBF (basic financial rate) coupon variation	35,387	Increase	351	Maintenance	-	Maintenance	-
Price indexes / Price indexes coupons movements risk	656,410	Increase	(1,295)	Increase	(1,871)	Increase	(3,720)
Other / Other coupons movements risk	4,993	Increase	(26)	Increase	290	Decrease	537
	12.31.2019						
Fixed rate / Fixed interest rate movements risk	10,237,376	Increase	(17,175)	Increase	(191,930)	Increase	(375,665)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(4,469,421)	Increase	11,891	Decrease	(74,897)	Decrease	(152,101)
Foreign exchange movements / Exchange rate movements risk	(293,074)	Increase	(3,354)	Increase	(89,803)	Increase	(174,801)
TJLP / TJLP coupon movements risk	113,867	Increase	(1,473)	Decrease	(361)	Decrease	(721)
TR/TBF / TR (reference rate) and TBF (basic financial rate) coupon variation risk	36,579	Increase	398	Maintenance	-	Maintenance	-
Price indexes / Price indexes coupons movements risk	21,484	Increase	(61)	Increase	(161)	Increase	(317)
Other / Other coupons movements risk	20,284	Increase	123	Decrease	(6,279)	Decrease	(29,466)

(Amounts in thousand of Reais, unless otherwise indicated)

d.2) Stress tests

The Conglomerate uses stress measures resulting from simulations of their exposures subject to market risks under extreme conditions, such as financial crises and economic shocks. These tests aim at measuring impacts of events that are plausible but not likely to occur. The Conglomerate test program on market risk stress uses evaluation methods based on retrospective tests.

Retrospective tests

The retrospective test on stress estimates Bank's consolidated portfolio exposure variation by applying shocks to risk factors that are equivalent to those recorded in historic market stress periods, considering the following parameters:

• Extension of historic series to determine the scenarios: from 2005 to reference base date;
• Maintenance period: 10-business-day accumulated returns;
• Test frequency: daily.

Results of retrospective stress tests intent to assess the capacity to absorb great losses and identify possible measures to reduce institution's risks.

For estimates of profits and losses of the retrospective stress test in the consolidated portfolio on June 30, 2020 and based on the perception of top Management about the behavior of stocks, commodities, foreign exchange and interest rates, two scenarios were used:

Scenario I - In this scenario, the yield curves suffer parallel positive shocks; the exchange rate (BRL/USD) considered is R$ 6.15 (R$ 4.38 on December 31, 2019); commodities suffer positive shocks of 10% over the closing price on June 30, 2020; and a negative variation of -15.28% is applied in the BOVESPA Index (the same rates were used on December 31, 2019).

Scenario II - In this scenario, the interest curves suffer negative parallel shocks; the exchange rate (real/dollar) considered is R$ 4.85 (R$ 3.45 on December 31, 2019); commodities suffer negative shocks of 10% over the closing value on June 30, 2020 and a positive variation of 24.49% of the BOVESPA Index is applied (the same rates were used on December 31, 2019).

Chart amounts represent greatest losses and gains of the Consolidated Portfolio considering scenarios of the historic series used for the simulation.

Results of the retrospective stress test on consolidated portfolio, in accordance with the Conglomerate's market risk stress test program, are as follows.

Estimates of retrospective stress test greatest losses - Consolidated portfolio

Risk factor	06.30.2020		12.31.2019	
	Exposure	Stress	Exposure	Stress
Shares	4,993	1,125	20,284	(743)
Foreign currencies	(164,885)	(38,983)	287,562	(39,336)
Interest rate	(1,398,946)	(323,595)	5,960	(73,923)
Total	**(1,558,837)**	**(361,453)**	**313,806**	**(114,002)**

Estimates of retrospective stress test greatest gains - Consolidated portfolio

Risk factor	06.30.2020		12.31.2019	
	Exposure	Stress	Exposure	Stress
Shares	4,993	55	20,284	5,326
Foreign currencies	(164,885)	38,521	287,562	30,050
Interest rate	(1,398,946)	152,643	5,960	25,316
Total	**(1,558,837)**	**191,218**	**313,806**	**60,692**

d.3) Fair value hierarchy

Calculation of fair value is subject to a control structure defined to assure that the calculated amounts are determined by a department that is independent from the risk taker.

