Financial Statements

June, 30 2021

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banco

Financial Statements

as of June 30, 2021

(In thousands of Reais, unless otherwise stated)

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Management Report

June 30th , 2021

1H21 Highlights: Financial Strength

Net Income
Recurrent

R$ 745 milllion

+68.9% vs 1H20

ROE
Recurrent

13.6%

+4.8 p.p. vs 1H20

Efficiency Ratio

32.6%

+1.4 p.p. vs 1H20

Credit portfolio

Expanded portfolio

Credit portfolio

R$ 73.2 billlion

+6.4% vs 1H20

Segment	Main highlights		
Loans 5%	237% vs 1H20	Solar panel financing	Financing portfolio reached **R$ 1.5 billion**. Growth is in line with **diversification** strategy and **ESG agenda**
Cards 5%	34.2% vs 1H20	Credit card	We surpassed the mark of **1 million BV Card customers**. Enhancements in digital channels and improvements in the portfolio
Vehicles 57%	5.1% vs 1H20	Vehicles	We maintained our **leadership in the vehicle segment**[1]. Record production in 1H21, with growth of 41% vs 1H20
Wholesale 33%	25.2% vs 1H20	Corporate[2]	Growth in line with the **diversification strategy** and spread of risk. Segment already accounts for 48% of the wholesale portfolio[3]

NPL 90 days

3.5%

vs 5.2% in 1H20

Coverage Ratio

242%

vs 183% in 1H20

Basel Ratio

15.2%

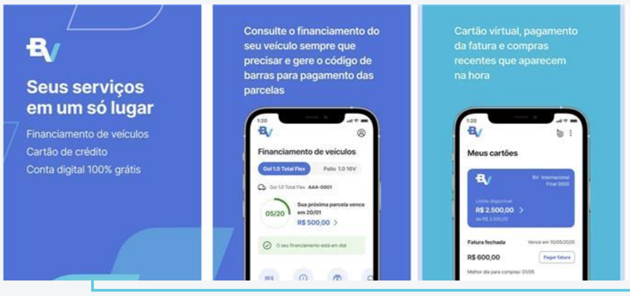
vs 14,4% in 1H20

[1] Light used vehicles
[2] Companies with annual revenue between R$300 million and R$1.5 billion. Growth refers to the classified portfolio
[3] Percentage of classified portfolio

1H21 Highlights: Digital Strategy

App / BV digital account

- ✓ All BV services on a single platform
- ✓ Free digital account
- ✓ Auto finance and credit card services
- ✓ +3 million downloads
- ✓ +900 thousand accesses of clients/month on average[1]
- ✓ Daily average of open accounts grew 5x in 2Q21 vs 1Q21
- ✓ Improved client's score



RATINGS 4.2 4.3

Strategic partnerships

PORTAL solar

We expanded our stake in Portal Solar[2], consolidating BV as one of the main players in the financing market for solar panels in Brazil

trademaster

We invested in the fintech Trademaster in order to strengthen our strategy in the Small and Medium Enterprises segment

Banking as a Service

74 million

of transactions carried out on our BaaS platform

308% growth vs 1H20

Innovation

BV banco + abstartups ASSOCIAÇÃO BRASILEIRA DE STARTUPS

BV joins abstartups

getting even closer to the innovation and entrepreneurship ecosystem

[1] Considers the average for the 2nd quarter of 2021
[2] Transaction awaits approval by the Central Bank

1H21 Highlights: Continuous improvement in customer experience

Consumer evaluation

ReclameAQUI

Reputation: GOOD

7.6/10

outstanding reputation among the best banks in Brazil[1]

consumidor.gov.br

Consumer score was

12.5%

above the average of the financial sector[1]

Central Bank Rankings

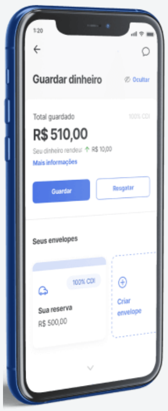
Top 2

in the Ranking that assesses the quality of the banks' Ombudsman offices[2]

Lowest number

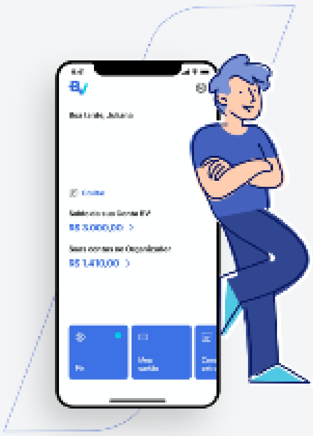
of complaints per customer among the country's major banks[2]

Better client's experience through digital channels



83%

of customer services provided in 1H21 via digital channels



90%

of the production of personal loans in 1H21 carried out via digital channels

[1] Considers the largest banks in terms of number of assets (sources: Reclame Aqui and Consumidor.gov);
[2] Ranking refers to the 2nd quarter 2021. Source: https://www.bcb.gov.br/

Highlights 1H21: ESG

ESG 2030 Commitment: Pact for a lighter future

Our goals are in line with the UN's SDGs, of which we are signatories

In May, we announced the "2030 Commitments for a Lighter Future", which brings together 5 public goals that will guide the bank's actions in the environmental, social and governance (ESG) areas.

Neutralize our environmental impact	Accelerate social inclusion	Mobilize resources to foster sustainable business
1. To compensate 100% of CO2 emissions in our main business, the used auto finance	3. To reach 50% of leadership positions held by people who identify with the female gender	5. To finance and distribute in the capital markets R$ 80 billion for ESG initiatives
2. To compensate 100% of direct GHG[1] emissions by BV	4. To ensure the participation of 35% of afro-descendants in BV's workforce	

Taís Araújo is the new ambassador for banco BV

In addition to participating in the dissemination of our ESG initiatives, she will also support us in creating solutions that make life easier for people and companies.

Issuance of R$ 500 million in Green Financial Bills

The proceeds raised will be used to finance solar energy projects

Carbon free

469,000 vehicles have already been included in the program and will have 100% of their CO_2 emissions offset

"*Elas por elas* 2.0" ("She for she")

We launched the 2nd edition of the Internship Program aimed 100% at cis or trans women

Fighting the pandemic

R$ 1.3 million raised in the new campaign to combat Coronavirus, with an impact on more than 15 thousand people

"Mother's place is in BV"

Project aimed at hiring mothers who want to resume their careers after having children

[1] Sustainable Development Goals of the United Nations
[2] Greenhouse emissions

Digital strategy

App / BV digital account

We made important progresses in the **app banco BV** strategy during 1H21. The app offers an intuitive experience in which customers can manage all their products contracted with the bank in one place. With this, credit card customers can access and integrate their card services, such as virtual card and billing in real time, on the same platform. Likewise, auto finance clients can manage their contract, issue a billet, renegotiate installments digitally, bringing more convenience to their daily lives.

RATINGS

4.2 4.3

The app also brings a new solution for our clients, the **BV digital account**. The account's value proposition is to help our clients to organize their financial lives. The BV digital account is 100% free and provides service packages such as PIX and transfers, payments and withdrawals on the Tecban network (Banco24Horas). And with the multiple card of the BV account, the customer will be able to pay slips up to 40 days beyond the due date, without interest and without fees. For investment and profitability option, the BV account offers the opportunity to save money in envelopes customized for the clients' life goals and that yield 100% of the benchmark interest rate (CDI).

These initiatives resulted in a significant growth in the number of downloads, users and accesses to the platform. By the end of 1H21, the app had reached more than 3 million downloads. During the 2Q21, an average of 900 thousand customers accessed the platform per month and the and the daily average of new accounts opened increased 5 times compared to 1Q21.

+3 million
downloads

900 thousand
clients accessed the platform per month[1]

Growth in the daily average of new accounts from 4Q20 to 1Q21: **9x**

Growth in the daily average of new accounts from 1Q21 to 2Q21: **5x**

3Q20
- Launching of the BV Digital Account

4Q20
- Integration of the card app with the Digital Account
- Started the offering for BV Credit Card customers

1Q21
- New features enabled
- Started of offering for auto finance clients

2Q21
- App improvements
- New features

[1] Average for the 2nd quarter of 2021

Innovation Business Unit

BV's digital strategy involves the constant search for better services and experiences for our clients, always using innovation as a key tool. BVˣ, our innovation business unit, has the mission of generating value through the connection with the startup ecosystem, through co-creation, proprietary developments and investments in strategic partnerships, and acts on 3 fronts: i) Corporate venture capital ; ii) BV Open and; iii) BV Lab (innovation laboratory).

I. Corporate Venture Capital and strategic partnerships

We invest and establish partnerships with fintechs and startups that have synergies with BV and complement our portfolio of solutions for the clients. **During 1H21, we highlight**:

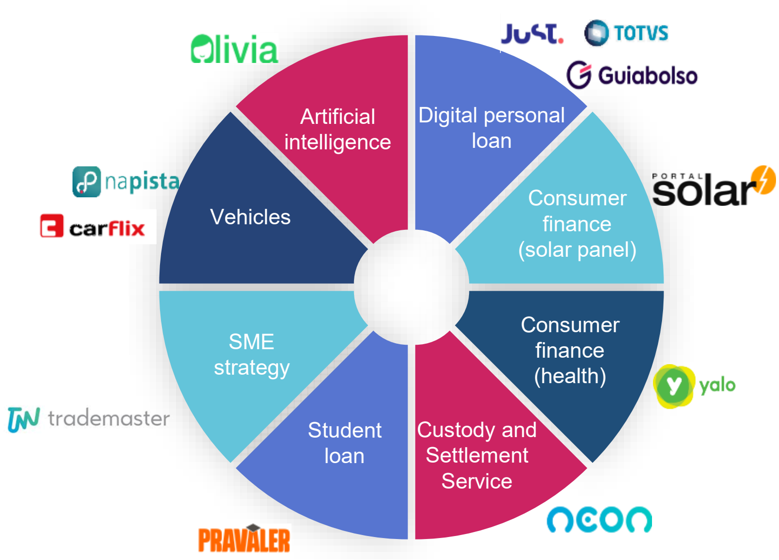
We expanded our stake in **Portal Solar**[1], consolidating BV as one of the main players in the solar panel financing segment in Brazil. In addition to the great potential of solar energy in the country, the investment is in line with our ESG agenda. Portal Solar is the first and largest portal specialized in solar energy in Brazil.

We invested in **Trademaster** aiming at strengthening our strategy in the SME segment[2]. The fintech already serves more than 450,000 small and medium retailers, leveraging sales throughout the distribution chain through access to credit, better terms and commercial conditions, with large industries and their distributors.

Between direct investments and partnerships for co-creation and lead/distribution of products, we had approximately 30 innovative companies enriching our ecosystem at the end of 1H21.

~30 partnerships

for co-creation and distribution of products



note: non-exaustive vision of BVˣ

[1] Transaction awaits approval by the Central Bank
[2] Small and medium enterprises

II. BV Open: The platform for partnerships via our API's

BV Open brings together a set of proprietary API's (Application Programming Interface). This allows business partners (including startups) to quickly and effectively integrate with us and take advantage of our banking structure, settlement and custody services and other financial products, through a white-label basis to offer their customers digital banking services under their own brands.

BV Open plays an important role in Banco BV's revenue diversification strategy, acting as a distribution channel for our services. We offer our partners and customers the following BV Open solutions: Banking as a Service (BaaS), Credit as a Service (CaaS) and Investment as a Service (IaaS).

We ended 1H21 with 47 partners from the most varied segments such as education, energy, healthcare and e-commerce connected and using the services of our BV Open platform.

47 partners
use the services of our BV Open platform

Abastece Aí, the loyalty program for Ipiranga gas stations, is our **BaaS partner**, and we offer settlement bank services for the program's digital wallet structure. During 1H21, we highlight the significant growth in the number of accounts opened by Abastece Aí clients. By the end of 1H21, the program reached over 3.5 million accounts opened.

3.5 million
accounts opened for our BaaS partner

Another highlight was the volume (number of transactions) carried out on our Banking as a Service (BaaS) platform, which reached **74 million transactions** during 1H21, **308% growth** over 1H20, driven by Pix, the instant payment method launched by the Brazilian Central Bank in end of 2020.

74 million
of transactions carried out on our BaaS platform

Open banking

Open Banking is the standardized sharing of data about products, financial information and services by institutions authorized by the Central Bank. As of phase 2 - which was rescheduled for August 2021 - the customer will be able to give consent to share their registration data and information on bank accounts and credit operations with other financial institutions. At BV, we understand that Open Banking represents an important evolution for the financial industry and this change brings a window of opportunities for expansion and innovation for BV in the coming years. The Bank is one of the pioneers in the use of API's to facilitate the connection with business partners, currently having one of the largest Banking as a Service platforms in Brazil (BV Open). For more information, visit www.bvopen.com.br

[1] Includes registration and payment of bank slips, TED and Pix

III. BV Lab: Innovation Laboratory

We also highlight the solutions developed at the BV Lab, our innovation lab that uses technology, data and the power of the ecosystem to create prototypes and experiment with new solutions.

In order to be closer to those who innovate, collaborate with Brazilian entrepreneurship and make people's lives easier, during 1H21 **we joined Abstartups, the largest startup association in Brazil**, responsible for CASE – Annual Startups and Entrepreneurship Conference, the largest event in the segment in Latin America, with the objective of fostering national entrepreneurship and transforming the financial sector through innovation.

Continuing the actions of the BV Lab in Israel, we have entered into a key partnership with StartUp Nation Central (SNC), a non-profit organization that connects Israel's innovation ecosystem with potential partners in the global market

BV was chosen to be SNC's strategic partner due to its historic commitment to open innovation and its intense digital agenda. Israel has the highest per capita concentration of startups in the world: one for each 400 people.

Open innovation

Following our vocation for digital partnerships, we carried out another batch of the institutional open innovation program, BV/lab Facilita. The program has the support of the District, ABFintechs, ABStartups and investment funds. During the period, we established new connections with digital startups such as TAMR (USA), Fhinck (BRA), D1 (BRA), Talent Academy (BRA). We believe that expanding the relationship with the different actors in the innovation ecosystem accelerates the bank's technological agenda.

Client centricity

At Banco BV, we are certain that the client is at the center of our strategy. 2020 was a very challenging year due to the pandemic, and we offered the extension of installments without the addition of interest, providing financial relief to more than 800 thousand customers. In 2021, given the continuity of the scenario brought by the pandemic, we remained close to our customers, offering innovative solutions and **helping to make the financial lives of people and companies easier**.

The development of solutions that meet the needs of people and companies, together with the constant improvement in the experience in using our channels, contributes to the satisfaction of our clients. In the *Reclame Aqui* portal, we maintained a "Good" reputation in 1H21, with a score of 7.6/10, one of the best evaluations in the financial industry. In the Central Bank's Complaints Ranking, we had the lowest number of complaints per million customers among largest Brazilian banks in 1H21, and once again we are top 2 in the Ombudsman Quality Ranking. We registered good customer evaluation on the Consumidor.gov portal, ending the semester with a score of 2.9/5, 12.5% above the financial market average (including banks, finance companies and card companies).

Reclame Aqui
GOOD
7.6/10

Lowest number
of complaints per customer among the Brazil's largest banks[1]

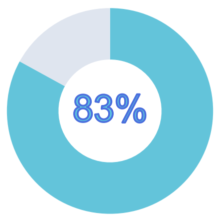
Top 2
in the Ombudsman Quality Ranking

Clients becoming more digital

The financial industry consumers increasingly prefer the use of digital channels. Since 2014, BV has been investing in the digital transformation. With the higher intensity of this movement after the beginning of the pandemic, we accelerated our digital transformation and expanded investments in solutions and channels.

During 1H21, we made important progress in our **Digital Account** strategy, with new features and improvements to the App (more details on the Digital Account in the "Digital Strategy" section of this Report). We also observed a significant growth in the use of digital channels by clients, whether for support, carrying out transactions, financing simulations and acquiring products. During the period, we had more than 1.7 million² accesses on *Minha BV* and/or app, with 83% of customer service carried out via digital channels.

1.7 million accesses[2]
of clients at *Minha BV* and/or App +35% vs 1H20



of customer service via digital channels vs 70% in 1H20

[1] In amount of assets
[2] Unique customers who used the web and/or App digital channels in the semester

Another fact that evidences the higher digital engagement of clients is the percentage of credit origination carried out via digital channels. Auto finance from digital leads grew by 50% vs 1H20. The sale of BV credit cards is already 49% digital, compared to 18% in 1H20. Finally, 90% of personal loan was originated via digital channels (70% in the same period in 2020), either on BV's own channels or on the channels of our digital partners.

+50%
growth in auto finance origination via digital leads

% of credit origination from digital channels in 1H21

Auto finance process fully digital

Our auto finance process is 100% digital, from the financing simulation, the signing of the contract, up to the payment of installments. The credit analysis process has 98% automatic responses in less than 1 minute, which guarantees agility for the dealer and satisfaction for our clients.

Financing simulation
+8.3 million simulations carried out in 1H21

Credit analysis
98% automatic responses
< 1 min response time

Contract signature
Signature with biometrics eliminating bureaucracy

Contract management / installment payment
BV app allows payment of the bank slip and manage the contract

During the semester, we rolled out the new simulator for our car dealer partners, providing a better experience for the dealer and improving efficiency in the credit analysis process. We increased investments to expand sales via digital channels and expanded our digital partnerships, which today include: Icarros, Meu Carro Novo, Mercado Livre and Mobiauto. During 1H21, we recorded 8.3 million auto finance simulations, with 36% of the simulations being carried out on digital channels (BV website and digital partners), compared to 18% in 1H20.

8.3 million
of auto finance simulations carried out in 1H21
+29% vs 1H20

36%
of the simulations carried out on digital channels
vs 18% in 1H20

ESG (Environmental, Social and Governance)

ESG 2030 Commitment: Pact for a lighter future

For us, sustainability is the development and execution of perennial actions that reaffirm our commitment to the development of Brazil, reduce the impact on the environment and ensure a lighter and expanded management of risks and opportunities for our customers and employees. This aspiration includes 3 pillars of action: **1) Neutralize our environmental impact; 2) Accelerate social inclusion** and**; 3) Mobilize resources to foster sustainable business.**

In order to reinforce these pillars and our purpose to become the financial lives of people and companies lighter, we need to ensure that business is done in a sustainable way, which is why, in May this year, we launched our "**Pact BV for a lighter future**", where we assumed **5 public commitments in ESG actions to be achieved by 2030**, which are:

We commit by 2030 to:

01 Neutralize our environmental impact

1. To compensate **100%** of CO_2 emissions in our **main business**, the used auto finance
2. To compensate **100%** of direct **GHG**[1] emissions by BV

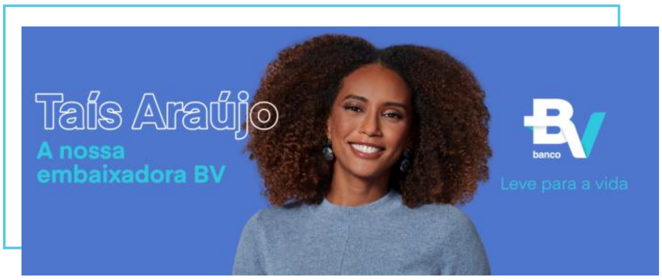
02 Accelerate social inclusion

3. To reach **50%** of leadership positions held by people who identify with the **female gender**
4. To ensure the participation of **35%** of **afro-descendants** in BV's workforce

03 Mobilize resources to foster sustainable business

5. To finance and distribute in the capital markets **R$ 80 billion** for **ESG initiatives**

Taís Araújo is the new ambassador for banco BV



In addition to the support in the disclosing of our **ESG initiatives**, she will also help us in **creating solutions** that make life easier for people and companies. Active in environmental and social impact fronts, the actress comes with great connection to the purposes of BV, which has pillars in these areas present in its trajectory since its foundation.

[1] Greenhouse gases

Environmental

Committed with our "**Pact BV for a lighter future**", in which we aim to **offset 100% of the CO_2 emissions of the cars we finance from 2021** (and of customers prior to this period who join the program), we ended the 1H21 with 469 thousand vehicles already part of the program, representing 212 thousand tons of CO_2eq[1]. Additionally, we offset 100% of our direct GHG emissions[2], equivalent to 3.1 thousand tons, referring to the year 2020.

469,000

vehicles have already been included in the program and will have their emissions offset

212,000

tons of CO_2 will be offset referring to vehicles financed by BV

3,100

tons of CO_2 were offset referring to our direct emissions

Regarding our sustainable business, after the first issuance, in 2020, of a green bond by a Brazilian private bank certified in the foreign market, during 2Q21 we issued a **Green Financial Bill**, in the amount of **R$ 500 million**, which will be used to finance solar energy projects.

During 1H21, we further expanded the **solar panels financing, recording a 237% growth in the portfolio vs 1H20**, reaching R$ 1.5 billion. Finally, we launched a line with differentiated rates and terms for financing electric and hybrid cars.

R$ 1.5 billion

Solar panel financing portfolio
+237% vs 1H20

[1] Equivalence in carbon dioxide
[2] Greenhouse gases

Social

New donation campaign to fight the pandemic

In 2020, we donated more than R$ 32 million to support hospitals and families and helped more than 600,000 people to face the impacts of the crisis caused by the pandemic. In March of this year, we carried out a **second social mobilization campaign** to collect donations to benefit families in situations of economic vulnerability. We invited clients, partners and society, individuals and companies, to engage in the collection, through which we contribute with the same amount: for every R$ 1 donated, we double the amount. We finished the campaign at the end of June with a total R$ 1.3 million raised, which have already benefited more than **15 thousand people**.

R$ 1.3 million
collected in the second donation campaign

+15 thousand
people benefited by our donations

Donations are being made through food vouchers for families, and we have partnerships such as Gerando Falcões, a social development ecosystem that operates through a network strategy in the peripheries and slums throughout Brazil; CUFA (Central Única das Favelas), a Brazilian organization recognized in the social, sporting and cultural spheres; in addition to other institutions with direct action in supporting families in a state of social vulnerability.

*Image above refers to the announcement of the second phase of the donation campaign

Social – Diversity and Inclusion Commitments

We are part of an unequal society and we recognize our responsibility to be an agent of change. One of the key pillars of our **Commitments 2030 for a lighter future** is to accelerate **social inclusion.** We want to ensure that the diversity present in society is represented among our employees. Therefore, we committed by 2030 to:

Reach **50%** of leadership positions held by people who identify with the **female gender**

Ensure the participation of **35% of afro-descendants** in BV's workforce

Initiatives in 1H21:

"Elas por elas 2.0" ("she for she")

During 1H21, we launched the second edition of the "*Elas por Elas*" program, an internship program that has opportunities in different areas, 100% exclusively for cis and trans women. We had more than 3,200 applications, for a total of 67 vacancies, which represents about 48 candidates per vacancy.

"Mother's place is in BV"

We launched "Mother's Place is in BV", a recruitment project that invites mothers away from the labor market to take a fresh look at their careers and take on specialist or leadership positions here at BV.

"BV on board"

We believe that it always pays off to be by the side of the loved ones, especially in the first steps. That's why we created the "BV on board", an initiative to encourage active parenting for all employees who have children, from pre-birth or adoption until returning to work, without distinctions of gender or sexual orientation.

Climate Survey GPTW 2021

For the first time **open to all employees**, the GPTW climate survey served to provide a more comprehensive and accurate view of the impact of our actions on the work environment and on the evolution of our culture. We had the participation of 75% of employees and registered 89% favorability, renewing the "Great Place to Work" stamp for banco BV.

89% Favorability

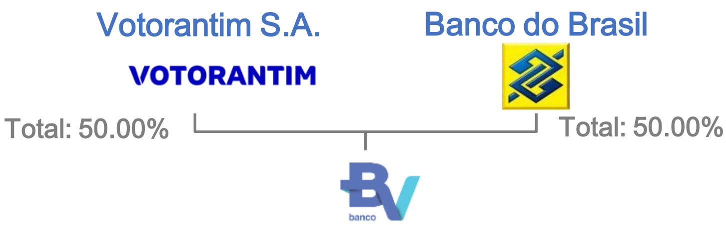
Renewing the stamp "Great Place to Work"

The diversity and inclusion initiatives reflect the high level of satisfaction of our employees

Corporate Governance

Banco BV has an organizational structure that is aligned with the best market governance practices, committing to the principles of transparency, equity, accountability and corporate responsibility, as well as adopting standards of good practices in line with the Anti-Corruption and Social and Environmental Responsibility Laws. The organization chart below presents BV's Governance bodies:

Below, the shareholding structure of banco BV:



The administration of Banco BV is shared between the shareholders Votorantim Finanças and Banco do Brasil, with equal participation in the Board of Directors (BD). The Board is composed of 7 members, with 3 members appointed by each of the controlling shareholders and 1 independent member[1]. Board meetings take place at least six times a year, and decisions are taken by an absolute majority, with no casting vote. At the General Meeting held in April 2021, the body was elected for the new term that will run until the 2023 General Meeting, with the following composition:

Member	Position
Fausto de Andrade Ribeiro	Chairman
João Henrique B. Schmidt	Vice-Chairman
José R. Fagonde Forni	Member
José Luiz Majolo	Member
Carlos Renato Bonetti[2]	Member
Renato Naegele[2]	Member
Jairo Sampaio Saddi	Member
Andrea da Motta Chamma	Independent member

[1] The independent member is chosen by common agreement by the shareholders.
[2] At the Meeting held on 07/01/2021, Renato Naegele was elected (pending ratification by the Central Bank), replacing Carlos Renato Bonetti, who remains in office until his replacement takes office.

Diversified Business Portfolio

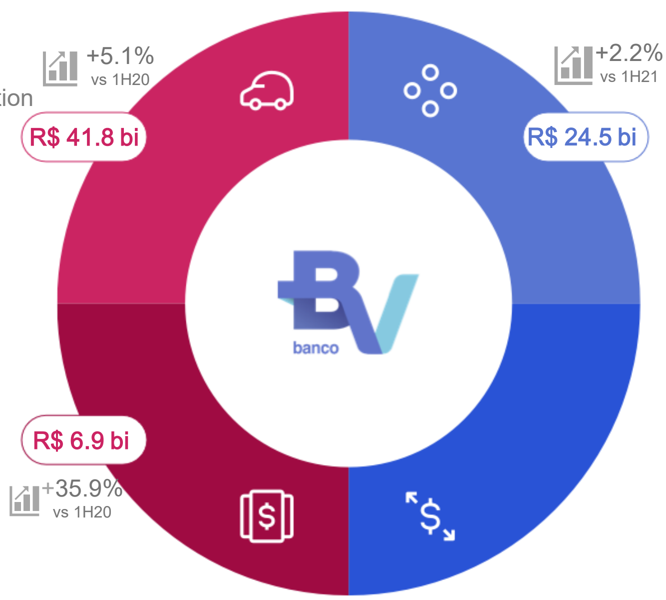
Multi-niche business portfolio with a wide range of products in Retail and Wholesale, supported by our BVx innovation unit, which guarantees us diversification of revenue sources and important synergies between the various activities we carry out.

Credit portfolio[1]
R$ 73 billion
+6.4% vs 1H20

Retail

Auto finance

- Leader in the light used vehicles
- Capillarity (+21,400 dealers)
- Innovation and digital transformation
- 100% digital contracting
- 98% automatic decision



other retail businesses

- **Credit cards**: over 1 million clients. Complete portfolio of cards. Mastercard, Visa and Elo flags
- **Insurance brokerage**: Auto, loan protection, residential, life, dental, credit card and assistance services (home, funeral, pet)
- **Solar panel financing portfolio**: a 237% growth over 1H20
- **Other loans**: Personal loans, private payroll, car equity, home equity, student loans, solar panels, tourism and medical procedures

Wholesale

corporate & investment banking

Corporate Banking
- Growing Corporate (> R$ 300 million)
- Large Corporate (> R$ 1.5 billion)
- SME (prepayment of receivables)

Corporate segment growth: +25.2% vs 1H20, accounting for 48.1% of on-balance Wholesale portfolio

Banking as a Service (BaaS)
- Settlement and custodian bank for startups

wealth management

- **BV Asset**
  - **R$ 48 billion** under management
  - Prominent position in **structured funds**
  - **8th largest**[2] real estate fund manager
  - **48% of AuM** backed by real economy assets
- **BV Private**: Recognized brand in the industry, with customized solutions for high-income clients

Innovation Business Unit

[1] Expanded credit portfolio (includes guarantees provided and private securities)
[2] According to Anbima ranking as of June 2021

Results 1H21

Accounting versus Managerial Reconciliation

- In order to better understand and analyze the Bank's financial performance, the explanations of this report are based on the Managerial Income Statement, which considers some managerial reallocations carried out in the audited Financial Statement, with no impact on the net income. These reallocations refer to :
- Expenses related to provisions (civil, labor and tax) reallocated from "(Provision) / reversal for contingent liabilities" and from "Personnel Expenses" to "Other Income (Expenses)"
- "Operational costs of subsidiary Promotiva S.A. reallocated from "Other income (Expenses)" to "Income from rendered Services"
- "Discounts granted" reallocated from "Gross Financial Margin" to "Cost of Risk"
- Costs directly related to business generation reallocated from "Administrative Expenses" to "Other Income (Expenses)"
- Taxation effects of the hedge operations related to foreign currency exchange variations on investments abroad that are accounted in "Tax Expenses" (PIS and COFINS) and "Income Tax and Social Contribution" were reallocated to "Income from Derivative Financial Instruments".

In addition to the management adjustments described above, the numbers presented in this section of the Report follow the Recurring Results view. More details of this view are available in Note 6 "Recurring and non-recurring results" .

INCOME STATEMENT (R$ M)	1H21 Accounting	Non-recurring events	Managerial Adjustments	1H21 Managerial
Revenues – Total (i + ii)	**4,646**	**0**	**60**	**4,706**
Gross financial margin (i)	3,446	0	191	3,637
Income from services and brokerage fees (ii)	1,200	0	(131)	1,069
Cost of risk	**(954)**	**0**	**(161)**	**(1,115)**
Operating expenses	**(2,302)**	**9**	**76**	**(2,216)**
Personnel and administrative expenses	(1,405)	9	290	(1,105)
Tax expenses	(249)	0	(43)	(292)
Other expenses (income)	(649)	0	(171)	(820)
Result before taxes and contributions	**1,390**	**9**	**(25)**	**1,375**
Provision for income tax and social contribution	(574)	(80)	25	(630)
Recurring Net Income	**816**	**(71)**	**(0)**	**745**

For a detailed analysis of the figures presented in this section, we recommend reading this document together with the 2Q21 Earnings Release, available on our Investor Relations website (ir.bv.com.br/).

Main indicators

Income statement (R$ M)	1H20	1H21	∆%
Total revenue (i)+(ii)	4,208	4,706	11.8%
Gross financial margin (i)	3,292	3,637	10.5%
Income from services and brokerage fees (ii)	916	1,069	16.6%
Cost of risk	(1,786)	(1,115)	-37.6%
Personnel and administrative expenses	(1,003)	(1,105)	10.1%
Recurring Net Income	441	745	68.9%

Balance sheet (R$ M)	1H20	1H21	∆%
Total assets	121,582	118,615	-2.4%
Expanded loan portfolio	68,773	73,164	6.4%
Wholesale segment	23,947	24,463	2.2%
Retail segment	44,826	48,701	8.6%
Funding sources	76,037	75,848	-0.2%
Shareholders' equity	10,151	11,671	15.0%
Basel ratio (%)	14.4%	15.2%	0.8 p.p.
Tier I Capital Ratio (%)	13.3%	14.7%	1.3 p.p.
Common Equity Tier I (%)	11.0%	12.7%	1.8 p.p.

Managerial indicators (%)	1H20	1H21	∆%
Return on Average Equity[1] (ROAE)	8.8%	13.6%	4.8 p.p.
Return on Average Assets[2] (ROAA)	0.8%	1.3%	0.4 p.p.
Net Interest Margin[3] (NIM) – Clients	9.7%	9.9%	0.2 p.p.
Net Interest Margin[4] (NIM) - Clients + Market	7.0%	7.2%	0.2 p.p.
Efficiency Ratio (ER) – Last 12 months[5]	31.2%	32.9%	1.7 p.p.
NPL 90-days	5.2%	3.5%	-1.7 p.p.
Coverage Ratio (NPL 90-days)	183%	242%	58.9 p.p.

Additional information	1H20	1H21	∆%
Employees[6] (quantity)	3,979	4,137	4.0%
Assets under Management[7] (R$ M)	50,732	48,076	-5.2%

1. Ratio between net income and average equity for the period. Annualized; 2. Ratio between net income and average total assets for the period. 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 + income from rendered services and banking fees + other operational income + other operational expenses – tax expenses – income from the real state activity); 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).

Recurring net income

Recurring net income reached **R$ 745 million** in 1H21, a 68.9% increase compared to 1H20, equivalent to an annualized return on equity (recurring ROE) of 13.6%, compared to R$ 441 million and ROE of 8.8% in the same period of 2020. The increase in profit over the previous year was mainly due to the drop in the cost of risk, reflecting the improvement in delinquency rates, in addition to the fast recovery in auto finance and higher business diversification.

Net income
R$ 745 mln
+68.9% vs 1H20

ROE
13.6%
vs 8.8% in 1H20

Total revenues

Total revenue (which is equivalent to the sum of gross margin plus revenue from services and brokerage) reached R$ 4.7 billion in 1H21, 11.8% higher than in 1H20, when it totaled R$ 4.2 billion.

Revenue
R$ 4.7 bln
+11.8% vs 1H20

Gross financial margin

Gross financial margin grew by 10.5% compared to 1H20, to **R$ 3.6 billion**. The 9.4% expansion in the financial margin with clients mainly reflects the 6.4% expansion in the credit portfolio. NIM of clients reached 9.9% in the period, compared to 9.7% in 1H20. The 19.6% growth in the financial margin with the market is mainly driven by the positive result of the structural hedge positions, partially offset by the lower result from the investment of shareholders' equity.

