

BASE PROSPECTUS



**BANCO DO BRASIL S.A.**

*A bank structured as a corporation (sociedade por ações) with mixed capital (sociedade de economia mista) under the laws of the Federative Republic of Brazil acting through its Grand Cayman Branch or its London Branch and through its New York Branch as guarantor of any 3(a)(2) Notes.*

**U.S.\$20,000,000,000**

**Euro Medium Term Note Programme**

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This Base Prospectus has been approved by the Luxembourg Stock Exchange and admitted on the Euro MTF market (“**Euro MTF Market**”). Applications have been made for the senior and subordinated notes described in this Base Prospectus (the “**Senior Notes**” and the “**Subordinated Notes**,” together being the “**Notes**”) to be admitted during the period of twelve months after the date hereof to listing on the official list and to trading on the Euro MTF Market of the Luxembourg Stock Exchange. The issuance under the Euro Medium Term Note Programme (the “**Programme**”) also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer (as defined herein). Banco do Brasil S.A.’s Legal Entity Identifier is QE0Q0253K88YAGNPE356. This Base Prospectus constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019. This Base Prospectus may only be used for the purposes for which it has been published.

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the 3(a)(2) Notes Guarantor to fulfill their respective obligations under the Notes are discussed under “Risk Factors” below.*

The Notes have not been, and will not be, registered under the Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes (other than 3(a)(2) Notes (as defined below), if any) may not be offered, sold or, in the case of such Notes in bearer form, delivered, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except in certain transactions exempt from the registration requirements of the Securities Act. Certain of the Notes (the (“**3(a)(2) Notes**”), if any (including the guarantee of any 3(a)(2) Notes), may be offered and sold in reliance upon an exemption from registration with the U.S. Securities and Exchange Commission (the “**SEC**”) provided in Section 3(a)(2) of the Securities Act.

**Dealer**

**BB SECURITIES LIMITED**

September 13, 2021

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## IMPORTANT NOTICES

### Responsibility for this Base Prospectus

Banco do Brasil S.A. (the “**Bank**”) acting through its Grand Cayman Branch (the “**Bank’s Grand Cayman Branch**”), its London Branch (the “**Bank’s London Branch**”), and, in relation to any Note, issued or (as the case may be) proposed to be issued by any of the Bank’s London Branch or the Bank’s Grand Cayman Branch (hereinafter referred to as the “**Issuer**” and, in respect of any 3(a)(2) Notes, the Bank’s New York Branch as Guarantor of such 3(a)(2) Notes, the “**3(a)(2) Notes Guarantor**” and, together with the Bank, the Bank’s Grand Cayman Branch and the Bank’s London Branch, the “**Bank Parties**”) (the “**Responsible Persons**”) accept responsibility for the information contained in this Base Prospectus and any Pricing Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### Pricing Supplement/Drawdown Prospectus

Each Tranche (as defined herein) of Notes will be issued on the relevant terms set out herein under “Terms and Conditions of the Senior Notes” and “Terms and Conditions of the Subordinated Notes” (the “**Conditions**”), as applicable and as supplemented by a document specific to such Tranche called a pricing supplement (a “**Pricing Supplement**”) or in a separate prospectus specific to such Tranche (a “**Drawdown Prospectus**”), as described under “Pricing Supplements and Drawdown Prospectuses” below.

**IN THE EVENT OF AN OFFER BEING MADE BY A FINANCIAL INTERMEDIARY, SUCH FINANCIAL INTERMEDIARY WILL PROVIDE INFORMATION TO INVESTORS ON THE TERMS AND CONDITIONS OF THE OFFER AT THE TIME THE OFFER IS MADE.**

### Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes which is the subject of a Pricing Supplement, must be read and construed together with the relevant Pricing Supplement. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Pricing Supplement should be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

The Responsible Persons have confirmed to the Dealer or Dealers named under “Subscription and Sale” below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of any 3(a)(2) Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of any 3(a)(2) Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

### Unauthorized information

No person has been authorized to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by any Responsible Person or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorized by the relevant Responsible Person or the Dealer or Dealers.

Neither the Dealer nor any of its respective affiliates has authorized the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any

implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Bank Parties since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

### **Restrictions on distribution**

The distribution of this Base Prospectus and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Pricing Supplement comes are required by the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor and the Dealer or Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Pricing Supplement and other offering material relating to the Notes, see “Subscription and Sale” and “Transfer Restrictions.”

In particular, the Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes may be offered and sold (A) in bearer form or registered form outside the United States to non-U.S. persons in reliance on Regulation S and (B) in registered form within the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act (“**Rule 144A**”)) in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes, see “Subscription and Sale” and “Transfer Restrictions.”

This Base Prospectus is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom (the “**UK**”), or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Base Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Base Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

**NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.**

Neither this Base Prospectus nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Bank Parties, the Dealer or Dealers or any of them that any recipient of this Base Prospectus or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Pricing Supplement shall be understood to have made its own investigation and appraisal of the condition (financial or otherwise) of the Bank Parties.

**NOTICE TO EEA INVESTORS – This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (“EEA”) will be made pursuant to an**

exemption under Regulation (EU) 2017/1129 (as amended or superseded, the "Prospectus Regulation") from the requirement to publish a prospectus for offers of Notes.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / target market** – The relevant Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (for the purposes of this paragraph, a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**NOTICE TO UK INVESTORS** – This Base Prospectus has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under the FSMA and the Prospectus Regulation as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) from the requirement to publish a prospectus for offers of Notes.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**UK MiFIR product governance / target market** – The relevant Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (for the purposes of this paragraph, a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue of Notes about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a

manufacturer in respect of such Notes, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purposes of the UK MIFIR Product Governance Rules.

**Singapore SFA Product Classification – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Programme are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAAN16: Notice on Recommendations on Investment Products).**

### **Programme limit**

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed US\$20,000,000,000 (and, for this purpose, any Notes denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “Subscription and Sale.”

### **Certain definitions**

In this Base Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area, references to “**US\$**,” “**U.S. dollars**” or “**dollars**” are to United States dollars, references to “**EUR**” or “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended, and references to the “**real**,” “**reais**” or “**R\$**” are to the currency of Brazil.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

### **Ratings**

Tranches (as defined herein) of Notes issued under the Programme will be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) described above or the rating(s) assigned to Notes already issued. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. In general, EU regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation (as defined herein) unless: (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. Similarly, in general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the CRA Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”) unless: (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation; or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

### **Stabilization**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in the applicable Pricing Supplement may over-allot Notes (provided that, in the case of any offering of Notes within scope of Regulation (EU) No 596/2014 (as amended, the “Market Abuse Regulation”) (including as it forms part of**

domestic law in the UK by virtue of the EUWA), the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes subject to the offering, or 115 per cent. of such amount where Article 8 of Commission Delegated Regulation (EU) 2016/1052 (including as it forms part of domestic law in the UK by virtue of the EUWA) applies and there is a “greenshoe option” as defined in that Regulation) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or persons acting on behalf of the Stabilizing Manager(s)) in accordance with all applicable laws and rules and will be undertaken at the offices of the Stabilizing Manager(s) (or persons acting on behalf of the Stabilizing Manager(s)) and on the Euro MTF Market.

#### **Responsibility of the Dealer(s)**

In connection with the Programme, any Dealer(s) established in the EEA or in the UK are not acting for anyone other than the relevant Issuer and will not be responsible to anyone other than the relevant Issuer for providing the protections afforded to their clients nor for providing advice in relation to the Programme or any offering of Notes thereunder.

## PRESENTATION OF FINANCIAL INFORMATION

The Bank and its consolidated subsidiaries' audited consolidated financial statements as of and for:

- the six month period ended June 30, 2021 (the “**1H2021 Financial Statements**”),
- the year ended December 31, 2020 (the “**2020 Financial Statements**” and, together with the 1H2021 Financial Statements, the “**Financial Statements**”),

in each case together with the notes thereto and included or incorporated by reference elsewhere in this Base Prospectus, have been prepared in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil (*Banco Central do Brasil – Bacen*, or “**Central Bank**”), including accounting guidelines based on Brazilian Law No. 6,404, dated December 15, 1976, as amended (the “**Brazilian Corporations Law**”) the rules and instructions issued by the National Monetary Council (*Conselho Monetário Nacional* or “**CMN**”), the Central Bank, and the Brazilian Securities Exchange Commission (*Comissão de Valores Mobiliários* or “**CVM**”), as applicable. The accounting practices adopted in Brazil are defined, for the purposes of this Base Prospectus, as “**Bacen GAAP**,” which differ in significant respects from International Financial Reporting Standards (“**IFRS**”) and generally accepted accounting principles in the United States (“**U.S. GAAP**”).

Moreover, the Committee of Accounting Pronouncements (*Comitê de Pronunciamentos Contábeis*, or “**CPC**”) have issued a number of accounting pronouncements which, if approved by the Central Bank, must be adopted in the preparation of the Bank's financial statements in accordance with Bacen GAAP. The Bank's management understands that the application of the accounting pronouncements may have a relevant impact on the shareholders' equity and results of the Bank.

In this Base Prospectus, tables containing financial information include, except where otherwise indicated, consolidated financial information of the Bank.

The Bank's average volume and balance data has been calculated based upon the average of the month-end balances during the relevant period.