Fair value is determined according to the following hierarchy:

• **Level 1:** prices quoted (not adjusted) in active market;
• **Level 2:** inputs which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices); and
• **Level 3:** assumptions which are not based on observable market data (non-observable inputs). It involves the use of quantitative methods, widely accepted, which use market references and data not observable in the market in the production of their estimates.

The amounts calculated for instruments classified at level 3, referring to June 30, 2020 and December 31, 2019 are not material.

(Amounts in thousand of Reais, unless otherwise indicated)

The table below presents financial instruments recorded at fair value at June 30, 2020 and December 31, 2019, classified in different hierarchy levels for the fair value measurement:

Consolidated	06.30.2020			
	Level 1	Level 2	Level 3	Total
Asset				
Hedged interbank investments (Note 9f)	-	1,700,237	-	1,700,237
Securities (Note 8a)	30,173,390	5,905,932	341,431	36,420,753
Trading securities	18,433,443	1,100,707	-	19,534,150
Available for sale securities	11,739,947	4,805,225	341,431	16,886,603
Derivatives financial instruments (Note 9a)	2,091,660	5,261,371	-	7,353,031
Hedged loan portfolio (Note 9f)	-	16,320,755	-	16,320,755
Total	**32,265,050**	**29,188,295**	**341,431**	**61,794,776**
Liability				
Money market repurchase commitments - Free portfolio (Note 16c)	-	(3,308,618)	-	(3,308,618)
Derivatives financial instruments (Note 9a)	(2,342,646)	(4,503,393)	-	(6,846,039)
Total	**(2,342,646)**	**(7,812,011)**	**-**	**(10,154,657)**

Consolidated	12.31.2019			
	Level 1	Level 2	Level 3	Total
Asset				
Hedged interbank investments (Note 9f)	-	1,877,581	-	1,877,581
Securities (Note 8a)	20,730,129	4,554,525	216,043	25,500,697
Trading securities	8,643,190	791,681	-	9,434,871
Available for sale securities	12,086,939	3,762,844	216,043	16,065,826
Derivatives financial instruments (Note 9a)	607,284	2,130,062	-	2,737,346
Hedged loan portfolio (Note 9f)	-	18,662,795	-	18,662,795
Total	**21,337,413**	**27,224,963**	**216,043**	**48,778,419**
Liability				
Money market repurchase commitments - Free Portfolio (Note 16c)	-	(784,039)	-	(784,039)
Derivatives financial instruments (Note 9a)	(665,190)	(2,269,372)	-	(2,934,562)
Total	**(665,190)**	**(3,053,411)**	**-**	**(3,718,601)**

The fair value of financial instruments negotiated on active markets (such as securities held for trading and available for sale) is based on market prices, quoted at the balance sheet date. A market is considered active when the quoted prices are readily and regularly available from an Exchange, distributor, broker, industry group, pricing service or regulatory agency, and these prices represent actual market transactions which occur regularly on a purely commercial basis.

The best evidence of fair value is the price quoted in an active market. Most valuation techniques use observable market inputs, characterizing a high degree of confidence in the estimated fair value.

According to the levels of information in the measurement of fair value, the following evaluation techniques are applied:

The fair value determined for financial instruments classified as level 1 assumes the pricing, at the daily minimum, through price quotes, indices and rates immediately available for non-forced transactions and originating from independent sources.

In cases where quoted market prices are not available, fair values are obtained by using quoted prices for similar assets and liabilities in active markets, or through future cash flows discounted to present value at discount rates obtained through observable market inputs or other valuation techniques based on mathematical methods that use market references.

In this context, the fair value of financial instruments that are not negotiated on active markets (for example, over the counter derivatives) is determined based on evaluation techniques. These valuation techniques maximize the use of the data adopted by the market where it is available and rely as little as possible on entity-specific estimates. If all relevant information required for the fair value of an instrument is adopted by the market, the instrument is included in level 2.

For the fair value of financial instruments classified as level 3, there is no pricing information observable in active markets. The Conglomerate uses pricing criteria based on mathematical models known in the academic environment and/or use specific governance with the participation of experts and structured internal processes.

For non-listed shares, currently classified at level 3, the process of fair value assessment uses the Merton model, considering the expected cash flows, subject to the conditions defined in the contract, and evaluates the behavior of the company's assets (information of the companies' financial statements) by estimating the volatility of the assets. This parameter is generated based on the historical volatility of similar assets observable on the market.