Financial margin
R$ 3.6 bln
+10.5% vs 1H20

NIM clients
9.9%
vs 9.7% in 1H20

Cost of risk

Cost of risk dropped 37.6% compared to 1H20, to **R$ 1.1 billion**, driven by lower level of provisions, reflecting the improvement in default indicators after the resumption of economic activity, favored, among others, by the progresses of the vaccination program. The prudential provisions created during 1H20 to face the scenario of higher uncertainty in that period also contributed to the drop in the cost of risk in 1H21. As a result, the cost of risk over the portfolio varied from 5.3% in 1H20 to 3.1% in 1H21.

Cost of risk
R$ 1.1 bln
-37.6% vs 1H20

Cost of risk/ credit portfolio
3.1%
vs 5.3% in 1H20

Personnel and Administrative Expenses

Personnel and administrative expenses grew 10.1% in 1H21, to R$ 1.1 billion. In the period, there was a 20.5% increase in personnel expenses, mainly driven by the growth in the structure to support the Bank's digital strategy, with investments in the digital bank, technology (including cloud and insourcing), in addition to the new business front. Higher provisions for variable compensation, reflecting the improvement in the bank's results, also led to this increase. . Administrative expenses (excluding depreciation and amortization) fell by 3.7% in the period, despite inflation (IPCA) of 8.4% in the last 12 months, reflecting the strict control of the Bank's expenses base.

Efficiency Ratio

The Efficiency Ratio ended 1H21 at 32.6%, 1.4 p.p. above the 1H20 ratio. Despite the improvement in the indicator in recent quarters, the increase observed still reflects the quarters most affected by the pandemic, as it considers the last 12 months. Efficiency remains a fundamental pillar of banco BV's strategy.

Credit portfolio

The expanded credit portfolio ended 1H21 at R$ 73.2 billion, a 6.4% growth when compared to the same period in 2020, reflecting important strategic progresses, both in Retail and in Wholesale segments.

Retail

The Retail portfolio grew 8.6% compared to 1H20, to R$ 48.7 billion. During the period, we made important progresses in the diversification strategy, while we maintained the leadership in auto finance. On the diversification front, the highlight was the 237% growth in solar panels financing, a portfolio that reached R$ 1.5 billion, in addition to the 34.2% expansion in the credit card portfolio, influenced by enhancements in the product portfolio, improvements in the digital channels and commercial strategy. In the vehicle segment, we recorded a 5.1% growth over 1H20, with the portfolio reaching R$ 41.8 billion. Highlight for the record production of R$ 11.5 billion in the semester, a 41.4% increase over 1H20.

+237%
growth in the solar panel portfolio

Higher diversification and leadership in vehicles[1]

[1] light used vehicles

Wholesale

The Wholesale portfolio, in turn, grew 2.2% compared to 1H20, to R$ 24.5 billion (expanded portfolio), highlighting the higher penetration in the Corporate segment (companies with annual revenue between R$ 300 million and R$1.5 billion) and growth in the SME segment. Both highlights are in line with the strategy of higher diversification, spread of portfolio risk and profitability increase. The Corporate portfolio grew 25.2% over 1H20, to R$ 6.5 billion, and already accounts for 48.1% of the Wholesale classified portfolio (43.8% in 1H20). The SME portfolio, a segment in which we started operating at the end of 2020, with a focus on prepayment of receivables market, reached R$ 0.9 billion.

+25.2%
growth in the Corporate portfolio

Higher diversification with expansion in the Corporate and SME segments

NPL 90 days

The main delinquency indicator (NPL-90 days) dropped to 3.5% at the end of 1H21, a 1.7 p.p. reduction compared to the same period in 2020. This drop reflects the lower delinquency levels in Retail with the gradual resumption of economic activity, influenced by the National Immunization Program. NPL 90-days for the Retail segment ended 1H21 at 4.3%, compared to 6.0% in 1H20. NPL 90-days for the Wholesale segment also presented a significant improvement, going from 2.1% at the end of 1H20 to 0.4% at the end of 1H21.

Funding and liquidity

Total funding reached R$ 75.8 billion at the end of 1H21, with stable funding instruments representing 59.4% of total funding. Banco BV has maintained its liquidity at very conservative levels. The liquidity indicator LCR (Liquidity Coverage Ratio), whose objective is to measure short-term liquidity in a stress scenario, varied from 184% in 1H20 to 258% in 1H21. It is worth noting that the regulatory minimum required by the Central Bank is 100% for this indicator.

Capital

Capital ratios remained solid and at conservative levels. The **Basel Ratio reached 15.2%** at the end of 1H21, compared to 14.4% in 1H20. The Tier I Capital ratio totaled 14.7% with 12.7% for Core Capital and 2.0% Complementary Capital. It is important to highlight that, at the end of 1H21, the regulatory minimums required were 9.625% for the Basel Ratio and 6.125% for Core Capital (CET1).

Acknowledgements

We remain committed to our strategic pillars with a focus on financial strength, customer centricity, digital strategy and ESG agenda. We thank our customers, partners, investors and shareholders for their trust and our employees for their continued commitment and dedication.

Board of Directors

Fausto de Andrade Ribeiro	Chairman
João Henrique B. Schmidt	Vice-Chairman
José R. Fagonde Forni	Member
José Luiz Majolo	Member
Carlos Renato Bonetti*	Member
Renato Naegele*[1]	Member
Jairo Sampaio Saddi	Member
Andrea da Motta Chamma	Independent member

Audit Committee

José Danubio Rozo	Coordinator
Nilson Martiniano Moreira	Member
Rudinei dos Santos	Member

Fiscal Council

João Batista D. Souza	Chairman
Diogo Mac Cord de Faria	Member
Célio Faria Júnior	Member

Accountant

Alexei De Bona	CRC PR-036459/O-3

Executive Officers

Gabriel Ferreira	CEO
Adriana Conde	Executive officer
Alberto Campos	Executive officer
Alexandre Ibrahim	Executive officer
Flávio Suchek	Executive officer
Guilherme Horn	Executive officer
José Roberto Salvini	Executive officer
Roberto Jábali	Executive officer
Rodrigo Tremante	CFO
Rogerio Monori	Executive officer
Albano Correa	Officer
Alexandre Zimath	Officer
Ana Paula Tarcia	Officer
Celso Rocha	Officer
Eduardo Teles	Officer
Marcelo Kenji	Officer
Ronaldo Helpe[2]	Officer
Edmar Casalatina[3]	Officer
Marcos Barros[3]	Officer
Luiz Sedrani[3]	Director

* At the Meeting held on 07/01/2021, Renato Naegele was elected (pending ratification by the Central Bank), replacing Carlos Renato Bonetti, who remains in office until his replacement takes office.

[1] Pending approval by Central Bank of Brazil

[2] Investor Relations Officer

[3] Directors of companies controlled by Banco BV

PÚBLICO

Summary of the Audit Committee Report
First Half of 2021

Introduction

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

The Committee is an advisory entity for the Board of Directors of Banco Votorantim S.A. ("Banco"), operating independently and on a permanent basis. Over the first half of 2021, the Committee operated with three members, of whom one was appointed by the shareholder Banco do Brasil S.A. (Gilberto Lourenço da Aparecida), one was appointed by the shareholder Votorantim Finanças S.A. (José Danúbio Rozo) and one was appointed in common agreement among the shareholders (Nilson Martiniano Moreira).

On 04/30/2021, the Board of Directors approved:

(i) The election of Rudinei dos Santos, appointed in common agreement among the shareholders Banco do Brasil S.A. and Votorantim Finanças S.A., as a qualified member of the Committee, replacing Gilberto Lourenço da Aparecida. Rudinei dos Santos was sworn into office on 05/25/2021;

(ii) The reelection of José Danúbio Rozo, appointed by Votorantim Finanças S.A., as coordinator of the Committee; and

(iii) The reelection of Nilson Martiniano Moreira, appointed by Banco do Brasil S.A., as a member of the Committee. All members were elected for the term that will be in force until the first meeting of the Board of Directors that follows the Ordinary General Meeting to be held in 2023, and the coordinator remains in this role until the next meeting of the Board of Directors the Ordinary General Meeting to be held in 2022.

As permitted by Article 11 of CMN Resolution 3,198/2004, Banco opted to establish a single Audit Committee for Banco and its subsidiaries, jointly referred to as "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 Bank's subsidiaries that have joined the single Audit Committee, in addition to others stipulated in law or determined by the Board of Directors.

The management of the Banco and its subsidiaries is responsible for preparing and ensuring the integrity of financial statements, managing risks, maintaining an effective internal control system, and ensuring compliance 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.

PricewaterhouseCoopers Auditores Independentes ("PWC") 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 for evaluating 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

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 03/Dec/2020 – the Audit Committee held 52 meetings with a range of departments and areas, including the Board of Directors, Fiscal Council, Risk and Capital Committee, representatives from senior management, internal and independent audits, and with the key heads of the business and control areas.

At these meetings, there was particular attention paid to matters related to internal controls, business and product areas, operations, prevention of money laundering, security, recommendations for internal and independent auditing, and external 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 of first half of 2021.

The financial statements related to the Corporate Consolidation were examined, as well as the Bank's individual financial statement, the main assets, liabilities, shareholder equity, earnings and explanatory notes in the BRGAAP standard, the accounting practices adopted and the content of the independent auditors' report. The Technical Study of consumption of the Tax Credit referring to the 1st half of 2021 was also examined.

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

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, 2021, related to the Bank's Corporate Consolidation, as well as the individual one, 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 4, 2021.

José Danúbio Rozo
Coordinator

Nilson Martiniano Moreira
Member

Rudinei dos Santos
Member

Banco Votorantim S.A.

Independent auditor's report

To the Board of Directors and Shareholders
Banco Votorantim S.A.

Opinion

We have audited the accompanying parent company financial statements of Banco Votorantim S.A. ("Bank"), which comprise the balance sheet as at June 30, 2021 and the income statement, statement of other comprehensive income, of changes in shareholders' equity and of cash flows for the six-month period then ended, as well as the accompanying consolidated financial statements of Banco Votorantim S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at June 30, 2021 and the consolidated income statement, statement of other comprehensive income and of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

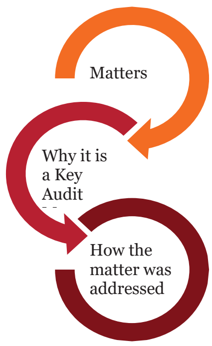
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco Votorantim S.A. and of Banco Votorantim S.A. and its subsidiaries as at June 30, 2021, and the financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the six-month period then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Parent Company and Consolidated Financial Statements" section of our report. We are independent of the Bank and of its subsidiaries in accordance with the ethical requirements stablished in the Accountant's Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current six-month period.
These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Allowance for losses associated with credit risk (Notes 4 (h), 5 (a) e 12 (f))	
The measurement the amount of the allowance for losses associated with credit risk requires the determination of assumptions and judgment by management, which considers the delay, the current economic environment, economic situation, past experience and the risks specifically related to the respective operations, the counterparty and guarantees, in accordance with the rules of the National Monetary Council – CMN and Central Bank of Brazil – BACEN. Additionally, as a result of COVID 19, rules were issued standards related to the criteria of temporary flexibility for the characterization of a problematic credit in situations of renegotiation and restructuring of credit operations, for the purpose of measuring the respective provision. Considering the relevance of loans, the high degree of judgment related to the measurement of the allowance for losses associated with credit risk, we defined this as a focus area in our audit.	We obtained an understanding of the internal control environment and evaluated the relevant controls related to measurement and measurementrelated to allowance for losses associated with credit risk. We performed tests, on a sample basis, on the assumptions and parameters adopted in the classification by risk levels, as well as the overdue position used as a basis for measuring the provision. We performed the totalization of the bases for recalculation of the provision, in accordance with the criteria established by the CMN and BACEN regulations. We considered that the criteria and assumptions adopted by Management for the measurement of the allowance for losses associated with credit risk are consistent with the information analyzed in our audit.
Measurement of the fair value of securities and financial instruments with low liquidity and/or without active market (Notes 4 (f) e (g), 5 (b) e (d), 9 (a), 10 (a) e 29 (d.3))	
The fair value measurement of securities and financial instruments with low liquidity and/or without an active market is an area the includes subjectivity, as it depends on valuation techniques based on internal models that involve management's assumptions for their measurement. In highly volatile times, as result of the pandemic COVID 19 and when there are no observable market prices or parameters available, market risk management is more complex. This is an area of focus carried in our audit, since	We obtained an understanding of the design of internal controls related to internal models for measuring the fair value of securities and financial instruments with low liquidity and/or no active market. We perform tests on the effectiveness of relevant controls in measuring these assets, as well as management approval of the models adopted and required disclosures. With the support of our financial instrument pricing specialists, we analyze the main valuation methodologies for these securities and financial instruments, as well as the most significant

Why it is a Key Audit Matter	How the matter was addressed in the audit
the use of different valuation techniques and assumptions could produce fair value estimates significantly different.	assumptions adopted by management by comparing them with market methodologies. We carried out independent recalculations, on a sample basis, of the valuation of certain operations. We considered that the criteria and assumptions adopted by management in measuring the fair value of these financial instruments are consistent with the information analyzed in our audit.
Deferred tax assets – tax credit (Notes 4 (q), 5 (c) e 25 (a.2))	
Deferred tax assets, composed of tax credit, are based on temporary differences, income tax losses and negative basis of social contribution, and their registration in the financial statements is supported by the study of realization of future taxable profits. This study is based on projections arising from strategic planning, which considers assumptions of business plans, corporate strategies, macroeconomic scenario, historical performance, among others, which are approved by the governance bodies, as required by the CMN and BACEN regulations.	We obtained an understanding of the processes established by management to determine the assumptions used in preparing the tax credit realization study, as well as its registration and disclosures in accordance with CMN and BACEN standards. We compared the critical assumptions used to project future results with information of macroeconomic projections available in the market, when applicable. Additionally, we compared the study data with the approved budgets and the compliance with CMN and BACEN rules.
The projection of future taxable profits contains several assumptions of a subjective nature established by management. In this way, we consider this area as focus of our audit, as the amounts involved are relevant and the use of different assumptions in the projection of taxable porfits could significantly change the amounts and periods for the realization of tax credits, with a consequent impact on the financial statements.	With the help of our tax specialists, we carried out tests on the nature and amounts of temporary differences, tax losses and negative basis of social contribution on income, which can be deducted from future tax bases. The assumptions adopted by management in the calculation and registration of tax credits are consistently applied and are in line with the information approved by the governance bodies.
Provision and contingent liabilities (Notes 4 (r) e 28)	
The Bank registers provisions and contingent liabilities arising mainly from legal and	We obtained an understanding of the main controls for evaluation, classification, monitoring,

Why it is a Key Audit Matter	How the matter was addressed in the audit
administrative proceedings, inherent to the normal course of its business, issued by third parties, former employees and public bodies; in civil, labor and tax and social security natures. These processes are usually closed after a long period of time and involve not only discussions on the merits, but also complex procedural aspects, in accordance with current legislation. Management, based on its judgment and through the opinion of its legal advisors, estimates the provisions and contingent liabilities that are likely to be realized. 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 advisors (individualized method). For civil cases considered similar and usual, and whose value is not considered relevant, the calculation of the provision is determined using a statistical model based on the loss observed in the history of closed suits of the same characteristics (mass method). Due to the relevance of the amounts and the uncertainties and judgments involved, as described above, for the determination and constitution of the provision and required disclosures for contingent liabilities, we considered this an area of focus for the audit.	measurement, recording and disclosure of provisions and contingent liabilities. We carried out confirmation procedures together to the external legal advisors responsible for the processes and confronted with the management's analytical controls. We carried out tests on the risks and values of causes used in the measurement methodologies of the amounts provisioned. For civil and labor lawsuits of the same nature, we compared, on a sample basis, the amounts paid in closed cases with the amounts provisioned. In our tests related to tax lawsuits on an individual basis, we analyzed the risk assessment with the support of our tax specialists. We considered that our audit procedures provided adequate and sufficient evidence regarding the criteria and assumptions adopted by management for the determination, constitution and disclosure of the provision for contingent liabilities.
Information technology environment (Note 29 (c))	
The Bank has a highly technology-dependent business environment, requiring a complex infrastructure to support the high volume. Information technology represents a fundamental aspect in the evolution of the Bank's business. The risks involving information technology, associated with any eventual deficiencies in processes and controls that support the processing of technology systems, may eventually lead to incorrect processing of critical information,	As part of our audit procedures, with the assistance of our specialists we updated the assessment of the information technology environment, including the automated controls of the relevant application systems for the preparation of the financial statements. The procedures performed involved the combination of tests on the main controls, as well as the execution of tests related to information security, including management of access,

Why it is a Key Audit Matter	How the matter was addressed in the audit
including those used in the preparation of the financial statements, as well as causing risks related to information security and cybersecurity. Therefore, this was considered an area of focus in our audit.	segregation of functions and monitoring of the technology infrastructure's operational capacity. The audit procedures applied resulted in appropriate evidence that was considered in determining the nature, timing and extent of the audit procedures.

Other matters

Statements of added value

The parent company and consolidated statements of added value for the six-month period ended on June 30, 2021, prepared under the responsibility of the Bank's management and presented as supplementary information for purposes of the BACEN, were submitted to audit procedures performed in conjunction with the audit of the financial statements. For the purposes of forming our opinion, we evaluated 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 defined in Technical Pronouncement CPC 09, "Statement of Added Value". In our opinion, these statements of added value have been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated financial statements taken as a whole.

Audit of corresponding values to the previous period

The audit of the financial statements for the semester ended June 30, 2020 was carried out under the responsibility of other independent auditors, who issued an audit report, dated August 6, 2020, without modifications.

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

The Bank's management is responsible for the other information which comprise the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether these reports are materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Management Report, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the parent company and consolidated financial statements, whether due to fraud or error, design 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 involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Bank and its subsidiaries.

- Evaluate the appropriateness of 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 a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

São Paulo, August 4 2021

PricewaterhouseCoopers
Auditores Independentes

Maria José De Mula Cury
Contadora CRC 1SP192785/O-4
CRC 2SP000160/O-5

STATEMENT OF FINANCIAL POSITION

as of June 30, 2021 and December 31, 2020

((In thousands of Reais, unless otherwise stated)

	Note	Parent company		Consolidated	
		06.30.2021	12.31.2020	06.30.2021	12.31.2020
Cash and cash equivalents	7	**3,979,934**	**5,457,830**	**4,028,878**	**4,808,466**
Availabilities		285,365	487,652	334,309	539,335
Interbank funds applied		3,694,569	4,970,178	3,694,569	4,269,131
Financial asstes		**102,268,405**	**98,648,528**	**105,370,779**	**101,582,819**
Interbank investments	8a	**4,984,243**	**4,988,959**	**3,394,769**	**4,991,024**
Securities		**34,641,363**	**32,657,421**	**36,141,523**	**34,198,210**
Securities portfolio	9a	35,551,504	33,595,049	37,051,664	35,135,838
(Provision for impairment of securities)	9a	(910,141)	(937,628)	(910,141)	(937,628)
Derivative financial instruments	10a	**4,579,504**	**5,081,402**	**3,956,678**	**3,621,140**
Interbank accounts	11a	**868,072**	**984,105**	**868,174**	**984,105**
Loan portfolio	12a	**53,860,467**	**51,834,046**	**57,097,365**	**54,428,883**
Loans		53,989,787	52,851,117	55,194,857	53,792,865
Other receivables with loan characteristics		4,540,578	3,601,821	6,899,836	5,577,846
Lease portfolio		-	-	69,728	73,353
(Allowance for losses associated with credit risk)		(4,669,898)	(4,618,892)	(5,067,056)	(5,015,181)
Other financial assets	13a	**3,334,756**	**3,102,595**	**3,912,270**	**3,359,457**
Tax assets		**6,501,276**	**7,110,133**	**7,493,109**	**8,035,798**
Current tax assets	25a.1	255,934	303,609	312,023	358,504
Deferred tax assets	25a.2	6,245,342	6,806,524	7,181,086	7,677,294
Investments		**3,604,662**	**3,477,873**	**14,354**	**19,457**
Investments in subsidiaries, associates and joint ventures	14a	3,604,475	3,477,686	14,167	19,270
Other investments	14e	187	187	187	187
Property, plant and equipment	15	**82,628**	**94,427**	**83,002**	**95,227**
Other property, plant and equipment		379,256	390,135	388,816	401,544
(Accumulated depreciation)		(296,628)	(295,708)	(305,814)	(306,317)
Intangibles and goodwill		**508,915**	**397,652**	**547,606**	**462,960**
Intangible assets	16a	1,136,623	957,987	1,198,989	1,010,073
(Accumulated amortization)	16a	(422,958)	(355,585)	(436,804)	(366,651)
(Accumulated impairment)	16a	(204,750)	(204,750)	(214,579)	(214,579)
Goodwill and fair value adjustment	16d	-	-	-	34,117
Other assets	13a	**946,466**	**1,033,211**	**1,077,622**	**1,272,410**
TOTAL ASSETS		**117,892,286**	**116,219,654**	**118,615,350**	**116,277,137**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as of June 30, 2021 and December 31, 2020

((In thousands of Reais, unless otherwise stated)

	Note	Parent company		Consolidated	
		06.30.2021	12.31.2020	06.30.2021	12.31.2020
Financial liabilities		**103,905,846**	**102,905,467**	**104,194,468**	**102,518,146**
Deposits	17a	23,795,809	26,344,211	22,962,575	25,510,391
Money market repurchase commitments	17c	21,460,411	15,639,154	20,109,700	15,028,829
Funds from acceptance and issuance of securities	19	35,053,611	40,154,521	35,053,611	40,154,521
Interbank accounts	11a	47,373	5,887	2,249,776	1,887,891
Borrowings and domestic onlendings	18a	4,197,928	3,745,402	4,197,928	3,745,402
Derivative financial instruments	10a	4,175,711	4,629,350	3,937,732	3,605,657
Subordinated debts and debt instruments eligible as capital	20a	3,304,923	3,693,126	3,304,923	3,693,126
Other financial liabilities	21a	11,870,080	8,693,816	12,378,223	8,892,329
Tax liabilities		**315,036**	**472,397**	**464,127**	**605,913**
Current tax liabilities	25b.1	157,036	136,295	302,500	259,497
Deferred tax liabilities	25b.2	158,000	336,102	161,627	346,416
Provisions for contingencies	**28e**	**735,432**	**767,733**	**780,425**	**818,698**
Other liabilities	**21a**	**1,271,545**	**1,327,888**	**1,505,177**	**1,580,663**
SHAREHOLDERS' EQUITY		**11,664,427**	**10,746,169**	**11,671,153**	**10,753,717**
Capital	**24a**	**8,130,372**	**8,130,372**	**8,130,372**	**8,130,372**
Capital reserves	**24b**	**372,120**	**372,120**	**372,120**	**372,120**
Profit reserves		**2,135,054**	**2,094,324**	**2,123,732**	**2,083,002**
Other comprehensive income	**24g**	**253,005**	**149,353**	**269,820**	**168,223**
Accumulated profits		**773,876**	**-**	**775,109**	**-**
TOTAL LIABILITIES		**117,892,286**	**116,219,654**	**118,615,350**	**116,277,137**

The accompanying notes are an integral part of these financial statements.

INCOME STATEMENT

Six-month period ended June 30, 2021 and 2020

(In thousands of Reais, unless otherwise stated)

	Note	Parent Company [1]		Consolidated	
		1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
FINANCIAL INTERMEDIATION INCOME		**4,264,301**	**4,469,534**	**4,602,686**	**7,469,393**
Loans	12b	3,661,284	473,874	3,985,722	4,153,406
Leasing operations	12h	-	-	3,642	5,430
Income from securities	9c	750,034	2,347,678	720,180	1,920,505
Income (Losses) from derivative financial instruments	10h	(630,016)	1,239,096	(589,857)	583,888
Income from exchange foreign operations	13c	51,092	387,805	51,092	387,805
Income from compulsory deposits	11d	11,385	21,081	11,385	21,081
Sale or transfer transactions of financial assets	12j.1	420,522	-	420,522	397,278
FINANCIAL INTERMEDIATION EXPENSES		**(1,176,925)**	**(4,742,235)**	**(1,156,282)**	**(4,912,825)**
Funding operations in the market	17d	(1,157,916)	(3,704,668)	(1,137,273)	(3,693,509)
Borrowings and onlendings	18d	154,666	(1,037,567)	154,666	(1,037,567)
Liabilities associated with assigned financial assets	12j.1	(173,675)	-	(173,675)	(181,749)
INCOME (LOSS) FROM FINANCIAL INTERMEDIATION		**3,087,376**	**(272,701)**	**3,446,404**	**2,556,568**
RESULT OF PROVISION FOR LOSSES		**(750,093)**	**10,777**	**(953,669)**	**(1,529,054)**
(Provision) / reversal of provision for loan losses	12f.1	(712,010)	628	(911,572)	(1,537,542)
Other (provision) / reversal of provision associated with credit risk	12f.1	7,014	(7,697)	3,000	(9,358)
(Provision) / reversal of provision for securities impairment	9d	(45,097)	17,846	(45,097)	17,846
OPERATING INCOME/EXPENSES		**(986,218)**	**242,487**	**(931,702)**	**(819,953)**
Service income	22a	197,724	131,851	793,106	656,842
Income from banking fees	22b	341,370	1,108	406,477	371,505
Personnel expenses	22c	(457,327)	(42,548)	(558,212)	(427,922)
Other administrative expenses	22d	(588,759)	(135,374)	(730,044)	(733,839)
Tax expenses	25c	(179,922)	(32,339)	(248,931)	(258,000)
Share of profit (loss) in subsidiaries, associates and jointly controlled subsidiaries	14a	133,867	322,093	(531)	(1,357)
(Provision) / reversal of provision for contingent liabilities	28e.3	32,301	(762)	38,273	(6,033)
Other operating income	22e	26,039	12,016	48,888	78,074
Other operating expenses	22f	(491,511)	(13,558)	(680,728)	(499,223)
OPERATING INCOME		**1,351,065**	**(19,437)**	**1,561,033**	**207,561**
OTHER NON-OPERATING INCOME AND EXPENSES	**23**	**14,001**	**(34,628)**	**(54,555)**	**(1,617)**
INCOME BEFORE TAXES AND CONTRIBUTIONS AND PROFIT SHARING		**1,365,066**	**(54,065)**	**1,506,478**	**205,944**
INCOME TAX AND SOCIAL CONTRIBUTION	**25d.1**	**(458,236)**	**488,238**	**(574,378)**	**338,903**
PROFIT SHARING - EMPLOYEES AND MANAGEMENT		**(92,224)**	**(24,274)**	**(116,261)**	**(101,845)**
NET PROFIT		**814,606**	**409,899**	**815,839**	**443,002**
EARNINGS PER SHARE	**24e**				
Earnings per share - R$		40.10	20.18		
Number of shares (thousand lot)		20,314,971	20,314,971		

[1] In the six-month period ended June 30, 2021, includes in the Bank appropriation of incomes generated by assets and liabilities received from the merger of the spun-off portion of BV Financeira, after said event (Note 2b).

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

Six-month period ended June 30, 2021 and 2020

(In thousands of Reais, unless otherwise stated)

	Note	Parent Company [1]		Consolidated	
		1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Net income for the period		**814,606**	**409,899**	**815,839**	**443,002**
Other comprehensive income that can be subsequently reclassified to profit or loss:					
Net variation in the fair value of financial assets available for sale	**24g**	**(134,122)**	**(65,027)**	**(136,177)**	**(120,201)**
Adjustment to fair value against shareholder's equity		(202,460)	48,885	(204,515)	44,030
Adjustment to fair value transferred to income		(40,839)	(161,767)	(40,839)	(212,086)
Tax effect		109,177	47,855	109,177	47,855
Cash flow hedge	**24g**	**237,774**	**16,590**	**237,774**	**16,590**
Adjustment to fair value against shareholder's equity		436,644	30,566	436,644	30,566
Adjustment to fair value transferred to income		(4,330)	(402)	(4,330)	(402)
Tax effect		(194,540)	(13,574)	(194,540)	(13,574)
Total of other comprehensive income for the period		**103,652**	**(48,437)**	**101,597**	**(103,611)**
Total comprehensive income		**918,258**	**361,462**	**917,436**	**339,391**

[1] In the six-month period ended June 30, 2021, includes in the Bank appropriation of incomes generated by assets and liabilities received from the merger of the spun-off portion of BV Financeira, after said event (Note 2b).

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Six-month period ended June 30, 2021 and 2020

(In thousands of Reais, unless otherwise stated)

Parent company	note	Share capital	Capital reseves	Profit reserves		Other comprehensive income	Retained earnings	Total
Events		Paid-up capital		Legal	Other reserves			
Balances in 12.31.2019 [1]		**8,130,372**	**372,120**	**205,527**	**1,174,175**	**(26,737)**	**-**	**9,855,457**
Adjustments to fair value, net of taxes	24g	-	-	-	-	(48,437)	-	(48,437)
Net income for the period		-	-	-	-	-	409,899	409,899
Destinations:								
Legal reserve	24d	-	-	20,496	-	-	(20,496)	-
Dividends	24d	-	-	-	-	-	(26,545)	(26,545)
Interest on equity	24d	-	-	-	-	-	(47,500)	(47,500)
Balances in 06.30.2020 [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**
Balances in 12.31.2020 [1]		**8,130,372**	**372,120**	**257,043**	**1,837,281**	**149,353**	**-**	**10,746,169**
Adjustments to fair value, net of taxes	24g	-	-	-	-	103,652	-	103,652
Net income for the period		-	-	-	-	-	814,606	814,606
Destinations:								
Legal reserve	24d	-	-	40,730	-	-	(40,730)	-
				-	-	-	-	
Balances in 06.30.2021 [1]		**8,130,372**	**372,120**	**297,773**	**1,837,281**	**253,005**	**773,876**	**11,664,427**
Changes in the period		**-**	**-**	**40,730**	**-**	**103,652**	**773,876**	**918,258**

[1] Does not includes effects of elimination of unrealized income arising from transactions between related parties described in note 24f.

Earnings per Share are disclosed in the Statement of Income.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Six-month period ended June 30, 2021 and 2020

(In thousands of Reais, unless otherwise stated)

	Note	Parent Company		Consolidated	
		1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Cash flows from operating activities					
Income (loss) before income and social contribution taxes		**1,365,066**	**(54,065)**	**1,506,478**	**205,944**
Adjustments to income (loss) before income and social contribution taxes		**808,020**	**(147,901)**	**1,238,257**	**1,875,258**
Provision / (reversal of provision) for loan losses	12f.1	1,011,839	90,330	1,230,439	1,790,298
Provision / (reversal of provision) for securities impairment		(27,487)	(17,846)	(27,487)	(17,846)
Other provision / (reversal of provision) associated with credit risk	12f.1	(7,014)	7,697	(3,000)	9,358
Depreciation and amortization	22d	70,406	11,099	86,695	68,845
Provision / (reversal of provision) for investment losses due to tax incentives	23	-	(2,485)	-	(5,931)
Income from investments in subsidiaries, associates and joint ventures	14a	(133,867)	(322,093)	531	1,357
Exchange variation of investments abroad	10h	57,007	(557,966)	57,007	(557,966)
Exchange variation of subordinated debts and debt instruments eligible for capital	31e	(58,350)	546,267	(58,350)	546,267
(Profit) / Loss on disposal of assets	23	(9,889)	(1,277)	(9,895)	3,340
Provision / (provision reversal) for devaluation of other assets	23	(6,429)	9,142	(4,133)	(29,645)
Expenses / (Reversal of expenses) with civil, labor and tax provisions	28e.3	(32,301)	762	(38,273)	6,033
Effect of changes in foreign exchange rates on cash and cash equivalents		16,065	(48,691)	16,065	(48,691)
Interest expense on subordinated debt obligations and debt instruments eligible for capital	31e	134,014	158,207	134,014	158,207
Interest income from securities held to maturity		(212,527)	(48,905)	(212,527)	(64,686)
Expenses with goodwill and impairment of subsidiaries	23	-	27,922	66,427	31,591
Other operating income and expenses		6,550	-	741	(15,210)
Other adjustments		3	(64)	3	(63)
Adjusted income before income and tax social contribution		**2,173,086**	**(201,966)**	**2,744,735**	**2,081,202**
Changes in operating assets and liabilities		**(1,283,510)**	**11,594,373**	**(833,547)**	**6,318,979**
(Increase) / decrease in interbank investments		4,716	2,389,308	1,596,255	(3,590,188)
(Increase) Decrease in trading securities and derivative financial instruments		(77,019)	(10,710,468)	(94,580)	(10,692,681)
(Increase) / decrease in interbank accounts		157,519	996,408	477,816	721,742
(Increase) / decrease in loans and leases		(2,974,950)	(563,453)	(3,827,269)	(2,354,847)
(Increase) / decrease in other assets		(268,155)	(1,052,922)	(504,284)	(1,048,486)
(Increase) Decrease in tax assets		126,365	46,754	125,171	23,534
(Increase) / decrease in deposits		(2,548,402)	8,737,852	(2,547,816)	8,706,103
(Decrease) / increase in money market repurchase commitments		5,821,257	8,901,025	5,080,871	9,429,126
(Decrease) / increase in securities issued		(5,100,910)	783,940	(5,100,910)	(102,088)
(Decrease) / increase in liabilities from borrowings and onlendings		452,526	1,398,409	452,526	1,398,409
(Decrease) / increase in other obligations		3,106,993	730,329	3,511,908	3,949,535
(Decrease) / increase in tax liabilities		16,550	(62,809)	(3,235)	(121,180)
Income tax and social contribution paid		**(149,655)**	**(9,242)**	**(295,407)**	**(315,501)**
CASH USED BY OPERATING ACTIVITIES		**739,921**	**11,383,165**	**1,615,781**	**8,084,680**
Cash flows from investing activities					
(Acquisition / increase) of securities available for sale		(3,948,095)	(3,007,129)	(4,079,918)	(3,010,833)
(Acquisition / increase) of securities held to maturity		(1,604,336)	(933,346)	(1,604,336)	(1,244,848)
(Acquisition) of property for use		(6,935)	(21,469)	(7,147)	(21,590)
(Acquisition / activation) of intangible		(178,676)	(137,236)	(154,838)	(149,167)
(Acquisition / increase) of investments in associates and joint ventures		(49,929)	(21,006)	(118,862)	(40,788)
Disposal / decrease of securities available for sale		3,644,613	1,431,094	3,644,191	2,039,846
Maturity of securities held to maturity		478,182	-	478,182	-
Disposal / decrease of investments in associates and joint ventures		-	667,634	-	565,481
Disposal / write-off of intangibles		-	77,624	-	-
Dividends / interest on equity received [(1)]		-	-	-	1,767
NET CASH GENERATED BY INVESTING ACTIVITIES		**(1,665,176)**	**(1,943,834)**	**(1,842,728)**	**(1,860,132)**
Cash flows from financing activities					
Dividends / interest on own capital paid	31e	(72,709)	(25,042)	(72,709)	(25,042)
Settlement of subordinated debts and debt instruments eligible for capital	31e	(598,401)	(3,407,588)	(598,401)	(3,407,588)
Fundraising of subordinated debt and capital-eligible debt instruments	31e	122,065	15,000	122,065	15,000
Other changes in subordinated debts and debt instruments eligible to capital	31e	12,469	9,797	12,469	9,797
CASH GENERATED BY FINANCING ACTIVITIES		**(536,576)**	**(3,407,833)**	**(536,576)**	**(3,407,833)**
Net variation in cash and cash equivalents		**(1,461,831)**	**6,031,498**	**(763,523)**	**2,816,715**
Beginning of the period		5,457,830	2,327,760	4,808,466	1,051,889
Effect of changes in foreign exchange rates on cash and cash equivalents		(16,065)	48,691	(16,065)	48,691
End of the period	7	3,979,934	8,407,949	4,028,878	3,917,295
Net increase (decrease) in cash and cash equivalents		**(1,461,831)**	**6,031,498**	**(763,523)**	**2,816,715**

[(1)] Values net of taxes.