Certain rounding adjustments have been made in calculating some of the figures included in this Base Prospectus. Accordingly, numerical figures shown as totals in some tables may not be an arithmetical aggregation of the sum of the figures that precede them. The Bank maintains its books and records in *reais*.

The statistical information and data related to the Bank's business areas were obtained from government entities or extracted from general publications. Neither the Bank nor the Dealer Managers have independently verified such information and data, and, therefore, cannot assure their accuracy and completeness.

Solely for the convenience of the reader, the Bank has converted certain amounts contained in “Summary,” “Capitalization,” “Selected Financial Information,” and elsewhere in this Base Prospectus from *reais* into U.S. dollars. Except as otherwise expressly indicated, the rate used to convert such amounts was R\$5.0022 per US\$1.00 (subject to rounding adjustments), which was the exchange rate in effect as of June 30, 2021 as reported by the Central Bank. The U.S. dollar equivalent information presented in this Base Prospectus is provided solely for the convenience of investors and should not be construed as implying that the amounts presented in *reais* represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate. The *real*/U.S. dollar exchange rate may fluctuate widely, and the exchange rate as of June 30, 2021 may not be indicative of future exchange rates. On September 8, 2021, the exchange rate for the *real* against the U.S. dollar was R\$5.25 per US\$1.00 (subject to rounding adjustments), representing an appreciation of 5.00% compared to June 30, 2021. See “Exchange Rate Information” for information regarding *real*/U.S. dollar exchange rates.

### Special Note Regarding Non-GAAP Financial Measures

The body of generally accepted accounting principles is commonly referred to as “GAAP.” For purposes of this Base Prospectus, when we refer to “GAAP,” we refer to Bacen GAAP. We use certain non-GAAP financial measures to analyze our financial and operational performance, as well as a basis for administrative decisions,



including in connection with our analysis of our operational and financial performance and our evaluation of our liquidity.

Non-GAAP financial measures have important limitations as analytical tools, and you should not consider them in isolation or as a basis for dividend distribution, a substitute for analysis of our results of operations or an indicator of operating performance or liquidity. You should exercise caution in comparing these measures or data as reported by us to measures reported by other companies. Non-GAAP financial measures should be viewed as supplemental to, and not as substitute for, our consolidated financial statements included elsewhere in this Base Prospectus. Because this information is not prepared in accordance with Bacen GAAP, investor are cautioned not to place undue reliance on this information.

## SERVICE OF PROCESS AND ENFORCEMENT OF LIABILITIES

The Bank is duly incorporated as a corporation (*sociedade por ações*) with mixed capital (*sociedade de economia mista*) under the laws of the Federative Republic of Brazil (“**Brazil**”). Substantially all of the directors and officers of the Bank reside in Brazil. Substantially all of the assets of the Bank and of such directors and officers are located in Brazil. In relation to any offering of Notes, each of the relevant Issuer and, if applicable, the 3(a)(2) Notes Guarantor has (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Senior Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

The Bank has been advised by its Brazilian counsel that judgments of non-Brazilian courts for civil liabilities predicated upon the securities laws of the respective countries, including the laws of England and Wales, subject to certain requirements described below, may be enforced in Brazil. A judgment against either the Bank (including its Grand Cayman, London and New York branches) or any other person described above obtained outside Brazil would be enforceable in Brazil against the Bank or any such person without reconsideration of the merits, upon confirmation of that judgment by the Superior Court of Justice (*Superior Tribunal de Justiça*, or “**STJ**”). That confirmation, generally, will occur if the foreign judgment:

- fulfills all formal requirements for its enforceability under the laws of the country where the foreign judgment is granted;
- is issued by a competent court in the jurisdiction where the judgment took place (i) after proper service on the parties, which must be made in accordance with the law where the foreign judgment was rendered and not contrary to the applicable Brazilian law, or (ii) after sufficient evidence of the failure of the defendant to attend court has been given, as established pursuant to applicable law; or legally verified a default judgment;
- is final and not subject to appeal and does not violate a final and unappealable decision issued by a Brazilian court;
- is duly apostilled (*apostilado*) by the competent authority of the place that the foreign judgment was issued or, where the country in which the foreign judgment was issued is not a party to the 1961 Hague Convention Abolishing the Requirement of Legalization for Foreign Public Documents of October 5, 1961, the foreign judgment should be legalized by a consular official of Brazil having jurisdiction over the place of issuance, and the foreign judgement should be accompanied by a translation into Portuguese of a Brazilian-registered sworn translator;
- is not contrary to Brazilian national sovereignty, public policy, good morals or public morality (as set forth in Brazilian law), and does not contain any provision which for any reason would not be upheld by the courts of Brazil; and
- does not violate the exclusive jurisdiction of the Brazilian judiciary authority.

Notwithstanding the foregoing, no assurance can be given that confirmation will be obtained, that the process described above can be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the securities laws of countries other than Brazil with respect to the Notes. The Bank understands that original actions predicated on the securities laws of countries other than Brazil may be brought in Brazilian courts and that, subject to Brazilian public policy, public morality and national sovereignty, Brazilian courts may enforce civil liabilities in such actions against the Bank, its directors, certain of its officers and the advisors named herein. Pursuant to Article 83 of Law No. 13,105, of March 16, 2015, as amended (the “**New Brazilian Code of Civil Procedure**”), a plaintiff (whether Brazilian or non-Brazilian) who resides outside or leaves Brazil during the course of litigation in Brazil must provide a bond to guarantee court costs and legal fees

if the plaintiff owns no real property in Brazil that may ensure such payment. This bond must have a value sufficient to satisfy the payment of court fees and defendant's attorneys' fees, as determined by the Brazilian judge. This requirement does not apply to enforcement of foreign judgments which have been duly confirmed by the STJ, nor to the exceptions set forth in certain limited circumstances (enforcement of extrajudicial instruments (which does not include the Notes) that may be enforced in Brazil without the review of their merits (*títulos executivos extrajudiciais*), counterclaims (*reconvenções*) or if the bond is exempted by treaty or international arrangement signed by Brazil).

## FORWARD-LOOKING STATEMENTS

This Base Prospectus contains certain forward-looking statements. The words “anticipate,” “believe,” “expect,” “plan,” “intend,” “target,” “aim,” “estimate,” “project,” “will,” “would,” “may,” “could,” “continue” and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the financial position, business strategy, management plans and objectives for future operations of the Bank are forward-looking statements. These forward-looking statements, which are mainly based on the Bank’s current expectations as of the date of this Base Prospectus, involve known and unknown risks, uncertainties and other factors, which may cause the Bank’s actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Bank’s present and future business strategies and the environment in which we expect to operate in the future. Important factors that could cause the Bank’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other factors described in this Base Prospectus:

- general economic, political and business conditions, both in Brazil and abroad;
- the economic, financial, political, public health and other effects of the outbreak of the 2019 novel strain of coronavirus (including variants) (“**COVID-19**”), (or other pandemics, epidemics and similar crises) and governmental responses thereto, particularly as such factors impact Brazil and continue to cause severe ongoing negative macroeconomic effects, thus heightening many of the other risks described in the “Risk Factors” section of this Base Prospectus;
- the Bank’s ability to timely and efficiently implement any necessary measure in response to, or to mitigate the impacts of, the COVID-19 pandemic on its business, operations, cash flows, perspectives, liquidity and financial condition;
- management’s expectations and estimates concerning the Bank’s future financial performance, financing plans and programs, and the effects of competition;
- the Bank’s ability to predict and efficiently react to the temporary or long-term term changes in its customers’ behavior as a result of the COVID-19 pandemic, even after the outbreak is sufficiently controlled;
- the Bank’s level of capitalization and debt;
- anticipated trends and competition in the Brazilian banking and financial services industries;
- the market value of Federal Government securities;
- interest rate fluctuations, employment levels, inflation and the value of the *real* in relation to other currencies, among other macroeconomic indicators;
- existing and future governmental regulatory and tax proceedings and matters;
- increases in defaults by borrowers and other loan delinquencies and increases in the provisions for loan losses;
- customer loss, revenue loss and deposit attrition;
- the Bank’s ability to sustain or improve performance;
- credit and other risks of lending and investment activities; and
- other risk factors as set forth under “Risk Factors.”

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors.” Any forward-looking statements made by

or on behalf of the Bank speak only as at the date they are made. The Bank does not undertake to update forward-looking statements to reflect any changes in their expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

## SUMMARY

*This summary highlights information contained elsewhere in this Base Prospectus. It does not contain all of the information that an investor should consider before making a decision to invest in the Notes. For further information on the Bank's activities and this offering, this Summary must be read together with the detailed information included in the other sections of this Base Prospectus, in particular the information included in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Bank" and the consolidated financial statements and notes thereto included elsewhere in this Base Prospectus.*

### General Overview

Founded on October 12, 1808, Banco do Brasil was the first banking institution of Brazil and was also the first entity to make a public stock offering in the Brazilian capital markets, in 1817. The Bank is a multiple-service bank with headquarters in Brasília and a significant presence throughout Brazil. In addition, the Bank conducts operations in key global economic and financial centers. The Bank is a publicly held, government-controlled corporation, with the Federal Government as its controlling shareholder. The Bank is one of the largest financial conglomerates in Brazil in terms of assets with 18.6% market share June 30, 2021, according to the latest data released by the Central Bank. Based on the same data, the Bank is also the largest bank in asset management, with 23.9% market share, in agribusiness loans, with 54.4%, in payroll loans, with 21.0%, and in loans, with 16.0% as of June 30, 2021. Throughout its history, the Bank has mainly focused on retail banking.