(Amounts in thousand of Reais, unless otherwise indicated)

For the other financial instruments classified in level 3, the CLNs (Credit Linked Notes), the fair value assessment process considers the combination of a fixed income security and a credit derivative. In this model, the probability of joint default between the issuer and the reference entity is evaluated, the correlation used is not directly observable in the market and is generated from the analysis of the historical correlation of assets of the company.

The quality of and adherence to the models used are guaranteed through a structured governance process. The areas responsible for defining and implementing the pricing models are segregated from the business areas. The models used are documented and submitted to validation of an independent area and approved by the Market Risk Committee.

(ii) Transfers of level 3

Consolidated		1H2020		
	Balances at 12.31.2019	Additions / (Settlements)	Income (loss) / Other changes	Balances at 06.30.2020
Assets				
Securities				
Available for sale securities	216,043	147,920	(22,532)	341,431
Total	**216,043**	**147,920**	**(22,532)**	**341,431**

d.4) Fair value of financial instruments measured at adjusted cost

Financial instruments registered in equity accounts, compared to fair value:

Consolidated	06.30.2020		12.31.2019	
	Book Value	Fair Value	Book Value	Fair Value
Assets	**38,141,731**	**38,356,565**	**34,189,374**	**34,292,234**
Securities - Held to Maturity (Note 8a)	3,448,457	3,659,755	2,219,565	2,317,247
Loan portfolio (Notes 11a / 28.1.d.3)	34,693,274	34,696,810	31,969,809	31,974,987
Liabilities	**(87,248,284)**	**(90,577,114)**	**(73,019,630)**	**(75,234,022)**
Money market repurchase commitments (Notes 16c / 28.1.d.3)	(21,326,599)	(21,351,538)	(14,422,052)	(14,759,257)
Deposits (Note 16a)	(25,061,816)	(25,954,914)	(16,355,713)	(17,073,975)
Borrowings and transfers from Brazilian government (Onlendings) (Note 17)	(4,976,769)	(6,465,056)	(3,578,360)	(3,787,750)
Securities issued (Note 18)	(31,964,249)	(32,438,154)	(32,066,337)	(32,686,979)
Subordinated debts and debt instruments eligible for capital (Note 19)	(3,918,851)	(4,367,452)	(6,597,168)	(6,926,061)
Total	**(49,106,553)**	**(52,220,549)**	**(38,830,256)**	**(40,941,788)**

d.5) Determination of the Fair Value of Financial Instruments

Securities: Securities classified in the “trading” and “available for sale” categories are accounted by their fair value, based on the collection of market information and the use of standardized mark-to-market methodologies, generally based on the discounted cash flow method. For the calculation of fair value, the aforementioned techniques are also applied to securities classified in the “held to maturity” category.

Loan and lease operations: Loan operations allocated to Hedge Accounting programs, of the market risk hedge type, are accounted by their fair value. For leasing operations, the fair value was calculated based on discounted future flow values considering current market rates and for other operations, the book value was considered an equivalent approximation of the fair value.

Deposits: For time deposit operations, discounted future flow amounts were used for the calculation of fair value considering current market rates. For demand deposits, the book value was considered as fair value.

Money market purchase commitment: For variable rate commitments, it was considered the book value as an equivalent approach to fair value. For fixed rate commitments, it was used the values of discounted future flow to calculate fair value, considering present market rates.

Borrowings and onlendings: It was taken into account the fair value of this group operations equals to its book value.

Securities issued: For the operations of this group, the book value was considered as an approximation equivalent to the fair value. For fixed-rate transactions, the discounted future flows values were used to calculate the fair value considering current market rates.

Subordinated debts and debt instruments eligible for capital: For the operations of this group, the discounted future flow values were used for the calculation of fair value considering current market rates.

e) Socio-environmental risk

Socio-environmental risk is defined as the possibility of loss (financial or reputation) due to socio-environmental damage.

Socio-environmental risk management must comply with the applicable environmental legislation, as well as assess and monitor the socio-environmental aspects which the client must use, in order to identify, measure and mitigate the credit, legal and socio-environmental risks inherent to the activities of your customers. The management of socio-environmental risk in the Conglomerate aims to subsidize the decision making of the applicable areas during the processes of granting credit, evaluation of real estate guarantee and approval of suppliers.