The accompanying notes are an integral part of these financial statements.

STATEMENT OF ADDED VALUE

Six-month period ended June 30, 2021 and 2020

(In thousands of Reais, unless otherwise stated)

	Note	Parent Company [1]				Consolidated			
		1º Semester/ 2021		1º Semester/ 2020		1º Semester/ 2021		1º Semester/ 2020	
Income		**4,008,432**		**4,577,499**		**4,728,034**		**6,932,341**	
Financial intermediation income		4,264,301		4,469,534		4,602,686		7,469,393	
Service income and banking fees	22a / 22b	539,094		132,959		1,199,583		1,028,347	
Allowance for loan losses	9d / 12f.1	(750,093)		10,777		(953,669)		(1,529,054)	
(Provision) / reversal of provision for contingent liabilities	28e.3	32,301		(762)		38,273		(6,033)	
Other income/(expenses)	22e / 22f / 23	(77,171)		(35,009)		(158,839)		(30,312)	
Financial Intermediation expenses		**(1,176,925)**		**(4,742,235)**		**(1,156,282)**		**(4,912,825)**	
Inputs acquired from third parties		**(864,218)**		**(116,380)**		**(1,138,412)**		**(1,026,697)**	
Materials, water, electricity and gas	22d	(2,176)		(1,006)		(2,917)		(4,112)	
Outsourced services	22d	(5,283)		(1,204)		(6,154)		(4,691)	
Communications	22d	(13,758)		(753)		(22,568)		(27,218)	
Data processing	22d	(95,193)		(38,164)		(146,563)		(142,619)	
Transportation	22d	(1,715)		(340)		(1,839)		(3,034)	
Surveillance and security services	22d	(508)		(433)		(706)		(1,011)	
Specialized technical services	22d	(240,865)		(36,119)		(272,709)		(241,004)	
Financial system services	22d	(41,077)		(13,678)		(44,223)		(53,133)	
Advertising and publicity	22d	(12,275)		(11,361)		(23,668)		(27,864)	
Judicial and notary public fees	22d	(30,852)		(1,206)		(32,311)		(35,139)	
Costs associated with production - Business partners	22f	(374,300)		(1,161)		(527,556)		(392,454)	
Other	22d	(46,216)		(10,955)		(57,198)		(94,418)	
Gross value added		**1,967,289**		**(281,116)**		**2,433,340**		**992,819**	
Amortization/depreciation expenses	22d	(70,406)		(11,099)		(86,695)		(68,845)	
Net value added produced by the entity		**1,896,883**		**(292,215)**		**2,346,645**		**923,974**	
Value added received as transfer		**133,867**		**322,093**		**(531)**		**(1,357)**	
Income from investments in associates and joint ventures	14a	133,867		322,093		(531)		(1,357)	
Value added payable		**2,030,750**	**100.00%**	**29,878**	**100.00%**	**2,346,114**	**100.00%**	**922,617**	**100.00%**
Distributed value added		**2,030,750**	**100.00%**	**29,878**	**100.00%**	**2,346,114**	**100.00%**	**922,617**	**100.00%**
Personnel		**475,774**	**23.43%**	**42,026**	**140.66%**	**583,415**	**24.87%**	**450,525**	**48.83%**
Salaries, fees and labor demands [2]	22c	289,939		(15,070)		355,124		238,203	
Profit sharing - Employees and Management		92,224		24,274		116,261		101,845	
Benefits, training programs and other	22c	68,506		24,630		80,613		82,918	
FGTS		25,077		8,164		31,389		27,531	
Other charges		28		28		28		28	
Taxes, rates and contributions		**711,935**	**35.06%**	**(431,103)**	**-1442.88%**	**914,367**	**38.97%**	**(1,661)**	**-0.18%**
Federal		684,983		(437,306)		871,929		(40,775)	
State		147		20		147		20	
Municipal		26,805		6,183		42,291		39,094	
Third-party capital remuneration		**28,435**	**1.40%**	**9,056**	**30.31%**	**32,493**	**1.38%**	**30,751**	**3.33%**
Rental	22d	28,435		9,056		32,493		30,751	
Remuneration of own capital		**814,606**	**40.11%**	**409,899**	**1371.91%**	**815,839**	**34.78%**	**443,002**	**48.02%**
Dividends / interest on equity		-		74,045		-		74,045	
Retained earnings		814,606		335,854		815,839		368,957	

(1) In the six-month period ended June 30, 2021, it includes the Bank's appropriation in the subsequent result of assets and liabilities received from the merger of the spun-off portion of BV Financeira (Note 2b).

(2) In the six-month period ended June 30, 2020, includes reversal of provision for long-term incentive plan expenses, referring to disbursements, realization is no longer expected.

The accompanying notes are an integral part of these 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, providing financial services as permitted by its banking licence, 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, banco BV unifies its trademarks in a single architecture, assumes the "light for your life" slogan and enhances its position both for retail, where, it 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, management 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 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 the banks that is most connected 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 the Conglomerate's business units.

The Conglomerate's operations 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 related parties, which are 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

a) Banco BV S.A. (former BV Leasing Arrendamento Mercantil S.A.)

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. to a multiple bank was approved through the addition of the commercial portfolio. This plan was approved by the Central Bank of Brazil on July 22, 2020 and, on August 19, 2020, the change in the company name of BV Leasing to Banco BV S.A. were approved, as well as its corporate purpose to contemplate the activities of the commercial portfolio.

b) Partial spin-off and subsequent incorporation of BV Financeira S.A. - Crédito, Financiamento e Investimento

As determined by the General Meetings of BV Financeira S.A. - Crédito, Financiamento e Investimento ("BV Financeira") and Banco Votorantim S.A., on July 31, 2020, the partial spin-off of BV Financeira which was incorporated into banco BV was approved, under the terms of the Spin-Off Protocol and Justification signed between both companies. The net assets incorporated in banco BV were valued, on June 30, 2020, base date of the transaction, in the book value of R$ 226,607, adding the equity variations occurred between the base date of the accounting appraisal report and the date of the split. The spin-off is justified by the redistribution of BV Financeira's activities, in the context of administrative and operational reorganization of the business of such company, in order to allow its relocation with greater efficiency and consequent reduction of operational and administrative costs related to the maintenance of its structure. The spin-off did not result in an increase in the share capital of Banco Votorantim and, consequently, in a change in its bylaws. The Central Bank of Brazil authorized the transaction on October 7, 2020.

As a result of this incorporation of BV Financeira's spin-off assets and liabilities, Banco Votorantim recognized in its Statement of Financial Position, as of July 31, 2020, the effects of changes in tax rates and deferred tax assets between BV Financeira and Banco Votorantim, as well as the effects of prudential provisions, which together did not generate significant effects on Banco Votorantim's results and shareholders' equity.

(Amounts in thousand of Reais, unless otherwise indicated)

The financial assets and liabilities of BV Financeira on June 30, 2020, which were spin-off and incorporated into Banco Votorantim on July 31, 2020, are shown below:

Assets: R$ 43,895,330
Liabilities: R$ 43,668,723
Shareholders' Equity: R$ 226,607

The main amounts of BV Financeira incorporated as of July 31, 2020 in the balance sheet of Banco Votorantim are shown below:

Assets	07.31.2020	Liabilities	07.31.2020
Securites	1,090,846	Deposits	34,986,406
Loan portfolio	39,108,135	Provision for tax, civil and labor lawsuits	730,644
Tax assets	2,741,270	Other liabilities	8,066,646
Other assets	1,034,386		

On August 31, 2020, by resolution of the General Meetings of BV Financeira and Banco BV S.A. ("BV S.A.", the new company name of BV Leasing Arrendamento Mercantil S.A.), the incorporation of BV Financeira by Banco BV S.A. was approved. The spin-off is justified by the redistribution of its activities, in the context of the administrative and operational reorganization of the business of such company, so as to allow the allocation of digital business in the same legal vehicle, facilitating its management and, also, allowing greater efficiency and consequent reduction of operating and administrative costs related to the maintenance of the BV Financeira structure, which was extinguished as a result of the incorporation. The Central Bank of Brazil approved the movement on October 29th, 2020.

The net assets and liabilities incorporated in Banco BV S.A. were valued, on July 31, 2020, the date of the transaction, at the book value of R$ 580,044, adding the changes in equity that occurred between the date of the accounting valuation report and the incorporation date. With the spin-off, Banco BV S.A. had its share capital increased by R$ 367,619, totaling R$ 1,300,131.

Due to the incorporation of the assets and liabilities of BV Financeira, Banco BV S.A. recognized in its Statement of Financial Position, also on August 31, 2020, the effects arising from changes in tax rates and deferred tax assets between BV Financeira and Banco BV S.A., as well as the effects of prudential provisions, which together did not generate significant effects on the income and shareholders' equity of Banco BV S.A.

The financial assets and liabilities of BV Financeira on July 31, 2020, which were incorporated into Banco BV S.A. on August 31, 2020, are shown below:

Assets: R$ 2,528,948
Liabilities: R$ 1,948,904
Shareholders' Equity: R$ 580,044

3. PRESENTATION OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The 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).

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. Non-controlling interests in funds qualified as structured entities were recognized as financial liabilities. 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 CMN No. 3,566/2008 - Reduction to recoverable asset value - CPC 01.
Resolution CMN No. 3,823/2009 - Provisions, contingent liabilities and contingent assets - CPC 25.
Resolution CMN No. 3,989/2011 - Stock-based payment - CPC 10 (R1).
Resolution CMN No. 4,007/2011 - Accounting policies, change of estimate and rectification of error - CPC 23.
Resolution CMN No. 4,144/2012 - Conceptual Framework for Financial Statements - CPC 00 (R1).
Resolution CMN No. 4,877/2020 - Employee benefits - CPC 33 (R1).
Resolution CMN No. 4,748/2019 - Fair value measurement - CPC 46.
Resolution CMN No. 4,818/2020 - Statement of cash flows - CPC 03 (R2), Disclosure of related parties - CPC 05 (R1), Subsequent Events - CPC 24, and Income per share - CPC 41.

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 of CMN that partially incorporated the pronouncements issued by the CPC and are applicable to the Interim

Resolution CMN No. 4,524/2016 - Effects of changes in exchange rates and conversion of financial statements - CPC 02 (R2).
Resolution CMN No. 4,534/2016 - Intangible assets - CPC 04 (R1).
Resolution CMN No. 4,535/2016 - Fixed assets - CPC 27.
Resolution CMN No. 4,747/2019 - Non-current assets kept for sale - CPC 31.
Resolution CMN No. 4,818/2020 - Consolidated Statements - CPC 36 (R3).

Changes in the presentation of the Financial Statements

The Conglomerate, from the Financial Statements of March 31, 2020, made changes in the presentation of these statements, meeting the requirements of CMN Resolution No. 4,720/19 and Bacen Circular No. 3,959/2019, replaced from January 1, 2021 by CMN Resolution No. 4,818/20 and BCB Resolution No. 2/2020, respectively. The main changes that we highlight (and that remain in force even with the entry into force of the new mentioned Resolutions) are:

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;

(Amounts in thousand of Reais, unless otherwise indicated)

- 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

- 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.
- Inclusion of note 6 "Recurrent and non-recurring results", where components of the result (non-recurring events) that are not related to or are incidentally related to the typical activities of the institution are presented, and are not expected to occur frequently in future years. The deduction of these components from the reported book income is presented in that note as a recurring result.

Additionally, the aforementioned CMN Resolution No. 4,818/2020, which consolidated the criteria for the preparation and disclosure of individual and consolidated Financial Statements by financial institutions and other institutions authorized to operate by Banco Central, partially incorporated pronouncement CPC 36 (R3). As a result of this normative adoption, it will be required that the corporate consolidated Financial Statements of entities registered as a publicly-held company or that are leaders of prudential conglomerate classified in Segment 1 (S1), in Segment 2 (S2) or in Segment 3 (S3), as specific regulation, are disclosed exclusively in the international accounting standard (IFRS), as of January 1, 2022.

Other CMN Resolutions that will come into force in future periods, which partially incorporate the pronouncements issued by the CPC and are applicable to the Financial Statements:

- Resolution CMN nº. 4,817/2019 - Investment in Affiliate, Subsidiary and Jointly Controlled Enterprise - CPC 18 (R2) - effective for periods beginning on or after January 1, 2022.
- CMN Resolution No. 4924/2021 - effective on January 1, 2022, approves the adoption of the following pronouncements (no received):
  CPC 00 (R2) - Conceptual framework for Financial Reporting;
  CPC 01 (R1) - Reduction to the recoverable amount of assets;
  CPC 23 - Accounting policies, change of estimate and error correction; and
  CPC 47 - Income From Customer Contract.

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 regulation, 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 CPC 48, 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 constituted in April 2020.

The recognition of goodwill amortization expense whose economic basis is based on the expectation of future results identified in the acquisitions, differs from the provisions of CPC 18, which does not allow for amortization of goodwill of this nature, being this intangible asset 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 48, 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.

(Amounts in thousand of Reais, unless otherwise indicated)

In the case of cash flow hedge discontinuance, the accumulated value in shareholders' equity is transferred to the income of 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. For hedge accounting purposes, the IASB continues to work on the macro hedge accounting project and, for this reason, the standard corresponding to the theme (CPC 48) brings the express option of maintaining the same requirements presented by the predecessor standard, CPC 38 - Financial Instruments.

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. 3,693/2013. 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 Interim Financial Statements were authorized for issue by Management on August 04, 2021.

Shareholding interest included in the Consolidated Interim Financial Statements, segregated by activity:

	Activity	06.30.2021	12.31.2020
		% Participation	
Financial institutions - domestic			
Banco BV S.A. (former BV Leasing Arrendamento Mercantil S.A.) [(1)]	Multiple Bank	100.00%	100.00%
Votorantim Asset Management Distribuidora de TVM Ltda. (Votorantim Asset DTVM)	Third party resource management	100.00%	100.00%
Insurance market institutions			
Votorantim Corretora de Seguros S.A (Votorantim Corretora Seguros)	Corretora	100.00%	100.00%
Non-financial institutions			
Promotiva S.A. (Promotiva)	Service Delivery	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) [(2)]	SPE	100.00%	100.00%
Consolidated investment funds			
Votorantim Expertise Multimercado Fundo de Investimento (Expertise)	Fund	100.00%	100.00%
Crédito Universitário III Fundo de Investimento em Direitos Creditórios (FIDC Universitário) [(2)(3)]	Fund	90.00%	90.00%
Fundo de Investimento em Direitos Creditórios BV - Crédito de Veículos (FIDC BV) [(4) (5)]	Fund	25.00%	-
Fundo de Investimento em Direitos Creditórios TM II (FIDC TM) [(4)]	Fund	100.00%	-
Fundo de Investimento Imobiliário Votorantim BII BTS (BTS) [(5) (6)]	Fund	60.60%	-
Fundo de Investimento Marítimo Renda Fixa (Marítimo) [(5) (6)]	Fund	99.60%	-
Votorantim Securities Master Fundo de Investimento Imobiliário (Master) [(5) (6)]	Fund	88.40%	-
Fundo de Investimento Imobiliário Votorantim Patrimonial (Patrimonial) [(5) (6)]	Fund	99.60%	-
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) [(2)]	SPE	100.00%	100.00%
Senador Dantas Empreendimento Imobiliário SPE S.A. (Senador Dantas) [(2)]	SPE	100.00%	100.00%
Henri Dunant Empreend. Imobiliário S.A. (Henri Dunant) [(2)]	SPE	100.00%	100.00%
Arena XI Incorporações SPE Ltda. (Arena XI) [(2)]	SPE	100.00%	100.00%
D'oro XVIII Incorporações Ltda. (D'oro XVIII) [(2)]	SPE	100.00%	100.00%
BVEP Vila Parque Empreendimentos Imobiliários SPE Ltda. (Vila Parque) [(2) (7)]	SPE	100.00%	100.00%
Atenas subsidiaries			
Atenas Sp 02 – Empreendimento Imobiliário Ltda. – Lote 1 [(2)]	SPE	100.00%	100.00%
Atenas Sp 02 – Empreendimento Imobiliário Ltda. – Lote 3 [(2)]	SPE	100.00%	100.00%

(1) On August 19, 2020, the change in the corporate name of BV Leasing to Banco BV S.A. were approved, as well as its corporate purpose to be a multiple bank (Note 2a).
(2) For consolidation purposes, it contemplates a delay up to 2 months in the respective balance sheet.
(3) Investment fund set up in September 2020
(4) Investment fund established in May 2021.
(5) Investment fund in which the Bank substantially assumes or retains risks and benefits, through subordinate shares.
(6) Investment fund became part of the Conglomerate assets established in June 2021.
(7) 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.

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 functional currency, which is the currency of the main economic environment in which an entity operates, is the Real for all entities in the Conglomerate. The presentation currency in these Interim Financial Statements 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 agreedupon 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 updated balance of the units is not available for redemption (realization) in the short term, that is, when the redemption of units occurs only at 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.

Investments in shares held by the Conglomerate, of investment funds that have these characteristics, are from equity investment funds (FIPs) and real estate investment funds (FIIs).

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: The financial instruments thus classified, as well as the item hedged, have their valuations or devaluations recognized in income accounts for the period.

For hedged items that were discontinued from the fair value 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 income statement 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 statement of the period.

For the hedged 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 recognized in the income statement remaining term of the operations.

The Bank performs hedge operations that include provisions for the liquidation of rights and contractual obligations related to the risk of own credit, of third parties or of parties related to the Bank that may result, under certain conditions of eventual occurrence, in the anticipated maturity of the derivative without any amount being due to the Bank or that the amount due to the Bank may be settled with debt securities issued by the Bank itself, as established in the contract.

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 transactions are maintained at least at the same level as they were classified. Renegotiations of credit operations already downloaded against the provision are classified as level H. Any gains arising from overdue contract renegotiation above 59 days or to a loss are recognized as revenue when actually received. In order to mitigate COVID-19's impacts on the economy, the National Monetary Council, through CMN Resolution nº. 4,782/2020, temporarily relaxed the characterization of a problematic asset allowing situations of (i) the debtor's financial incapacity to honor the obligation under the agreed conditions and (ii) restructuring of the operation relating to exposure, no longer considered indicative that an obligation will not be fully honored. This flexibility, adopted by the Conglomerate, is valid for restructuring of credit operations carried out until December 31, 2021.

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 12e).

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; and
- 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:

- They are recognized on the date of receipt by the institution and are valued at the lowest value between the gross book value of the respective financial instrument of difficult or dubious solution that gave rise to it or the fair value of the asset, net of sales expenses.
- The Conglomerate periodically evaluates if there is any indication that these assets may have undergone devaluation. If there is any indication, the entity estimates its recoverable value. If the recoverable value is less than its book value, the asset is reduced to its recoverable value through a provision for loss by parity, which is recognized in the Income Statement in "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 the cost method and amortized as incurred.

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 investments are stated at acquisition cost, less the provision for impairment losses, when applicable.

k) Property, plant and equipment

Property, plant and equipment are 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 15). The residual value of these assets is reviewed annually or when there are significant changes in the assumptions used.

l) Intangibles and goodwill

Intangible assets correspond to rights that have as their object intangible assets intended for the maintenance of the Conglomerate or exercised for this purpose. Intangible assets have a defined useful life and basically refer to software and licenses or usage rights (note 16a). Amortization is carried out using the straight-line method based on the term in which the benefit is generated and is levied on the amortizable value (corresponding to the acquisition cost minus the residual value, when applicable), from the date of availability of the intangible asset for use and accounted for in Other administrative expenses – Amortization (note 22d). The useful life and residual value of these assets, when applicable, are reviewed annually or when there are significant changes in the assumptions used.

Intangibles include goodwill paid in the acquisition of investments, which correspond to the amount exceeding the asset value of the invested, are amortized based on the expectation of future profitability or its realization. The balances corresponding to the capital gain in the acquisition of real estate developments, when attributed to the stock of completed properties or land, are amortized depending on the realization (sale) of the assets of the invested that gave rise to it, or carried out in case of reduction in the recoverable value of the corresponding assets.

Intangibles also include carbon credits acquired for the purpose of offsetting CO_2 emissions by vehicles financed by BV bank. CO_2 is one of the greenhouse gases. The mechanism for neutralizing CO_2 emissions adopted by the Conglomerate includes the effective declaration of use (retirement), in the shortest possible time, of the carbon credits acquired. There is no provision for the allocation of these credits for any purpose other than clearing, such as their trading on the market. For this reason, as there is no exposure of the institution to fair value on the credits purchased, these are recognized by the price paid and form a stock of tons of CO_2, controlled by the average cost that, once retired, is consumed (amortized) based on the monthly volume of CO_2 produced by the financed vehicles.

Regardless of the time of acquisition and retirement of carbon credits, the commitment made by the Institution to offset the CO_2 emission of vehicles financed from 2021 and financing prior to 2021 whose customers have chosen to join the compensation program, is the institution's present obligation, following the provisions described in note 4r.

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 – General Application

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 carried out by a specialized consultancy.

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 value 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.

Carbon credits: Carbon credits: As these acquired credits are used exclusively to meet the commitment to offset CO_2 missions by vehicles financed by BV bank, i.e. the institution is not exposed to a change in the fair value of this asset in the balance sheet, the possible reduction for a long period in the fair value of these credits by market conditions does not expose the institution to losses by reduction to the recoverable value of that asset.

o) Employee benefits

The recognition, measurement and disclosure of short- and long-term employee benefits are carried out in accordance with the criteria defined by CPC 33 (R1) – Employee Benefits, in accordance with the provisions of CMN Resolution No. 4,877/2020. In line with the accrual basis, the pronouncement requires the entity to recognize a liability in return for the result 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 27.

The amounts referring to profit sharing (PLR), established by Law No. 10,101/2000, are recognized in "Other liabilities - Provision for profit sharing" in contra-entry to the result, in "Profit and profit sharing".

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 hedge is valued at fair value, using consistent and verifiable criteria. The fair value valuation adjustments of these operations are recorded in the same line as the financial instrument, with a contra entry to "Income from derivative financial instruments".

(Amounts in thousand of Reais, unless otherwise indicated)

q) Taxes

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

	Alíquotas vigentes
Income Taxes	
Income tax (15% + 10% additional)	25%
Social Contribution on Net Income (CSLL) - Banco Votorantim SA and Banco BV SA.[(1)] [(4)]	25%
Social contribution on net income - other financial and non-financial institutions [(4)]	from 9% to 20%
Other taxes	
PIS / PASEP [(2)]	from 0,65% to 1,65%
Contribution for Social Security Funding – COFINS [(2)]	from 3% to 7,6%
Service tax - ISSQN [(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.

(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) Taxes levied on revenue from services rendered.

(4) Law No. 14,183, published in the Federal Official Gazette on July 15, 2021, raised the CSLL rate from 20% to 25%, for banks of any kind, and from 15% to 20%, for other financial institutions, in the period from July 1st to December 31st, 2021, returning to the previous rates from January 1st, 2022.

Deferred tax assets (tax credits) and deferred tax liabilities are constituted by applying the prevailing tax rates on their respective bases. In case of a change in tax legislation that modifies 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 asset will be realized or of the liability settled. For the constitution, maintenance and write-off of deferred tax assets, the criteria established by CMN Resolution No. 4,842/2020 are observed and are supported by a realization capacity study.

The effects of the increase in the CSLL rate of financial institutions were already recognized in the balance of deferred tax assets existing on June 30, 2021, applicable to the tax credit realized in the period from July 1 to December 31, 2021.

Deferred income tax is recognized, calculated at the rate of 25%, on the adjustment of excess of depreciation of the lease portfolio of subsidiary Banco BV S.A (former BV Leasing S.A.).

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 28).

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 prognoses evaluated by Management, the Conglomerate recognizes provisions 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 professionals (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 professionals (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.

Compensation of CO_2 emissions by vehicles financed by BV - The commitment made by the Institution to offset CO_2 emissions by vehicles financed from 2021 and financing prior to 2021 whose customers have chosen to join the compensation program is the institution's present obligation. The Institution estimates monthly the amount of emissions of these gases that is produced by the vehicles and provisions the corresponding cost of acquiring the credits that are necessary to offset such emission. The provision is reversed at the time when the amortization of these credits is calculated and recognized.

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 29.1 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 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 where such propositions are not used. The following are described accounting policies adopted that have high complexity and guide relevant aspects in the calculation of 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 No. 2,682 / 1999.

Further details on the criteria used to measure losses associated with credit risk are presented in note 12.

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 9d.

c) Projection of future results for the realization of deferred tax assets

The realization of deferred tax assets is supported by the Conglomerate budget projections, properly approved by the governance bodies. These projections are based on current strategic planning, which considers business plan assumptions, corporate strategies, macroeconomic scenarios such as inflation and interest rates, historical performance and expectations for future growth expectations, 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 Interim Financial Statements.

Details on the projection of future results for the realization of tax credits are presented in Note 25.

d) Fair value of financial instruments

The Conglomerate uses specific techniques for the determination of fair value of financial instruments that are not negotiated in active markets and for which market prices and parameters are not available. These valuations require assumptions using Management judgment, which takes into account the assessment of information and market circumstances.

Methodologies used to evaluate the fair value of certain financial instruments is described in Notes 4f and 4g.

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

Based on the likelihood of loss and the estimated loss amount, both forecasts determined by management, the Conglomerate recognizes a provision for labor, tax and civil claims through legal assesments and statistical models.

The determination of the provision amounts takes into account the probability of payment for each claim element and can incur in a high degree of judgement as the existing uncertainty increases.

Details of the policy for provisions and contingent liabilities are presented in Note 28.

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

According to the rules of Banco Central, the goodwill recorded in the investor or parent company, which is based on the forecast of future results of the affiliate or subsidiary, must be amortized in accordance with the deadlines of the projections that justified it. This treatment also applies to the balances corresponding to the capital gain calculated on the acquisition of real estate projects, when attributed to the inventory of completed properties or land, which are amortized as a result of the realization (sale) of the investee's assets that gave rise to it, or carried out in case of impairment of the corresponding assets. Estimating the periods for generating future results from investments in an associate, subsidiary or joint venture for which goodwill has been recognized involves significant judgments by Management.

In addition, goodwill is periodically tested for its recoverable value, which also involves assumptions and a considerable degree of judgment in estimating future cash flows to discount it to present value.

g) Impairment on 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) Effects arising from covid-19 on the Financial Statements

Management monitors its operations on an on-going basis, which includes monitoring foreign exchange and interest positions, capital and liquidity levels, the behavior of the credit risk of assets, the market risks of its financial instruments, the origination of new loans 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 loans, 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 contracts, with the purpose of reducing the impact on the cash flows of its customers in this pandemic scenario.

Renegotiations of loan and lease operations were treated differently among the operating segments. In Wholesale, renegotiation analysis was carried out individually by the credit department and monitored by the risk department. These analysis were based on the real and estimated effects of each company and its respective segment. In Retail, two stages of renegotiations were carried out, with the first stage (from March to May/20) contemplating the postponement of 60 days of the installments payment term without changing the quantity and amount of the installments. The second stage (started at the end of May/20) contemplates options of postponement of 30 or 60 days with interest, as well as increasing the term of the contract by reducing the amount of the monthly installment.

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, a more flexible criteria to characterize a restructured loan for credit risk management purposes and the granting of borrowings to financial institutions through the Special Temporary Liquidity Line which are intended to contribute to mitigating the impacts resulting from the pandemic.

The main effects and impacts arising from covid-19 on the Interim 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, adjustments have been made to the management of this risk, 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 on an on-going basis, 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 assets**

The studies of expectation of realization of tax credits consider updating the estimates of future results of the Conglomerate with the reflections of COVID-19. We conclude that the consumption of tax credits are still expected to be completed within the 10-year period, as established by the rules in force (CMN Resolution No. 3,059/2002, revoked from January 1, 2021 by CMN Resolution No. 4,842/2020).

- **Reduction to recoverable value of investments, intangible assets and other assets**

No relevant impacts were observed due to the pandemic.

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

There was no significant impact of the impairment of the goodwill recorded in the Conglomerate as a result of covid-19.

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

There was not identified any significant impacts on contingencies.

- **Capital management**

The devaluation of the Real had a negative impact on capitalization ratios, as a result of its impacts on the tax credit of temporary differences, arising from the hedge of the investment abroad. However, they remained at levels substantially above the minimum required by current regulation and above the risk appetite established by shareholders. In this context, the Management also decided in the year ended December 31, 2020 to reduce USD 150,000 (R$ 754,545) of capital invested in the branch in Nassau, mitigating any future impacts in a scenario of worsening devaluation of the national currency.

- **Liquidity management**

The Conglomerate focuses on maintaining conservative cash levels and structural liquidity indicators, having strengthened them even in the current scenario impacted by COVID-19. An example of this is the Short-term Liquidity Indicator (LCR) which increased from 226% on December 31, 2020 to 258% on June 30, 2021, mainly due to the greater strength of free cash in the period, compared to the Institution's short-term liabilities. Additionally, it is worth noting that in the period, Banco BV further diversified its funding sources, such as issuing FIDC and public financial bills (green bonds).

(Amounts in thousand of Reais, unless otherwise indicated)

- **Asset and liability management**

The Conglomerate had a reduced impact on the oscillation of the economic value of its positions, mainly due to hedge policies of its assets, liabilities and investments in foreign currency.

6. RECURRING AND NON-RECURRING INCOME

For classification of income between recurring and non-recurring, Banco BV considers as recurring, the income obtained from its regular and customary activities, such as revenue and expenses related to asset (investments) and liability (funding) operations, services rendered and other expenses related to the maintenance of the Organization's activities.

Non-recurring results include revenue and expenses arising from administrative events and facts that are not usual or that have a low probability of occurring in consecutive years.

	Parent Company		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Net profit	**814,606**	**409,899**	**815,839**	**443,002**
(-) Non-recurring events	**67,077**	**19,492**	**70,577**	**1,677**
Donations related to the COVID-19 net of tax [1]	(378)	-	(378)	(26,566)
Effects of rate increase on tax credit	72,170	-	75,670	-
Expenses related to BV's IPO process	(4,715)	-	(4,715)	-
Other	-	19,492	-	28,243
Recurring net profit	**747,529**	**390,407**	**745,262**	**441,325**

[1] For the semesters ended June 30, 2021 and 2020, the gross amount is R$ 687 and R$ 30,000, respectively.

Summary of non-recurring events:

Donations related to the COVID-19 - Extraordinary expenses for donations aimed at fighting the new Coronavirus and its effects on Brazilian society.

Effects of rate increase on tax credit - Effect arising from the increase in the social contribution rate for financial institutions, recognized Tax and Social Contribution line (Note 4q).

Expenses related to BV's IPO process - According to the Material Fact disclosed on April 13, 2021, BV's IPO process was canceled due to the current market situation.

7. CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Cash and due from banks	**285,365**	**487,652**	**334,309**	**539,335**
Cash and due from banks in national currency	2,052	1,215	46,721	50,800
Cash and due from banks in foreign currency	283,313	486,437	287,588	488,535
Interbank funds applied [1]	**3,694,569**	**4,970,178**	**3,694,569**	**4,269,131**
Open market applications - Resales to be liquidated - Bench position	444,994	1,802,421	444,994	1,204,275
Interbank accounts or relations	15,068	132,944	15,068	30,043
Investments in foreign currency	3,234,507	3,034,813	3,234,507	3,034,813
Total	**3,979,934**	**5,457,830**	**4,028,878**	**4,808,466**

[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)

8. INTERBANK INVESTMENTS

a) Breakdown

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Reverse repurchase agreements	**3,672,688**	**4,400,118**	**3,086,996**	**4,402,183**
Reverse repurchase agreements - Held	**1,472,702**	**1,323,038**	**887,010**	**1,325,103**
National Treasury Bill - LTN	28,918	1,901	29,132	3,966
National Treasury Notes - NTN	870,273	914,364	284,367	914,364
Securities of Brazilian Foreign Debt	573,511	406,773	573,511	406,773
Reverse repurchase agreements - Repledged	**606,368**	**591,292**	**606,368**	**591,292**
National Treasury Bill - LTN	353,231	444,983	353,231	444,983
National Treasury Notes - NTN	253,137	146,309	253,137	146,309
Reverse repurchase agreements - Short position	**1,593,618**	**2,485,788**	**1,593,618**	**2,485,788**
National Treasury Bill - LTN	222,021	1,708,440	222,021	1,708,440
National Treasury Notes - NTN	1,371,597	777,348	1,371,597	777,348
Interbank deposit investments	**1,311,555**	**588,841**	**307,773**	**588,841**
Total	**4,984,243**	**4,988,959**	**3,394,769**	**4,991,024**
Current assets	4,292,075	4,455,302	2,702,601	4,457,367
Non-current assets	692,168	533,657	692,168	533,657

b) Income from interbank investments

	Parent Company [1]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Income from securities purchased under resale agreements	**86,940**	**104,463**	**78,245**	**93,829**
Own portfolio	33,410	43,126	24,715	32,492
Financed operations	18,142	40,216	18,142	40,216
Short position	35,388	21,121	35,388	21,121
Income from investments in interbank deposits [2]	**10,964**	**1,259,940**	**6,642**	**341,113**
Total [3]	**97,904**	**1,364,403**	**84,887**	**434,942**

(1) In the semester ended June 30, 2021, includes in the Bank the appropriation of income generated by the assets received from the merger of the spun-off portion of BV Financeira, after the referred event (Note 2b).