The Bank seeks sustainable results with a focus on asset quality and operational efficiency, and the use of innovative technology to maintain and increase its large client base. The Bank uses advanced methodologies to calculate credit risk before approving any credit. These methodologies were developed by the Bank and seek to follow risk management best practices.

Such practices include credit risk assessments that assume the possibility of defaults up to 12 months after the assessment is made; and measure client risk by relying on external information as well as internal information based upon the existing relationship the client has with the Bank. The Bank has sought to improve its operational efficiency and productivity while maintaining strict control of its administrative, personnel and operational expenses. These have been carried out in levels which reflect that the entire organization is committed to controlling expenses and using new technologies to improve efficiency.

From 2015 to June 30, 2021, the Bank invested approximately R\$22.3 billion in technology seeking to improve operational efficiency, reduce operational losses, expand business and improve customer service.

Recent technological changes and changes in customers' behavior require increasingly electronic operations. The Bank innovates in the area of electronic experiences by using tools such as the CRM (Customer Relationship Model), big data integration, cloud solutions and artificial intelligence. The Bank is seeking to offer more proactive, assertive and timely financial and insurance solutions to its clients. By understanding the customers' particular consumption patterns and unique circumstances, the Bank can use electronic solutions to offer the optimal product at the right time. The Bank's goals are:

- (i) making its electronic platforms the main channel for transactions and relationships;
- (ii) increasing the digitalization of its processes;
- (iii) adopting a business model for open banking, as described below; and
- (iv) increasing customer participation in digital channels of business.

Launched on June 12, 2017, the Bank's open banking platform has allowed the Bank to create new business and electronic environments allowing the Bank's customers to choose to access their own banking information through certain third-party applications approved by the Bank. With this permitted access through third-party applications, other companies, developers, startups and fintechs are able to create new solutions, applications and services to improve the interaction between clients and the Bank. As of June 30, 2021, the Bank has developed 16 business Application Programming Interfaces ("APIs") for many of its services and solutions. An API is a set of digital protocols and tools that allows third-party applications to integrate functionalities and

data from the Bank into their own functions. As of June 30, 2021, 1,332 of the Bank's business partners have integrated the Bank's services and solutions to their own platforms using the Bank's APIs.

The Bank continues to expand and upgrade its technological and digital processes, products and channels to make them simpler and more agile, innovative, integrated and customer service-oriented. The Bank's recent activities in electronic technology have included the following:

- i. Investments in intelligent process automation. In 2021, the Bank implemented a large-scale image recognition program that recognizes and extracts information from client documents as a means of digital onboarding. Artificial intelligence has become an important tool for the Bank's operations since 2016, by initially offering customer service solutions via chatbot on Facebook and, soon after, WhatsApp. Since 2019, the Bank has been incorporating the processing of voice, photo and video, in particular through Google Assistant. The Bank's mobile application uses facial recognition technology.
- ii. Development and upgrade of the Bank's Robot Advisor, a platform for the automation of business advice related to large-scale investments, and which as of June 30, 2021, has raised more than R\$2.13 billion. Robot Advisor's predecessor, the Investment Simulator, launched in 2017 and remains available on the Bank's mobile application.
- iii. Creation of the Digital Service Center – CAD BB, which is responsible for programming chatbots and "training" virtual assistants. Telephone services now incorporate Cognitive URA, an automated service capable of understanding the native language of the customer. Additionally, the Bank's Acceleration Center, Research and Innovation in Artificial Intelligence allows employees and contractors alike to directly participate in the evolution of intelligent solutions for the Bank's client base.
- iv. Launch of Corporate Digital Account "PJ Digital", a digital platform which allows small companies to open bank accounts directly from their mobile devices, without the need to go to a branch location.
- v. Launch of BB Blog, a blog addressing culture, sports, technology and sustainability as important drivers for content, with videos and a podcast "BB Technology and Innovation," available on the main podcast platforms.
- vi. Implementation of the measures to carry out immediate deliveries of credit and debit cards at branches, reducing costs, providing reliability and speedy delivery for the customer. There are 1,055 branches served by this delivery solution.
- vii. With the goal of fostering and exploring the videogaming industry, the creation of "Stream Battle BB," a gaming contest seeking to provide six micro and small videogame online streamers, with the opportunity to join the "BB Squad," the Bank's team of content creators. The Bank launched the BB Ações Games BDR level 1 fund, which invests in companies that produce videogames around the world. From the date of its launch in April 2021 through to July 31, 2021, the fund had raised more than R\$15 million, with more than 3,000 participants.
- viii. Launch of the Broto website, the Bank's agro platform together with BB Seguros, which connects rural producers, service providers, resellers and providers in agrobusiness. In its first year of operation starting July 1, 2020, it generated more than R\$756 million in revenues. During that period, the website was accessed approximately 200 thousand times.
- ix. Integration of PIX, an instant payment system created by the Central Bank, to the Bank's technological platform to allow for speedy online transfers and payments allow for speedy online transfers and payments, available 24 hours a day, seven days a week. PIX aims to reduce the manufacturing of paper money and the issuance of payment slips and transfer charges. According to the Central Bank, of the total volume of domestic transfers via PIX since its launch on November 16, 2020 through to July 1, 2021, 30.4% passed through Banco do Brasil. As of June 30, 2021, the Bank had 15.6 million registered keys. Mobile has become the preferred channel for our individual customers, who make 99% of all PIX transactions using mobile devices.

- x. Implementation of phase 2 of the Bank's open banking platform started on August 13, 2021. This platform aims to expand the range of products and services available to current and future customers by, with the consent of customers, sharing available registration and transactional data of such customers with third-party channels. Implementation of phase 2 of the platform was the result of a system-wide mandate by the Central Bank.
- xi. Creation of Super App project in order to expand and diversify the offering of non-financial services through its digital platforms to deepen the Bank's relationship with its customer base and to increase business opportunities. As part of this project, at the end of 2020, the Bank began selling rechargeable gift cards which serve as online prepaid credits for specific services and products redeemable at locations that accept this payment method. During the second quarter of 2021, the Bank sold approximately 420,000 giftcards.
- xii. Launch of the Virtual Assistant for Debt Renegotiation over WhatsApp, which allows for the renegotiation of the customer's loans directly through this service channel.
- xiii. Launch of other virtual assistants and chatbots, which have been integrated into customer service solutions on various platforms, including WhatsApp, Google Assistant, Facebook, Twitter and BB Portfolio. Voice assistants, which are available on WhatsApp and Google Assistant, assist customers with Open Banking using audio files. Customer service through the use of artificial intelligence streamlines banking processes like bill payments and slips, account transfers and even debt renegotiation.

#### *Digital training*

To ensure that the Bank's employees keep up with, and help implement the Bank's technological goals, the Bank launched the "EvoluTion Movement" at Banco do Brasil Corporate University – UniBB, a digital transformation and cultural action for professional retraining, with a curriculum of 1,200 online courses on several topics aimed at the digital and cultural development of the Bank's employees. The course topics include data science, DevOps, UX design, mobile banking, digital innovation and management, programming and front-end training. Additional courses are available at the Bank's Corporate University.

The EvoluTion Movement has the goal of keeping the Bank moving forward in its technological evolution, focusing on the development of digital skills which are not limited to the technical knowledge of information technology, and promoting the development of relationship skills, empathy, resilience, collaboration, innovation and a customer- and solutions-oriented mindset. Through the EvonluTion Movement, the Bank seeks to encourage its employee to stay committed to their self-development.

#### **Operations of the Bank**

In addition, the Bank acts as an agent of the Federal Government to implement its policies and programs related to the agribusiness sector, very small and small businesses and foreign trade, and in the development of solutions that simplify the operations and services that cater to these economic sectors.

With over 200 years of operations and strong brand recognition, the Bank's principal strength is in the Brazilian retail banking market and its business can be grouped into six areas: (i) banking services; (ii) investments; (iii) fund management; (iv) insurance, pension and capitalization; (v) payment methods; and (vi) other businesses. The main activities of each segment are as follows:

- (i) banking services: includes a wide range of banking products and services offered to the Bank's customers, such as deposits, loans and other financial services;
- (ii) investments: includes domestic capital markets operations, such as a brokerage, debt (in the primary and secondary markets) and equity investments and other financial services;
- (iii) fund management: includes buying, selling and custody of marketable securities, management of third-party portfolios and the establishment, organization and administration of investment funds;



- (iv) insurance, pension and capitalization: includes the sale of products and services related to life, property and automobile insurance, private pension and capitalization plans offered by the Bank’s subsidiary BB Seguridade S.A.;
- (v) payment methods: includes the tracking, transmission, processing and settlement of electronic transactions (credit and debit cards); and
- (vi) other businesses: includes the management of consortia and the development, sale, leasing and integration of digital electronic equipment, peripherals, computer programs and supplies.