The socio-environmental risk management procedures during the granting of credit are carried out through analysis methodologies that determine the Socio-Environmental Rating, inserted in the process of attributing the Credit Rating.

The Conglomerate is a signatory of the Equator Principles, a global initiative that establishes guidelines for the identification, assessment, and management of environmental and social risks in Project Finance (in operations over US$ 10 million) and corporate financing for projects. These guidelines also stipulate a minimum standard for carrying out due diligence during the implementation of these ventures and assist in making credit decisions.

2) Capital management

Capital management in the Conglomerate is carried out with the objective of ensuring compliance with regulatory limits and establishing a solid capital base that enables the development of business and operations in accordance with the Conglomerate's strategic plan.

In accordance with Resolutions no. 4,557, of National Monetary Council (CMN), and Bacen Circular no. 3,846, the Conglomerate has structure and policies for capital management approved by the Board of Directors, in compliance with Internal Capital Adequacy Assessment Process (ICAAP), contemplating the following items:

- Capital management through a continuous process of planning, evaluating, controlling and monitoring the capital needed to deal with the relevant risks;
- Documented policies and strategies;
- Specific forums to compose strategies and manage the use of capital;
- Capital Plan for three years, including Capital targets and projections, main funding sources and Capital contingency plan;
- Stress tests and their impacts on Capital;
- Managerial reports to the Senior Management (Executive Board and Board of Directors);
- Evaluation of Capital Adequacy in the Regulatory and Economic View; and
- Report to the regulator regarding capital management, through the Statement of Operational Limits and Annual Report of ICAAP.

In addition, analyzes of the feasibility of repurchasing instruments eligible for capital with redemption clauses are performed, whenever pertinent.

a) Capital sufficiency (Regulatory view)

Capital management in institution is done aiming to guarantee adequacy for regulatory limits and establishment of a solid capital basis that make possible business developments and operations according to strategic plan of the institution.

Aiming at assessing capital adequacy to address associated risks and compliance with regulatory operational limits, the institution annually prepares a Capital Plan considering growth projections for the loan portfolio and other operations and assets.

Monthly after the calculation of the Referential Equity (PR, in portuguese) and Required Capital, management reports for monitoring the capital allocated to risks and capital ratios (Basel, Level I and Principal) are published for the areas involved.

a.1) Capital ratios

Capital ratios are calculated according to the criteria set by CMN Resolutions no. 4,192 and no. 4,193, which refer to the calculation of Reference Equity (PR, in portuguese) and Minimum Required Reference Equity (MRE) in relation to Risk Weighted Assets (RWA), respectively, as follows:

- Basel Index (PR / RWA);
- Principal Capital Index (Principal Capital / RWA);
- Level I Index (Level I / RWA).

As of October 1, 2015, Circular no. 3,748 came into force, which provides for the methodology for calculating the Leverage Ratio (RA). This circular is aligned with the recommendations contained in the Basel III documents, which are designed to improve the capacity of financial institutions to absorb shocks from the financial system itself or from other sectors of the economy, thereby maintaining financial stability.

The Leverage Ratio (RA), as established in the circular, is defined by the ratio of Level I to the Total Exposure of the Conglomerate. The minimum limit of the Leverage Ratio (RA) is 3%, according to Resolution no. 4,615 of the National Monetary Council.

CMN Resolution no. 4,192/ 2013 defines the following items related to prudential adjustments deducted in full from Reference Equity since January 2018:

(i) goodwill paid on acquisition of investments based on expected future income net of deferred tax liabilities;
(ii) intangible assets formed as from October 2013;
(iii) actuarial assets related to defined benefit pension plans net of related deferred tax liabilities associated to them;
(iv) non-controlling interest;
(v) direct or indirect investments higher than 10% of capital of entities similar to non-consolidated financial institutions and of insurance and reinsurance firms, capitalization organizations and open pension plan entities (higher investments);
(vi) deferred tax assets deriving from temporary differences that depend from future income generation or tax revenues for their realization;
(vii) deferred tax assets from depreciation excess tax loss;
(viii) deferred tax assets deriving from tax losses and social contribution on net profit negative basis. As of December 31, 2018, the Conglomerate began to consider the effects of the application of CMN Resolution No. 4,680/2018, as amended later by Resolution No. 4,784/2020, which authorized financial institutions to no longer deduct from Principal Capital (in the proportion of at least 50% up to June 30, 2021, and 100% up to December 31, 2021) the tax credits of tax loss carryforwards arising from positions held in foreign currency carried out with the purpose of providing hedge for their participation in investments abroad.