(2) Includes the effects of exchange rate changes on the corresponding assets.

(3) The amounts comprise the balance of income from securities (Note 9c)

(amounts in thousands of Reais, unless otherwise indicated)

9. SECURITIES

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

Parent company	06.30.2021								12.31.2020		
	Fair value					Total			Total		
Maturity in days	Without maturity	From 0 to 90 days	From 90 to 360 days	From 1 to 5 years	Over 5 years	Cost	Fair value	Fair value adjustment	Cost	Fair value	Fair value adjustment
1 – Trading securities	**-**	**42,003**	**59,884**	**4,644,049**	**1,108,230**	**5,878,911**	**5,854,166**	**(24,745)**	**5,059,375**	**5,130,668**	**71,293**
Government bonds	**-**	**42,003**	**59,884**	**4,644,028**	**738,026**	**5,506,826**	**5,483,941**	**(22,885)**	**5,004,781**	**5,074,377**	**69,596**
Financial Treasury Bills	-	9,151	-	19,991	-	29,140	29,142	2	54	54	-
National Treasury Bills	-	32,852	59,884	3,749,519	-	3,850,556	3,842,255	(8,301)	1,257,504	1,273,047	15,543
National Treasury Notes	-	-	-	874,518	738,026	1,627,130	1,612,544	(14,586)	3,747,223	3,801,276	54,053
Private securities	**-**	**-**	**-**	**21**	**370,204**	**372,085**	**370,225**	**(1,860)**	**54,594**	**56,291**	**1,697**
Eurobonds	-	-	-	21	-	21	21	-	75	75	-
Debentures	-	-	-	-	136,809	137,497	136,809	(688)	54,519	56,216	1,697
Certificate of Agribusiness Receivables	-	-	-	-	233,395	234,567	233,395	(1,172)	-	-	-
2 – Securities available for sale	**2,635**	**337,756**	**2,202,826**	**11,213,479**	**4,184,407**	**17,729,274**	**17,941,103**	**211,829**	**17,819,238**	**18,239,143**	**419,905**
Government bonds	**-**	**213,840**	**1,050,669**	**8,387,877**	**1,904,294**	**11,567,939**	**11,556,680**	**(11,259)**	**13,786,789**	**13,958,730**	**171,941**
Financial Treasury Bills	-	213,840	95,084	5,222,126	1,670,794	7,224,973	7,201,844	(23,129)	8,853,666	8,826,315	(27,351)
National Treasury Bills	-	-	955,585	1,252,547	-	2,247,297	2,208,132	(39,165)	1,407,912	1,451,535	43,623
National Treasury Notes	-	-	-	311,182	233,500	551,125	544,682	(6,443)	946,457	983,454	36,997
Brazilian Foreign Debt Securities	-	-	-	1,602,022	-	1,544,544	1,602,022	57,478	2,578,754	2,697,426	118,672
Private securities	**2,635**	**123,916**	**1,152,157**	**2,825,602**	**2,280,113**	**6,161,335**	**6,384,423**	**223,088**	**4,032,449**	**4,280,413**	**247,964**
Debêntures (1)	-	7,303	422,390	1,453,736	295,335	2,214,938	2,178,764	(36,174)	2,185,843	2,160,150	(25,693)
Promissory Notes (2) (3)	-	38,193	14,235	62,115	-	115,573	114,543	(1,030)	419,088	417,544	(1,544)
Shares (4)	2,363	-	-	-	-	2,363	2,363	-	8,502	14,754	6,252
Quotas of investment funds (5)	272	-	20,312	339,253	1,590,234	1,705,655	1,950,071	244,416	513,510	775,559	262,049
Rural Product Notes -Commodities (6)	-	24,562	188,498	233,475	-	434,988	446,535	11,547	561,791	571,880	10,089
Financial Bills	-	-	-	-	-	-	-	-	21,889	21,674	(215)
Floating Rate Notes	-	25,520	177,876	259,483	-	459,540	462,879	3,339	85,621	85,851	230
Certificated of Real Estate Receivables (7)	-	15,373	316,123	445,956	394,544	1,170,282	1,171,996	1,714	153,506	150,705	(2,801)
Agribusiness Receivables Certificate	-	12,965	12,723	31,584	-	57,996	57,272	(724)	82,699	82,296	(403)
3 – Securities held to maturity	**-**	**-**	**2,263,904**	**5,695,030**	**2,679,406**	**10,846,094**	**10,638,340**	**(207,754)**	**9,287,610**	**9,598,667**	**311,057**
Government bonds	**-**	**-**	**2,263,904**	**5,695,030**	**2,679,406**	**10,846,094**	**10,638,340**	**(207,754)**	**9,287,610**	**9,598,667**	**311,057**
National Treasury Bills	-	-	2,263,904	2,361,813	-	4,742,252	4,625,717	(116,535)	4,225,904	4,279,580	53,676
National Treasury Notes	-	-	-	3,333,217	2,679,406	6,103,842	6,012,623	(91,219)	5,061,706	5,319,087	257,381
Total (1 + 2 + 3)	**2,635**	**379,759**	**4,526,614**	**21,552,558**	**7,972,043**	**34,454,279**	**34,433,609**	**(20,670)**	**32,166,223**	**32,968,478**	**802,255**

(amounts in thousands of Reais, unless otherwise indicated)

Consolidado	06.30.2021								12.31.2020		
	Fair value					Total			Total		
Vencimento em dias	Without maturity	From 0 to 90 days	From 90 to 360 days	From 1 to 5 years	Over 5 years	Cost	Fair value	Fair value adjustment	Cost	Fair value	Fair value adjustment
1 – Trading securities	**-**	**76,668**	**67,712**	**5,714,421**	**1,110,232**	**6,891,902**	**6,969,033**	**77,131**	**6,095,504**	**6,279,697**	**184,193**
Government bonds	**-**	**76,668**	**67,712**	**5,704,920**	**740,028**	**6,510,337**	**6,589,328**	**78,991**	**6,031,998**	**6,214,495**	**182,497**
Financial Treasury Bills	-	43,816	7,828	105,108	2,000	159,204	158,752	(452)	104,459	103,998	(461)
National Treasury Bills	-	32,852	59,884	3,749,519	-	3,850,556	3,842,255	(8,301)	1,257,504	1,273,047	15,543
National Treasury Notes	-	-	-	1,850,293	738,028	2,500,577	2,588,321	87,744	4,670,035	4,837,450	167,415
Private securities	**-**	**-**	**-**	**9,501**	**370,204**	**381,565**	**379,705**	**(1,860)**	**63,506**	**65,202**	**1,696**
Eurobonds	-	-	-	21	-	21	21	-	75	75	-
Debentures	-	-	-	9,480	136,809	146,977	146,289	(688)	63,431	65,127	1,696
Certificate of Agribusiness Receivables	-	-	-	-	233,395	234,567	233,395	(1,172)	-	-	-
2 – Securities available for sale	**865,860**	**385,335**	**2,221,182**	**11,523,179**	**3,330,840**	**18,094,916**	**18,326,396**	**231,480**	**18,175,494**	**18,630,903**	**455,409**
Government bonds	**-**	**258,146**	**1,054,012**	**8,807,605**	**1,906,651**	**12,026,822**	**12,026,414**	**(408)**	**14,232,517**	**14,440,467**	**207,950**
Financial Treasury Bills	-	258,146	98,427	5,369,895	1,673,151	7,423,618	7,399,619	(23,999)	9,038,819	9,010,963	(27,856)
National Treasury Bills	-	-	955,585	1,252,547	-	2,247,297	2,208,132	(39,165)	1,407,912	1,451,535	43,623
National Treasury Notes	-	-	-	583,141	233,500	811,363	816,641	5,278	1,207,032	1,280,543	73,511
Brazilian Foreign Debt Securities	-	-	-	1,602,022	-	1,544,544	1,602,022	57,478	2,578,754	2,697,426	118,672
Private securities	**865,860**	**127,189**	**1,167,170**	**2,715,574**	**1,424,189**	**6,068,094**	**6,299,982**	**231,888**	**3,942,977**	**4,190,436**	**247,459**
Debêntures [1]	-	7,303	422,390	1,453,736	295,335	2,214,938	2,178,764	(36,174)	2,185,843	2,160,150	(25,693)
Promissory Notes [2] [3]	-	38,193	14,235	62,115	-	115,573	114,543	(1,030)	419,088	417,544	(1,544)
Shares [4]	2,363	-	-	-	-	2,363	2,363	-	8,502	14,754	6,252
Quotas of investment funds [5]	863,497	-	20,312	207,664	710,853	1,534,056	1,802,326	268,270	424,038	685,582	261,544
Rural Product Notes -Commodities [6]	-	24,562	188,498	233,475	-	434,988	446,535	11,547	561,791	571,880	10,089
Financial Bills	-	-	-	-	-	-	-	-	21,889	21,674	(215)
Floating Rate Notes	-	25,520	177,876	259,483	-	459,540	462,879	3,339	85,621	85,851	230
Certificated of Real Estate Receivables [7]	-	16,191	320,965	467,517	418,001	1,234,787	1,222,674	(12,113)	153,506	150,705	(2,801)
Agribusiness Receivables Certificate	-	15,420	22,894	31,584	-	71,849	69,898	(1,951)	82,699	82,296	(403)
3 – Securities held to maturity	**-**	**-**	**2,263,904**	**5,695,030**	**2,679,406**	**10,846,094**	**10,638,340**	**(207,754)**	**9,287,610**	**9,598,667**	**311,057**
Government bonds	**-**	**-**	**2,263,904**	**5,695,030**	**2,679,406**	**10,846,094**	**10,638,340**	**(207,754)**	**9,287,610**	**9,598,667**	**311,057**
National Treasury Bills	-	-	2,263,904	2,361,813	-	4,742,252	4,625,717	(116,535)	4,225,904	4,279,580	53,676
National Treasury Notes	-	-	-	3,333,217	2,679,406	6,103,842	6,012,623	(91,219)	5,061,706	5,319,087	257,381
Total (1 + 2 + 3)	**865,860**	**462,003**	**4,552,798**	**22,932,630**	**7,120,478**	**35,832,912**	**35,933,769**	**100,857**	**33,558,608**	**34,509,267**	**950,659**

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 value of the Debentures includes a provision for impairment in the amount of R$ 783,585 (R$ 771,535 as of December 31, 2020) as a contra entry to (Provision) / reversal of provision for impairment of marketable securities .

(2) The cost value of the Promissory Notes includes a provision for impairment in the amount of R$10,004 as a contra entry to (Provision) / reversal of provision for impairment of marketable securities.

(3) The cost value of the Shares includes a provision for impairment in the amount of R$ 3,900 (R$ 76,743 as of December 31, 2020) as a contra entry to (Provision) / reversal of provision for impairment of marketable securities . The fair value of the shares represents the quotation disclosed by B3 SA - Brasil, Bolsa, Balcão.

(4) The cost value of investment fund Quotas also considers the provision for impairment in the amount of R$ 86,653 (R$ 62,463 on December 31, 2020) as a contra entry to (Provision) / reversal of provision for reduction in value the recoverable amount of bonds and securities. Includes the effect of adjustment to fair value of equity funds (FIP) and real estate investment funds (FII) that are not consolidated.

(5) The cost value of the Rural Product Bills also considers the provision for impairment in the amount of R$ 25,314 (R$ 26,005 on December 31, 2020) as a contra entry to (Provision) / reversal of provision for impairment securities.

(6) The cost value of Real Estate Receivables Certificates also considers the provision for impairment in the amount of R$685 (R$882 on December 31, 2020) as a contra entry to (Provision) / reversal of provision for impairment securities.

(amounts in thousands of Reais, unless otherwise indicated)

b) Summary of the portfolio by category

By category	06.30.2021		12.31.2020	
Bank				
1 – Trading securities	5,854,166	17%	5,130,668	16%
2 – Securities available for sale	17,941,103	52%	18,239,143	56%
3 – Securities held to maturity	10,846,094	31%	9,287,610	28%
Book value of portfolio	**34,641,363**	**100%**	**32,657,421**	**100%**
Fair value adjustment of category three	(207,754)		311,057	
Fair value of portfolio	**34,433,609**		**32,968,478**	
Consolidated				
1 – Trading securities	6,969,033	19%	6,279,697	18%
2 – Securities available for sale	18,326,396	50%	18,630,903	54%
3 – Securities held to maturity	10,846,094	30%	9,287,610	28%
Book value of portfolio	**36,141,523**	**99%**	**34,198,210**	**100%**
Fair value adjustment of category three	(207,754)		311,057	
Fair value of portfolio	**35,933,769**		**34,509,267**	

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$ 10,846,094 in the Bank and Consolidated (R$ 9,287,610 in Bank and consolidated on december 31, 2020), representando 31% of the total securities in bank and 30% in Consolidated (28% in Bank and consolidated on december 31, 2020).

c) Income from securities

	Parent Company [1]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Interbank investments (note 8b)	97,904	1,364,403	84,887	434,942
Fixed income securities	552,843	842,839	538,367	1,327,292
Securities abroad [2]	65,673	134,734	65,673	154,436
Variable income securities [3]	1,337	(9,948)	2,414	(12,376)
Investments in investment funds [2]	17,554	12,523	14,116	13,084
Other	14,723	3,127	14,723	3,127
Total	**750,034**	**2,347,678**	**720,180**	**1,920,505**

(1) In the six-month period ended June 30, 2021 , the Bank includes appropriation of results generated by the assets and liabilities received from the incorporation of the split portion of BV Financeira, after that event. (Nota 2b).
(2) Includes exchange variation on bonds and securities.
(3) In the six-month period ended June 30, 2020, includes the income from the sale of investments through tax incentives.

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

	Bank and consolidated	
	1º Semester/ 2021	1º Semester/ 2020
Shares	259	7,905
Promissory Notes	(10,004)	-
Agribusiness Receivables Certificate	197	-
Debentures	(12,050)	9,396
Quotas of investment funds	(24,190)	18
Rural Product Notes	691	527
Total	**(45,097)**	**17,846**

e) Reclassifications of securities

There was no reclassification of securities between categories in the year ended December 31, 2020.

In the semester ended June 30, 2021, government securities were reclassified - National Treasury Notes and National Treasury Bills, from the category "Available for sale" to the category "Held to maturity", as a result of the revision of the intention of the Administration on the respective titles, in accordance with Bacen Circular nº 3.068/2001. The reclassification of these titles did not have an impact on income and equity on the respective base date of the event.

(amounts in thousands of Reais, unless otherwise indicated)

	Consolidated		
	Cost value	Fair Value	Unrealized gain / (loss)
National Treasury Notes	246,925	237,245	(9,680)
National Treasury Bills	125,795	118,170	(7,625)
Total	**372,720**	**355,415**	**(17,305)**

10. 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 hedge strategy for asset protection, which is approved by Management, is in line with the macroeconomic scenario analysis.

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 used in the management of risks with derivatives are periodically reviewed and the decisions taken observe the best risk/return ratio, estimating possible losses based on the 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 thousands of Reais, unless otherwise indicated)

a) Breakdown of derivative financial instruments portfolio by index

	Parent Company						Consolidated					
	06.30.2021			12.31.2020			06.30.2021			12.31.2020		
By index	Reference value	Cost	Fair value	Reference value	Cost	Fair value	Reference	Cost	Fair value	Reference value	Cost	Fair value
1 - Futures contracts												
Purchase commitments	**29,078,209**	**-**	**-**	**19,974,135**	**-**	**-**	**29,078,209**	**-**	**-**	**19,974,135**	**-**	**-**
Interbank deposits	17,888,157	-	-	9,379,921	-	-	17,888,157	-	-	9,379,921	-	-
Currencies	1,756,564	-	-	2,497,406	-	-	1,756,564	-	-	2,497,406	-	-
Index	124,236	-	-	536,903	-	-	124,236	-	-	536,903	-	-
Foreign currency coupon	9,309,252	-	-	7,559,905	-	-	9,309,252	-	-	7,559,905	-	-
Sales appointments	**69,187,241**	**-**	**-**	**76,712,516**	**-**	**-**	**69,187,241**	**-**	**-**	**76,712,516**	**-**	**-**
Interbank deposits	57,518,835	-	-	48,548,485	-	-	57,518,835	-	-	48,548,485	-	-
Currencies	4,198,619	-	-	7,350,599	-	-	4,198,619	-	-	7,350,599	-	-
Index	121,562	-	-	110,077	-	-	121,562	-	-	110,077	-	-
Libor (1)	383,469	-	-	13,903,508	-	-	383,469	-	-	13,903,508	-	-
Foreign currency coupon	6,111,983	-	-	6,799,847	-	-	6,111,983	-	-	6,799,847	-	-
Other	852,773	-	-	-	-	-	852,773	-	-	-	-	-
2 - Term contracts												
Asset position	**1,175,348**	**1,175,348**	**1,174,396**	**251,738**	**251,738**	**253,956**	**1,175,348**	**1,175,348**	**1,174,396**	**251,738**	**251,738**	**253,956**
Currency term	154,790	154,790	154,790	251,738	251,738	253,956	154,790	154,790	154,790	251,738	251,738	253,956
Government bond term	1,020,558	1,020,558	1,019,606	-	-	-	1,020,558	1,020,558	1,019,606	-	-	-
Liability position	**1,175,348**	**(1,175,348)**	**(1,172,489)**	**251,738**	**(251,738)**	**(257,123)**	**1,175,348**	**(1,175,348)**	**(1,172,489)**	**251,738**	**(251,738)**	**(257,123)**
Currency term	154,790	(154,790)	(152,490)	251,738	(251,738)	(257,123)	154,790	(154,790)	(152,490)	251,738	(251,738)	(257,123)
Government bond term	1,020,558	(1,020,558)	(1,019,999)	-	-	-	1,020,558	(1,020,558)	(1,019,999)	-	-	-
3 - Option contracts (2)												
Call option - Long position	**4,506,568**	**396,573**	**480,758**	**5,173,755**	**538,071**	**751,614**	**4,506,568**	**396,573**	**480,758**	**5,173,755**	**538,071**	**751,614**
Foreign currency	2,871,813	354,591	451,596	3,206,500	447,608	682,219	2,871,813	354,591	451,596	3,206,500	447,608	682,219
Flexible options	1,467,290	41,311	27,984	1,961,049	90,193	68,249	1,467,290	41,311	27,984	1,961,049	90,193	68,249
Shares	27,200	88	9	-	-	-	27,200	88	9	-	-	-
Foreign government index	134,059	313	313	-	-	-	134,059	313	313	-	-	-
Others	6,206	270	856	6,206	270	1,146	6,206	270	856	6,206	270	1,146
Put option - Long position	**7,008,701**	**282,666**	**204,325**	**22,795,131**	**471,136**	**294,538**	**4,462,587**	**147,839**	**21,595**	**17,466,875**	**138,073**	**167,263**
Foreign currency	4,250,750	146,902	20,981	4,385,375	136,591	11,411	4,250,750	146,902	20,981	4,385,375	136,591	11,411
Interbank deposits index	15,000	7	4	13,081,500	1,482	155,852	15,000	7	4	13,081,500	1,482	155,852
Flexible options	2,546,114	134,827	182,730	5,328,256	333,063	127,275	-	-	-	-	-	-
Foreign government index	196,837	930	610	-	-	-	196,837	930	610	-	-	-
De compra – Posição vendida	**6,622,816**	**(373,328)**	**(634,728)**	**8,798,225**	**(640,589)**	**(1,754,880)**	**4,076,703**	**(239,352)**	**(535,997)**	**3,469,969**	**(310,066)**	**(770,836)**
Foreign currency	3,921,250	(234,893)	(531,243)	3,448,500	(307,951)	(764,421)	3,921,250	(234,893)	(531,243)	3,448,500	(307,951)	(764,421)
Flexible options	2,562,757	(137,363)	(101,553)	5,343,975	(332,168)	(988,927)	16,644	(3,387)	(2,822)	15,719	(1,645)	(4,883)
Foreign government index	133,059	(602)	(657)	-	-	-	133,059	(602)	(657)	-	-	-
Others	5,750	(470)	(1,275)	5,750	(470)	(1,532)	5,750	(470)	(1,275)	5,750	(470)	(1,532)

(Amounts in thousands of Reais, unless otherwise indicated)

By index	Parent Company						Consolidated					
	06.30.2021			12.31.2020			06.30.2021			12.31.2020		
	Reference value	Cost	Fair value	Reference value	Cost	Fair value	Reference	Cost	Fair value	Reference value	Cost	Fair value
Put option - Short position	**5,244,474**	**(180,797)**	**(75,831)**	**19,328,515**	**(233,174)**	**(271,455)**	**5,244,474**	**(180,797)**	**(75,831)**	**19,328,515**	**(233,174)**	**(271,455)**
Foreign currency	3,679,000	(138,978)	(181)	4,356,250	(142,291)	(14,216)	3,679,000	(138,978)	(181)	4,356,250	(142,291)	(14,216)
Interbank deposits	-	-	-	13,077,000	(690)	(151,352)	-	-	-	13,077,000	(690)	(151,352)
Flexible options	1,306,360	(41,311)	(75,400)	1,895,265	(90,193)	(105,887)	1,306,360	(41,311)	(75,400)	1,895,265	(90,193)	(105,887)
Foreign government index	259,114	(508)	(250)	-	-	-	259,114	(508)	(250)	-	-	-
4 - Swap contracts [2] [3]												
Asset position	**15,556,639**	**2,501,355**	**2,554,926**	**9,149,353**	**2,612,290**	**2,665,608**	**15,062,242**	**2,184,217**	**2,151,469**	**8,640,387**	**2,250,138**	**2,207,636**
Interbank deposits	9,951,662	297,336	366,758	804,749	19,363	35,441	9,951,662	297,336	366,758	804,749	19,363	35,441
Foreign currency	3,072,473	1,779,509	1,702,447	3,320,305	2,180,936	1,964,087	2,578,076	1,462,371	1,298,989	2,811,339	1,818,784	1,506,115
Fixed rate	2,314,902	358,630	416,065	4,740,474	368,409	607,158	2,314,902	358,630	416,066	4,740,474	368,409	607,158
IPCA	139,602	26,628	32,193	205,825	22,225	38,626	139,602	26,628	32,193	205,825	22,225	38,626
IGP-M	78,000	37,826	37,463	78,000	21,357	20,296	78,000	37,826	37,463	78,000	21,357	20,296
Selic	-	1,426	-	-	-	-	-	1,426	-	-	-	-
Liability position	**17,203,337**	**(2,001,900)**	**(2,015,361)**	**7,104,657**	**(2,032,028)**	**(2,269,132)**	**17,173,402**	**(1,987,464)**	**(1,996,751)**	**7,073,868**	**(2,015,230)**	**(2,247,730)**
Interbank deposits	1,959,275	(9,106)	(69,647)	212,627	(2,327)	(1,056)	1,959,275	(9,106)	(69,647)	212,627	(2,327)	(1,056)
Foreign currency	1,777,034	(979,420)	(760,044)	2,112,328	(1,209,442)	(909,252)	1,747,099	(964,984)	(741,434)	2,081,539	(1,192,644)	(887,850)
Fixed rate	12,122,167	(900,207)	(1,089,648)	4,079,799	(692,766)	(1,254,967)	12,122,167	(900,207)	(1,089,648)	4,079,799	(692,766)	(1,254,967)
IPCA	282,332	(54,832)	(44,933)	352,838	(44,760)	(54,603)	282,332	(54,832)	(44,933)	352,838	(44,760)	(54,603)
IGP-M	96,719	(22,106)	(21,411)	96,719	(9,280)	(4,550)	96,719	(22,106)	(21,411)	96,719	(9,280)	(4,550)
Libor [1]	165,810	(36,229)	(27,851)	250,346	(73,453)	(44,704)	165,810	(36,229)	(27,851)	250,346	(73,453)	(44,704)
Selic	800,000	-	(1,827)	-	-	-	800,000	-	(1,827)	-	-	-
5 - Other derivatives financial instruments												
Asset position	**9,677,724**	**179,444**	**165,099**	**11,589,196**	**1,139,417**	**1,115,686**	**7,187,575**	**141,360**	**128,460**	**6,461,825**	**248,121**	**240,671**
Non Deliverable Forward - Foreign currency [2]	9,627,702	178,584	164,246	11,589,196	1,139,417	1,115,686	7,137,553	140,500	127,607	6,461,825	248,121	240,671
Credit derivatives [3]	50,022	860	853	-	-	-	50,022	860	853	-	-	-
Liability position	**1,633,699**	**(351,369)**	**(277,302)**	**1,584,431**	**(82,155)**	**(76,760)**	**1,633,699**	**(208,166)**	**(156,664)**	**1,584,431**	**(69,591)**	**(58,513)**
Non Deliverable Forward - Foreign currency [2]	1,633,699	(351,369)	(277,302)	1,584,431	(82,155)	(76,760)	1,633,699	(208,166)	(156,664)	1,584,431	(69,591)	(58,513)
Total assets (1 + 2 + 3 + 4 + 5)	**67,003,189**	**4,535,386**	**4,579,504**	**68,933,308**	**5,012,652**	**5,081,402**	**61,472,529**	**4,045,337**	**3,956,678**	**57,968,715**	**3,426,141**	**3,621,140**
Total liabilities (1 + 2 + 3 + 4 + 5)	**99,891,567**	**(4,082,742)**	**(4,175,711)**	**113,528,344**	**(3,239,684)**	**(4,629,350)**	**97,315,519**	**(3,791,127)**	**(3,937,732)**	**108,169,299**	**(2,879,799)**	**(3,605,657)**

(1) Futures and swap contracts indexed to Libor were not impacted by the reform of the reference interest rates.

(2) The fair value of swap, options and non-deliverable forward operations - foreign currency include the credit risk of the counterparty (credit spread adjustment).

(3) The presentation of swap contracts and credit derivatives by position (active or passive) takes into account the respective fair value of each contract.

(Amounts in thousands of Reais, unless otherwise indicated)

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

	Parent Company						Consolidated					
Maturity in days	**0 a 30**	**31 a 180**	**181 a 360**	**Acima de 360**	**06.30.2021**	**12.31.2020**	**0 a 30**	**31 a 180**	**181 a 360**	**Acima de 360**	**06.30.2021**	**12.31.2020**
Futures contracts	8,203,882	14,786,109	25,662,639	49,612,820	98,265,450	96,686,651	8,203,883	14,786,109	25,662,639	49,612,819	98,265,450	96,686,651
Forward contracts	1,175,348	-	-	-	1,175,348	251,738	1,175,348	-	-	-	1,175,348	251,738
Option contracts	13,776,060	1,751,861	6,967,850	886,788	23,382,559	56,095,626	13,429,166	1,751,861	2,222,517	886,788	18,290,332	45,439,114
Swap contracts	310,259	2,145,859	1,985,463	28,318,395	32,759,976	16,254,010	279,411	2,160,902	1,970,054	27,825,277	32,235,644	15,714,255
Non Deliverable Forward - Foreign Currency	1,138,671	6,872,778	2,525,924	724,028	11,261,401	13,173,627	970,490	6,872,778	203,956	724,028	8,771,252	8,046,256
Credit derivatives	-	-	-	50,022	50,022	-	-	-	-	50,022	50,022	-
Total	**24,604,220**	**25,556,607**	**37,141,876**	**79,592,053**	**166,894,756**	**182,461,652**	**24,058,298**	**25,571,650**	**30,059,166**	**79,098,934**	**158,788,048**	**166,138,014**

c) Breakdown of derivative financial instruments Portfolio by market and counterparty (reference value)

	06.30.2021							12.31.2020
	Futures	**Term**	**Options**	***Swaps***	***Non Deliverable Forward***	**Credit derivatives**	**Total**	
Parent Company								
Stock exchange market	**98,265,450**	**-**	**15,488,081**	**-**	**-**	**-**	**113,753,531**	**138,241,776**
Over-the-counter market	**-**	**1,175,348**	**7,894,478**	**32,759,976**	**11,261,401**	**50,022**	**53,141,225**	**44,219,876**
Financial institutions	-	1,175,348	2,689,966	28,872,052	7,082,773	50,022	39,870,161	36,650,906
Client	-	-	5,204,512	3,887,924	4,178,628	-	13,271,064	7,568,970
Consolidated								
Stock exchance market	**98,265,450**	**-**	**15,488,081**	**-**	**-**	**-**	**113,753,531**	**138,241,776**
Over-the-counter market	**-**	**1,175,348**	**2,802,251**	**32,235,644**	**8,771,252**	**50,022**	**45,034,517**	**27,896,238**
Financial institutions	-	1,175,348	143,852	28,347,720	4,592,624	50,022	34,309,566	20,327,268
Client	-	-	2,658,399	3,887,924	4,178,628	-	10,724,951	7,568,970

(Amounts in thousands of Reais, unless otherwise indicated)

d) Breakdown of credit derivative financial instruments portfolio

	06.30.2021			12.31.2020		
Parent Company and consolidated	Reference value	Cost	Fair value	Reference value	Cost	Fair value
Credit Swap						
Received risk	-	-	-	-	-	-
Transferred risk	50,022	860	853	-	-	-
By index						
Asset position - Fixed rate	50,022	860	853	-	-	-
Liability position - Fixed rate	-	-	-	-	-	-

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

For the purchase of hedge, it operates in a trading portfolio with sovereign risk client. In this case, the potential future exposure is considered in order to allocate the counterparty limit. The credit derivatives portfolio generated effects on the Risk Factor Weighted Exposures portion, for the calculation of the Basel Index in the amount of R$ 268 on June 30, 2021. On December 31, 2020 there was no exposure for this type of operation.

(Amounts in thousands 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

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Financial Treasury Bills - LFT	1,131,651	1,679,959	1,134,264	1,687,155
National Treasury Notes - NTN	-	294,304	-	294,304
National Treasury Bills - LTN	420,810	8,783	420,810	8,783
Shares of the investment fund liquidity of board B3	35,420	34,987	50,255	49,641
Others	62,413	64,894	62,413	64,894
Total	**1,650,294**	**2,082,927**	**1,667,742**	**2,104,777**

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

	Parent Company					
	06.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Term operations	1,174,396	-	1,174,396	253,956	-	253,956
Options market	671,282	13,801	685,083	914,872	131,280	1,046,152
Swap contracts	271,140	2,283,786	2,554,926	311,098	2,354,510	2,665,608
Non Deliverable Forward - Foreign currency	163,350	896	164,246	1,105,234	10,452	1,115,686
Credit derivatives	-	853	853	-	-	-
Total	**2,280,168**	**2,299,336**	**4,579,504**	**2,585,160**	**2,496,242**	**5,081,402**
Liabilities						
Term operations	(1,172,489)	-	(1,172,489)	(257,123)	-	(257,123)
Options market	(685,159)	(25,400)	(710,559)	(1,899,959)	(126,376)	(2,026,335)
Swap contracts	(103,976)	(1,911,385)	(2,015,361)	(133,377)	(2,135,755)	(2,269,132)
Non Deliverable Forward - Foreign currency	(262,110)	(15,192)	(277,302)	(71,723)	(5,037)	(76,760)
Credit derivatives	-	-	-	-	-	-
Total	**(2,223,734)**	**(1,951,977)**	**(4,175,711)**	**(2,362,182)**	**(2,267,168)**	**(4,629,350)**

	Consolidated					
	06.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Assets						
Term operations	1,174,396	-	1,174,396	253,956	-	253,956
Options market	488,552	13,801	502,353	912,962	5,915	918,877
Swap contracts	246,497	1,904,972	2,151,469	291,658	1,915,978	2,207,636
Non Deliverable Forward - Foreign currency	126,711	896	127,607	236,263	4,408	240,671
Credit derivatives	-	853	853	-	-	-
Total	**2,036,156**	**1,920,522**	**3,956,678**	**1,694,839**	**1,926,301**	**3,621,140**
Liabilities						
Term operations	(1,172,489)	-	(1,172,489)	(257,123)	-	(257,123)
Options market	(586,426)	(25,402)	(611,828)	(1,035,236)	(7,055)	(1,042,291)
Swap contracts	(96,367)	(1,900,384)	(1,996,751)	(132,443)	(2,115,287)	(2,247,730)
Non Deliverable Forward - Foreign currency	(141,472)	(15,192)	(156,664)	(53,477)	(5,036)	(58,513)
Credit derivatives	-	-	-	-	-	-
Total	**(1,996,754)**	**(1,940,978)**	**(3,937,732)**	**(1,478,279)**	**(2,127,378)**	**(3,605,657)**

g) Breakdown of the derivatives portfolio for hedge accounting

The Conglomerate uses two types of Hedge strategies: Fair Value Hedge and Cash Flow Hedge.

These strategies are carried out in the following risk categories:

- Interest rate risk; and
- Exchange rate risk.

The protected risks and their limits are defined in a committee. The Conglomerate determines the relationship between hedge instruments and hedged items so that the fair value of these instruments is expected to move in opposite directions and in the same proportions.

The hedge index established is always 100% of the protected risk. The sources of ineffectiveness are due to mismatches of terms between the instruments and hedged items.

For loans the effectiveness tests are adjusted for the respective allowance for losses in order to exclude the effects arising from these provisions, given that credit risk is not the risk being hedged.