As of June 30, 2021, the Bank had over 75.3 million clients, 39.7 million checking accounts and one of the largest retail networks in Brazil, with approximately 51,820 points of service, including 57,938 ATMs (which includes over 24,180 shared network points from partnerships with other networks) and the Bank’s network with 15,872 banking correspondents (the “**MaisBB Network**”) present in almost all municipalities in Brazil across its 3,977 branches. This compares to over 72.4 million clients, 38.3 million checking accounts, 60,210 points of service, including 59,657 ATMs (which includes over 38,095 shared network points from partnerships with other networks) in almost all municipalities in Brazil across its 4,367 branches as of June 30, 2020. The Bank had 91,673 employees as of December 31, 2020. The MaisBB Network provides access to banking products and services to a large number of customers across Brazil, which in turn has served the Bank to broaden its distribution capacity.

In order to offer customized solutions and strengthen its relationships with its clients, the Bank provides banking services through two customer segments: companies and individuals, as reflected below.

| <u>Companies</u>               | <u>Individuals</u>   |
|--------------------------------|----------------------|
| Large Corporate                | Private              |
| Corporate                      | Estilo / Estilo Agro |
| Upper Middle Market Businesses | Personal/Exclusive   |
| Middle Market Businesses       | Retail               |
| Businesses                     | Emerging Markets     |
| Small Businesses               |                      |
| Micro Businesses               |                      |
| Entrepreneur                   |                      |

The Bank’s foreign service network consists of 22 subsidiaries located in 14 countries. In addition to this structure, the Bank has an agreement with others financial institutions abroad to service its customers. There were 675 banks acting as correspondents of the Bank in 91 countries as of June 30, 2021. With respect to the Bank’s activities outside Brazil, in April 2010, the Bank acquired Banco Patagonia, and received regulatory approval in the United States to expand its banking business there, and in April 2011, the Bank acquired Eurobank (which was renamed Banco do Brasil Americas) in Florida, furthering its expansion into the United States.

The Bank’s objective is to be a profitable and competitive bank, with a focus on the public interest, jointly with the interests of clients, shareholders and Brazilian society more broadly. The Bank’s vision is to be the most reliable and relevant bank for the lives of clients and employees, as well as for the development of Brazil. By reconciling public and private interests, the Bank aims to generate consistent returns for shareholders and achieve benefits for Brazilian society. To achieve its operational goals, the Bank prioritizes the continuous strengthening of its corporate governance policies by seeking to adopt best market practices and standards. The Bank is committed to the principles of transparency, accountability, equity and corporate responsibility.

The Bank’s shares are listed on the *Novo Mercado* segment of B3, a market operated under the highest corporate governance standards in Brazil, and the Bank has issued Level 1 ADRs in the United States in order to increase the liquidity of its securities for its Brazilian and foreign investors. In addition, the Bank has been certified by B3 under the corporate governance standard for state-controlled entities (*Programa Destaque em Governança de Estatais* (State-Owned Enterprise Governance Program) – PDGE), which requires implementation of a number of policies and procedures covering related party transactions, compliance, internal controls, and creation of internal committees on risks and remuneration, among other policies and procedures. For more information see “—High standards of corporate governance” below. The program, which is voluntary, was launched by B3 in September 2015 with the objective of encouraging state-owned enterprises to improve their corporate governance practices, and was discontinued in December 2020.

The table below shows certain of the Bank's GAAP and non-GAAP selected financial and operating data as of and for the years ended December 31, 2020 and 2019, and as of, and for the six month periods ended June 30, 2021 and 2020:

|  | As of, and for the six<br>month period ended June<br>30, |                  | As of and for the<br>year ended December 31, |                  |
|--|--|------------------|--|------------------|
|  | 2021   | 2020             | 2020   | 2019             |
|  | <i>(in millions of R\$, except percentages)</i>          |                  |  |                  |
| <b>Total assets</b> .....  | <b>1,859,955</b>   | <b>1,710,234</b> | <b>1,725,672</b>                             | <b>1,481,095</b> |
| Loan portfolio.....  | 705,843  | 657,212          | 681,776                                      | 621,345          |
| Total deposits.....  | 661,334  | 555,165          | 601,984                                      | 485,002          |
| Shareholders' equity.....  | 145,807  | 114,836          | 126,971                                      | 108,565          |
| Capital Adequacy Ratio (%) <sup>(1)</sup> .....                                  | 19.65  | 18.69            | 21.14  | 18.58            |
| Net income.....  | 9,750  | 6,413            | 12,697                                       | 18,162           |
| Return on average equity - (ROE) <sup>(2)</sup> (%)...                           | 14.6   | 11.7             | 11.0   | 17.6             |
| Return on average total assets - (ROA) <sup>(3)</sup><br>(%).....                | 1.1  | 0.8              | 0.8  | 1.2              |
| <b>Common Equity Tier 1 (CET 1 or<br/>Principal Capital)</b> .....               | <b>138,943</b>   | <b>112,354</b>   | <b>132,248</b>                               | <b>96,380</b>    |
| <b>Risk-Weighted Assets (RWA)</b> .....  | <b>830,491</b>   | <b>763,410</b>   | <b>766,065</b>                               | <b>711,402</b>   |
| <b>Common Equity Tier 1 Capital Ratio<br/>(CET 1/RWA)(%)<sup>(4)</sup></b> ..... | <b>13.49%</b>  | <b>10.56%</b>    | <b>13.62%</b>                                | <b>10.02%</b>    |

- (1) For more detail regarding the Bank's Tier 1 and Tier 2 components of its Basel index, see "Selected Statistical and Other Information—Capital Requirements."
- (2) ROE is calculated as net income attributable to controlling shareholders divided by average adjusted shareholders' equity (consolidated shareholders' equity minus non-controlling interest). Average adjusted shareholders' equity are calculated by taking the average of adjusted shareholders' equity at the beginning and at the end of the applicable accounting period, excluding minority interests in controlled companies and remeasurements of defined benefit plans.
- (3) ROA is calculated as net income divided by average total assets attributable to controlling shareholders divided by average total assets. Average total assets is calculated by taking the average of total assets at the beginning and at the end of the applicable accounting period.
- (4) Methodology used as of October 1, 2013, according to CMN Resolution No. 4,192 and CMN Resolution No. 4,193.

## The Bank's Strengths

The Bank believes its principal strengths are: (i) a focus on profitability and sustainability; (ii) a modern platform with state of the art technology; (iii) high standards of corporate governance; (iv) a strategic relationship with the Federal and State and Municipal governments of Brazil; and (v) highly dedicated and experienced management.

### *Focus on profitability and sustainability*

#### *Profitability*

The Bank believes it is well-positioned to increase the return on its products and services given the quality of its credit portfolio in a sustainable manner, leadership in third-party asset management, payroll deduction loans and agribusiness loans, and a renewed focus on operational efficiencies and cost controls.

The Bank seeks to maintain a solid financial position and adopts conservative credit and investment policies. To minimize liquidity risks, the Bank seeks to avoid mismatches between its loan portfolio and its funding sources by diversifying and extending the maturities of its funding.

As of June 30, 2021, 79.8% of the Bank's loans (gross of allowance for loan losses) were rated by the Central Bank's rating system as "AA," "A" and "B" (the highest categories), and 3.9% were rated as "H" (the lowest category). The Bank's loan approval process benefits from the information available in the Bank's internal database, which information and records began being compiled over the Bank's 200 years of operation. The Bank believes that its rigorous quality control systems, together with its conservative credit management policy, allow it to sustainably minimize its credit risk exposure.

In addition, in November 2016, the Bank began a structural reorganization, to make the Bank even more dynamic, agile, competitive, and to strengthen its business sustainability. The goal of the reorganization was to continuously improve customer experience, generate efficiency in the processes and obtain profitability compatible with the Bank's market peers.

Among the measures taken were the downsizing of the Bank's organizational structure and reorganization at all levels: strategic (Head Office); tactical (Superintendence); operations and support (regional offices); and service network (branches and points of sale). As of the date of this Base Prospectus, the reorganization is complete.

The Bank's downsizing was aimed at optimizing its structure by closing overlapping branches, offering voluntary retirement plans (which has led to a reduction in payroll expenses) offering flexible working hours for qualified employees and adopting new expense management practices by reviewing its third party expenses, including expenses related to property ownership and leasing, travel and securities transfers.

From June 2016 to June 2021, a total 1,451 branches of the Bank were closed as a result of this optimization process, and the correspondents of the Bank increased by 7,910. Since the Bank announced this reorganization in November 2016, the number of officers of the Bank decreased from 109,615 as of June 30, 2016 to 85,518 as of June 30, 2021. During that period, the Bank is not aware of labor strikes or labor lawsuits of its employees and former employees resulting from this reorganization.

Increased access to electronic technology, information and social media have made bank customers better informed and more demanding and fostered a more competitive environment in the financial services industry. As a result, the Bank has been proactive to respond to these challenges by seeking to improve customer service through specialization in terms of customer net worth and consumption patterns and by providing an integrated experience between face-to-face and electronic channels.

Additionally, in June 2016 the Bank implemented project Tecban 2020 to replace the Bank's ATM network with ATMs in the Banco24Horas network, the largest interbank network in Brazil ("Banco24Horas"). The project sought to combine quality service and customer convenience with a reduction in the Bank's costs in providing ATMs to its customers. By June 2021, the Bank had deactivated 8,493 ATM terminals from its network and added 4,643 ATMs operated by Banco24Horas.