(Amounts in thousand of Reais, unless otherwise indicated)

Consolidation scope used as the basis to verify operating limits and also considers the Financial Conglomerate, and the Prudential Conglomerate beginning as of January 1, 2015, as defined in CMN Resolution no. 4,280/2013.

For presentation purposes, Basel Ratio information is for the Prudential Conglomerate:

Basel ratio	06.30.2020	12.31.2019
PR - Reference Equity	**9,977,796**	**9,975,245**
Tier I	**9,227,943**	**9,008,047**
Complementary Capital	**1,648,853**	**1,211,865**
Common Equity	**7,579,090**	**7,796,182**
Shareholders' equity [(1)]	10,257,889	10,011,553
Prudential adjustments [(2)]	(2,678,799)	(2,215,371)
Other	(2,678,561)	(2,215,063)
Adjustment to fair value	(238)	(308)
Tier II	**749,853**	**967,199**
Subordinated debts eligible as capital	749,853	967,199
Subordinated debts authorized pursuant to CMN Resolution no. 4,192/2013	749,853	967,199
Subordinated debts authorized pursuant to rules prior to CMN Resolution no. 4,192/2013 [(3)]	-	-
Funding sources abroad	-	-
Funds raised with Financing Bills	-	-
Risk-weighted assets (RWA)	**69,156,318**	**66,069,415**
Credit risk (RWACPAD)	61,633,337	57,265,932
Market risk (RWAMPAD)	1,041,368	2,499,867
Operational risk (RWAOPAD)	6,481,613	6,303,616
Minimum Required Regulatory Capital [(4)]	**5,532,505**	**5,285,553**
Minimum Required Capital [(5)]	**3,112,034**	**2,973,124**
Tier I Minimum Required Reference Equity [(6)]	**4,149,379**	**3,964,165**
Regulatory Capital determined to cover interest rate risk of transactions not classified in trading portfolio (RBAN)	**117,647**	**256,887**
Margin on Minimum Required Regulatory Capital	**4,445,290**	**4,689,692**
Margin on Minimum Required Capital	**4,467,056**	**4,823,058**
Margin on Minimum Required Tier I Regulatory Capital	**5,078,564**	**5,043,882**
Margin on Minimum Required Regulatory Capital including RBAN and ACP [(7)]	**3,463,189**	**1,129,334**
Common Equity Index (CP / RWA)	**10.96%**	**11.80%**
Tier I Capital Index (Tier I / RWA)	**13.34%**	**13.63%**
Basel Ratio (PR / RWA)	**14.43%**	**15.10%**

(1) According to article art. 4º, paragraph 2 of CMN Resolution No. 4,192/2013, the values related to the adjustments to fair value of the derivative financial instruments used for hedge of cash flow of protected items that do not have their mark-to-market adjustments recorded in the accounts do not compose the base calculated for purposes of determining the Reference Equity. The values reported include these adjustments.

(2) They consider the effects of the application of CMN Resolution 4,680/2018, as amended later by Resolution No. 4,784 / 2020, which authorized financial institutions to no longer deduct from the Principal Capital (in the proportion of at least 50% until June 30, 2021 and 100% up to December 31, 2021) the deferred tax assets of tax losses arising from positions held in foreign currency held with the purpose of providing hedge for its participation in investments abroad.

(3) The balance of the Subordinated Debt instruments issued prior to CMN Resolution No. 4,192 / 2013 was considered with the application of the reducing factors established in art. 27 of that Resolution.

(4) Corresponds to the application of the “F” factor to RWA amount, being “F” equal to 8% of RWA, as of 01.01.2019

(5) It represents at least 4.5% of RWA.

(6) It represents at least 6% of RWA.

(7) Additional Principal Capital (ACP) which corresponds to Conservation Additional and Countercyclical Additional. Resolution No. 4,783 / 2020 was published, which altered, for certain periods, the percentages to be applied to the amount of RWA for purposes of calculating the ACPConservação portion, with the beginning of the April 2020 base date formalized by Circular Letter No. 4,016 / 2020. Said Resolution contemplates the scope of regulatory actions disclosed in March 2020 to cover possible impacts from Covid-19.