The hedge operations were evaluated as effective, in accordance with the Bacen Circular no. 3,082/2002, with the hedge effectiveness falling between 80% to 125%. The Conglomerate does not use the qualitative method to evaluate the effectiveness of the strategies.

(Amounts in thousands of Reais, unless otherwise indicated)

Fair value hedge

The Conglomerate, in order to protect itself from possible fluctuations in the interest and exchange rates of its financial instruments, contracted derivative operations to offset the risks arising from exposures to changes in fair value, as follows:

- Hedge of financial assets with purchase and sale agreements indexed with risk at fixed rate are hedged with DI future contracts;
- Hedge of loans with a fixed rate/exchange rate risk are hedged with future DI and DDI contracts.

Hedged items		06.30.2021		
		Fair value of hedged items	Fair value adjustment of hedged items	Base value for calculating hedge ineffectiveness [(1)]
Parent Company and Consolidated	Statement of Financial Position line item	Asset	Asset	
Interest rate risk				
Hedge of purchase and sale commitment	Financial assets with resale agreements	-	-	3,352
Hedge of loan contracts	Loans and leases	16,485,023	(415,510)	(160,323)
Exchange rate risk				
Hedge of loan contracts	Loans and leases	42,066	567	(3,555)
Total		**16,527,089**	**(414,943)**	**(160,526)**
		12.31.2020		
Interest rate risk				
Hedge of purchase and sale commitment	Financial assets with resale agreements	501,451	22	38,215
Hedge of loan contracts	Loans and leases	18,909,474	255,934	1,128,894
Exchange rate risk				
Hedge of loan contracts	Loans and leases	75,688	507	9,302
Total		**19,486,613**	**256,463**	**1,176,411**

(1) Changes in the fair value of the hedge instrument that are not offset by changes in the value of the hedged item result in the amount of hedge ineffectiveness

For the strategies of purchase and sale commitment and loans and leases, the Conglomerate reestablishes the hedging relationship since both the hedged item and the instruments are re-evaluated throughout the life of the hedged portfolio. This is because they are portfolio strategies, reflecting the risk management strategy guidelines approved by the competent authority.

Hedge instruments	06.30.2021		
	Reference value	Base amount to calculate the ineffectiveness of hedge [(1)]	Hedge ineffectiveness recorded in income [(2)]
Parent Company and Consolidated	Liabilities		
Interest rate risk			
Future DI	17,388,141	153,638	(3,333)
Exchange rate risk			
Future DDI	44,368	3,394	(161)
Total	**17,432,509**	**157,032**	**(3,494)**
Parent Company and Consolidated	12.31.2020		
Interest rate risk			
Future DI	19,821,974	(1,163,991)	3,118
Exchange rate risk			
Future DDI	79,089	(9,464)	(162)
Total	**19,901,063**	**(1,173,455)**	**2,956**

(1) Changes in the fair value of the hedge instrument that are not offset by changes in the value of the hedged item result in the amount of hedge ineffectiveness

(2) Balances presented on an annual basis so that it is possible to compare with changes in the fair value of the instrument and the hedged object.

In December 2018, some operations were no longer qualified as market risk hedge. The balance corresponding to the adjustment to fair value of the hedged item existing on the date of closing of the hedge accounting started to be deferred (except for cases of early settlement of the object) for the contractual term of these operations whose effect on the income for the semester ended on June 30 of 2020 was R$ 1,398, net of tax effects, presented under "Income from derivative financial instruments". There were no new dismantling operations and no effect on the result was produced in the semester ended June 30, 2021, as the amortization of previous dismantling had already been completed.

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 (Stock exchange market).

(Amounts in thousands of Reais, unless otherwise indicated)

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.

Hedged items Parent Company and Consolidated	Statement of Financial Position line item	06.30.2021 Book/reference amount Liabilities	Base amount for calculating hedge ineffectiveness (1)	Cash flow hedge reserve
Interest rate risk				
Hedge of Financial Bills	Securities issued	11,966,644	(41,914)	97,380
Hedge of subordinated financial bills - Debt instruments eligible for capital	Debt instruments eligible for capital	113,916	9,011	50
Hedge of financial bills with guarantee	Securities issued	1,637,946	(10,682)	9,405
Exchange rate risk				
Hedge of perpetual bonds - Subordinated liabilities	Debt instruments eligible for capital	1,509,966	(583,978)	47,093
Hedge of liabilities with securities abroad	Securities issued	3,083,257	391,242	103,517
Total		**18,311,729**	**(236,321)**	**257,445**
Parent Company and Consolidated		**12.31.2020**		
Interest rate risk				
Hedge of Financial Bills	Securities issued	10,949,085	167,381	(25,191)
Hedge of subordinated financial bills - Debt instruments eligible for capital	Debt instruments eligible for capital	410,305	36,161	(3,780)
Hedge of financial bills with guarantee	Securities issued	3,186,374	1,947	(1,531)
Exchange rate risk				
Hedge of perpetual bonds - Subordinated liabilities	Debt instruments eligible for capital	1,568,677	(615,921)	17,561
Hedge of liabilities with securities abroad	Securities issued	3,193,642	465,790	(161,927)
Total		**19,308,083**	**55,358**	**(174,868)**

(1) Changes in the amount of the hedged item that compared to changes in the fair value of the hedge instrument result in the ineffective amount of the hedge.

Hedge instruments Parent Company and Consolidated	06.30.2021 Book/reference amount Assets	Liabilities	Base amount for calculating hedge ineffectiveness (1)	Changes in the amount of the recorded hedge instrument in OCI	Hedge Ineffectiveness recorded in net profit (loss) (2)
Interest rate risk					
Future DI	-	15,674,560	44,768	137,337	2,261
Exchange rate risk					
Swap (3)(4)	5,219,344	-	194,521	294,977	498
Total	**5,219,344**	**15,674,560**	**239,289**	**432,314**	**2,759**
Parent Company and Consolidated			**12.31.2020**		
Interest rate risk					
Future DI	-	14,513,812	(201,137)	143,175	(13)
Exchange rate risk					
Swap (2)	5,566,692	-	147,288	(87,008)	(1,559)
Total	**5,566,692**	**14,513,812**	**(53,849)**	**56,167**	**(1,572)**

(1) Changes in the fair value of the hedge instrument that are not offset by changes in the value of the hedged item result in the amount of hedge ineffectiveness.
(2) Balances presented on an annual basis so that it is possible to compare with changes in the fair value of the instrument and the hedged object.
(3) The notional value of the swap contract to hedge perpetual bonds is R$970,620 on June 30, 2021 and December 31, 2020.
(4) The notional value of swap contracts to hedge obligations with securities abroad is R$ 3,406,100 on June 30, 2021 and December 31, 2020.

The effective portion is recognized in Shareholders' Equity in Other Comprehensive Income and the ineffective portion is recognized in the Income Statement in "Income (losses) from derivative financial instruments".

In the semester ended June 30, 2021, the mark-to-market of the effective portion, in the amount of R$ 432,314 (R$ 30,164 in the semester ended June 30, 2020), was recognized in equity and the ineffective portion in the the amount of R$ 4,331 (R$ 402 in the semester ended June 30, 2020) was recognized in income under “Results from derivative financial instruments”.

The net gains of tax effects related to the cash flow hedge that the Conglomerate expects to recognize in the result in the next 12 months, total R$ 85,604 (net gains of R$ 108,501 in the semester ended June 30, 2020).

In the semesters ended June 30, 2021 and 2020, there were no transactions that ceased to be qualified as cash flow hedge.

(Amounts in thousands of Reais, unless otherwise indicated)

h) Income from derivative financial instruments

	Parent Company		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Swap contracts	(93,671)	(85,948)	(53,655)	(423,759)
Term operations	4,108	(5,103)	4,108	(5,103)
Options market	59,518	(996,860)	41,368	127,535
Futures contracts	255,008	(742,482)	255,008	(1,249,311)
Credit derivatives	(581)	(7,894)	(581)	(7,894)
Fair value adjustments of hedged financial instruments	(755,344)	9,284	(755,344)	198,874
Non Deliverable Forward - Foreign currency	(42,047)	2,510,165	(23,754)	1,385,612
Income from foreign exchange movements of investments abroad	(57,007)	557,966	(57,007)	557,966
Credit Linked Notes	-	(32)	-	(32)
Total	**(630,016)**	**1,239,096**	**(589,857)**	**583,888**

11. INTERBANK ACCOUNTS

a) Breakdown

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Assets	**868,072**	**984,105**	**868,174**	**984,105**
Reserve requirements (Note 11b)	866,705	984,105	866,807	984,105
Payments and receivables to be settled (Note 11c)	1,367	-	1,367	-
Liabilities	**47,373**	**5,887**	**2,249,776**	**1,887,891**
Payments and receivables to be settled (Note 11c)	47,373	5,887	2,249,776	1,887,891

b) Reserve requirements

	Parent Company		Consolidated	
	30.06.2021	31.12.2020	06.30.2021	12.31.2020
Assets				
Compulsory deposits at the Central Bank of Brazil	**866,705**	**984,105**	**866,807**	**984,105**
Microfinance transactions	850,360	964,085	850,360	964,085
Instant payments	3,801	3,126	3,801	3,126
Instant payments	12,544	16,894	12,646	16,894
Total	**866,705**	**984,105**	**866,807**	**984,105**
Current Assets	866,705	984,105	866,807	984,105

c) Payments and receivables to be settled

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Assets				
Rights with settlement system participants	**1,367**	**-**	**1,367**	**-**
Checks and other papers issued	175	-	175	-
Receipts of documents sent by other system participants	1,192	-	1,192	-
Total	**1,367**	**-**	**1,367**	**-**
Current Assets	1,367	-	1,367	-
Liabilities				
Obligations with settlement system participants	**38,500**	**-**	**38,500**	**-**
Checks and other papers received	38,500	-	38,500	-
Payment transactions	**8,873**	**5,887**	**2,211,276**	**1,887,891**
Credit card	8,873	5,887	2,211,276	1,887,891
Total	**47,373**	**5,887**	**2,249,776**	**1,887,891**
Current Liabilities	47,373	5,887	2,249,776	1,887,891

d) Income from compulsory deposits

	Bank and Consolidated	
	1º Semester/ 2021	1º Semester/ 2020
Credits linked to Central Bank of Brazil	**11,385**	**21,081**
Requirement on time deposits	11,385	21,081
Total	**11,385**	**21,081**

(Amounts in thousands of Reais, unless otherwise indicated)

12. LOANS

a) Portfolio by modality

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Loans	**53,989,787**	**52,851,117**	**55,194,857**	**53,792,865**
Loans and discounted notes	5,487,400	6,115,631	6,679,425	7,049,607
Financings	40,103,142	41,409,362	42,026,315	41,417,134
Rural and agribusiness financing	620,198	513,184	620,198	513,184
Real estate financing agreements	125,549	7,975	125,549	7,975
Loans linked to assignments (Note 12j.1) [1]	7,653,498	4,804,965	5,743,370	4,804,965
Other receivables with loan characteristics	**4,540,578**	**3,601,821**	**6,899,836**	**5,577,846**
Credit card operations	-	-	2,328,635	1,976,025
Adiantamentos sobre contratos de câmbio e Others créditos relacionados	754,480	408,709	754,480	408,709
Other credits linked to payment transactions [2]	5,105	406,709	5,105	406,709
Créditos por avais e fianças honrados	33,319	-	33,319	-
Trade and credit receivables	3,747,674	2,786,403	3,778,297	2,786,403
Leases (Note 12g)	**-**	**-**	**69,728**	**73,353**
Total loan portfolio	**58,530,365**	**56,452,938**	**62,164,421**	**59,444,064**
Allowance for losses associated with credit risk	**(4,669,898)**	**(4,618,892)**	**(5,067,056)**	**(5,015,181)**
(Allowance for loan losses)	(3,434,839)	(3,427,336)	(3,779,293)	(3,781,281)
(Allowance for other credits with credit grant characteristics) [3]	(1,235,059)	(1,191,556)	(1,287,413)	(1,233,550)
(Allowance for lease losses)	-	-	(350)	(350)
Total loan portfolio, net of provisions	**53,860,467**	**51,834,046**	**57,097,365**	**54,428,883**
Current Assets	26,577,097	24,919,633	29,147,105	27,278,776
Non-current assets	27,283,370	26,914,413	27,950,260	27,150,107

(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

	Parent Company [1]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Loans	**3,661,284**	**473,874**	**3,985,722**	**4,153,406**
Loans and discounted notes	329,253	154,279	639,508	624,963
Financing	3,309,241	281,086	3,325,055	3,476,583
Rural and agribusiness financing	13,774	12,803	13,774	12,803
Real estate financing agreements	668	479	668	479
Financing in foreign currency	2,316	18,854	2,316	18,854
Other	6,032	6,373	4,401	19,724
Leases (Note 12h)	**-**	**-**	**3,642**	**5,430**
Total [2]	**3,661,284**	**473,874**	**3,989,364**	**4,158,836**

(1) In the semester ended June 30, 2021, includes in the Bank the appropriation of results generated by assets and liabilities received from the merger of the spun-off portion of BV Financeira, after the referred event (Note 2b).
(2) It does not include credit operations linked to assignments. Considering these assets, the Bank's income from credit operations for the semester ended June 30, 2021 would total R$4,081,806 (R$473,874 for the semester ended June 30, 2020) and in the Consolidated, also considering the operations of lease, would total R$ 4,409,886 (R$ 4,556,114 in the semester ended June 30, 2020).

(Amounts in thousands of Reais, unless otherwise indicated)

c) Loan portfolio by sector of economic activity

Parent Company	06.30.2021	%	12.31.2020	%
Private sector	**58,945,308**	**100.00%**	**56,196,497**	**100.00%**
Individual [(1)]	**44,444,356**	**75.40%**	**42,005,326**	**74.75%**
Legal entities	**14,500,952**	**24.60%**	**14,191,171**	**25.25%**
Animal agribusiness	344,513	0.58%	268,591	0.48%
Vegetable agribusiness	254,188	0.43%	152,117	0.27%
Specific construction activities	77,252	0.13%	88,697	0.16%
Automotive	78,031	0.13%	114,217	0.20%
Wholesale commerce and sundry industries	5,538,838	9.40%	5,235,912	9.32%
Retail business	1,323,534	2.25%	1,927,469	3.43%
Heavy construction	87,082	0.15%	34,176	0.06%
Electronics	5,691	0.01%	1,994	0.00%
Electric power	125,176	0.21%	36,403	0.06%
Real estate	212,536	0.36%	102,954	0.18%
Financial institutions and services	1,125,897	1.91%	551,554	0.98%
Wood and furniture	58,589	0.10%	55,731	0.10%
Mining and Metallurgy	93,225	0.16%	105,265	0.19%
Paper and pulp	109,991	0.19%	103,733	0.18%
Chemical	124,203	0.21%	89,048	0.16%
Services	3,710,202	6.29%	3,880,855	6.91%
Telecommunications	9,731	0.02%	12,302	0.02%
Textile and apparel	55,238	0.09%	132,562	0.24%
Transportation	801,294	1.36%	1,108,185	1.97%
Other activities	365,741	0.62%	189,406	0.34%
Total	**58,945,308**	**100.00%**	**56,196,497**	**100.00%**
(+/-) Adjustment to fair value [(2)]	**(414,943)**		**256,441**	
Total of loan portfolio adjusted to fair value	**58,530,365**		**56,452,938**	

Consolidated	06.30.2021	%	12.31.2020	%
Private sector	**62,579,364**	**100.00%**	**59,187,623**	**100.00%**
Individual [(1)]	**47,978,108**	**76.67%**	**44,923,118**	**75.90%**
Legal entitites	**14,601,256**	**23.33%**	**14,264,505**	**24.10%**
Animal agribusiness	344,513	0.55%	268,591	0.45%
Vegetable agribusiness	254,188	0.41%	152,117	0.26%
Specific construction activities	88,842	0.14%	103,147	0.17%
Automotive	78,031	0.12%	114,217	0.19%
Wholesale commerce and sundry industries	5,557,454	8.88%	5,259,616	8.89%
Retail business	1,332,261	2.13%	1,933,202	3.27%
Heavy construction	87,082	0.14%	34,176	0.06%
Electronics	5,691	0.01%	1,994	0.00%
Electric power	125,176	0.20%	36,403	0.06%
Real estate	212,536	0.34%	102,954	0.17%
Financial institutions and services	1,156,520	1.85%	551,554	0.93%
Wood and furniture	58,589	0.09%	55,731	0.09%
Mining and Metallurgy	93,225	0.15%	105,265	0.18%
Paper and pulp	109,991	0.18%	103,733	0.18%
Chemical	124,203	0.20%	89,048	0.15%
Servoces	3,731,451	5.96%	3,899,683	6.59%
Telecommunications	9,731	0.02%	12,302	0.02%
Textile and apparel	55,238	0.09%	132,562	0.22%
Transportation	810,793	1.30%	1,118,804	1.89%
Other activities	365,741	0.57%	189,406	0.33%
Total	**62,579,364**	**100.00%**	**59,187,623**	**100.00%**
(+/-) Adjustment to fair value [(2)]	**(414,943)**		**256,441**	
Total of loan portfolio adjusted to fair value	**62,164,421**		**59,444,064**	

(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 thousands of Reais, unless otherwise indicated)

d) Loan portfolio by risk level and maturity

Parent Company	AA	A	B	C	D	E	F	G	H	06.30.2021	12.31.2020
					Performing loans						
Falling due installments	**2,566,522**	**26,228,945**	**11,109,059**	**10,075,987**	**846,392**	**880,313**	**124,653**	**1,432,366**	**319,132**	**53,583,369**	**51,519,197**
From 01 to 30	916,858	1,696,721	424,608	363,410	52,940	43,400	3,957	11,346	23,014	3,536,254	2,642,599
From 31 to 60	312,259	1,485,386	412,676	337,600	33,837	37,939	2,399	9,947	10,993	2,643,036	2,527,627
From 61 to 90	188,077	1,405,040	492,989	337,269	36,712	37,823	6,362	10,330	9,858	2,524,460	2,426,798
From 91 to 180	116,124	3,204,921	1,086,756	996,532	98,815	108,912	10,834	30,017	62,533	5,715,444	6,256,392
From 181 to 360	506,154	5,773,697	1,953,989	1,807,855	168,006	187,079	16,110	52,989	47,694	10,513,573	10,157,489
Over 360 days	527,050	12,663,180	6,738,041	6,233,321	456,082	465,160	84,991	1,317,737	165,040	28,650,602	27,508,292
Installments overdue	**-**	**61,044**	**27,868**	**36,443**	**8,519**	**9,255**	**1,064**	**2,137**	**39,241**	**185,571**	**159,028**
Up to 14 days	-	61,044	27,868	36,443	8,519	9,255	1,064	2,137	39,241	185,571	159,028
Subtotal	**2,566,522**	**26,289,989**	**11,136,927**	**10,112,430**	**854,911**	**889,568**	**125,717**	**1,434,503**	**358,373**	**53,768,940**	**51,678,225**
					Non-performing loans						
Falling due installments	**-**	**-**	**598,299**	**893,770**	**486,658**	**868,998**	**155,161**	**536,757**	**766,687**	**4,306,330**	**3,680,079**
From 01 to 30	-	-	31,056	43,664	24,182	43,454	8,235	26,993	43,894	221,478	189,382
From 31 to 60	-	-	30,302	38,633	21,097	39,176	7,377	23,949	38,843	199,377	189,100
From 61 to 90	-	-	29,136	37,998	21,772	38,523	7,167	23,536	37,928	196,060	183,966
From 91 to 180	-	-	82,598	110,048	60,011	111,041	20,499	67,714	107,817	559,728	506,782
From 181 to 360	-	-	135,498	189,240	100,952	190,414	34,429	115,307	178,577	944,417	824,390
Over 360 days	-	-	289,709	474,187	258,644	446,390	77,454	279,258	359,628	2,185,270	1,786,459
Installments overdue (1)	**-**	**-**	**35,156**	**75,187**	**59,551**	**110,440**	**37,136**	**119,349**	**433,219**	**870,038**	**838,193**
01 to 14	-	-	-	15,660	9,688	16,123	3,292	11,030	18,342	74,135	66,101
15 to 30	-	-	35,156	25,137	13,259	24,943	4,340	13,796	22,287	138,918	123,129
From 31 to 60	-	-	-	34,390	18,806	36,603	7,698	24,860	42,347	164,704	155,899
From 61 to 90	-	-	-	-	17,798	22,698	7,145	22,732	40,868	111,241	102,489
From 91 to 180	-	-	-	-	-	10,073	14,661	46,931	173,154	244,819	185,676
From 181 to 360	-	-	-	-	-	-	-	-	136,221	136,221	204,899
Subtotal	**-**	**-**	**633,455**	**968,957**	**546,209**	**979,438**	**192,297**	**656,106**	**1,199,906**	**5,176,368**	**4,518,272**
Total	**2,566,522**	**26,289,989**	**11,770,382**	**11,081,387**	**1,401,120**	**1,869,006**	**318,014**	**2,090,609**	**1,558,279**	**58,945,308**	**56,196,497**
(+/-)Adjustment to fair value (2)										**(414,943)**	**256,441**
Total of loan portfolio adjusted to fair value										**58,530,365**	**56,452,938**

(Amounts in thousands of Reais, unless otherwise indicated)

Consolidated	AA	A	B	C	D	E	F	G	H	06.30.2021	12.31.2020
					Performing loans						
Falling due installments	**2,604,427**	**26,698,534**	**11,118,080**	**10,079,424**	**848,759**	**882,000**	**125,550**	**1,432,872**	**323,122**	**54,112,768**	**51,882,421**
From 01 to 30	917,053	2,083,503	429,766	366,847	55,307	45,087	4,854	11,852	27,004	3,941,273	2,927,828
From 31 to 60	312,454	1,488,022	412,995	337,600	33,837	37,939	2,399	9,947	10,993	2,646,186	2,530,811
From 61 to 90	188,272	1,407,643	493,308	337,269	36,712	37,823	6,362	10,330	9,858	2,527,577	2,429,977
From 91 to 180	116,709	3,212,477	1,087,711	996,532	98,815	108,912	10,834	30,017	62,533	5,724,540	6,265,411
From 181 to 360	507,324	5,786,257	1,955,625	1,807,855	168,006	187,079	16,110	52,989	47,694	10,528,939	10,173,691
Over 360 days	562,615	12,720,632	6,738,675	6,233,321	456,082	465,160	84,991	1,317,737	165,040	28,744,253	27,554,703
Installments overdue	**-**	**1,826,084**	**250,327**	**236,493**	**98,500**	**36,103**	**1,064**	**9,014**	**48,734**	**2,506,319**	**2,126,614**
Up to 14 days	-	1,826,084	250,327	236,493	98,500	36,103	1,064	9,014	48,734	2,506,319	2,126,614
Subtotal	**2,604,427**	**28,524,618**	**11,368,407**	**10,315,917**	**947,259**	**918,103**	**126,614**	**1,441,886**	**371,856**	**56,619,087**	**54,009,035**
					Non-performing loans						
Falling due installments	**-**	**-**	**598,947**	**893,883**	**486,666**	**869,047**	**155,855**	**536,774**	**766,718**	**4,307,890**	**3,680,079**
From 01 to 30	-	-	31,072	43,664	24,182	43,454	8,235	26,994	43,894	221,495	189,382
From 31 to 60	-	-	30,318	38,633	21,097	39,176	7,377	23,950	38,843	199,394	189,100
From 61 to 90	-	-	29,152	37,998	21,772	38,523	7,167	23,537	37,928	196,077	183,966
From 91 to 180	-	-	82,647	110,048	60,011	111,041	20,499	67,715	107,817	559,778	506,782
From 181 to 360	-	-	135,596	189,240	100,952	190,414	34,429	115,310	178,577	944,518	824,390
Over 360 days	-	-	290,162	474,300	258,652	446,439	78,148	279,268	359,659	2,186,628	1,786,459
Installments overdue [(1)]	**-**	**-**	**128,622**	**194,109**	**174,922**	**207,189**	**117,986**	**193,432**	**636,127**	**1,652,387**	**1,498,509**
01 to 14	-	-	9,749	27,634	24,167	29,194	24,376	21,639	49,286	186,045	66,101
15 to 30	-	-	118,873	103,528	71,660	57,684	20,077	28,997	36,687	437,506	405,603
From 31 to 60	-	-	-	62,947	21,521	39,281	8,591	29,570	44,125	206,035	181,985
From 61 to 90	-	-	-	-	57,574	26,306	8,240	28,713	43,274	164,107	129,834
From 91 to 180	-	-	-	-	-	54,724	56,702	84,513	183,010	378,949	277,801
From 181 to 360	-	-	-	-	-	-	-	-	279,745	279,745	437,185
Subtotal	**-**	**-**	**727,569**	**1,087,992**	**661,588**	**1,076,236**	**273,841**	**730,206**	**1,402,845**	**5,960,277**	**5,178,588**
Total	**2,604,427**	**28,524,618**	**12,095,976**	**11,403,909**	**1,608,847**	**1,994,339**	**400,455**	**2,172,092**	**1,774,701**	**62,579,364**	**59,187,623**
(+/-)Adjustment to fair value [(2)]										**(414,943)**	**256,441**
Total of loan portfolio adjusted to fair value										**62,164,421**	**59,444,064**

(1) The Conglomerate does not adopt double counting for credit operations.

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

(Amounts in thousands of Reais, unless otherwise indicated)

e) Constitution of the provision for losses associated with the credit portfolio by risk levels

		06.30.2021				12.31.2020			
Risk level	% Provision	Transaction value	Minimum provision required	Additional provision [1]	Existing provision	Transaction value	Minimum provision required	Additional provision [1]	Existing provision
Parent Company									
AA	0.00%	2,566,522	-	-	-	3,101,853	-	-	-
A	0.50%	26,289,989	(131,450)	-	(131,450)	24,900,437	(124,502)	-	(124,502)
B	1.00%	11,770,382	(117,704)	-	(117,704)	10,661,454	(106,615)	-	(106,615)
C	3.00%	11,081,387	(332,442)	-	(332,442)	10,357,960	(310,739)	-	(310,739)
D	10.00%	1,401,120	(140,112)	-	(140,112)	1,130,176	(113,018)	-	(113,018)
E	30.00%	1,869,006	(560,702)	-	(560,702)	2,199,395	(659,818)	-	(659,818)
F	50.00%	318,014	(159,007)	-	(159,007)	306,653	(153,326)	-	(153,326)
G	70.00%	2,090,609	(1,463,409)	(206,793)	(1,670,202)	1,980,888	(1,386,622)	(206,571)	(1,593,193)
H	100.00%	1,558,279	(1,558,279)	-	(1,558,279)	1,557,681	(1,557,681)	-	(1,557,681)
Total		**58,945,308**	**(4,463,105)**	**(206,793)**	**(4,669,898)**	**56,196,497**	**(4,412,321)**	**(206,571)**	**(4,618,892)**
(+/-)Adjustment to fair value [2]		**(414,943)**				**256,441**			
Total of loan portfolio adjusted to fair value		**58,530,365**				**56,452,938**			
Consolidated									
AA	0.00%	2,604,427	-	-	-	3,110,269	-	-	-
A	0.50%	28,524,618	(142,623)	-	(142,623)	26,808,373	(134,042)	-	(134,042)
B	1.00%	12,095,976	(120,962)	-	(120,962)	10,889,247	(108,892)	-	(108,892)
C	3.00%	11,403,909	(342,117)	-	(342,117)	10,597,615	(317,928)	-	(317,928)
D	10.00%	1,608,847	(160,883)	-	(160,883)	1,273,659	(127,366)	-	(127,366)
E	30.00%	1,994,339	(598,299)	-	(598,299)	2,283,606	(685,083)	-	(685,083)
F	50.00%	400,455	(200,228)	-	(200,228)	359,217	(179,609)	-	(179,609)
G	70.00%	2,172,092	(1,520,450)	(206,793)	(1,727,243)	2,033,161	(1,423,214)	(206,571)	(1,629,785)
H	100.00%	1,774,701	(1,774,701)	-	(1,774,701)	1,832,476	(1,832,476)	-	(1,832,476)
Total		**62,579,364**	**(4,860,263)**	**(206,793)**	**(5,067,056)**	**59,187,623**	**(4,808,610)**	**(206,571)**	**(5,015,181)**
(+/-)Adjustment to fair value [2]		**(414,943)**				**256,441**			
Total of loan portfolio adjusted to fair value		**62,164,421**				**59,444,064**			

(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 thousands 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

	Parent Company [1]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
(Provision) / reversal of provision for losses associated with the loan portfolio (Note 12f.2)	**(1,011,839)**	**(90,330)**	**(1,230,439)**	**(1,790,298)**
Loans	(948,529)	(120,782)	(1,158,787)	(1,824,198)
Leases	-	-	-	410
Other receivables with loan characteristics	(63,310)	30,452	(71,652)	33,490
Income from recovery of loans previously written off as losses	**299,829**	**90,958**	**318,867**	**252,756**
Loans	299,829	75,958	316,395	237,744
Leases	-	-	2,472	12
Other credits with credit granting characteristics	-	15,000	-	15,000
Total (provision) / reversal of provision for losses associated with the loan portfolio	**(712,010)**	**628**	**(911,572)**	**(1,537,542)**
Other (provisions) / reversals of provisions for losses associated with credit risk	**7,014**	**(7,697)**	**3,000**	**(9,358)**
Financial guarantees provided [2]	17,833	(6,877)	17,833	(6,877)
Other risks	(10,819)	(820)	(14,833)	(2,481)
Total other (provisions) / reversals of provisions associated with credit risk	**7,014**	**(7,697)**	**3,000**	**(9,358)**
Total	**(704,996)**	**(7,069)**	**(908,572)**	**(1,546,900)**

(1) In the semester ended June 30, 2021, includes in the Bank the appropriation of results generated by assets and liabilities received from the merger of the spun-off portion of BV Financeira, after the referred event (Note 2b).
(2) The respective provisions are presented in Other Liabilities - "Provision for loss with financial guarantees provided" and "Provision for loss - other risks" (Note 21a).

f.2) Changes

Comprise loans, leases and other receivables with loan characteristics.

	Parent Company [1]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Opening balance	**4,618,892**	**1,773,622**	**5,015,181**	**4,715,878**
Reinforcement / (reversal) [2] [3]	**1,011,839**	**90,330**	**1,230,439**	**1,790,298**
Minimum allowance for loan losses required	1,011,617	89,163	1,230,217	1,789,131
Incremental allowance for loan losses	222	1,167	222	1,167
Write-offs to losses	**(960,833)**	**(199,063)**	**(1,178,564)**	**(1,342,308)**
Closing balance	**4,669,898**	**1,664,889**	**5,067,056**	**5,163,868**

(1) In the semester ended June 30, 2021, includes in the Bank amounts referring to the merger of the spun-off portion of BV Financeira (Note 2b).
(2) It does not include income from the recovery of credits previously written off.
(3) In the semester ended June 30, 2020, includes in the Consolidated remeasurement of risks for one-off unexpected lockdown events, resulting from the COVID-19 pandemic.

g) Lease portfolio by maturity

Consolidated	06.30.2021	12.31.2020
Up to 1 year [1]	30,133	31,700
From 1 to 5 years	39,595	41,653
Total present value	**69,728**	**73,353**

(1) Includes overdue installments.

h) Net profit from leases

Consolidated	1º Semester/ 2021	1º Semester/ 2020
Leases	3,642	5,402
Profit on disposal of leases	-	28
Total	**3,642**	**5,430**

i) Concentration of Loans

	06.30.2021	% of portfolio	12.31.2020	% of portfolio
Parent Company				
Largest debtor	620,316	1.05%	620,316	1.10%
10 largest debtors	2,766,253	4.69%	2,606,190	4.64%
20 largest debtors	3,933,650	6.67%	3,881,105	6.91%
50 largest debtors	6,262,948	10.63%	6,111,693	10.88%
100 largest debtors	8,557,862	14.52%	8,096,306	14.41%
Consolidated				
Largest debtor	620,316	0.99%	620,316	1.05%
10 largest debtors	2,766,253	4.42%	2,606,190	4.40%
20 largest debtors	3,933,650	6.29%	3,882,961	6.56%
50 largest debtors	6,263,492	10.01%	6,113,549	10.33%
100 largest debtors	8,558,406	13.68%	8,099,025	13.68%

(Amounts in thousands of Reais, unless otherwise indicated)

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.

	06.30.2021		12.31.2020	
	Financial assets subject to sale	Liability related to recourse assumed (1)	Financial assets subject to sale	Liability related to recourse assumed (1)
Parent Company	**7,653,498**	**8,496,667**	**4,804,965**	**5,561,659**
With co-obligation	**5,743,370**	**6,586,539**	**4,804,965**	**5,561,659**
Financial institutions - related parties	5,743,370	6,586,539	4,804,965	5,561,659
Without co-obligation	**1,910,128**	**1,910,128**	**-**	**-**
Credit Rights Investment Fund - Subsidiary	1,910,128	1,910,128	-	-
Consolidated				
With co-obligation	**5,743,370**	**6,586,539**	**4,804,965**	**5,561,659**
Financial institutions - related parties	5,743,370	6,586,539	4,804,965	5,561,659
Total	**5,743,370**	**6,586,539**	**4,804,965**	**5,561,659**

(1) Recorded in caption “Other liabilities - Bond transactions linked to disposals (Note 21a).

In the six-month period ended June 30, 2021, revenues from the sale or transfer of financial assets totaled R$420,522 in the Bank and in the Conglomerate (R$397,278 in the Conglomerate in the six-month period ended June 30, 2020). Expenses with obligations for operations with these same characteristics totaled R$173,675 in the Bank and in the Conglomerate (R$181,749 in the Conglomerate in the semester ended June 30, 2020).