### *Sustainability*

On the sustainability side, one of the Bank's goals is to continue improving on the Bank's social and environmental responsibility. In 2020, the Bank was given "AA" ratings by Morgan Stanley Capital International ESG Rating, for being among the companies leading in sustainability. In the same year, the Bank won first place in sustainability in the banking sector in the Época 360° 2020 Yearbook. In January 2021, the Bank was recognized as one of the most sustainable bank on the planet by Corporate Knights in their ranking of the 100 Most Sustainable Corporations in the World 2021, Global 100. In addition, in February 2021, the Bank received the Bronze Class award in the Sustainability Yearbook 2021. Furthermore, The Bank has also been listed on the FTS4Good indexes of the London Stock Exchange since 2016, the Carbon Efficient Index (ICO2) from the B3 Stock Exchange since 2010, the ISE B3 index since 2005, and the Dow Jones Sustainability Indices.

To achieve its sustainability goals, the Bank has expressed its commitment to the adoption and implementation of the Environmental, Social and Governance ("ESG") best practices, which in turn better positions the Bank to anticipate and manage risks and opportunities. The Bank's Sustainability Plan – Agenda 30 BB contains 40 actions and 110 indicators for the period 2021-2023, and also 10 Long-Term Commitments to Sustainability with goals by 2030 in line with global priorities and society's demands divided in three blocks: Sustainable Businesses, Responsible Investment and ESG Management.

1. Sustainable Businesses: Commitment with sustainable businesses. The Bank's goals are to invest (a) R\$15 billion in renewable energy by 2025 (R\$6.1 billion already invested as of June 30, 2021), (b) R\$125 billion in sustainable agriculture by 2025 (R\$102.5 billion already invested as of June 30, 2021), (c) R\$1 million in entrepreneurship projects by 2025 (R\$857 thousand already invested as of June 30, 2021) and R\$20 billion in state and municipal efficiency projects by 2025 (R\$1.4 billion already invested as of June 30, 2021).

2. **Responsible Investment:** The Bank's goal are (a) to perform ESG evaluation for 100% of its assets under management by 2022 (93% already achieved as of June 30, 2021), (b) to invest R\$20 billion in ESG projects until 2025 (R\$4.3 billion already invested as of June 30, 2021) and (c) to invest R\$30 billion in sustainable resources by 2030 (R\$3.2 billion already invested as of June 30, 2021).
3. **ESG Management:** Regarding direct emission of greenhouse gases ("GHG"), the Bank's goal is to offset 100% of emissions starting in 2021 (a 54% offset has already been achieved as of June 30, 2021), reduce 30% of emissions by 2030 (a 4% reduction has already been reached as of June 30, 2021) and achieve 90% of renewable energy use by 2024 (88% accomplished as of June 30, 2021). Regarding the diversity in leadership positions, the goal of the Bank is to achieve a diversity in management positions of 23% people of color and 30% women by 2025 (20.4% and 21.8%, respectively, already achieved as of July 2021). Also, the Bank's aims to reach 17 million digital users by 2025 (currently at 7.4 million as of July 2021) and R\$1 billion invested in education, environment, socio-productive inclusion, volunteering and social technologies by Fundação BB (R\$35 million already invested as of June 30, 2021).

Moreover, the Bank has adopted best practices that allow it to manage socio-environmental risks, impacts and opportunities, carry out increasingly sustainable business and create value for its customers, shareholders, employees and society at large.

As of June 30, 2021, the Bank has provided R\$257.9 billion in sustainable credit operations, which represents a 14% increase compared to June 30, 2020, with emphasis on sustainable agribusiness (39.8%) and social business (47.8%). The disbursements also include R\$886.5 million in credit for solar panels and energy efficient equipment. To continue assisting our customers in the transition to a more sustainable portfolio, one of the Bank's goals is to increase its renewable energy-related credit portfolio to R\$15 billion by 2025. To further create awareness towards this goal, the Bank launched an initiative to make May of every year the month for the fostering of renewable energy. In addition, the Bank launched the BB Credit Renewable Energy credit line, a credit line dedicated to renewable energy-related ventures. From May to July 2021 this credit line disbursed R\$50 million in new loans. In connection with this project, the Bank launched a lending program to encourage efficiency in the use of natural resources and low carbon emissions, which takes into account the ESG profile of the business strategy of the group of lenders that become part of the program, which group has been called the "Grupo Verde." In its first month of operations, (May and June 2021), the "Grupo Verde" disbursed more than R\$702 million.

Through its asset management arm BB DTVM, the Bank has continued expanding its ESG portfolio through investment funds with assets selected according to ESG criteria. As of June 30, 2021, the Bank had 12 ESG funds, with a net worth of R\$4.3 billion, an increase of 229.5% compared to June 30, 2020.

The Bank has achieved a 100% offset of its greenhouse power emissions by purchasing traceable international renewable energy certificates known as I-RECs (International Renewable Energy Certificate) and by consuming solar energy for the Bank's operations. I-REC certificates represent transferrable proof of a particular amount of generated electricity was produced from renewable energy sources and added to an electrical grid. Purchasing an I-REC allows the buyer to claim consumption of one MWh of renewable energy. In addition, the Bank's power consumption in 27 of its administrative buildings comes from renewable sources, which in turn has generated accumulated savings in overhead costs for the Bank. Moreover, the Bank has implemented digital mechanisms to monitor and regulate its main sources of power and water consumption during its daily operations, improving efficiency and environmental impact and reducing costs. The Bank's goal by the end of 2023 is to increase its use of renewable energy to 22% of its total power consumption. Moreover, the Bank has invested in 29 solar and biomass plants, of which two are in operation, eight are under construction and 19 are still have not yet started construction.

With 35 years of history, Fundação Banco do Brasil has sought to contribute to the social transformation of Brazilians and the country's sustainable development, focusing on serving the most vulnerable segments of society. As of December 31, 2020, the Fundação Banco do Brasil has sponsored, in the north of Brazil, 472 projects for the benefit of 198 thousand people, in the south, 909 projects for the benefit of 271 thousand people,

in the northeast, 2,127 projects for the benefit of 1.4 million people, in the mid-west, 766 projects for the benefit of 1.1 million people, and in the southeast, 1,295 projects for the benefit of 820 thousand people. Over the last 10 years, the Fundação do Brasil has invested R\$2.7 billion in social projects for the benefit of an estimated more than 3.6 million people.

### ***Modern platform with state-of-the-art technology***

The Bank's investments over the last decade have placed it in a prominent position with respect to banking information technology in the domestic and international markets. The Bank was the first retail bank in the Americas and the Southern Hemisphere and the tenth in the world to obtain ISO 20000 certification, according to data from the IT Service Management Forum. As of June 30, 2021 and June 30, 2020, mobile and internet channels accounted for 89.9% and 88.1% of all transactions, respectively. The Bank's investment in information technology for the year ended December 31, 2020 was R\$3.6 billion, compared to R\$3.5 billion for the year ended December 31, 2019. The Bank's investment in information technology for the six month period ended June 30, 2021 was R\$1.6 billion, compared to R\$1.6 billion for the six month period ended June 30, 2020.

The Bank's investment in technology and innovation has shown positive results for individual customers, companies, and agribusiness clients, as summarized below with respect to the customers' digital experience and the Bank's business innovations. The Bank's investments in technology since 2015 amount to approximately R\$22.3 billion. The Bank's digital systems and platforms are constantly monitored by the Bank's security team focusing on cybersecurity and internal controls.

In 2019, the Bank developed Robot Advisor, a platform for the automation of business advice related to large-scale investments, and which as of June 30, 2021, has raised more than R\$2.13 billion. Robot Advisor's predecessor, the Investment Simulator, was launched in 2017 and remains available on the Bank's mobile application.

In 2020 and 2021, the Bank launched the following platforms and digital solutions:

- Corporate Digital Account "PJ Digital," a digital platform which allows small companies to open bank accounts directly from their mobile devices, without the need to go to a branch location.
- BB Blog, a blog addressing culture, sports, technology and sustainability as important drivers for content, with videos and a podcast "BB Technology and Innovation," available on the main podcast platforms.
- The Broto website, the Bank's agro platform together with BB Seguros, which connects rural producers, service providers, resellers and providers in agrobusiness. In its first year of operation starting July 1, 2020, it generated more than R\$756 million in revenues. During that period, the website was accessed approximately 200 thousand times.
- PIX, an instant payment system created by the Central Bank, to the Bank's technological platform to allow for speedy online transfers and payments allow for speedy online transfers and payments, available 24 hours a day, seven days a week. PIX aims to reduce the manufacturing of paper money and the issuance of payment slips and transfer charges. According to the Central Bank, of the total volume of domestic transfers via PIX since its launch on November 16, 2020 through to July 1, 2021, 30.4% passed through Banco do Brasil. As of June 30, 2021, the Bank had 15.6 million registered keys. Mobile has become the preferred channel for our individual customers, who make 99% of all PIX transactions using mobile devices.
- Mobile is the preferred channel for our individual customers, who make 99% of PIX transactions through this channel.
- The launch of the the Virtual Assistant for Debt Renegotiation over WhatsApp, which allows for the renegotiation of the customer's loans directly through this service channel.
- Virtual assistants and chatbots, which have been integrated into customer service solutions on various platforms, including WhatsApp, Google Assistant, Facebook, Twitter and BB Portfolio.

Voice assistants, which are available on WhatsApp and Google Assistant, assist customers with Open Banking using audio files. Customer service through the use of artificial intelligence streamlines banking processes like bill payments and slips, account transfers and even debt renegotiation.