Prudential Adjustments deducted from Common Equity:

	06.30.2020	12.31.2019
Prudential Adjustment I - Goodwill paid	(51,237)	(38,518)
Prudential Adjustments II - Intangible assets	(370,157)	(277,669)
Prudential Adjustments VII - Deferred tax assets and Intertemporal differences	(950,546)	(581,067)
Prudential Adjustments VIII - Deferred tax assets of Tax losses/negative basis of CSLL	(1,306,621)	(1,317,809)
Prudential Adjustments XV - Understatement - Resolution No. 4,277/13 Adjustments	(238)	(308)
Total	**(2,678,799)**	**(2,215,371)**

(Amounts in thousand of Reais, unless otherwise indicated)

b) Fixed asset ratio

The property, plant and equipment index required ratio of the Prudential Conglomerate amounted to 19.70% (17.65% on December 31, 2019), and determinated in accordance with CMN Resolutions No. 4,192/2013 and No. 2,669/1999.

	06.30.2020	12.31.2019
Fixed assets limit	**4,988,898**	**4,987,622**
Value of fixed assets limit position	1,965,555	1,760,563
Value of margin or insufficiency	3,023,343	3,227,059

In accordance with Bacen Circular nº 3,930/2019, the Conglomerate holds additional information of its procedure of capital and risks management in the website: www.bancobv.com.br/ri.

29. OTHER INFORMATION

a) Commitments undertaken due to funding from international financial institutions

The Conglomerate is a borrower of short-term loans from international financial institutions, who in certain cases may require compliance with financial ratios (financial covenants). When required, the financial ratios are calculated based on the financial information prepared in accordance with Brazilian law and standards of the Central Bank of Brazil (Bacen). On June 30, 2020 the Conglomerate did not have operations with these characteristics.

b) Information about branches abroad

	06.30.2020	12.31.2019
Current and non-current assets	**11,365,357**	**6,654,499**
Banco Votorantim S.A. – Nassau Branch	11,365,357	6,654,499
Total assets	**11,365,357**	**6,654,499**
Current and non-current liabilities	**(9,744,128)**	**(4,843,640)**
Banco Votorantim S.A. – Nassau Branch	(9,744,128)	(4,843,640)
Shareholders' equity	**(1,621,229)**	**(1,810,859)**
Banco Votorantim S.A. – Nassau Branch [(1)]	(1,621,229)	(1,810,859)
Total liabilities	**(11,365,357)**	**(6,654,499)**

	1H2020	1H2019
Income (Loss)	**(3,777)**	**44,960**
Banco Votorantim S.A. – Nassau Branch	(3,777)	44,960

(1) In the six month period ended June 30, 2020, the Nassau Branch agency paid dividends in the amount of USD 150,000 (R$ 754,545).

c) Insurance coverage

The Conglomerate contracts insurance coverage for assets subject to risks for amounts considered to be sufficient to cover eventual claims, considering the nature of its activity.

Insurance in force on June 30, 2020

Covered risk	Covered values	Award amount
Insurance Guarantee - Guarantee for legal proceedings	1,018,437	6,879
Real estate insurance for properties in use of relevant third parties	273,527	74
Cybersecurity insurance	100,000	1,810

d) Agreements for offset and settlement of liabilities in the scope of the National Financial System

Agreements were executed for the offset and settlement of receivables and payables pursuant to CMN Resolution No. 3,263/2005, the purpose of which is to enable the offsetting of credits and debits maintained with the same counterparty, and in which the maturity dates of receivables and payables can be advanced to the date in event of default by one of the parties occurs or in case of the bankruptcy of the debtor.