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

In the six-month period ended June 30, 2021, income from assignments without recourse of credits previously written off as losses totaled R$ 12,169 in the Bank and in the Conglomerate (R$ 35,634 in the Bank and R$ 65,106 in the Conglomerate in the six-month period ended on June 30 2020), which were recognized in profit or loss for the period under "Revenues from credit operations".

k) Changes in renegotiated credit

	Parent Company (1)		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Amount of renegotiaded credits in the period (2)	**2,829,406**	**1,483,800**	**2,979,358**	**19,047,309**
Renegotiated for past due contracts (3)	241,655	72,760	241,961	525,541
Renewed contracts (4) (5)	2,587,751	1,411,040	2,737,397	18,521,768
Changes in portfolio of renegotiated past due contracts				
Opening balance	**922,412**	**284,293**	**957,016**	**681,811**
Signings	241,655	72,760	241,961	525,541
Amounts received, net of interest accrued	(193,076)	(21,523)	(173,088)	(163,304)
Written off as losses	(81,052)	(14,382)	(99,889)	(158,655)
Closing balance	**889,939**	**321,148**	**926,000**	**885,393**
Allowance for losses of the portfolio of renegotiated past due	426,187	135,855	456,760	498,929
(%) Allowance for losses on the portfolio of renegotiated past due contracts	47.89%	42.30%	49.33%	56.35%
90-day delinquency of portfolio of renegotiated past due contracts	367,912	433	403,894	355,724
(%) Delinquency on the portfolio of renegotiated past due	41.34%	0.13%	43.62%	40.18%

(1) In thesix month period ended June 30, 2021, includes in the Bank amounts referring to the merger of the spun-off portion of BV Financeira (Note 2b).
(2) Represents the amount renegotiated in the period of credit operations, falling due or overdue.
(3) Credits renegotiated in the period due to delayed payment by customers.
(4) Credits renegotiated from operations not yet due for extension, novation, concession of a new operation for partial or full settlement of a previous operation or any other type of agreement that implies changes in the maturity terms or in the payment terms originally agreed.
(5) In the consolidated, It includes customer contracts renegotiated as a result of actions to minimize the effects of Covid-19, carried out from March 2020.

l) Other information

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Contracted credits to be released	471,069	519,815	4,795,409	3,927,857
Financial Guarantees Provided (Nota 29.1.a.1)	7,101,665	6,942,116	7,101,665	6,942,116

(Amounts in thousands of Reais, unless otherwise indicated)

13. OTHER ASSETS

a) Breakdown

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Other financial assets	**3,334,756**	**3,102,595**	**3,912,270**	**3,359,457**
Relations with correspondents	22,642	33,749	22,865	33,749
Other credits and receivables	32,491	31,922	463,029	178,494
Credit card transactions	-	-	93,555	57,421
Receivables from securities settlements abroad	-	14,613	-	14,613
Other credits for trading and intermediation of securities	225,024	118,612	249,180	129,029
Foreign exchange portfolio (Note 13b)	3,053,220	2,903,561	3,053,220	2,903,561
Other	1,379	138	30,421	42,590
Other assets	**946,466**	**1,033,211**	**1,077,622**	**1,272,410**
Other assets (Note 13d)	198,905	176,266	353,625	373,605
Sundry domestic debtors	72,503	122,904	38,278	146,530
Salary advances and prepayments	691	3,786	755	3,968
Advances to suppliers	252	4,798	615	5,152
Deposits in guarantee - Contingencies (Note 28g)	577,651	626,853	628,164	679,546
Amounts to be received by related parties	26,966	16,054	-	-
Trading and intermediation of securities	-	-	-	-
Dividends receivable	19,321	22,493	701	3,299
Other	49,553	59,430	54,860	59,683
Total	**4,281,222**	**4,135,806**	**4,989,892**	**4,631,867**
Current assets	3,679,606	3,461,650	4,262,049	3,754,713
Non-current assets	601,616	674,156	727,843	877,154

b) Foreign exchange portfolio

Parent Company and Consolidated	06.30.2021	12.31.2020
Assets - Other receivables [(1)]		
Purchased foreign exchange contracts to be settled	2,678,999	2,857,377
Receivables from foreign exchange sales contracts	374,221	46,184
Total	**3,053,220**	**2,903,561**
Current assets	3,053,220	2,903,561
Liabilities - Other liabilities [(2)]		
Sold foreign exchange to be settled	(378,234)	(55,671)
Liabilities for foreign exchange purchases	(2,708,170)	(2,830,288)
Total	**(3,086,404)**	**(2,885,959)**
Current liabilities	(3,086,404)	(2,885,959)
Off-balance accounts		
Credits opened for imports	159,741	230,785

(1) The income receivable from advances granted in foreign exchange contracts are presented in "Loans - Other credits with credit granting characteristics" (Note 12a).

(2) Advances granted in foreign exchange contracts are presented in "Loans - Other credits with credit granting characteristics" (Note 12a).

c) Income from foreign exchange transactions

	Bank and Consolidated	
	1º Semester/ 2021	1º Semester/ 2020
Foreign exchange income	1,586,624	2,454,689
Foreign exchange expenses	(1,535,532)	(2,066,884)
Income from foreign exchange transactions	**51,092**	**387,805**

d) Other assets

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Assets not for own use	**183,489**	**182,305**	**365,286**	**371,912**
Vehicles and alike	122,962	104,676	123,443	105,162
Real estate [1]	60,527	77,629	241,843	266,750
(Provision for devaluation)	**(36,991)**	**(44,921)**	**(70,745)**	**(66,466)**
Prepaid expenses	**52,407**	**38,882**	**59,084**	**46,249**
Others	**-**	**-**	**-**	**21,910**
Investments in real estate [2]	-	-	-	21,910
Total	**198,905**	**176,266**	**353,625**	**373,605**
Current assets	195,458	174,145	251,711	220,939
Non-current assets	3,447	2,121	101,914	152,666

(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 Management over this shareholding interests.

14. INVESTMENTS

a) Changes in associates, subsidiaries and joint ventures

	12.31.2020	Changes 1º Semester/2021			06.30.2021	1º Semester/2020	
	Investment	Dividends/	Share of profit	Impairment/	Investment	Share of profit	Impairment/
Domestic - Bank Ventures							
BV Financeira [1]	-	-	-	-	-	103,095	-
Bank BV S.A. (former BV Leasing)[2]	1,559,891	(6,712)	38,766	-	1,591,945	23,425	-
Votorantim Asset DTVM	141,391	-	(9,419)	-	131,972	16,650	-
Votorantim Corretora Seguros	900,362	-	154,672	-	1,055,034	131,178	-
BVIA	159,307	-	6,866	-	166,173	7,726	-
Promotiva	93,497	-	16,736	-	110,233	13,823	-
Atenas	42,565	-	(8,142)	2,327	36,750	25,192	-
BVEP	580,673	(366)	(67,939)	-	512,368	1,004	-
Total - Parent Company	**3,477,686**	**(7,078)**	**131,540**	**2,327**	**3,604,475**	**322,093**	**-**
Domestic - BVEP Associates and joint ventures							
BVEP associates [3]	5,186	(3,214)	198	-	2,170	(816)	-
BVEP joint ventures [3]	14,084	(1,358)	(430)	(299)	11,997	2,029	(2,570)
Total - Consolidated	**19,270**	**(4,572)**	**(232)**	**(299)**	**14,167**	**1,213**	**(2,570)**

(1) As described in note 2b, BV Financeira had part of its assets and liabilities transferred to Banco Votorantim in July 2020 and the remaining assets were subsequently incorporated into Banco BV S.A., culminating in the extinction of BV Financeira in August 2020.

(2) The corporate name of BV Leasing was changed to Banco BV S.A., as detailed in note 2a. Banco BV S.A. also incorporated part of the assets and liabilities of BV Financeira, as detailed in note 2b.

(3) Includes goodwill in the acquisition of this investments, detailed in note 14b.

(4) Includes capital decrease of investments and changes in other comprehensive income, in addition to changes referred of corporate restructuring.

(5) Recognized in results in item "Income from investments in ventures, associates and joint ventures".

b) Goodwill and impairment - outstanding balances

	Impairment [1]	
	06.30.2021	12.31.2020
Atenas	(17,963)	(20,290)
Total - Parent Company	**(17,963)**	**(20,290)**
BVEP subsidiaries	(458)	(458)
BVEP joint ventures	(493)	(194)
Total - Consolidated	**(951)**	**(652)**

(1) Applied on the investment amount, not only on the goodwill.

c) Summary financial information of subsidiaries in the Financial Statements

	06.30.2021		1º Semester/ 2021	Number of Shares (in thousands)	Share of Capital Stock %
	Share capital	Adjusted shareholders' equity	Net Profit/(Loss)	Ordinary	
Domestic - Bank Subsidiaries					
Bank BV S.A. (former BV Leasing)	1,300,131	1,591,945	38,766	823	100%
Votorantim Asset DTVM	122,774	131,972	(9,419)	12,277,389	100%
Votorantim Corretora Seguros	651,674	1,055,034	154,672	200	100%
BVIA	132,187	166,173	6,866	75,758	100%
Promotiva	67,269	110,233	16,736	5,000	100%
Atenas	51,610	36,750	(8,142)	51,610	100%
BVEP	598,400	512,368	(67,939)	598,400	100%
Total	**2,924,045**	**3,604,475**	**131,540**	**13,009,180**	

(Amounts in thousands of Reais, unless otherwise indicated)

d) Summary financial information of associates and jointly controlled entities

	06.30.2021		12.31.2020	
	BVEP Affiliates	Joint Subsidiaries of BVEP	BVEP Affiliates	Joint Subsidiaries of BVEP
Total Assets [(1)]	**5,864**	**28,350**	**95,748**	**26,185**
Total Liabilities [(1)]	**5,864**	**28,350**	**95,748**	**26,185**
Liabilities	3,326	3,927	60,505	2,730
Shareholder's equity	2,538	24,423	35,243	23,455
	2º Semester/2020		2º Semester/2019	
Resultado do período [(1)]	**21,087**	**1,328**	**13,449**	**9,792**
	1º Semester/2021		1º Semester/2020	
Profit / (loss) for the period [(1)]	**5,568**	**16**	**123**	**3,766**

(1) The balance of assets, liabilities and income are not adjusted by the percentages held directly or indirectly by Banco Votorantim.

d) Other investments

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Investments via tax incentives	51,254	51,254	79,877	79,877
Shares and quotas	180	180	180	180
Others	7	7	1,759	1,759
(Accumulated impairment)	(51,254)	(51,254)	(81,629)	(81,629)
Total	**187**	**187**	**187**	**187**

15. PROPERTY, PLANT AND EQUIPMENT

	12.31.2020	1º Semester/2021			06.30.2021		
	Book value	Changes [(1)]	Write-offs	Depreciation	Cost value	Accumulated depreciation	Book value
Parent Company							
Facilities	45,981	1,214	(107)	(8,260)	140,423	(101,595)	38,828
Furniture and equipment in use	10,758	130	(1,459)	(987)	42,639	(34,197)	8,442
Communication system	3,856	450	(181)	(667)	17,678	(14,220)	3,458
System data processing	33,311	4,982	(871)	(6,078)	174,811	(143,467)	31,344
Security system	203	-	(32)	(25)	2,633	(2,487)	146
Transportation system	318	156	-	(64)	1,072	(662)	410
Total	**94,427**	**6,932**	**(2,650)**	**(16,081)**	**379,256**	**(296,628)**	**82,628**
Consolidated							
Facilities	46,612	1,426	(323)	(8,633)	142,306	(103,224)	39,082
Furniture and equipment in use	10,898	130	(1,459)	(1,019)	45,504	(36,954)	8,550
Communication system	3,863	450	(181)	(671)	19,053	(15,592)	3,461
System data processing	33,321	4,982	(871)	(6,085)	178,153	(146,806)	31,347
Security system	215	-	(32)	(31)	2,728	(2,576)	152
Transportation system	318	156	-	(64)	1,072	(662)	410
Total	**95,227**	**7,144**	**(2,866)**	**(16,503)**	**388,816**	**(305,814)**	**83,002**

	12.31.2019	Fiscal Year/2020			12.31.2020		
	Book value	Changes [(1)] [(2)]	Transfer [(3)]	Depreciation	Cost value	Accumulated depreciation	Book value
Parent Company							
Facilities	30,053	8,995	16,402	(9,469)	147,452	(101,471)	45,981
Furniture and equipment in use	5,404	3,061	3,980	(1,687)	48,030	(37,272)	10,758
Communication system	2,202	2,741	15	(1,102)	17,848	(13,992)	3,856
System data processing	28,866	18,826	394	(14,775)	173,096	(139,785)	33,311
Security system	138	104	20	(59)	2,714	(2,511)	203
Transportation system	416	27	1	(126)	995	(677)	318
Total	**67,079**	**33,754**	**20,812**	**(27,218)**	**390,135**	**(295,708)**	**94,427**
Consolidated							
Facilities	51,175	9,184	-	(13,747)	151,163	(104,551)	46,612
Furniture and equipment in use	10,426	3,072	-	(2,600)	50,915	(40,017)	10,898
Communication system	2,238	2,741	-	(1,116)	19,223	(15,360)	3,863
System data processing	29,973	18,828	-	(15,480)	176,439	(143,118)	33,321
Security system	188	104	-	(77)	2,809	(2,594)	215
Transportation system	416	28	-	(126)	995	(677)	318
Total	**94,416**	**33,957**	**-**	**(33,146)**	**401,544**	**(306,317)**	**95,227**

(1) Includes exchange variation
(2) In the year ended December 31, 2020, there was no disposal of property, plant and equipment.
(3) Includes amounts referring to the incorporation of the spun-off portion of BV Financeira.

(Amounts in thousands of Reais, unless otherwise indicated)

16. INTANGIBLE ASSETS

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Intangible	**508,915**	**397,652**	**547,606**	**428,843**
Intangible	1,136,623	957,987	1,198,989	1,010,073
(Accumulated amortization)	(422,958)	(355,585)	(436,804)	(366,651)
(Provisions for impairment)	(204,750)	(204,750)	(214,579)	(214,579)
Goodwill [1]	**-**	**-**	**-**	**34,117**
Goodwill and adjustment to recoverable value	-	-	-	34,117
Total	**508,915**	**397,652**	**547,606**	**462,960**

[1] Includes goodwill recorded from subsidiaries

a) Breakdown

	06.30.2021				12.31.2020			
	Cost value	Accumulated amortization	Accumulated impairment [1]	Book value	Cost value	Accumulated amortization	Accumulated impairment [1]	Book value
Parent Company								
Software acquired	42,532	(36,141)	-	6,391	37,184	(32,029)	-	5,155
Licenses	343,403	(255,647)	-	87,756	297,044	(223,037)	-	74,007
Sales rights agreements	36,301	(34,471)	-	1,830	31,841	(30,829)	-	1,012
Internally developed software	701,434	(93,780)	(203,750)	403,904	585,918	(69,107)	(203,750)	313,061
Trademark and patents	6,000	(1,083)	(1,000)	3,917	6,000	(583)	(1,000)	4,417
Carbon credits	6,953	(1,836)	-	5,117	-	-	-	-
Total	**1,136,623**	**(422,958)**	**(204,750)**	**508,915**	**957,987**	**(355,585)**	**(204,750)**	**397,652**
Consolidated								
Software acquired	67,000	(36,332)	-	30,668	61,652	(32,220)	-	29,432
Licenses	350,892	(263,129)	-	87,763	303,321	(229,284)	-	74,037
Sales rights agreements	36,301	(34,471)	-	1,830	31,841	(30,829)	-	1,012
Internally developed software	731,843	(99,953)	(213,579)	418,311	607,259	(73,735)	(213,579)	319,945
Trademark and patents	6,000	(1,083)	(1,000)	3,917	6,000	(583)	(1,000)	4,417
Carbon credits	6,953	(1,836)	-	5,117	-	-	-	-
Total	**1,198,989**	**(436,804)**	**(214,579)**	**547,606**	**1,010,073**	**(366,651)**	**(214,579)**	**428,843**

[1] In 2020, it includes effects of tactical redefinitions of projects.

b) Changes

	12.31.2020	1º Semester/2021				06.30.2021
	Book value	Changes [1] [2]	Tranfer	Amortization	Impairment	Book value
Parent Company						
Software acquired	5,155	5,348	-	(4,112)	-	6,391
Licenses	74,007	46,399	-	(32,650)	-	87,756
Sales rights agreements	1,012	4,460	-	(3,642)	-	1,830
Internally developed software	313,061	124,583	(9,067)	(24,673)	-	403,904
Trademark and patents	4,417	-	-	(500)	-	3,917
Carbon Credits	-	6,953	-	(1,836)	-	5,117
Total	**397,652**	**187,743**	**(9,067)**	**(67,413)**	**-**	**508,915**
Consolidated						
Software acquired	29,432	5,348	-	(4,112)	-	30,668
Licenses	74,037	47,611	-	(33,885)	-	87,763
Sales rights agreements	1,012	4,460	-	(3,642)	-	1,830
Internally developed software	319,945	124,583	-	(26,217)	-	418,311
Trademark and patents	4,417	-	-	(500)	-	3,917
Carbon Credits	-	6,953	-	(1,836)	-	5,117
Total	**428,843**	**188,955**	**-**	**(70,192)**	**-**	**547,606**

(Amounts in thousands of Reais, unless otherwise indicated)

	12.31.2019	Fiscal Year/2020				12.31.2020
	Book value	Changes [1] [2]	Transfer [3]	Amortization	Impairment [4]	Book value
Parent Company						
Software acquired	5,067	3,343	135	(3,390)	-	5,155
Licenses	45,101	68,407	23,328	(62,829)	-	74,007
Sales rights agreements	-	3,255	3,788	(6,031)	-	1,012
Internally developed software	161,487	140,074	88,238	(22,962)	(53,776)	313,061
Trademark and patents	-	-	5,000	(583)	-	4,417
Total	**211,655**	**215,079**	**120,489**	**(95,795)**	**(53,776)**	**397,652**
Consolidated						
Software acquired	29,686	3,343	-	(3,597)	-	29,432
Licenses	71,834	71,385	-	(69,182)	-	74,037
Sales rights agreements	1,312	9,875	-	(10,175)	-	1,012
Internally developed software	200,572	217,724	-	(34,747)	(63,604)	319,945
Trademark and patents	-	5,000	-	(583)	-	4,417
Total	**303,404**	**307,327**	**-**	**(118,284)**	**(63,604)**	**428,843**

(1) Includes exchange variation.
(2) In the six month period ended June 30, 2021 and in the year ended December 31, 2020, there was no write-off of intangible assets.
(3) Includes amounts referring to the incorporation of the spun-off portion of BV Financeira.
(4) In 2020, it includes effects of tactical redefinitions of projects.

c) Armotization estimate on June 30, 2021

	2021	2022	2023	2024	2025	From 2026	Total
Parent company							
Amounts to be amortized	89,751	123,073	103,188	93,730	67,497	31,676	**508,915**
Consolidated							
Amounts to be amortized	91,480	126,524	106,579	96,944	69,948	56,131	**547,606**

d) Goodwill and impairment on goodwill

	Consolidated			
	Goodwill		Impairment	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Subsidiaries of Banco Votorantim and BVEP [1] [2]	-	40,786	-	(6,669)
Total	**-**	**40,786**	**-**	**(6,669)**

(1) Includes goodwill on the acquisition of the Atenas and Vila Parque investments as of December 31,2020
(2) As of June 30, 2021, it includes reclassification of goodwill for the respective assets that were the objects of vila Parque's Fair Value Assets and Liabilities Assessment Report (PPA).

17. DEPOSITS AND REPURCHASE COMMITMENTS

a) Deposits

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Demand deposits	**590,366**	**435,183**	**581,892**	**429,711**
Individuals	77,944	43,295	77,976	43,295
Legal entities	508,947	389,818	503,910	386,407
Related companies	3,469	2,061	-	-
Linked	6	9	6	9
Interbank deposits	**2,139,717**	**4,188,194**	**2,023,105**	**4,042,750**
Time deposits	**21,065,726**	**21,720,834**	**20,357,578**	**21,037,930**
Local currency	19,430,679	19,774,377	18,722,531	19,091,473
Foreign currency	1,635,047	1,946,457	1,635,047	1,946,457
Total	**23,795,809**	**26,344,211**	**22,962,575**	**25,510,391**
Current liabilities	22,156,461	25,014,000	21,630,096	24,216,817
Non-current liabilities	1,639,348	1,330,211	1,332,479	1,293,574

b) Segregation of deposits by due date on June 30, 2021

	Without	Up to 3 months	From 3 to 12	From 1 to 3	From 3 to 5	Over 5 years	06.30.2021	12.31.2020
Parent Company								
Demand deposits	590,366	-	-	-	-	-	590,366	435,183
Interbank accounts or	-	245,499	1,773,494	120,724	-	-	2,139,717	4,188,194
Time deposits	-	8,492,664	11,054,438	1,443,551	74,821	252	21,065,726	21,720,834
Total	**590,366**	**8,738,163**	**12,827,932**	**1,564,275**	**74,821**	**252**	**23,795,809**	**26,344,211**
Consolidated								
Demand deposits	581,892	-	-	-	-	-	581,892	429,711
Interbank accounts or	-	237,199	1,665,182	120,724	-	-	2,023,105	4,042,750
Time deposits	-	8,342,009	10,803,814	1,136,682	74,821	252	20,357,578	21,037,930
Total	**581,892**	**8,579,208**	**12,468,996**	**1,257,406**	**74,821**	**252**	**22,962,575**	**25,510,391**

(Amounts in thousands of Reais, unless otherwise indicated)

c) Liabilities with repurchase agreement

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Own portfolio	**19,256,441**	**12,513,833**	**17,942,730**	**11,903,508**
Private securities - Debentures [1]	1,832,547	1,911,055	1,832,547	1,911,055
Financial Treasury Bills	4,348,668	1,582,982	4,348,668	1,581,063
National Treasury Bills	8,522,915	5,421,326	7,799,203	4,812,920
National Treasury Notes	2,794,132	1,466,900	2,204,133	1,466,900
Private securities - Other	1,758,179	2,131,570	1,758,179	2,131,570
Third-party portfolio	**597,750**	**599,570**	**560,750**	**599,570**
National Treasury Bills	351,729	447,024	314,729	447,024
National Treasury Notes	246,021	152,546	246,021	152,546
Free portfolio	**1,606,220**	**2,525,751**	**1,606,220**	**2,525,751**
National Treasury Bills	222,445	1,720,308	222,445	1,720,308
National Treasury Notes	1,383,775	805,443	1,383,775	805,443
Total	**21,460,411**	**15,639,154**	**20,109,700**	**15,028,829**
Current liabilities	19,371,436	13,645,174	18,020,725	13,034,849
Non-current liabilities	2,088,975	1,993,980	2,088,975	1,993,980

[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

	Parent Company		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Funding expenses	**(348,712)**	**(379,728)**	**(338,126)**	**(364,574)**
Time deposits	(277,846)	(289,330)	(268,998)	(277,212)
Interbank accounts or relations	(70,866)	(90,398)	(69,128)	(87,362)
Expenses with repurchase commitments	**(249,453)**	**(404,671)**	**(239,396)**	**(400,157)**
Own portfolio	(201,719)	(238,970)	(191,662)	(179,214)
Third-party portfolio	(17,888)	(37,534)	(17,888)	(92,776)
Free portfolio [1]	(29,846)	(128,167)	(29,846)	(128,167)
Expenses with fund raising from securities issued	**(506,052)**	**(2,256,812)**	**(506,052)**	**(2,265,321)**
Mortgage Bonds	(5,313)	(5,203)	(5,313)	(5,203)
Agribusiness Letters of Credit	(20,947)	(28,340)	(20,947)	(28,340)
Letters of Leases	-	-	-	(7,673)
Financial bills	(448,220)	(538,585)	(448,220)	(538,585)
Financial Guaranteed Bills	(121,541)	(3,513)	(121,541)	(3,513)
Issue of securities abroad [2]	103,488	(1,670,013)	103,488	(1,670,013)
Structured Operations Certificates	(142)	-	(142)	-
Others	(13,377)	(11,158)	(13,377)	(11,994)
Expenses with subordinated debts abroad [2]	**(53,699)**	**(663,457)**	**(53,699)**	**(663,457)**
Total	**(1,157,916)**	**(3,704,668)**	**(1,137,273)**	**(3,693,509)**

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

18. BORROWINGS AND DOMESTIC ONLENDINGS

a) Breakdown

	Parent Company and Consolidated	
	06.30.2021	12.31.2020
Loan Obligations (Nota 18b)	3,434,551	2,822,895
Obligations for transfers (Nota 18c)	763,377	922,507
Total	**4,197,928**	**3,745,402**

b) Loan Obligations

	Up to 3 months	From 3 to 12 months	Parent Company and Consolidated	
			06.30.2021	12.31.2020
Abroad	**1,524,129**	**1,910,422**	**3,434,551**	**2,822,895**
Raised from foreign banks	1,502,638	1,874,304	3,376,942	2,786,230
Imports	21,491	36,118	57,609	36,665
Total	**1,524,129**	**1,910,422**	**3,434,551**	**2,822,895**
Current liabilities			3,434,551	2,822,895

(Amounts in thousands of Reais, unless otherwise indicated)

c) Onlendings

Domestic - Official institutions

Programs	Interest rates p.a. [1]	Parent Company and Consolidated 06.30.2021	Parent Company and Consolidated 12.31.2020
National Treasury		**189,207**	**120,655**
Fixed rate	from 3,50% to 6,75% p.a.	156,952	110,603
Variable rate	Selic	32,255	10,052
BNDES		**216,097**	**259,720**
Fixed rate	from 0,70% to 5,70% p.a.	58,498	66,062
Variable rate	from 1,42% to 1,50% p.a. + IPCA 1,80% p.a. + TJLP 2,28% p.a. + Selic	157,599	193,658
FINAME		**358,073**	**542,132**
Fixed rate	from 0,50% to 8,00% p.a.	222,374	389,575
Variable rate	from 1,60% to 2,10% p.a. + TJLP from 1,15% to 2,25% p.a. + IPCA from 1,43% to 2,40% p.a. + Selic	135,699	152,483
Foreign exchange	2,00% p.a. + foreign exchange variation	-	74
Total		**763,377**	**922,507**
Current liabilities		358,332	356,866
Non-current liabilities		405,045	565,641

(1) The interest rates refer to the balances held on June 30, 2021.

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

	Parent Company and Consolidated 1º Semester/ 2021	Parent Company and Consolidated 1º Semester/ 2020
Borrowing expenses [1]	**146,078**	**(784,623)**
Expenses with transfer from Brazilian government	**(24,856)**	**(45,016)**
National Treasury	(1,394)	(3,020)
BNDES	(9,370)	(23,874)
FINAME	(14,092)	(18,122)
Expenses with Obligations to foreign bankers [1]	**33,444**	**(207,928)**
Total	**154,666**	**(1,037,567)**

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

19. SECURITIES ISSUED

Funding	Currency	Amount issued	Interest p.a. [1]	Issuance year	Maturity year	Parent Company and Consolidated 06.30.2021	Parent Company and Consolidated 12.31.2020
Real estate credit note funds						**392,213**	**190,375**
Fixed rate	R$	62,697	from 3,25% to 8,82% p.a.	2020	2024	63,947	3,582
Variable rate	R$	285,830	from 94,00% to 117,00% of DI until 0,33% p.a. + DI	2019	2024	291,015	184,090
Variable rate	R$	36,297	from 0,76% a 3,24% p.a. + IPCA	2021	2024	37,251	2,703
Agribusiness credit bills						**1,417,435**	**1,439,983**
Fixed rate	R$	206,692	from 8,72% p.a.	2020	2024	211,419	107,660
Variable rate	R$	1,075,569	from 90,00% to 116,50% of DI	2015	2024	1,105,280	1,330,972
Variable rate	R$	98,724	from 0,73% to 3,78% p.a. + IPCA	2020	2024	100,736	1,351
Financial bills						**19,796,260**	**19,613,705**
Fixed rate	R$	1,725,571	from 4,03% to 13,76% p.a.	2012	2031	1,831,969	1,166,149
Variable rate [2]	R$	16,135,118	from 100,00% to 130,00% of DI until 7,23% p.a. + DI	2017	2024	16,702,019	17,851,640
Variable rate [2]	R$	1,125,427	from 1,82% to 7,17% p.a.+ IPCA	2014	2032	1,262,272	595,916
Financial Guaranteed Bills						**5,460,023**	**10,674,459**
Variable rate	R$	5,374,200	0,59% p.a.+ Selic	2020	2021	5,460,023	10,674,459
Securities issued abroad						**7,982,075**	**8,230,537**
Fixed rate	R$	47,288	from 2,10% to 10,00% p.a.	2019	2023	54,718	55,290
Foreign exchange [2] [3]	USD	1,763,526	from 0,92% to 8,12% p.a. + foreign exchange variation	2019	2025	7,927,357	8,175,247
Structured Operations Certificates						**5,605**	**5,462**
Variable rate	R$	5,202	5,25% p.a. or foreign exchange	2020	2021	5,605	5,462
Total						**35,053,611**	**40,154,521**
Current liabilities						12,463,860	22,463,691
Passivo não circulante						22,589,751	17,690,830

(1) The interest rates refers to the balances held on June 30, 2021.
(2) Includes issuance of green bonds, details are disclosed in Note 30.
(3) In July 2020, USD 500,000 was issued abroad with semiannual interest payments.

(Amounts in thousands of Reais, unless otherwise indicated)

20. SUBORDINATED DEBTS AND DEBT INSTRUMENTS ELIGIBLE AS CAPITAL

a) Breakdown

	Parent Company and Consolidated	
	06.30.2021	12.31.2020
Subordinated debts (Note 20b)	169,195	193,543
Debt instruments eligible as capital (Note 20c)	3,135,728	3,499,583
Total	**3,304,923**	**3,693,126**

b) Subordinated debts

Funding	Amount issued	Interest rates p.a. [1]	Issuance year	Maturity year	Parent Company and Consolidated 06.30.2021	Parent Company and Consolidated 12.31.2020
Financial bills Subordinadas					**169,195**	**193,543**
Variable rate	157,464	from 112,50 to 119,00% of DI	2016	2026	169,195	166,521
Variable rate [2]	-	8,09% p.a. + IPCA	2015	2022	-	27,022
Total					**169,195**	**193,543**
Non-current liabilities					169,195	193,543

[1] The interest rates refers to balances held on June 30, 2021.

[2] In the six month period ended June 30, 2021, the Bank repurchased subordinated financial bills.

c) Debt instruments eligible as capital

Funding	Amount issued	Interest rates p.a. [1]	Issuance year	Maturity year	Parent Company and Consolidated 06.30.2021	Parent Company and Consolidated 12.31.2020
Financial bills Subordinadas					**1,628,029**	**1,933,954**
Variable rate	691,995	from 100,00% to 120,00% of DI	2014	2024	989,907	1,243,812
Variable rate	200,640	from 5,72% to 9,31% p.a. + IPCA	2013	2030	432,464	439,792
Fixed rate	77,890	from 11,03% to 17,98% p.a.	2015	2024	164,314	209,615
Variable rate	27,500	117,50% of Selic	2016	2023	41,344	40,735
Funding	**Amount issued**	**Interest rates p.a. [1]**	**Issuance year**			
Perpetual bond [2]					**1,507,699**	**1,565,629**
Fixed rate	USD 300.000	8,25% p.a.	2017		1,507,699	1,565,629
Total					**3,135,728**	**3,499,583**
Current liabilities					526,181	727,139
Non-current liabilities					2,609,547	2,772,444

[1] The interest rates refers to balances held on June 30, 2021.

[2] On November 30, 2017, USD 300 million was issued abroad with semiannual interest payments.
The bonds have the option of redemption at the initiative of the Bank as of Dec. 2022 or at each subsequent semiannual interest payment, as long as previously authorized by the Central Bank of Brazil (Bacen). It includes the costs of issuing these instruments, which are deferred for the contractual term, and do not form part of the hedge structure.

(Amounts in thousands of Reais, unless otherwise indicated)

21. OTHER LIABILITIES

a) Breakdown

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Other financial liabilities	**11,870,080**	**8,693,816**	**12,378,223**	**8,892,329**
Obligations from transactions linked to assignments (Nota 12j.1) [1]	8,496,667	5,561,659	6,586,539	5,561,659
Commissions for operations payable	19,217	23,844	20,129	26,275
Credit card operations	-	-	110,904	109,880
Liabilities for acquisition of assets and rights	2,183	3,277	2,183	3,277
Trading and intermediation of securities	247,970	208,361	280,324	221,053
Foreign exchange portfolio (Note 13b)	3,086,404	2,885,959	3,086,404	2,885,959
Investment funds [2]	-	-	2,221,798	-
Others	17,639	10,716	69,942	84,226
Other liabilities	**1,271,545**	**1,327,888**	**1,505,177**	**1,580,663**
Third-party transit resources	78,399	15,197	78,399	15,197
Provision for profit sharing	128,684	193,096	153,480	216,977
Provision for personnel expenses	202,727	254,378	227,875	297,411
Provision for administrative expenses	203,214	198,351	256,057	222,411
Provision for financial guarantees provided (Note 29.1.a.1)	200,697	218,530	200,697	218,530
Provision for losses - other risks	18,209	4,684	18,209	4,684
Legal obligations (Note 28h)	44,626	40,684	50,383	45,662
Sundry creditors - domestic	317,445	212,523	397,723	330,373
Sundry creditors - overseas	174	2,408	174	2,408
Amounts payable to associated companies	1,308	3,338	-	-
Dividends payable / Interest on own capital [3]	-	72,709	-	72,709
Compensation of CO_2 emissions by vehicles financed by Bank BV	427	-	427	-
Other	75,635	111,990	121,753	154,301
Total	**13,141,625**	**10,021,704**	**13,883,400**	**10,472,992**
Current liabilities	8,015,902	6,476,491	9,925,527	6,895,857
Non-current liabilities	5,125,723	3,545,213	3,957,873	3,577,135

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

(2) The quotas of consolidated investment funds belonging to entities that are not part of the Conglomerate are accounted for under the terms of Bacen Circular No. 3701/2014 as other financial liabilities

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

22. OPERATING INCOME/EXPENSES

a) Service income

	Parent Company [1]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Third party funds management	-	-	58,054	68,699
Collection	12,565	23,156	6,210	2,755
Commissions on placing of securities	101,428	40,596	101,662	40,990
Stock exchange transaction brokerages	-	-	1,747	3,002
Income from custody services	27	160	9,203	9,477
Income from guarantees provided	54,185	57,387	54,185	57,387
Credit card transactions	-	-	78,463	59,408
Insurance brokerage commission	12,914	-	272,201	222,509
Financial advisory services	2,245	1,990	2,245	2,050
Income from banking settlement services with business partners	-	-	174,965	166,695
Income from bank settlement services with partners	9,698	6,633	7,224	6,633
Others	4,662	1,929	26,947	17,237
Total	**197,724**	**131,851**	**793,106**	**656,842**

(1) In the six month period ended June 30, 2021, includes in the Bank the appropriation of income generated by the assets received from the merger of the spun-off portion of BV Financeira, after the referred event (Note 2b).

b) Income from banking fees

	Parent Company [1]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Master file registration	249,190	-	249,190	183,112
Funds transfer	91	792	91	792
Appraisal of assets	91,825	-	91,825	123,715
Income from credit card	-	-	63,537	62,530
Others	264	316	1,834	1,356
Total	**341,370**	**1,108**	**406,477**	**371,505**

(1) In the six month period ended June 30, 2021, includes in the Bank the appropriation of income generated by the assets received from the merger of the spun-off portion of BV Financeira, after the referred event (Note 2b).