#### *Artificial Intelligence*

Banco do Brasil began using artificial intelligence in 2016, initially offering customer service solutions via chatbot on Facebook and, soon after, WhatsApp. Since 2019, the Bank has been incorporating the processing of voice, photo and video, in particular through Google Assistant. The Bank's mobile application uses facial recognition technology. Additionally, the Bank has invested in intelligent process automation. In 2021, the Bank implemented a large-scale image recognition program that recognizes and extracts information from client documents as a means of digital onboarding.

The Bank created the Digital Service Center – CAD BB, which is responsible for programming chatbots and “training” virtual assistants. Telephone services now have Cognitive URA, an automated service capable of understanding the native language of the customer. Additionally, the Bank's Acceleration Center, Research and Innovation in Artificial Intelligence allows employees and contractors alike to directly participate in the evolution of intelligent solutions for the Bank's client base.

#### *Agribusiness*

During the 2020-2021 harvest, the Bank's loan disbursements in the Brazilian agribusiness sector reached R\$114 billion, a 23.1% growth compared to the previous harvest. In July 2021, the Bank announced its plans to expand its agribusiness loan portfolio to R\$135 billion in available funds—a 20% increase in amounts disbursed from the current crop cycle—to support Brazilian agriculture.

#### *High standards of corporate governance*

The Bank seeks to apply high corporate governance standards in its businesses. The Bank's shares are listed on the *Novo Mercado* segment of B3, the highest corporate governance standards in Brazil. On August 9, 2017, the Bank was certified by the best practices corporate governance program for state-controlled companies created by B3 called “*Programa Destaque em Governança de Estatais*”. In order to obtain this certification, the Bank had to adopt a number of measures, including the creation and enhancement of the following policies and procedures: (i) transparency – release of an annual letter to investors and the general public to describe its policies and procedures (*Carta Anual de Governança Corporativa*) and improved disclosure in its public filings (including the *Formulário de Referência* that is filed with the CVM); (ii) related party transactions – creation of a related party transactions policy; (iii) nomination of officers – creation of a nomination of officers policy; (iv) remuneration – creation of remuneration of directors and officers policy; (v) review of bylaws – the Bank revised its bylaws to reflect new policies and procedures; (vi) code of ethics – review of its code of ethics and standards of conduct to reflect new policies and procedures; and (vii) risk and capital – improvement of the risk and capital committee. While some of these policies, such as the risk and capital committee, were previously in place at the Bank, the certification by B3 has resulted in the Bank reviewing its existing policies to make them more thorough by, for example, requiring involvement from higher levels of Bank management than previously.

The Bank has sought to maintain a collegiate decision model whereby all decisions are made with the involvement of representatives of the relevant units of the Bank's management, and the support of executive committees in defining strategies and approving business proposals. In addition, the Bank's management structure is based on the separation of functions and the promotion and use of specialized committees allowing for the decentralization and specialization of the Bank's decision-making processes.

Our corporate governance structure is composed of the Shareholders' General Meeting, the Board of Directors and its advisory committees (Audit Committee, Persons Committee, Compensation and Eligibility Committee, Risks and Capital Committee and Technology, Strategy and Innovation Committee), the Executive Board and the Fiscal Council. See “Management”.

As required by law and as further expanded on in the Bank's bylaws, the Bank's Board of Directors has strategic, guiding, elective and supervisory responsibilities. At least 30% of the eight members of the Bank's

Board of Directors must be independent directors as defined under Brazilian law and in the rules of B3 Novo Mercado. As of the date of this Base Prospectus four of the eight members of our Board of Directors are independent directors, with two being representatives of the minority shareholders. The Advisory Committees for the Board of Directors are composed mostly of independent members. See “Management”.

### ***Strategic relationship with the Federal, State and Municipal governments of Brazil***

As a financial agent of the National Treasury the Bank provides the Federal Government services related to financial administration, receipt of resources for the National Treasury’s account and onlendings to other government entities. Acting for other government entities, the Bank’s specific activities mainly include financing government funds and programs, tax collection, payment of benefits and issuing refunds.

The Bank maintains a relationship with municipalities throughout Brazil, offering specific solutions to city governments in the areas of tax administration, financing, managing and optimizing financial resources, payable accounts, human resources and pensions and generating employment and income.

The Bank’s close ties to Brazilian federal, state and municipal governmental entities equip it with the necessary expertise and know-how, to provide products and services specifically tailored to meet those entities’ needs.

### ***Highly dedicated and experienced management***

The Bank believes the high quality of its professional management personnel and their commitment to positive performance are key factors in ensuring strategic success for the Bank’s business. The Bank seeks to retain management personnel who are both highly experienced and qualified and who are committed to the Bank’s goals. The Bank selects its managers using technical criteria. The Board of Executive Officers is composed of a professional staff with vast experience in numerous executive areas of the Banco do Brasil conglomerate and with a comprehensive knowledge of the finance and banking industry.

### **Principal Strategies and Strengths**

In recent years, the financial industry has been affected by the more connected and competitive economy. As challenges and complexities increase with respect to the business environment, the need for organizations to develop a culture of innovation that guides strategic planning has also increased. Given these dynamic industry conditions, the Bank seeks to continuously update its corporate strategy to address the challenges present in the financial industry.

Its vision is to be the bank that provides the best customer experience and to promote the development of society in an innovative, efficient and sustainable way. The implementation of this vision is guided by the five following perspectives:

- Financial:** objective is on profitability and revenue growth through services, the improvement of operational efficiency, sustainability of capital and a reduction in operational costs and credit losses.
- Customers:** objective is to provide valuable customer experience that meets their expectation in all relationship channels, prioritizing actions that favor attracting new customers, retaining existing customers and improving customer satisfaction.
- Processes:** focus on digital transformation and the improvement of processes, products and service channels to make them simpler, more innovative and efficient, and with a greater focus on customer experience.
- People:** focus on developing the strategic skills needed to meet challenges, namely: entrepreneurship, customer relationships, innovation, digital business, leadership and efficiency. The Bank will continue to be guided by a strategy of performance based promotion policy, the recognition of talent and diversity efforts.

**Sustainability:** complements and encompasses the other perspectives; the focus is to improve the Bank's performance in sustainability with respect to economic, social and environmental matters, to foster long-term benefits.

With the guidance of the five perspectives described above, the Bank's corporate strategy is focused on becoming the most reliable and relevant bank for its clients, employees and Brazilian development. In pursuing this goal, the Bank will focus on the following areas: (i) profitability, risk and capital management; (ii) customer experience; (iii) digital transformation; (iv) people management and knowledge management; (v) increasing business through strategic partnerships; and (vi) strengthen the Bank's presence in foreign markets.

#### ***Profitability, risk and capital management***

The Bank seeks to maintain a highly competitive level of profitability and business model by seeking solutions that create value for its clients. The Bank has grown sustainably and seeks to continue to grow in that manner by reinvesting profits, prioritizing markets and businesses with high rates of return to risk profiles, such as agribusiness, payroll loans, mortgage loans and loans to SME.

The Bank seeks to improve its levels of operational efficiency in conducting business, mainly by controlling its administrative expenses through the following strategies: (i) downsizing the organizational structure of the Bank; (ii) investing in energy efficient sources; (iii) participating in public bids with providers of telephone and internet services; and (iv) renting buildings instead of acquiring them.

The Bank's goals are:

- sustainable results and improvements in the return on capital;
- prioritization of performance in markets and businesses with improved risk-adjusted profitability , such as: (i) real estate credit; (ii) payroll deduction credit; (iii) agribusiness credit; (iv) working capital with receivables; and (v) credit to state and municipal governments;
- an increase in revenues from services such as: (i) consulting in infrastructure projects; (ii) insurance consulting; (iii) capitalization and pension plans; and (iv) investment funds and investment products with fees based on performance ratios;
- the reduction of operational expenses and credit losses;
- to improve customer experience with Bank's digital innovations, generating efficiency in the processes and, consequently, reaching profitability metrics compatible with its market peers;
- an adequate level of regulatory capital according to Basel III and Central Bank capital regulations; and
- use of capital to cover credit risk at rates consistent with organic generation of capital.

The Bank will continue to service its traditional client base and offer services within its portfolio by emphasizing increased efficiency and modernization of the Bank's technological tools such as mobile access and internet-based platforms. Besides the banking business, the Bank will continue to enhance its presence in the insurance industry sector (indirectly through its subsidiary BB Seguridade) and in the payment markets, offering credit and diversifying revenues with a focus on increasing profitability.

The Bank intends to continue to combine and automate processes and to invest in information technology efficiencies over the coming years to improve cost controls and profitability. As such, the Bank has been implementing solutions such as streamlining its sales processes, reducing the number of branches, revising its operational support model and implementing integrated logistics systems, which it believes will result in a streamlining of its overall operations and reduce costs.

The Bank also seeks to conservatively grow its individual credit portfolio, preventing an excessive increase in the individual borrower's debt, in light of recent changes in laws and regulations. The Bank has sought



to improve its credit risk analysis in order to grant adequate credit to meet customers' needs, without compromising a borrower's ability to pay.

The Bank also anticipates upcoming changes in laws and regulations related to payroll loans and has been in contact with the relevant regulators in order to take action to mitigate the impact of these changes if and when they occur. The Bank has remained a leader in the payroll loan segment with a strategy of offering competitive business conditions, automation investment, improvement of credit analysis tools, an updated database and the offering of alternative credit lines in order to minimize risk.