(Amounts in thousand of Reais, unless otherwise indicated)

e) Reconciliation of equity transactions with cash flows arising from financing activities

Bank and Consolidated	Liabilities			Shareholder's equity		Total
	Subordinated debts	Debt instruments eligible for capital	Dividends	Capital	Capital and income reserves	
Balance at 12.31.2019	**3,116,893**	**3,480,275**	**25,042**	**8,130,372**	**1,751,822**	**16,504,404**
Changes with cash effect	**(3,212,298)**	**(170,493)**	**(25,042)**	**-**	**20,496**	**(3,387,337)**
Resources obtained from the profit and loss allocation	-	-	-		20,496	20,496
Dividends paid	-	-	(25,042)			(25,042)
Liquidation	(3,227,183)	(180,405)	-	-	-	(3,407,588)
Resources from new fundraising	15,000	-	-	-	-	15,000
Other	(115)	9,912	-	-	-	9,797
Changes with no cash effect	**130,561**	**573,913**	**66,920**	**-**	**-**	**771,394**
Interest expenses	17,884	140,323	-	-	-	158,207
Exchange rate variation	112,677	433,590	-	-	-	546,267
Dividends and interest on own capital declared payable, net of taxes	-	-	66,920	-	-	66,920
Balance at 06.30.2020	**35,156**	**3,883,695**	**66,920**	**8,130,372**	**1,772,318**	**13,888,461**

Bank and Consolidated	Liabilities			Shareholder's equity		Total
	Subordinated debts	Debt instruments eligible for capital	Dividends	Capital	Capital and income reserves	
Balance at 12.31.2018	**3,084,749**	**3,248,846**	**18,859**	**8,130,372**	**1,422,218**	**15,905,044**
Changes with cash effect	**(128,226)**	**(48,506)**	**(18,859)**	**-**	**34,401**	**(161,190)**
Resources obtained from the profit and loss allocation	-	-	-	-	34,401	34,401
Dividends paid	-	-	(18,859)	-	-	(18,859)
Liquidation	(116,953)	(56,125)	-	-	-	(173,078)
Other	(11,273)	7,619	-	-	-	(3,654)
Changes with no cash effect	**73,212**	**131,600**	**400,000**	**-**	**-**	**604,812**
Interest expenses	104,750	144,380	-	-	-	249,130
Exchange rate variation	(31,538)	(12,780)	-	-	-	(44,318)
Dividends declared payable	-	-	400,000	-	-	400,000
Balance at 06.30.2019	**3,029,735**	**3,331,940**	**400,000**	**8,130,372**	**1,456,619**	**16,348,666**

f) Assets under management

Position of investment funds managed by Votorantim Asset Management Distribuidora de TVM Ltda.

	Amount of funds/portfolios		Balance	
	06.30.2020	12.31.2019	06.30.2020	12.31.2019
Investment funds and portfolios managed accounts	255	267	50,732,147	51,472,062

30. SUBSEQUENT EVENTS

a) Demerger of BV Financeira S.A. - Crédito, Financiamento e Investimento

As deliberated by the General Meetings of BV Financeira S.A. ("BV Financeira") and Banco Votorantim S.A. ("Banco BV"), on July 31, 2020, the partial spin-off of BV Financeira was approved with a version of the demerged portion for Banco BV, under the terms of the Protocol and Justification of the Demerger entered into between both companies. The net assets incorporated in Banco BV were valued, on June 30, 2020, the reference date of the operation, at the book value of R$ 226,607, adding the equity movements occurred between the reference date of the accounting valuation report and the date of the spin-off. The spin-off is justified by the redistribution of the activities of BV Financeira, in the context of administrative and operational reorganization of the business of such company, in order to allow its reallocation with greater efficiency and consequent reduction of operating and administrative costs related to the maintenance of its structure. The spin-off will not imply an increase in the capital of Banco BV and, consequently, a change in its bylaws.

As a result of this incorporation of the assets of BV Financeira, Banco BV recognized in its statement of financial position, as of July 31, 2020, the effects arising from changes in tax rates and tax credits between BV Financeira and Banco BV, as well as effects of prudential credit provisions, which together did not generate significant effects on the results and shareholders' equity of Banco BV.

We present below the assets as of June 30, 2020 of BV Financeira, which was demerged and immediately incorporated into Banco BV:

Assets: 43,895,330

Liabilities: 43,668,723

Shareholders' equity: 226,607

b) New issue abroad

On July 22, 2020, Banco BV issued USD 500,000 abroad, maturing in July 2025.

c) Assignments with recourse

On July 24, 2020, the Conglomerate, through its subsidiary BV Financeira, carried out credit assignments with substantial retention of risks and benefits with related party in the amount of R$ 395,428.

MANAGEMENT

Alexei De Bona - Accountant - CRC PR-036459/O-3

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