(Amounts in thousands of Reais, unless otherwise indicated)

c) Personnel expenses

	Parent Company (1)		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Administrators' remuneration and other (Note 26)	(10,212)	(3,351)	(13,413)	(10,756)
Benefits	(59,222)	(21,866)	(69,079)	(74,013)
Social charges	(77,086)	(22,121)	(93,711)	(78,132)
Salary (2) (3)	(226,208)	9,974	(291,799)	(158,613)
Labor claims	(75,315)	(2,420)	(78,676)	(97,503)
Training	(4,692)	(1,156)	(5,657)	(4,186)
Supplementary private pension	(4,592)	(1,608)	(5,877)	(4,719)
Total	**(457,327)**	**(42,548)**	**(558,212)**	**(427,922)**

(1) In the six month period ended June 30, 2021, includes in the Bank the appropriation of income generated by the assets received from the merger of the spun-off portion of BV Financeira, after the referred event (Note 2b).

(2) Includes reversal of provision for long-term incentive plan expenses, to which the realization is no longer expected

(3) Includes expenses and related charges for variable remuneration programmes.

d) Other administrative expenses

	Parent Company (1)		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Water, energy and gas	(1,021)	(452)	(1,329)	(1,975)
Rental	(28,435)	(9,056)	(32,493)	(30,751)
Communications	(13,758)	(753)	(22,568)	(27,218)
Maintenance of property, plant and equipment	(6,377)	(1,298)	(8,201)	(6,760)
Material	(1,155)	(554)	(1,588)	(2,137)
Data processing	(95,193)	(38,164)	(146,563)	(142,619)
Promotions and public relations	(3,297)	(3,134)	(4,387)	(12,168)
Advertising and publicity	(12,275)	(11,361)	(23,668)	(27,864)
Publications	(521)	(460)	(1,104)	(1,067)
Insurance	(2,837)	(692)	(3,210)	(2,547)
Financial system services	(41,077)	(13,678)	(44,223)	(53,133)
Outsourced services	(5,283)	(1,204)	(6,154)	(4,691)
Surveillance and security services	(508)	(433)	(706)	(1,011)
Specialized technical services	(240,865)	(36,119)	(272,709)	(241,004)
Transportation	(1,715)	(340)	(1,839)	(3,034)
Traveling	(101)	(525)	(113)	(3,052)
Judicial and notary public fees	(30,852)	(1,206)	(32,311)	(35,139)
Amortization (2) (3)	(56,788)	(9,463)	(70,192)	(52,812)
Depreciation (2)	(13,618)	(1,636)	(16,503)	(16,033)
Other (4)	(33,083)	(4,846)	(40,183)	(68,824)
Total	**(588,759)**	**(135,374)**	**(730,044)**	**(733,839)**

(1) In the six month period ended June 30, 2021, includes in the Bank the appropriation of expenses incurred on liabilities received from the merger of the spun-off portion of BV Financeira, after said event (Note 2b).

(2) Includes the effects of the agreement for apportionment / reimbursement of expenses and direct and indirect costs entered into between banco BV and its subsidiaries.

(3) In the six month period ended June 30, 2021, includes the amount of R$1,836 in the Bank and in the Consolidated referring to the amortization expenses of carbon credits consumed by offsetting the CO_2 emission by vehicles financed by Banco BV (note 30).

(4) Includes philanthropic contributions and expenses related to offsetting direct greenhouse gas emissions, as detailed in note 30.

e) Other operating income

	Parent Company (1)		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Recovery of charges and expenses	2,371	5,968	2,830	8,992
Restatement of judicial deposits	-	3,141	-	16,435
Inflation indexation	867	1,196	1,597	6,580
Reimbursement of overpaid tax fines	1,070	923	1,070	4,738
Operating cost reimbursement	378	-	378	1,486
Recovery from operational losses	-	-	-	19,781
Reversal of provision for insurance cancellation	-	-	5,847	15,210
Exclusive and preemptive rights	-	-	10,972	-
Income from real estate activity (2)	-	-	-	2,510
Other (3)	21,353	788	26,194	2,342
Total (2)	**26,039**	**12,016**	**48,888**	**78,074**

(1) In the six month period ended June 30, 2021, includes in the Bank the appropriation of income generated by the assets received from the merger of the spun-off portion of BV Financeira,

(2) Includes income from the sale of shares.

(3) Includes reversal of provision for restructuring.

(4) Revenues and expenses of the same nature are presented by the net amount calculated in each period. The presentation in the respective revenue or expense line takes into account the most recent period.

(Amounts in thousands of Reais, unless otherwise indicated)

f) Other operating expenses

	Parent Company [1]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Costs associated with the origination - Business partners [2]	(374,300)	(1,161)	(527,556)	(392,454)
Civil claims	(53,764)	(125)	(56,186)	(60,320)
Tax claims	(3,942)	(2,598)	(4,720)	(4,239)
Update of escrow deposits [3]	(3,472)	-	(3,294)	-
Operating losses	(25,888)	(2,146)	(31,673)	(4,251)
Premium paid on financial assets	(110)	(121)	(110)	(121)
Income (loss) from real estate activity [4]	-	-	(3,813)	-
Premium paid for bank services preference	(14,586)	(5,888)	-	(5,888)
Provision for CO2 offset expenses for vehicles financed by Bank BV	(427)	-	(427)	-
Other	(15,022)	(1,519)	(52,949)	(31,950)
Total [5]	**(491,511)**	**(13,558)**	**(680,728)**	**(499,223)**

(1) In the six month period ended June 30, 2021, includes in the Bank the appropriation of expenses incurred on liabilities received from the merger of the spun-off portion of BV Financeira, after
(2) It includes income from the sale of shares.
(3) Includes reversal of provision for restructuring.
(4) Income and expenses of the same type are presented at the net amount determined in each period. The presentation in the respective line of income or expense takes into account the most recent period.

23. OTHER INCOME AND EXPENSES

	Parent Company		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Other income	**22,162**	**3,762**	**22,380**	**38,421**
Profit on the disposal of assets	9,889	1,277	9,895	-
Rental income	-	-	-	9
Reversal of provision for devaluation of other assets [1]	6,429	-	6,474	29,645
Reversal of provision for investment losses due to tax incentives	-	2,485	-	5,931
Other income not directly associated with operating activity	5,844	-	6,011	2,836
Other expenses	**(8,161)**	**(38,390)**	**(76,935)**	**(40,038)**
Loss on disposal of assets	-	-	-	(3,340)
Capital losses	(79)	-	(79)	(1,859)
Devaluation of other assets	-	(9,142)	-	-
Expense on real estate not in use	(1,121)	(1,275)	(1,121)	(3,180)
Expenses with goodwill and impairment of subsidiaries	-	(27,922)	(66,427)	(31,591)
Loss on intangible assets	(2,650)	-	(4,990)	-
Other expenses not directly associated with operating activity	(4,311)	(51)	(4,318)	(68)
Total [1]	**14,001**	**(34,628)**	**(54,555)**	**(1,617)**

(1) In the six-month period ended June 30, 2020, it refers to the reversal of provisions for losses whose origin was the exchange of SPEs GMAX, Reserva Natural and NS Emp. Imob 10, for the control of SPE BVEP Vila Parque (This provision had been constituted in the year ended December 31, 2019).
(2) Income and expenses of the same type are presented at the net amount calculated in each period. The presentation in the respective income or expense line takes into account the most

24. SHAREHOLDERS' EQUITY

a) Capital

The capital of Banco Votorantim S.A., fully subscribed and paid-in, in the amount of R$ 8,130,372 (R$ 8,130,372 as of December 31, 2020) is represented by 3,299,670,406 shares, of which 2,131,587,081 common shares are held, book-entry and no nominal value and 1,168,083,325 nominal, book-entry and non-nominal preferred shares (53,760,296,740 nominactive, book-entry and non-nominal value common shares and 51,631,176,076 nominactive preferred shares , book-entry and without nominal value as of December 31, 2020).

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

On February 8, 2021, the group of all shares representing the Bank's Share Capital was approved at an Extraordinary General Meeting, in the proportion of 31.94 to 1 share of the same species, with the Share Capital being represented by 3,299,670,406 shares. After the grouping, the conversion of 448,421,874 preferred shares into common shares was approved.

b) Capital reserve

Capital reserve is related to premium that 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.

(Amounts in thousands of Reais, unless otherwise indicated)

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 Equity

Shareholders are guaranteed a minimum mandatory dividend, both in the form of dividends and interest on equity, corresponding to 25% of the net income for the period, deducted from the legal reserve (adjusted net income). As provided for in CMN Resolution No. 4,820/2020, amended by CMN Resolution No. 4,885/2020, for the 2020 fiscal year, the remuneration of capital allowed is up to 30% of the adjusted Net Income for the period.

Pursuant to Laws 9.249/1995 and 12.973/2014 and the Company's Bylaws, the Management decided to resolve interest on equity and dividends to its shareholders in relation to the results for the semester ended June 30, 2020. There was no resolution on capital remuneration for the semester ended June 30, 2021.

Interest on equity is calculated on the adjusted 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 its value.

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

For the six month period ended June 30, 2021 there was no distribution and for the six month period ended June 30, 2020, the Company made the following distributions:

	1º Semester/2020			
	Value (R$ thousand)	Value per lot of one thousand shares - R$	Base date of the share position	Payday
Dividends	26,545	0.25	29.06.2020	18.12.2020
Interest on equity [(1)]	47,500	0.45	29.06.2020	18.12.2020
Total for shareholders	**74,045**	**0.70**		

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

	1º Semester/ 2021	1º Semester/ 2020
	Value (R$ thousand)	
Net income for the period - Banco Votorantim SA	**814,606**	**409,899**
Legal reserve	(40,730)	(20,496)
Calculation basis	**773,876**	**389,403**
Dividends	-	26,545
Interest on equity (gross)	-	47,500
IRRF related to interest on equity	-	(7,125)
Proposed value	**-**	**66,920**
% on the calculation basis	**0%**	**17%**

e) Earnings per share

	1º Semester/ 2021	1º Semester/ 2020
Net profit - Banco Votorantim S.A (R$ thousand)	814,606	409,899
Weighted average number by thousand shares (basic and diluted) [(1) (2)]	20,314,971	20,314,971
Earnings per share (basic and diluted) (R$)	40.10	20.18

(1) The weighted average number of shares is calculated based on the average number of shares for each month of the semester ended June 30, 2021.

(2) The weighted average number of shares was restated for the semester ended June 30, 2020 due to the reverse split of all shares described in note 24a, in accordance with CPC 41.

f) Reconciliation of shareholders' equity and net profit

	Net profit		Shareholders' equity	
	1º Semester/ 2021	1º Semester/ 2020	06.30.2021	12.31.2020
Banco Votorantim S.A.	**814,606**	**409,899**	**11,664,427**	**10,746,169**
Unrealized income [(1)]	1,233	33,103	6,726	7,548
Consolidated	**815,839**	**443,002**	**11,671,153**	**10,753,717**

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

(Amounts in thousands of Reais, unless otherwise indicated)

g) Other comprehensive income

Parent Company and Consolidated	1º Semester/2021				1º Semester/2020			
	Opening balance	Changes	Tax effect	Closing balance	Opening balance	Changes	Tax effect	Closing balance
Securities available to sale	**245,530**	**(243,299)**	**109,177**	**111,408**	**100,332**	**(112,882)**	**47,855**	**35,305**
Banco Votorantim [(1)]	237,675	(230,728)	103,685	110,632	38,374	(62,323)	27,850	3,901
Subsidiaries	7,855	(12,571)	5,492	776	61,958	(50,559)	20,005	31,404
Cash flow hedge	**(96,177)**	**432,314**	**(194,540)**	**141,597**	**(127,069)**	**30,164**	**(13,574)**	**(110,479)**
Banco Votorantim [(1)]	(96,177)	432,314	(194,540)	141,597	(127,069)	30,164	(13,574)	(110,479)
Total - Parent Company	**149,353**	**189,015**	**(85,363)**	**253,005**	**(26,737)**	**(82,718)**	**34,281**	**(75,174)**
RNR effect [(2)]	**18,870**	**(2,055)**	**-**	**16,815**	**76,057**	**(55,174)**	**-**	**20,883**
Total - Consolidated	**168,223**	**186,960**	**(85,363)**	**269,820**	**49,320**	**(137,892)**	**34,281**	**(54,291)**

(1) Includes agency abroad.
(2) Tax effect is presented in "Other credits - Sundry".

h) Shareholders interest (quantity of shares)

Composition of the class of shares issued by Banco Votorantim SA in which the shareholders are holders directly:

Shareholders - Shares (thousand)	06.30.2021					
	Ordinary	% Ordinary	Preference	% Preference	Total	% Total
Votorantim Finanças S.A.	1,065,793	50.00%	584,042	50.00%	1,649,835	50.00%
Banco do Brasil S.A.	1,065,793	50.00%	584,042	50.00%	1,649,835	50.00%
Total	**2,131,587**	**100.00%**	**1,168,083**	**100.00%**	**3,299,670**	**100.00%**
Domestic residents	2,131,587	100.00%	1,168,083	100.00%	3,299,670	100.00%

Shareholders - Shares (thousand)	12.31.2020					
	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%

25. TAXES

a) Tax assets

Total tax assets recognized

	Parent company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Current tax assets (Note 25 a.1)	255,934	303,609	312,023	358,504
Deferred tax assets (Note 25 a.2)	6,245,342	6,806,524	7,181,086	7,677,294
Total	**6,501,276**	**7,110,133**	**7,493,109**	**8,035,798**
Current assets	45,798	13,932	70,277	46,268
Non-current assets	6,455,478	7,096,201	7,422,832	7,989,530

a.1) Current tax assets

	Parent company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Taxes and contributions to be offset	107,169	154,844	162,734	206,500
Recoverable income tax	-	-	524	3,239
Presumed credit - Law no. 12.838/13	148,765	148,765	148,765	148,765
Total [(1)]	**255,934**	**303,609**	**312,023**	**358,504**

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

(Amounts in thousands of Reais, unless otherwise indicated)

a.2) Deferred tax assets (Recognised)

Parent Company	12.31.2020	1º Semester/2021		06.30.2021
	Balance	Net changes in the period		Balance
		Constitution [3]	Write-off	
Temporary differences	**6,099,560**	**850,553**	**(1,311,237)**	**5,638,876**
Provision for losses associated with credit risk	4,070,766	660,540	(462,337)	4,268,969
Provisions	685,508	3,986	(95,485)	594,009
Fair value adjustments [1]	739,186	186,027	(739,186)	186,027
Other provisions [2]	604,100	-	(14,229)	589,871
Tax loss / CSLL negative base	**706,964**	**-**	**(100,498)**	**606,466**
Total activated tax credits	**6,806,524**	**850,553**	**(1,411,735)**	**6,245,342**
Income tax	3,761,050	439,923	(790,760)	3,410,213
Social contribution	3,045,474	410,630	(620,975)	2,835,129

Consolidated	12.31.2020	1º Semester/2021		06.30.2021
	Balance	Net changes in the period		Balance
		Constitution [3]	Write-off	
Temporary differences	**6,531,918**	**980,302**	**(1,367,891)**	**6,144,329**
Provision for losses associated with credit risk	4,408,134	763,071	(485,592)	4,685,613
Provisions	765,941	31,204	(125,916)	671,229
Fair value adjustments [1]	739,186	186,027	(739,186)	186,027
Other provisions [2]	618,657	-	(17,197)	601,460
Tax loss / CSLL negative base	**1,145,376**	**10,439**	**(119,058)**	**1,036,757**
Total activated tax credits	**7,677,294**	**990,741**	**(1,486,949)**	**7,181,086**
Income tax	4,437,855	518,783	(845,064)	4,111,574
Social contribution	3,239,439	471,958	(641,885)	3,069,512

(1) The amounts corresponding to changes in tax credit arising from fair value adjustments of the effective portion of cash flow hedge instruments, recorded in a shareholders' equity account, in the semester ended June 30, 2021, are R$ (79,690) of the total of R$ (553,159), in the Bank and in the Consolidated.
(2) Includes tax credits arising from constitution expenses of provisions for reduction to recoverable value of securities.
(3) Includes the effects of the increase in the CSLL rate of financial institutions in the amount of R$72,170, in the individual, and R$75,670, in the consolidated, applicable to the tax credit realizable in the period from July 1 to December 31, 2021.

Realization estimate

The expected realization of deferred tax assets (tax credits) is supported by a technical study prepared in the 1st half of 2021.

	Parent Compny		Consolidated	
	Nominal value	Present value	Nominal value	Present value
In 2021	903,030	878,107	962,325	935,766
In 2022	1,519,463	1,380,371	1,629,052	1,479,928
In 2023	1,411,352	1,191,608	1,572,248	1,327,453
In 2024	735,777	574,481	928,084	724,630
In 2025	528,521	381,021	814,764	587,380
From 2026 to 2027	509,434	332,976	624,334	409,358
From 2028 to 2030	637,765	291,515	650,279	297,471
Total deferred tax assets	**6,245,342**	**5,030,079**	**7,181,086**	**5,761,986**

In the six month period ended June 30, 2021, there was partial realization of tax credits in Banco Votorantim in the amount of R$ 1.335.239 (R$ 312,256 in the semester ended June 30, 2020), corresponding to 67% (48% in the semester ended June 30, 2020) of the respective fiscal realization estimate of the balance of tax credits for the entire year of 2021, which was included in the technical study prepared on December 31, 2020.

Realization of nominal values for deferred tax assets

	Parent Company		Consolidated	
	Tax losses/Social contribution onnet profit to offset [1]	Intertemporal differences [2]	Tax losses/Social contribution onnet profit to offset [1]	Intertemporal differences [2]
In 2021	1%	16%	4%	15%
In 2022	10%	26%	13%	24%
In 2023	13%	24%	17%	23%
In 2024	13%	12%	17%	12%
In 2025	18%	7%	18%	10%
From 2026 to 2027	32%	6%	24%	6%
From 2028 to 2030	13%	9%	7%	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 thousands of Reais, unless otherwise indicated)

a.3) Unrecognized deferred tax assets

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Social contribution on net profit tax loss/negative basis portions of CSLL	94,088	94,088	169,074	170,807
Intertemporal Differences portions	-	-	42,739	21,160
Total of deferred tax assets not recorded in assets	**94,088**	**94,088**	**211,813**	**191,967**
Income tax	52,271	52,271	151,625	137,411
Social contribution	41,817	41,817	60,188	54,556

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

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Current tax liabilities (Note 25 b.1)	157,036	136,295	302,500	259,497
Deferred tax liabilities - (Note 25 b.2)	158,000	336,102	161,627	346,416
Total	**315,036**	**472,397**	**464,127**	**605,913**
Current liabilities	157,036	136,295	297,274	254,649
Non-current liabilities	158,000	336,102	166,853	351,264

b.1) Current tax liabilities

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Financial transaction tax payable (1)	33,606	1,877	35,630	1,911
Income tax and social contribution payable	-	-	6,073	6,036
Provision for taxes and contributions on income	46,502	32,866	161,689	129,131
Taxes and contributions payable	76,928	101,552	99,108	122,419
Total (2)	**157,036**	**136,295**	**302,500**	**259,497**

(1) Decree 10,572 of December 11, 2020, reduced to zero the IOF rate on credit operations, in the period from December 15 to 31, 2020.

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

b.2) Deferred tax liabilities

	Parent Company		Consolidated	
	06.30.2021 (1)	12.31.2020	06.30.2021 (1)	12.31.2020
Fair value adjustments (2)	141,795	320,175	144,055	327,928
Presumed credit - Law no. 12,838/13	15,075	15,075	15,075	15,075
Other liabilities	1,130	852	2,497	3,413
Total deferred tax liabilities	**158,000**	**336,102**	**161,627**	**346,416**
Income tax	88,553	187,375	91,167	194,228
Social contribution	69,447	148,727	70,460	152,188

(1) In the six month period ended June 30, 2021, the portion of R$ 202,712 (of the total of R$ 141,795) in the Bank and of R$ 204,937 (of the total of R$ 144,055) in the Consolidated corresponds the deferred tax obligation to the result tax credit of fair value adjustments of the effective portion of cash flow hedge instruments, and securities classified as avaiable for sale, recorded in a shareholders' equity account. On December 31, 2020, the installment was R$ 189,411 (of the total of R$ 320,175), in the Bank, and R$ 193,195 (of the total of R$ 327,928), in the Consolidated.

c) Tax expenses

	Parent Company (1)		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Contribution for Social Security Funding	(126,628)	(13,230)	(173,937)	(175,557)
ISSQN	(24,859)	(4,701)	(39,258)	(33,977)
PIS	(20,577)	(2,150)	(29,553)	(29,551)
Others	(7,858)	(12,258)	(6,183)	(18,915)
Total	**(179,922)**	**(32,339)**	**(248,931)**	**(258,000)**

(1) In the six month period ended June 30, 2021, includes in the Bank the appropriation of expenses incurred on liabilities received from the merger of the spun-off portion of BV Financeira, after said event (Note 2b).

(Amounts in thousands 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

	Parent Company [(1)]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Current amounts	**(165,212)**	**-**	**(346,320)**	**(381,586)**
Income tax and social contribution on net profit - current	(165,212)	-	(346,320)	(381,586)
Deferred amounts	**(293,024)**	**488,238**	**(228,058)**	**720,489**
Deferred tax liabilities	**189,468**	**(3,847)**	**189,460**	**(3,721)**
Fair value adjustments	190,545	(3,552)	190,545	(3,552)
Other liabilities	(1,077)	(295)	(1,085)	(169)
Deferred tax assets	**(482,492)**	**492,085**	**(417,518)**	**724,210**
Tax loss carryforwards and negative basis of social contribution on net profit	(100,498)	136,676	(108,620)	7,382
Temporary differences	92,474	(72,279)	165,570	289,909
Fair value adjustments	(474,468)	427,688	(474,468)	426,919
Total [(1)]	**(458,236)**	**488,238**	**(574,378)**	**338,903**

(1) In the six month period ended June 30, 2021, includes in the Bank the appropriation of expenses incurred on liabilities received from the merger of the spun-off portion of BV Financeira, after said event (Note 2b).

d.2) Reconciliation of IR and CSLL charges

	Parent Company		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Income (loss) before taxes and contributions	**1,365,066**	**(54,065)**	**1,506,478**	**205,944**
Total IR charges (25% rate) and CSLL (20%) [(1)]	(614,279)	24,905	(677,915)	(92,676)
Charges on JCP	-	21,375	-	21,375
Equity in the earnings of subsidiaries	60,240	132,377	(239)	(14,827)
Participation in profits and results	41,501	10,923	52,317	45,830
CSLL rate increase	72,170	33,585	75,670	33,585
Income from abroad [(2)]	(14,253)	261,698	(14,253)	261,698
Other values	252,668	379,997	631,869	405,574
Income tax and social contribution for the period	**34,136**	**162,439**	**373,039**	**390,509**

(1) The effects of the increase in the CSLL rate of financial institutions on the balance of deferred tax assets existing on June 30, 2021, applicable to the tax credit realized in the period from July 1 to December 31, 2021, have already been recognized (Note 4q).

(2) Includes charges on exchange variation on investments abroad.

26. 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:

	Parent Company [(1)]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Administrators' remuneration and other	10,212	3,351	13,413	10,756
Bonuses	33,792	10,755	35,397	16,648
Social charges	13,534	5,647	14,377	7,898
Total	**57,538**	**19,753**	**63,187**	**35,302**

(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, Votorantim Energia and Companhia Brasileira de Alumínio).

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. These transactions do not involve abnormal default risks.

The Conglomerate performs assigned loans (assigniments with recourse) to a related party whilst retaining substanially all the risks and rewards. In the six month period ended June 30, 2021, the sum of present values totaled R$3,232,598 (R$7,460,671 in the six month period ended June 30, 2020). Banco BV also carries out credit assignments without recourse, but with substancial retention of risks and benefits with the subsidiary and for the semester ended June 30, 2021, the sum of present values totaled R$ 1,910,128.The net result of credit assignments, considering the income and expenses of assignments with substantial retention of risks and benefits, is presented in the table below under “Interest income, services rendered and other income”.

(Amounts in thousands of Reais, unless otherwise indicated)

	06.30.2021						
	Conglom. Banco do Brasil	Votorantim S.A	Financial Institution subsidiaries (1)	Non-financial Institution subsidiaries (2)	Key management personnel (3)	Other (4)	Total
Assets							
Funds available	93	-	-	-	-	-	**93**
Interbank deposit investments (5)	500,160	-	1,003,781	-	-	585,906	**2,089,847**
Securities and derivative financial instruments	500	52,807	-	-	-	1,810,561	**1,863,868**
Loans and leases	-	1,705	-	-	-	-	**1,705**
Other assets	69,720	10,655	34,848	43,947	356	5,447	**164,973**
Liabilities							
Demand deposits	(2,930)	(17,649)	(2,009)	(1,319)	(44)	(5,178)	**(29,129)**
Time deposits	(1,148,542)	(708,281)	-	(677,769)	(313)	(30,379)	**(2,565,284)**
Interbank accounts or relations	-	-	(116,612)	-	-	-	**(116,612)**
Money market repurchase	(4,019)	(85,721)	(626,999)	(723,712)	-	-	**(1,440,451)**
Funds for accepting and issuing bonds	(207,786)	(482,923)	-	-	(4,099)	-	**(694,808)**
Derivative financial instruments	(2,379)	(27,848)	-	-	-	(237,979)	**(268,206)**
Other liabilities	(6,806,218)	-	(23,349)	-	-	(2,024,410)	**(8,853,977)**
	1º Semester/2021						
Income (loss)							
Income from interest, provision of services and other income	250,488	989	23,321	-	-	10,881	**285,679**
Income (losses) from derivative financial instruments	(1,705)	(32,468)	-	-	-	(40,160)	**(74,333)**
Fund raising, administrative expenses and other	(26,489)	(19,529)	(3,557)	(13,966)	(74)	(83)	**(63,698)**

	12.31.2020						
	Conglom. Banco do Brasil	Votorantim S.A	Financial Institution subsidiaries (1)	Non-financial Institution subsidiaries (2)	Key management personnel (3)	Other (4)	Total
Ativos							
Funds available	972	-	-	-	-	-	**972**
Interbank deposit investments (5)	999,998	-	102,900	-	-	598,147	**1,701,045**
Securities and derivative financial instruments	-	109,703	-	-	-	1,971,994	**2,081,697**
Loans and leases	-	2,700	-	-	-	-	**2,700**
Other assets	13,422	9,608	20,837	23,034	431	15,676	**83,008**
Passivos							
Demand deposits	(2,221)	(5,432)	(1,185)	(733)	(52)	(3,554)	**(13,177)**
Time deposits	(586,735)	(826,270)	-	(637,150)	(49)	(45,754)	**(2,095,958)**
Interbank accounts or relations	-	-	(145,443)	-	-	-	**(145,443)**
Money market repurchase	(739)	(91,905)	-	(608,406)	(135)	(1,919)	**(703,104)**
Funds for accepting and issuing bonds	(259,458)	(547,671)	-	-	(4,896)	-	**(812,025)**
Derivative financial instruments	-	(12,202)	-	-	-	(1,023,692)	**(1,035,894)**
Funding, administrative and other expenses	(5,802,007)	(36,355)	(15,367)	-	-	(105,905)	**(5,959,634)**
	1º Semester/2020						
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)**

(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 consolidated investment funds, subsidiaries 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 wich key personnel hold an interest or in wich they hold a statutory position. The list of funds is described in Note 3.

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

27. 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 short-term and long-term compensation programs: Conditional Variable Incentive, Long-Term Incentive and Virtual Stock Purchase Program, approved by the Board of Directors on May 10, 2012, were terminated in the 2016 competency exercise with effect until February 2021.

(Amounts in thousands of Reais, unless otherwise indicated)

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 and was granted until 2020, with effect until February 2021.

ILP Plan: In 2021, the Conglomerate implemented a long-term incentive plan for executives, which consists of an expected right to receive in virtual shares, conditioned on the organization's performance over the time horizon, with the objective (i) attraction, motivation and retention of talents; (ii) alignment of executives' interests with the objectives and interests of shareholders; (iii) generation of results and sustainable creation of value (in relation to ESG practices - Environment, Social and Governance (note 30a), in this fiscal year the executives have a specific indicator linked to ESG and its result will impact the variable remuneration calculated at the end of the cycle); and (iv) creating a long-term vision. This plan lasts for 4 years.

Expenses whose expected realization arises exclusively from the provision of services to the Conglomerate by beneficiaries of variable compensation programs: in the six month period ended June 30, 2021, R$ 30,982 (R$ 40,490 in the semester ended June 30, 2020) in relation to long-term incentive transactions. Incentives generally vest between 1 and a maximum of 4 years from the grant date.

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

Program year	1º Semester/ 2021	1º Semester/ 2020
2015	-	20,936
2016	27,625	6,525
2017	5,453	5,337
2018	674	6,329
Total	**33,752**	**39,127**

In June 30, 2021, the Conglomerate recorded under "Other liabilities - Provision for personnel expenses", the amount of R$ 106,399 (R$ 187,049 as of December 31, 2020).

Phantom share value is calculated a minimum 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

	Parent Company		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Opening quantity	**12,792,843**	**17,620,394**	**14,137,436**	**24,125,108**
New / Updates	-	5,430,248	-	6,515,950
Paid	(12,743,493)	(12,134,667)	(14,088,086)	(15,438,547)
Expired	(49,350)	(114,594)	(49,350)	(359,140)
Final quantity	**-**	**10,801,381**	**-**	**14,843,371**

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 converted to 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.

28. 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 claim types, 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 which may eventually generate assessments, for example: composition of the IRPJ/CSLL 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.

(Amounts in thousands of Reais, unless otherwise indicated)

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 loss

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

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

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

Contingent liability balances classified as probable

	Parent company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Tax claims	39,236	37,235	52,127	53,301
Civil claims	253,902	259,758	267,803	273,612
Labor claims	442,294	470,740	460,495	491,785
Total	**735,432**	**767,733**	**780,425**	**818,698**

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

	Parent Company (1)		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Tax claims				
Opening balance	**37,235**	**5,653**	**53,301**	**58,027**
Constitutions	84	30	377	2,625
Reversal of provision	(35)	-	(113)	(289)
Write-off due to payment	(11)	-	(3,422)	(5,736)
Updates	1,963	48	1,984	1,865
Final balance	**39,236**	**5,731**	**52,127**	**56,492**
Civil claims				
Opening balance	**259,758**	**8,916**	**273,612**	**261,263**
Constitutions	25,349	9	28,788	28,203
Reversal of provision	(24,669)	(21)	(26,356)	(23,199)
Write-off due to payment (2)	(26,812)	(2)	(29,986)	(33,069)
Updates (3)	20,276	130	21,745	37,967
Final balance	**253,902**	**9,032**	**267,803**	**271,165**
Labor claims				
Opening balance	**470,740**	**89,291**	**491,785**	**587,018**
Constitutions	113,742	13,061	118,362	133,980
Reversal of provision	(76,697)	(7,115)	(80,526)	(53,938)
Write-off due to payment (2)	(75,798)	(8,216)	(79,787)	(101,129)
Updates	10,307	2,838	10,661	18,753
Final balance	**442,294**	**89,859**	**460,495**	**584,684**
Total tax, civil and labor claims	**735,432**	**104,622**	**780,425**	**912,341**

(1) In the six month period ended June 30, 2021, includes in the Bank amounts referring to the merger of the spun-off portion of BV Financeira (note 2b).

(2) Refers to write-off for payment by judicial decision or agreement between the parties. The amount effectively paid is presented in note 22c and 22f.

(3) It includes inflation indexation and the effects of remeasurement of "unit prices", which compose the methodology for calculating losses.

e.2) Estimated schedule of disbursements on June 30, 2021

	Parent Company			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Up to 5 years	19,610	253,902	442,294	27,568	267,803	460,495
From to 10 years	19,626	-	-	24,559	-	-
Total	**39,236**	**253,902**	**442,294**	**52,127**	**267,803**	**460,495**

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

(Amounts in thousands of Reais, unless otherwise indicated)

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

	Parent Company [(1)]		Consolidated	
	1º Semester/ 2021	1º Semester/ 2020	1º Semester/ 2021	1º Semester/ 2020
Tax claims	(2,001)	(78)	1,174	1,535
Civil claims	5,856	(116)	5,809	(9,902)
Labor claims	28,446	(568)	31,290	2,334
Total	**32,301**	**(762)**	**38,273**	**(6,033)**

(1) In the six month period ended June 30, 2021, at the Bank, includes the appropriation in the result of the effects of contingent liabilities levied on businesses received from the merger of the spun-off portion of BV Financeira, after said event (Note 2b).

f) Contingent liabilities - Possible loss

Amounts shown in the chart below represent estimated disbursement value in case the Bank receives a negative judgement. Claims are classified as possible when likelihood of loss is lower than probable and higher than remote.

f.1) Balances of contingent liabilities classified as possible

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Civil claims [(1)]	142,287	144,573	146,497	146,293
Labor claims [(2)]	278,512	244,676	321,425	280,774
Tax claims (Note 28.f.1.1)	1,852,447	1,878,755	2,074,222	2,075,715
Total	**2,273,246**	**2,268,004**	**2,542,144**	**2,502,782**

(1) Refer, basically, to collection actions.