#### ***Customer experience to retain and expand client base***

As of June 30, 2021, the Bank had a customer base of more than 75.3 million clients. Through its business practices and acquisitions, the Bank intends to increase its profit margins by taking advantage of the significant profit potential that this large customer base represents.

Regarding customer experience, the Bank's focus is on providing high value experiences and prioritizing actions that improve customer satisfaction so that the Bank retains and expands its client base.

The Bank's goals are:

- to improve the customer's experience and service quality in all the Bank's service channels; and
- to be recognized as the most reliable and relevant bank in its markets.

To this end, the Bank has redirected its focus to "customer orientation and customer relationships." Accordingly, the Bank has reviewed its classification and segmentation models and invested in improved quality of service by investing in training, information systems, customer relationship management (CRM), new products and new functionalities, with the goal of increasing customer satisfaction and solidifying business opportunities through more assertive customer relations programs.

Seeking to adapt to client's changing demands, the Bank also relies on its state-of-the-art technology to foster client loyalty. For the six month period ended June 30, 2021, approximately 21.6 million clients used the Bank's mobile services, an increase of 15.2% over the same period in 2020, with 6.6 million customers having started their relationship with the Bank through digital channels (an increase of 27.9% over the same period in 2020). On June 30, 2021 the Bank reached a daily peak of 8.7 million users in the Bank's mobile application, an increase of 17.6% over June 30, 2020,

As of June 30, 2021, the digital maturity of the Bank's clients was 62.7%, compared to 54.1% as of June 30, 2020.

#### ***Open Banking***

The Bank uses Open Banking to offer its own products and services via third-party channels, with a focus on expanding digital accessibility and enhancing the customer experience through customized financial solutions. Open Banking also meets certain regulatory requirements that set forth data-sharing procedures, products and services. The Bank maintains a active development to expand the range of products and services available to current and future customers using Open Banking.

#### ***Digital transformation***

For its digital transformation, the Bank has continued expanding and upgrading its processes, products and channels, to make them simpler, and more agile, innovative, integrated and customer experience-oriented. The Bank's digital transformation goals are to reduce costs, increase efficiencies and be more proactive with its current clients.

The Bank seeks to innovate digital experiences that make its products and services more reliable and relevant, bringing greater convenience and ease to its customers.

The Bank's goals are:

- to make electronic channels the main means of transactions and relationships by offering improved and more reliable electronic solutions that allow the client to have more autonomy in the relationship with the Bank;
- the digitalization of all the Bank's processes;
- to develop a business model for Open Banking; and
- to increase the participation of existing customers in the Bank's digital channels.

The Bank's investments in technology since 2015 amount to approximately R\$22.3 billion. The Bank's digital systems and platforms are constantly monitored by the Bank's security team focusing on cybersecurity and internal controls. See "—General overview" and "—Modern platform with state of the art technology" for more information on the Bank's integration of technologies in its operations.

### ***People management and knowledge management***

With respect to people management, the Bank will continue to invest in professional skills improvement for leadership and the digital transformation. Also, the Bank will improve succession and talent recognition programs.

The Bank recognizes employees' talents and continually seek to improve their work environment.

The Bank's goals are:

- to improve the effectiveness of the "Programa Sucessório" (a training program for managers and executives to plan for succession within the Bank) and the Bank's talent recognition program; and
- the development of professional skills to exercise leadership through trainings, external empowerment, increased autonomy for decision-making and more frequent behavioral and technical assessments.

In respect of knowledge management, the Bank's priority is to strengthen the Bank's strategic knowledge acquisition and certification. As the Bank hires new talent, and as voluntary retirement plans go into effect, the Bank recognizes the need to create a strong base of institutional knowledge to be passed on to new hires and rising talent. The Bank intends to achieve this goal by placing more of an emphasis on sharing experiences between new and existing employees and acquiring knowledge within the Bank.

The Bank launched the EvoluTion Movement at Banco do Brasil Corporate University – UniBB, a digital learning platform for professional retraining, with 1,200 online courses available to the Bank's employees. The course topics include data science, DevOps, UX design, mobile banking, digital innovation and management, programming and front-end training. Additional courses are available at the Bank's Corporate University. See "—General overview" for more on the Bank's EvoluTion Movement.

To promote gender equality, the Bank created the Women's Leadership Space, which, in addition to creating the space for conversation on this topic, promotes the professional development of the Bank's employees. Focused on promoting career advancement within the Bank, the Bank launched the internal career advancement program for the selection and development of potential executive managers and administrators abroad.

Also launched in June 2021, the Empreende MPE Training Program trained around 4,000 employees who work directly or indirectly with the corporate retail public. The goal of this training program was to give our employees the tools to better know and understand our customers' businesses and improve their ability to provide assistance to small and micro businesses, including through the use of the business solutions offered by the Bank.

### ***Increase business through strategic partnerships***

In November 2019, the Bank (through BB-Banco de Investimento S.A. (BB-BI)) and UBS formed a strategic partnership combining the Bank's large network and strong distribution capacity in Brazil with UBS's expertise and strong distribution capacity globally, and allowing the Bank to increase its activities in the

investment banking and securities brokerage segments in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. The partnership became operational on September 30, 2020.

In addition, the Bank has invested in corporate venture capital endeavors, connecting with various strategic partners, including startup companies through commercial, supply or investment agreements. The Bank also seeks to foster an environment of innovation and learning through programs such as its Scale-Up Acceleration Program Endeavor, which has selected startup companies to develop certain solutions for “smart cities”, Open Innovation, which aims to improve the customer experience and accelerate the digital transformation, and Corporate Venture Capital (CVC), which complements the Bank’s internal research, development and innovation efforts.

### ***Strengthen the Bank’s presence in foreign markets***

The Bank’s main international markets are corporate banking, private banking, capital markets and the interbank market.

Historically, the Bank has implemented its international expansion by raising funds abroad in foreign currency to support the Brazilian foreign trade operations of multinational companies doing business in Brazil. The Bank, through its domestic units, also focuses on serving foreign companies within Brazil and in the Brazilian trade in foreign markets by offering credit for import and export operations, insurance for foreign operations, exchange operations, securities transfer services and guarantees.

### **The Bank’s Presence in Foreign Markets**

The Bank’s presence outside Brazil aims to provide services for Brazilian companies and individuals in international markets.

The Bank’s foreign service network consists of 22 subsidiaries located in 14 countries. In addition to this structure, the Bank has an agreement with others financial institutions abroad to service its customers. There were 675 banks acting as correspondents of the Bank in 91 countries as of June 30, 2021.

The Bank’s presence and goals by region are:

#### *South America*

The Bank acts in Argentina through Banco Patagonia.

#### *United States*

The Bank acquired BB Americas (formerly Eurobank) in 2010, and currently offers retail service for the Brazilian and Latin American community. Financial services offered by BB Americas include personal and business checking, savings, prepaid cards, and money market accounts; domestic and international fund transfers, and a full line of residential and commercial loans. The branches are located at Aventura, Boca Raton, Miami, Orlando and Lighthouse Point in Florida.

Banco do Brasil Securities was created in 2005 to complement the services offered by other units of the Bank abroad by offering fixed income securities to U.S. investors, and increasing the Bank’s ability to place bonds in that market. BB Securities Ltd. provides capital markets and securities trading services, offering in-depth credit analysis, private banking, deal-sourcing, fund structuring, and financing services. Its products include sovereign and corporate bonds, structured notes, and certificate of deposits. The brokerage firm also provides services for its own portfolios and to individual clients abroad, clients of the Bank’s branches in Miami and New York. The Bank’s New York Branch serves Brazilian companies with business in the United States, while the Bank’s Miami Branch operates in the private banking and high income markets, particularly serving non-US clients.

#### *Europe*

In Europe, the Bank is represented through BB AG, which is a proprietary bank, and a wholly-owned subsidiary of the Bank. BB AG is headquartered in Austria and is present in four more countries in Europe: Spain, France, Portugal and Italy. The Frankfurt branch was integrated into BB AG during 2017.

BB AG is focused on promoting cross-border business and it has a team of foreign trade experts that are dedicated to meeting the needs of companies with ties to Brazil.

#### *London*

Created in 1992, BB Securities aims to facilitate the Bank's access to the international capital markets in London. The brokerage firm also provides custody and settlement services in asset purchase and sale transactions, and is responsible for the settlement of the euro in Brazil (custody and settlement of transactions of the National Treasury repurchase program).

#### *Asia*

The Bank's main operations in Asia are in Japan, where the Bank focuses on Brazilian and foreign clients in the corporate segment, interested in investments in reais. The Bank's service structure in Tokyo is made up of a retail agency, close to the Brazilian consulate, and a corporate agency. In addition, the Bank has other branches in cities that have a large Brazilian population, as well as a mobile office, seeking to fulfill the Bank's institutional commitment to be close to its customers.

In China, through the Shanghai agency, the Bank seeks business opportunities in the wholesale segment, mainly meeting the demands for products and services of Brazilian companies that have business with China and Chinese companies doing business with Brazil, in addition to local banks, and major business partners of the Bank.

BB Securities Asia was established in 2011 and started operations in January 2012. The Bank's new brokerage, based in Singapore, reinforces the Bank's securities operations already established in London and New York and focuses on increasing the institutional investor base in Asia and the offer of Brazilian-risk assets such as bonds, stocks and investment funds managed by BB DTVM.