(2) Refer to lawsuits filed, mostly, by former employees, whose nature of the claims involves indemnification, overtime, mischaracterization of working hours, additional function and representation and others.

f.1.1) Main lawsuits of tax nature classified as possible loss

	Parent Company		Consolidated	
Possible causes description - Tax	06.30.2021	12.31.2020	06.30.2021	12.31.2020
INSS without profit sharing [(1)]	622,502	605,577	643,702	626,602
IRPJ - FINOR	23,169	23,038	27,191	27,041
ISS	20,929	20,029	22,227	21,199
INSS on profit sharing - Nassau Branch	41,034	39,175	41,034	39,175
PIS/COFINS on demutualization	21,780	21,810	46,063	46,001
IRPJ on undue offset of tax loss - Gratuities to statutory officers	29,533	27,199	29,533	27,199
IRPJ/CSLL - Deduction Allowance for loan losses 2008 [(2)]	124,484	118,497	124,484	118,497
Infringement Fine (non-homologation of DCOMP)	15,573	47,013	15,573	47,013
IRPJ/CSLL - Assessment notice: improper exclusion of premium arose on acquisition of securities	24,306	24,047	24,306	24,047
IRRF from remittances abroad: impossibility of compensation	49,274	49,035	49,274	49,035
PF and BNCSLL: excess of compensation AB 2012	91,371	90,693	91,371	90,693
IRPJ/CSLL on JCP cumulatively distributed of previous periods	109,751	109,172	135,495	134,692
IPVA - Third parties [(4)]	206,412	232,824	213,844	240,183
INSS - Benefits (VA/VR)	22,957	22,762	22,957	22,762
IRPJ/CSLL - Deduction Allowance for loan losses 2014	310,274	307,622	310,274	307,622
ISS VRG [(5)]	-	-	131,157	109,841
Others causes	139,098	140,262	145,737	144,113
Total	**1,852,447**	**1,878,755**	**2,074,222**	**2,075,715**

(1) Refer to assessments drawn up by the Brazilian Internal Revenue Service that deal with the collection of Social Security Contribution calculated on the amounts paid by companies as PLR supposedly in disagreement with the rules established by Law nº. 10,101/2000.

(2) Refer to assessments drawn up on the Brazilian Internal Revenue Service alleging the improper deduction of losses in Loanss for allegedly not meeting legal requirements.

(3) Refer to the possibility of distribution of the accumulated JCP based on the profits earned in previous years, within the legal limit of 50% of the profit calculated in the distribution year.

(4) Refer to the liability for the payment of the IPVA of vehicles financed with fiduciary disposal in fiduciary creditor guarantee only in cases where they make the guarantee.

(5) Refer to the discussion on the incidence of ISS on the Guaranteed Residual Value - VRG charged by the company in leases held in the period from 2014 to 2017.

g) Deposits as collateral

Balances of escrow deposits recognized for contingencies

	Parent Company		Consolidated	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Tax claims	201,574	198,072	237,535	233,648
Civil claims	159,327	162,221	172,535	177,693
Labor claims	216,750	266,560	218,094	268,205
Total	**577,651**	**626,853**	**628,164**	**679,546**

h) Legal obligations

Consolidated keeps the legal obligation in the amount of R$ 50,383 (R$ 45,662 as of December 31, 2020) and the Bank registered the amount of R$ 44,626 (R$ 40,684 as of December 31, 2020), the main discussion of which is in a declaratory action in which the isintended to remove the incidence of ISS on revenue stemming from endorsement operations , bail and Others guarantees provided, as well as obtaining the refund of the amounts paid in such a capacity in the last five years, the amount provisioned at the Bank is R$ 29,102 (R$ 26,560 at December 31, 2020).

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).

29. 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;
- Climate risk.
- Models risk;
- Compliance risk;
- Underwriting risk;
- Collateral risk;
- Cyber security 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 is involved by following through 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 risk and capital. In addition, the Executive Board (ComEx) has by assignment the general supervision of such matters.

(Amounts in thousands of Reais, unless otherwise indicated)

- 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.

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 BCB Resolution No. 54/2020, 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

	Parent Company and Consolidated			
	06.30.2021		12.31.2020	
	Guaranteed values	Provision	Guaranteed values	Provision
Linked to bids, auctions, provision of services or execution of works	905,800	3,230	694,486	2,481
Guarantee or surety in judicial and administrative tax proceedings	3,293,244	164,738	3,314,308	166,517
Linked to the distribution of securities by public offering	65,741	79	54,733	274
Other bank guarantees	2,649,823	32,647	2,697,807	49,252
Other financial guarantees provided	187,057	3	180,782	6
Total	**7,101,665**	**200,697**	**6,942,116**	**218,530**

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; and
- 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 systems, processes or infrastructure; and

(Amounts in thousands of Reais, unless otherwise indicated)

- 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.

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	Exposition	Basic interest rate schock			
			06.30.2021		12.31.2020	
			+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
Fixed rate	Fixed interest rate variation risk	1,320,575	(5,274)	5,169	(1,412)	1,384
Foreign currency coupons	Foreign currency coupon	722,206	13,634	(13,364)	10,669	(10,458)
Price indexes	Price indexes coupons variation risk	63,647	(1,928)	1,890	(703)	689

Trading e banking portifolio

Risk Factor	Concept	Exposition	Basic interest rate schock			
			06.30.2021		12.31.2020	
			+ 100 bps	- 100 bps	+ 100 bps	- 100 bps
Fixed rate	Fixed interest rate variation risk	(6,782,298)	(171,260)	167,869	(184,375)	180,724
Foreign currency coupons	Foreign currency coupon exchange movements	(3,121,997)	109,452	(107,285)	120,641	(118,252)
Price indexes	Price indexes coupons variation risk	642,453	(12,663)	12,412	(11,205)	10,984
TR/TBF	Risk of TR (reference rate) and TBF (basic financial rate) coupon variation	29,468	42	(41)	199	(195)

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, currencies suffer shock of 1% on the closing value on June 30, 2021 (1% on December 31, 2020). The stressed value of the US dollar (BM&F DOL-CL) would be R$ 4,9828 (101%) (R$ 5.0326 (101%) on December 31, 2020). The shocked BOVESPA index is 128.070 points, equivalent to 101% of the closing value on June 30, 2021 (120,603 points, equivalent to 101% of the closing value on December 31, 2020). The curves of fixed interest rates, price index coupons, foreign currency coupons and other interest rate coupons suffer parallel shocks of 10 basis points, that is, all values, regardless of the term, increase or decrease by 0.10% (0.10% on December 31, 2020).

• **Scenario 2** - Scenario where currencies and the BOVESPA index suffer shock of 25% and interest rates suffer parallel shock of 25% over the closing value on June 30, 2021 (25% on December 31, 2020). The pre-tax rate, on June 30, 2021, for the one-year term is 6.5840% (2.8590% on December 31, 2020). Thus, the entire curve is shocked by 1.65% more or less, depending on the hypothetical result generated (0.10% on December 31, 2020).

• **Scenario 3** - Scenario where the currencies and the BOVESPA index suffer 50% shock and interest rates suffer a 50% parallel shocks on the closing value on June 30, 2021 (50% on December 31, 2020).

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 thousands 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)
	06.30.2021						
Fixed rate / Fixed interest rate variation risk	1,320,575	Increase	(522)	Increase	(6,734)	Increase	(13,578)
Foreign currency coupons / Foreign currency coupon exchange movements risk	722,206	Increase	3,551	Decrease	(4,696)	Decrease	(9,537)
Foreign exchange movements / Exchange rate movements risk	1,474,917	Increase	14,862	Decrease	(387,479)	Decrease	(797,140)
Price index / Price indexes coupons variation risk	63,647	Increase	(188)	Increase	(44)	Increase	(88)
Other / Other coupons movements risk	18,483	Increase	185	Decrease	(4,463)	Decrease	(8,917)
	12.31.2020						
Fixed rate / Fixed interest rate variation risk	656,318	Increase	(140)	Increase	(1,082)	Increase	(2,341)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(68,618)	Increase	1,078	Decrease	(2,324)	Decrease	(4,674)
Foreign exchange movements / Exchange rate movements risk	(155,881)	Increase	(1,523)	Increase	(26,443)	Increase	(30,705)
Price index / Price indexes coupons variation risk	16,076	Increase	(70)	Increase	(313)	Increase	(614)
Other / Other coupons movements risk	-	Maintenance	-	Maintenance	-	Maintenance	-

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)
	06.30.2021						
Fixed rate / Fixed interest rate variation risk	(6,782,298)	Increase	26,044	Decrease	(338,327)	Decrease	(689,275)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(3,121,997)	Increase	15,193	Decrease	(38,570)	Decrease	(77,642)
Foreign exchange movements / Exchange rate movements risk	(219,393)	Increase	(3,101)	Increase	(79,438)	Increase	(135,798)
TJLP / TJLP coupon movements risk	(25,453)	Increase	1	Decrease	(0)	Decrease	(1)
TR/TBF / TR (reference rate) and TBF (basic financial rate) coupon variation risk	29,468	Increase	253	Maintenance	-	Maintenance	-
Price index / Price indexes coupons variation risk	642,453	Increase	(1,252)	Increase	(1,600)	Increase	(3,122)
Other / Other coupons movements risk	180,676	Increase	185	Decrease	(4,463)	Decrease	(8,917)
	12.31.2020						
Fixed rate / Fixed interest rate variation risk	16,373,558	Increase	(16,897)	Increase	(119,848)	Increase	(237,485)
Foreign currency coupons / Foreign currency coupon exchange movements risk	(7,091,414)	Increase	11,651	Decrease	(32,808)	Decrease	(65,909)
Foreign exchange movements / Exchange rate movements risk	(337,278)	Increase	(2,582)	Increase	(51,297)	Increase	(76,646)
TJLP / TJLP coupon movements risk	(29,586)	Increase	12	Decrease	(70)	Decrease	(141)
TR/TBF / TR (reference rate) and TBF (basic financial rate) coupon variation risk	35,152	Increase	342	Maintenance	-	Maintenance	-
Price index / Price indexes coupons variation risk	591,925	Increase	(1,111)	Increase	(5,188)	Increase	(10,090)
Other / Other coupons movements risk	14,414	Maintenance	-	Maintenance	-	Maintenance	-

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

(Amounts in thousands of Reais, unless otherwise indicated)

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

For the estimates of gains and losses of the retrospective stress test in the consolidated portfolio, on June 30, 2021 and based on the perception of Management regarding the behavior of shares, commodities, foreign currencies and interest rates, two scenarios were used:

Scenario I - In this Scenario, interest curves suffer positive parallel shocks; the exchange rate (reais/dollar) considered is R$ 6.15 (R$ 5.86 at December 31, 2020); commodities suffer positive shocks of 10% on the closing value as of June 30, 2021; and a negative variation of -15.28% is applied in the BOVESPA Index (the same rates were used on December 31, 2020).

Scenario II - In this Scenario the interest curves suffer parallel shocks negAssets; the exchange rate (reais/dollar) considered is R$ 4.85 (R$ 4.62 at December 31, 2020); commodities suffer negAssets shocks of 10% on the closing value as of March 31, 2021; and a positive variation of 24.49% of the BOVESPA Index is applied (the same rates were used on December 31, 2020).

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	06.30.2021		12.31.2020	
	Exposure	Stress [1]	Exposure	Stress [1]
Shares	180,676	(7,135)	14,414	-
Foreign currencies	(219,393)	(52,352)	(337,278)	(42,530)
Interest rate	(9,257,826)	(437,370)	9,879,634	(309,818)
Total	**(9,296,543)**	**(496,857)**	**9,556,770**	**(352,348)**

Estimates of retrospective stress test greatest gains - Consolidated portfolio

Risk Factor	06.30.2021		12.31.2020	
	Exposure	Stress [1]	Exposure	Stress [1]
Shares	180,676	6,847	14,414	-
Foreign currencies	(219,393)	42,344	(337,278)	41,462
Interest rate	(9,257,826)	430,330	9,879,634	196,501
Total	**(9,296,543)**	**479,522**	**9,556,770**	**237,963**

[1] The optimistic and pessimistic stress tests for the group of stocks are done only under the BOVESPA index.

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 (unobservable inputs). Involve the use of quantitative methods that use market references and unobservable data in the market in producing its estimates.

The amounts calculated for the instruments classified at level 3 for June 30, 2021 and December 31, 2020 are not material.

The following table presents financial instruments recorded at fair value on June 30, 2021 and December 31, 2020, classified at the different hierarchical levels of fair value measurement:

Consolidated	06.30.2021			
	Level 1	Level 2	Level 3	Total
Asset				
Securities (Note 9a)	18,466,608	6,076,266	752,555	25,295,429
Trading securities	5,613,575	1,355,458	-	6,969,033
Securities available to sale	12,853,033	4,720,808	752,555	18,326,396
Derivatives financial instruments (Note 10a)	473,512	3,483,166	-	3,956,678
Hedged loan portfolio (Note 10g)	-	16,527,089	-	16,527,089
Total	**18,940,120**	**26,086,521**	**752,555**	**45,779,196**
Liability				
Money market repurchase commitments - Free portfolio (Note 17c)	-	(1,606,220)	-	(1,606,220)
Derivatives financial instruments (Note 10a)	(532,334)	(3,405,398)	-	(3,937,732)
Total	**(532,334)**	**(5,011,618)**	**-**	**(5,543,952)**

(Amounts in thousands of Reais, unless otherwise indicated)

Consolidated	12.31.2020			
	Level 1	Level 2	Level 3	Total
Asset				
Hedged interbank investments (Note 10g)	-	501,451	-	501,451
Securities (Note 9a)	19,907,487	4,427,674	575,439	24,910,600
Trading securities	5,178,398	1,101,299	-	6,279,697
Securities available to sale	14,729,089	3,326,375	575,439	18,630,903
Derivatives financial instruments (Note 10a)	849,482	2,771,658	-	3,621,140
Hedged loan portfolio (Note 10g)	-	18,985,162	-	18,985,162
Total	**20,756,969**	**26,685,945**	**575,439**	**48,018,353**
Liability				
Money market repurchase commitments - Free portfolio (Note 17c)	-	(2,525,751)	-	(2,525,751)
Derivatives financial instruments (Note 10a)	(929,988)	(2,675,669)	-	(3,605,657)
Total	**(929,988)**	**(5,201,420)**	**-**	**(6,131,408)**

The fair value of financial instruments traded in active markets (such as securities held for trading and available for sale) is based on market prices quoted on the balance sheet date. A market is seen as active if quoted prices are readily and regularly available from an exchange, distribuitor, broker, industry group, pricing service or regulatory agency, and those prices that represent actual market transactions and occur regularly on a purely commercial.

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.

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.

(i) Transfers of level 3

Consolidated	Balance in 12.31.2020	1º Semester/2021		Balance in 06.30.2021
		Adições / (liquidações)	Income (loss) / Other changes	
Assets				
Securities				
Securities available to sale	575,439	158,950	18,166	752,555
Total	**575,439**	**158,950**	**18,166**	**752,555**

Consolidated	Balance in 12.31.2019	Fiscal Year/2020		Balance in 12.31.2020
		Additions / (Settlinents)	Income (loss) / Other changes	
Assets				
Securities				
Securities available to sale	216,043	401,308	(41,912)	575,439
Total	**216,043**	**401,308**	**(41,912)**	**575,439**

(Amounts in thousands of Reais, unless otherwise indicated)

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

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

Consolidated	06.30.2021		12.31.2020	
	Book value	Fair value	Book value	Fair value
Assets	**51,831,313**	**51,623,605**	**44,474,890**	**44,790,370**
Securities - Held to Maturity (Note 9a)	10,846,094	10,638,340	9,287,610	9,598,667
Loan portfolio (Notes 12a / 29.1.d.3)	40,985,219	40,985,265	35,187,280	35,191,703
Liabilities	**(84,022,517)**	**(85,974,369)**	**(85,606,518)**	**(88,666,002)**
Money market repurchase commitments (Notes 17c / 29.1.d.3)	(18,503,480)	(18,463,259)	(12,503,078)	(13,095,974)
Deposits (Note 17a)	(22,962,575)	(23,727,884)	(25,510,391)	(25,919,341)
Borrowings and transfers from Brazilian government (Onlendings) (Note 18)	(4,197,928)	(4,063,444)	(3,745,402)	(4,294,627)
Securities issued (Note 19)	(35,053,611)	(36,120,595)	(40,154,521)	(41,295,284)
Subordinated debts and debt instruments eligible for capital (Note 20)	(3,304,923)	(3,599,187)	(3,693,126)	(4,060,776)
Total	**(32,191,204)**	**(34,350,764)**	**(41,131,628)**	**(43,875,632)**

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 debt and debt instruments eligible for equity: For the operations of this group, the discounted future flow values were used to calculate the fair value, considering the prevailing market rates.

e) Socio-environmental risk

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

The management of social and environmental risk by the Conglomerate is led by the Corporate Policy of Sustainability and Social and Environmental Responsibility (PSRSA). This policy complies with the provisions of CMN Resolution No. 4,327/2014 and the self-regulation Febraban SARB No. 14, guiding the behavior of companies of the Votorantim Financial Economic Conglomerate with regard to socio-environmental business practices and relationships with stakeholders.

The importance of the theme to the Institution, Bank BV's risk appetite (RAS) includes an exclusive dimension on socio-environmental risk, and the indicator is monitored monthly and reported to the Controls and Risks Committee (CCR), Risk and Capital Committee (CRC) and Board of Directors (CA).

BV's socio-environmental risk management structure is responsible for identifying, classifying, evaluating, monitoring, mitigating and controlling the socio-environmental risk associated with the institution's activities and operations, in view of the principles of relevance and proportionality of CMN Resolution No. 4.327/2014.

Social and environmental risk management observes the applicable environmental legislation, as well as assesses the social and environmental aspects with which the customer or supplier is involved, in order to support decision-making by the competent areas during the credit granting processes, evaluation of real estate guarantees 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).

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) Investments in a) entity similar to unconsolidated financial institution, insurance company, reinsurer, capitalization company and open entity of supplementary pension; and b) an institution authorized to operate by The Central Bank of Brazil or in an institution located abroad that has an activity equivalent to that of a financial institution in Brazil, which does not compose the Conglomerate;
(v) participation of non-controlling shareholders in the capital of a) subsidiary that is an institution authorized to operate by Bank Central do Brasil; and b) subsidiary abroad that has an activity equivalent to that of a financial institution in Brazil;
(vi) tax credits arising from temporary differences that depend on the generation of profits or future tax revenues for their realization;
(vii) tax credits from tax losses arising from the supervening of depreciation;
(viii) tax credits arising from tax losses and negative social contribution base on net income. The Conglomerate considers the effects of the application of CMN Resolution No. 4,851/2020, which authorizes financial institutions to stop deducting from the Principal Capital, until 12.31.2021, the tax credits of tax losses arising from a short position in foreign currency carried out for the purpose to provide hedge for its participation in investments abroad. After 01.01.2022, tax credits must be included with the following schedule: at least 50%, by 06.30.2022 and 100% by 12.31.2022;
(ix) permanently deffered assets;
(x) others.

The scope of consolidation used as the basis for checking the operating limits considers the Prudential Conglomerate, defined in CMN Resolution No. 4,280/2013 and subsequent amendments.

The information on the Basel Ratio of the Prudential Conglomerate is presented below:

(Amounts in thousands of Reais, unless otherwise indicated)

Basel ratio	06.30.2021	12.31.2020
PR - Reference Equity	**11,653,023**	**10,610,530**
Level I	**11,229,519**	**10,078,251**
Complementary Capital	**1,507,699**	**1,565,629**
Common Equity	**9,721,820**	**8,512,622**
Shareholders' equity [1]	11,378,964	10,698,401
Prudential adjustments [2]	(1,657,144)	(2,185,779)
Others	(1,656,314)	(2,185,402)
Adjustment to fair value	(830)	(377)
Level II	**423,504**	**532,280**
Subordinated debts eligible as capital	423,504	532,280
Subordinated debts authorized pursuant to rules prior to CMN Resolution no. 4,192/2013	423,504	532,280
Risk-weighted assets (RWA)	**76,437,572**	**72,467,089**
Credit risk (RWACPAD)	66,693,979	63,770,830
Market risk (RWAMPAD)	3,164,624	2,250,837
Operational risk (RWAOPAD)	6,578,968	6,445,422
Minimum Required Regulatory Capital [4]	**6,115,006**	**5,797,367**
Minimum Required Capital [5]	**3,439,691**	**3,261,019**
Tier I Minimum Required Reference Equity [6]	**4,586,254**	**4,348,025**
Regulatory Capital determined to cover interest rate risk of transactions not classified in trading portfolio (RBAN)	**273,352**	**333,008**
Margin on Minimum Required Regulatory Capital	**5,538,017**	**4,813,163**
Margin on Minimum Required Capital	**6,282,130**	**5,251,603**
Margin on Minimum Required Tier I Regulatory Capital	**6,643,265**	**5,730,225**
Margin on Minimum Required Regulatory Capital including RBAN and ACP [7]	**4,022,554**	**3,574,316**
Common Equity Index (CP / RWA)	**12.72%**	**11.75%**
Tier I Capital Index (Tier I / RWA)	**14.69%**	**13.91%**
Basel ratio (PR / RWA)	**15.25%**	**14.64%**
Leverage ratio	**7.67%**	**7.32%**

(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) Consider the effects of the application of CMN Resolution No. 4,851/2020, which authorizes financial institutions to stop deducting from the Principal Capital, until 12.31.2021, the tax credits of tax losses arising from a short position in foreign currency carried out with the purpose of providing hedge for its participation in investments abroad. After 01.01.2022, tax credits must be included with the following schedule: at least 50%, by 06.30.2022 and 100% by 12.31.2022.

(3) The Balance of subordinated debt instruments issued prior to CMN Resolution No. 4,192/2013 was considered with the application of the reducers 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.

(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:

	06.30.2021	12.31.2020
Prudential Adjustments I - Goodwill paid	(10,557)	(10,548)
Prudential Adjustments II - Intangible assets	(521,871)	(403,105)
Prudential Adjustments VII - Deferred tax assets from Intertemporal differences	(390,978)	(930,220)
Prudential Adjustments VIII - Deferred tax assets of Tax losses/negative basis of CSLL	(732,908)	(841,529)
Prudential Adjustments XV – Understatement - Resolution No. 4,277/13 Adjustments	(830)	(377)
Total	**(1,657,144)**	**(2,185,779)**

b) Fixed asset ratio

The property, plant and equipment index required ratio of the Prudential Conglomerate amounted to 17,89% (18.70% on December 31, 2020), and determinated in accordance with CMN Resolutions No. 4.192/2013 and No. 2.669/1999.

	06.30.2021	12.31.2020
Fixed assets limit	**5,826,511**	**5,305,265**
Value of fixed assets limit position	2,084,849	1,983,723
Value of margin or insufficiency	3,741,662	3,321,542

In accordance with BCB Resolution nº 54/2020, the Conglomerate holds additional information of its procedure of capital and risks management in the website: www.bancobv.com.br/ri.

(Amounts in thousands of Reais, unless otherwise indicated)

30. ENVIRONMENT, SOCIAL AND GOVERNANCE - ESG PRACTICES

a) Governance and regulation

In December 2020, BV bank created a Sustainability Committee, in which it defines ESG objectives and strategies. In May 2021, the bank launched its long-term ESG commitments, until 2030, called the "Pact for a lighter future", which defines 5 public goals that will guide the Conglomerate's actions, divided into 3 pillars: climate change, sustainable business and diversity. In addition, the bank included sustainability goals in the variable remuneration of executives and in the strategic planning, as described in explanatory note 27.

In the context of the Sustainability dimension of the BC Agenda, in the first half of 2021, the Central Bank of Brazil, using as a reference the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), a task force created in 2015 by the Stability Committee Financial (FSB), placed in public consultation a normative proposal establishing requirements for the disclosure of information on social, environmental and climate risks, to be reported via the Social, Environmental and Climate Risks and Opportunities Report (GRSAC) which will be implemented in 2 phases. The first phase focuses on governance, institutional strategies and risk management, and the second phase will incorporate quantitative aspects into the disclosure, with a focus on goals and metrics.

The possibility of loss (financial or reputation) due to social and environmental damage is defined as social and environmental risk, whose guidelines are established by CMN Resolution No. 4,327/2014 and by Febraban SARB 14 self-regulation to which the bank is a signatory. Additional information on socio-environmental risk and its management by the Conglomerate is described in note 29.1.e.

b) Environment

Banco BV is one of the main financing banks of photovoltaic panels for solar energy for residential use and as of June 30, 2021 this portfolio is R$1,237,360 (R$892,086 as of December 31, 2020).

In March 2020, BV bank carried out the first issuance of a green bond in the amount of R$ 255,535 recorded under the heading of Resources from acceptance and issuance of bonds, which were allocated to assets or projects related to the generation of renewable energy , such as financing solar panels and developing wind farms. The bank's inaugural issue obtained the international certification of the Climate Bonds Standard, which is coordinated by the Climate Bonds Initiative (CBI). CBI is a non-profit organization focused on promoting large-scale investments in the low-carbon economy. It is the only organization in the world that has Climate Bonds Standard and Sectoral Criteria to certify emissions as green. Issue materials such as the Green Bond Framework, Second-Party Opinion, Green Bond Annual Report, and Post-issuance Verification can be found at www.bancobv.com.br.

In June 2021, the bank carried out a new issuance of green bonds (financial bills) in the amount of R$ 499,850 recorded under the heading of Funds from acceptances and issuance of bonds.

	Currency	issued amount	Interest rates p.a.	Issuance year	Maturity year	Parent Company and Consolidated	
						06.30.2021	12.31.2020
Securities issued abroad						**251,646**	**261,431**
Foreign exchange	USD	50,000	3,35% p.a. + foreign exchange vari	2020	2024	251,646	261,431
Financial bills						**501,674**	**-**
Variable rate	R$	83,150	1,40% p.a. + DI	2021	2024	83,295	-
Variable rate	R$	416,700	5,35% p.a. + IPCA	2021	2027	418,379	-
Total						**753,320**	**261,431**

In November 2020, BV bank announced a public commitment to offset all the CO2 emissions from the cars it finances from 2021 onwards. In the semester ended June 30, 2021, BV bank recognized in the result (in Other operating expenses) the provision for CO2 expenses, in contra-entry to the corresponding liability, recorded in Other liabilities - Compensation for CO2 emissions by vehicles financed by BV bank. The bank acquired carbon credits, representing a total of 819,000 tons of CO2, recorded under Intangible assets and their consumption (amortization) based on the volume of CO2 produced by financed vehicles, recorded under Other administrative expenses - Amortization . The accounting practices adopted by the Institution for the recognition and measurement of the carbon credits that will be acquired and the liabilities corresponding to the commitment to offset the carbon emissions are described in explanatory notes 4l and 4r, respectively.

The table below shows the accounting effects of the equity record and income:

	Parent Company and Consolidated	
	06.30.2021	12.31.2020
Asset	**5,117**	**-**
Intangible assets (note 16a)	**5,117**	**-**
Carbon credits - cost value	6,953	-
Carbon credits - amortization	(1,836)	-
Liabilities		
Other liabilities (note 21a)	**427**	**-**
Compensation of CO2 emissions by vehicles financed by BV bank	427	-
	1º Semester/ 2021	**1º Semester/ 2020**
Income		
Other administrative expenses (note 22d)	**(1,836)**	**-**
Amortization	(1,836)	-
Other operating expenses (note 22f)	**(427)**	
Provision for offsetting CO2 emissions by vehicles financed by BV bank	(427)	-
Total expenses incurred	**(2,263)**	

(Amounts in thousands of Reais, unless otherwise indicated)

Since 2020, the bank has offset its Greenhouse Gas (GHG) emissions in relation to 2019 emissions, which became a public commitment in 2021. The commitment is to offset 100% of direct GHG emissions, recognizing in the result (in Other administrative expenses - Other) the amount of R$ 57 in the semester ended June 30, 2021 (R$ 126 in the semester ended June 30, 2020), referring to the acquisition of 10 thousand tons of credits from carbon and other consulting and auditing expenses for carrying out the GHG inventory.

c) Social

In view of the pandemic caused by COVID-19, Banco BV allocated the amount of R$30,000 in the six month period ended June 30, 2020 recorded in Other administrative expenses - Other. The objective is to support families in vulnerable situations and contributes to the improvement of hospital infrastructure, whose management has the support of Fundação Banco do Brasil and the Votorantim Institute. In 2021, Banco BV continues to promote support actions and allocated the amount of R$ 687 for the six month period ended June 20, 2021.

Also aiming to reduce the impacts of the COVID-19 pandemic, the bank implemented a wide-ranging credit renegotiation program. Additional information about this program and renegotiated volumes are described in explanatory notes 5i and 12k.

31. 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, which in certain cases may require compliance with financial ratios (financial covenants). When required, financial ratios are calculated based on accounting information, prepared in accordance with Brazilian legislation and Bacen standards. On June 30, 2021 and December 31, 2020 the Conglomerate did not have operations with these characteristics.

b) Information about branches abroad

	06.30.2021	12.31.2020
Current and non-current assets	**7,834,479**	**8,747,286**
Banco Votorantim S.A. – Nassau Branch	7,834,479	8,747,286
Total assets	**7,834,479**	**8,747,286**
Current and non-current liability	**(6,247,307)**	**(7,105,914)**
Banco Votorantim S.A. – Nassau Branch	(6,247,307)	(7,105,914)
Shareholder's equality	**(1,587,172)**	**(1,641,372)**
Banco Votorantim S.A. – Nassau Branch [(1)]	(1,587,172)	(1,641,372)
Total liabilities	**(7,834,479)**	**(8,747,286)**

	1º Semester/ 2021	1º Semester/ 2020
Income (loss)	**60,228**	**(3,777)**
Banco Votorantim S.A. – Nassau Branch [(2)]	60,228	(3,777)

(1) In the year ended December 31, 2020, the Nassau Branch abroad paid dividends in the amount of USD 150,000 (R$ 754,545).

(2) Includes exchange variation.

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 coverage

Covered risk	06.30.2021		12.31.2020	
	Covered values	Insurance premium	Covered values	Insurance premium
Parent Company				
Insurance Guarantee - Guarantee for legal proceedings	1,108,885	6,960	1,118,545	7,062
Real estate insurance for properties in use of relevant third parties	117,300	40	117,300	40
Cybersecurity insurance	100,000	1,944	100,000	1,810
Consolidated				
Insurance Guarantee - Guarantee for legal proceedings	1,294,456	7,785	1,159,710	7,384
Real estate insurance for properties in use of relevant third parties	123,000	43	123,000	43
Cybersecurity insurance	100,000	1,944	100,000	1,810

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

(Amounts in thousands of Reais, unless otherwise indicated)

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.

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

Parent Company and Consolidated	Liabilities			Shareholder's equity		Total
	Subordinated debts	Debt instruments eligible for capital	Dividends and interest over capital	Capital	Capital and income reserves [1]	
Saldo em 31.12.2020	**193,543**	**3,499,583**	**72,709**	**8,130,372**	**2,466,444**	**14,362,651**
Variações com efeito de caixa	**(27,614)**	**(436,253)**	**(72,709)**	**-**	**40,730**	**(495,846)**
Interest over income paid	-	-	-	-	40,730	40,730
Dividends and interest on equity paid [2]	-	-	(72,709)	-	-	(72,709)
Liquidation	(27,684)	(570,717)	-	-	-	(598,401)
Transfers	(121,995)	121,995	-	-	-	-
Inocme from new funding	122,065	-	-	-	-	122,065
Taxes	-	12,469	-	-	-	12,469
Changes with no cash effect	**3,266**	**72,398**	**-**	**-**	**-**	**75,664**
Interest expenses	3,266	130,748	-	-	-	134,014
Exchange rate variation	-	(58,350)	-	-	-	(58,350)
Balance in 06.30.2021	**169,195**	**3,135,728**	**-**	**8,130,372**	**2,507,174**	**13,942,469**

Parent Company and Consolidated	Liabilities			Shareholder's equity		Total
	Subordinated debts	Debt instruments eligible for capital	Dividends and interest over capital	Capital	Capital and income reserves [1]	
Balance in 31.12.2019	**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)**
Interest over income paid	-	-	-	-	20,496	20,496
Dividends paid	-	-	(25,042)	-	-	(25,042)
Liquidation	(3,227,183)	(180,405)	-	-	-	(3,407,588)
Inocme from new funding	15,000	-	-	-	-	15,000
Taxes	(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 equity payable, net of taxes	-	-	66,920	-	-	66,920
Balance in 06.30.2020	**35,156**	**3,883,695**	**66,920**	**8,130,372**	**1,772,318**	**13,888,461**

(1) Refers to the balance of Banco Votorantim's capital and profit reserves. Does not include profit for the period recorded in retained earnings.

(2) Net value of taxes.

f) Assets under management

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

	Quantity of funds/portfolios		Balance	
	06.30.2021	12.31.2020	06.30.2021	12.31.2020
Investment funds and portfolios managed accounts	255	239	48,075,650	49,493,721

32. SUBSEQUENT EVENTS

a) New issuance of green bonds

On July 8, 2021, Banco BV issued a green bond (financial bills) in the amount of R$200,000 maturing in January 2024.

b) Assignments without co-obligation

In July 2021, Banco BV carried out credit assignments with substantial retention of risks and benefits with a subsidiary in the amount of R$549,822. There was no effect on the result on the respective transaction date.

c) Assignment with co-obligation

On July 26, 2021, Banco BV carried out a credit assignment with substantial retention of risks and benefits with a related party in the amount of R$1,154,893. There was no effect on the result on the respective transaction date.

d) Acquisition of equity interest in fintech

In July 2021, the Central Bank of Brazil authorized BV to acquire equity interest in Trademaster Serviços e Participações SA. The amounts disbursed will be made under established contractual conditions.

THE BOARD

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

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