To strengthen its operations in the international market, the Bank intends to increase its foreign business by entering into strategic partnerships and developing products and services for companies that conduct business in those countries.

#### **Information on the Bank**

The Bank was incorporated on October 12, 1808. It is a bank structured as a corporation (*sociedade por ações*) with mixed capital (*sociedade de economia mista*) under the laws of Brazil. The head office of the Bank is located in the City of Brasília, Distrito Federal, at SAUN Qd 5 Lt B - Torre I - Ed.BB - 13<sup>o</sup> floor, CEP 70040-912. The Bank's website is [www.bb.com.br](http://www.bb.com.br). The information included in this website or which may be accessed by way of this website is not part of this Base Prospectus and is not incorporated herein. The Bank is enrolled with the National Register of Legal Entities (CNPJ) under No. 00000000/0001-91.

#### **Summary Financial Information**

The following summary financial information should be read in conjunction with the Financial Statements and the accompanying notes, "Selected Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Bank" included elsewhere in this Base Prospectus. The summary financial information set forth below is derived from the Financial Statements included elsewhere in this Base Prospectus. The Bank's Financial Statements have been prepared in accordance with Bacen GAAP as described in "Presentation of Financial Information." See "Risk Factors—Risks relating to the Bank and the Brazilian Banking Industry." Changes in accounting practices adopted in Brazil due to its convergence with IFRS may adversely affect the Bank's financial results.

In this Base Prospectus, tables containing financial information contain, except where otherwise indicated, consolidated financial information of the Bank and its subsidiaries. Average volume and balance data have been calculated based upon the average of the month-end balances during the relevant period.

Financial information included in this Base Prospectus as of and for the years ended December 31, 2020 and 2019, and as of, and for the six month periods ended June 30, 2021 and 2020 has been prepared in accordance with Bacen GAAP.

For presentation purposes in this Base Prospectus, *real* amounts as of and for the six month period ended June 30, 2021 and for the year ended December 31, 2020 have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2021, of R\$5.0022 per US\$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

### Summary Consolidated Balance Sheet Information

|   | As of June 30,                                     |                                     |                  | As of December 31,                                 |                                     |                  |
|---|--|-------------------------------------|------------------|--|-------------------------------------|------------------|
|   | 2021<br><i>(in millions of US\$)<sup>(1)</sup></i> | 2021<br><i>(in millions of R\$)</i> | 2020             | 2020<br><i>(in millions of US\$)<sup>(1)</sup></i> | 2020<br><i>(in millions of R\$)</i> | 2019             |
| <b>ASSETS</b> .....   | <b>371,827</b>                                     | <b>1,859,955</b>                    | <b>1,710,234</b> | <b>344,983</b>                                     | <b>1,725,672</b>                    | <b>1,481,095</b> |
| Cash and cash due from banks .....                          | 5,076  | 25,389                              | 22,829           | 3,356  | 16,785                              | 14,171           |
| Financial assets .....                                      | 349,120  | 1,746,370                           | 1,624,376        | 329,382  | 1,647,636                           | 1,406,740        |
| Allowance for losses associated with credit risk .....      | (9,142)  | (45,732)                            | (44,120)         | (9,552)  | (47,781)                            | (41,995)         |
| Tax assets .....  | 13,755   | 68,805                              | 71,455           | 13,333   | 66,694                              | 68,836           |
| Investments .....   | 3,513  | 17,573                              | 15,309           | 3,257  | 16,290                              | 14,959           |
| Property and equipment .....                                | 1,584  | 7,922                               | 7,972            | 1,645  | 8,231                               | 7,883            |
| Intangible .....  | 953  | 4,765                               | 6,896            | 1,244  | 6,221                               | 5,921            |
| Other assets .....  | 6,968  | 34,863                              | 5,516            | 2,318  | 11,596                              | 4,580            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b> ....            | <b>371,827</b>                                     | <b>1,859,955</b>                    | <b>1,710,234</b> | <b>344,983</b>                                     | <b>1,725,672</b>                    | <b>1,481,095</b> |
| Financial liabilities .....                                 | 323,531  | 1,618,366                           | 1,508,894        | 303,907  | 1,520,203                           | 1,286,176        |
| Provisions.....   | 7,150  | 35,765                              | 30,471           | 6,804  | 34,036                              | 31,553           |
| Tax liabilities.....  | 4,957  | 24,795                              | 12,295           | 2,637  | 13,191                              | 12,571           |
| Other liabilities.....                                      | 7,041  | 35,222                              | 43,737           | 6,252  | 31,270                              | 42,230           |
| <b>Shareholders' equity</b> .....                           | <b>29,149</b>                                      | <b>145,807</b>                      | <b>114,836</b>   | <b>25,383</b>                                      | <b>126,971</b>                      | <b>108,565</b>   |
| Capital.....  | 17,992   | 90,000                              | 67,000           | 17,992   | 90,000                              | 67,000           |
| Instruments Qualifying to Common Equity Tier 1 Capital..... | 1,619  | 8,100                               | 8,100            | 1,619  | 8,100                               | 8,100            |
| Capital reserves.....                                       | 280  | 1,401                               | 1,390            | 280  | 1,399                               | 1,366            |
| Revaluation reserves .....                                  | -  | 2                                   | 2                | -  | 2                                   | 2                |
| Profit reserves .....                                       | 9,159  | 45,815                              | 58,413           | 7,836  | 39,198                              | 53,815           |
| Accumulated other comprehensive income.....                 | (359)  | (1,798)                             | (21,790)         | (2,769)  | (13,851)                            | (23,282)         |
| Treasury shares .....                                       | (55)   | (277)                               | (305)            | (56)   | (281)                               | (340)            |
| Non-controlling interests.....                              | 513  | 2,564                               | 2,026            | 481  | 2,404                               | 1,904            |

(1) For presentation purposes in this Base Prospectus, *real* amounts as of December 31, 2020 and as of June 30, 2021, have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2021, of R\$5.0022 per US\$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

### Summary Consolidated Statement of Income Information

|   | Six month period ended June 30,                    |                                     |          | Year ended December 31,                            |                                     |          |
|---|--|-------------------------------------|----------|--|-------------------------------------|----------|
|   | 2021<br><i>(in millions of US\$)<sup>(1)</sup></i> | 2021<br><i>(in millions of R\$)</i> | 2020     | 2020<br><i>(in millions of US\$)<sup>(1)</sup></i> | 2020<br><i>(in millions of R\$)</i> | 2019     |
| Income from financial intermediation.....             | 9,655  | 48,296                              | 77,097   | 24,457   | 122,337                             | 128,634  |
| Expenses from financial intermediation....            | (3,465)  | (17,331)                            | (51,931) | (13,290)   | (66,479)                            | (73,627) |
| Allowance for Losses Associated with Credit Risk..... | (1,494)  | (7,471)                             | (12,660) | (5,213)  | (26,077)                            | (22,470) |
| Net income from financial intermediation              | 4,697  | 23,494                              | 12,505   | 5,954  | 29,781                              | 32,537   |
| Other operating income/expense.....                   | (1,461)  | (7,308)                             | (5,003)  | (2,092)  | (10,465)                            | (8,557)  |
| Provisions.....                                       | (702)  | (3,510)                             | (1,684)  | (1,016)  | (5,081)                             | (11,501) |
| Operating income .....                                | 2,534  | 12,677                              | 5,818    | 2,846  | 14,235                              | 12,479   |
| Profit before taxation and profit sharing ...         | 2,568  | 12,847                              | 5,933    | 2,877  | 14,390                              | 16,121   |
| Income tax and social contribution .....              | (225)  | (1,127)                             | 2,076    | 290  | 1,453                               | 6,861    |
| Employee and directors profit sharing .....           | (251)  | (1,256)                             | (829)    | (314)  | (1,569)                             | (2,338)  |
| Non-controlling interests .....                       | (143)  | (714)                               | (766)    | (315)  | (1,577)                             | (2,482)  |
| Net income .....                                      | 1,949  | 9,750                               | 6,413    | 2,538  | 12,697                              | 18,162   |

(1) For presentation purposes in this Base Prospectus, *real* amounts for the year ended December 31, 2020, and for the six month period ended June 30, 2021, have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2021, of R\$5.0022 per US\$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

**Other Operating Data<sup>(1)</sup>**

|  | As of and for the six<br>month period ended June<br>30, |              | As of and for the year<br>ended December 31, |              |
|--|---|--------------|--|--------------|
|  | 2021  | 2020         | 2020   | 2019         |
| <i>Profitability</i>   |   |              |  |              |
| Return on average total assets (ROA) (%) <sup>(2)</sup> .....                | 1.1   | 0.8          | 0.8  | 1.2          |
| Return on average equity (ROE) (%) <sup>(3)</sup> .....                      | 14.6  | 11.7         | 11.0   | 17.6         |
| <i>Asset Quality</i>   |   |              |  |              |
| <b>Total overdue transactions/total loan portfolio (%)<sup>(4)</sup> ...</b> | <b>3.5</b>  | <b>4.4</b>   | <b>3.4</b>                                   | <b>5.4</b>   |
| Allowance for loan losses/loan portfolio (%) <sup>(4)</sup> .....            | 6.1   | 6.3          | 6.6  | 6.4          |
| <i>Liquidity</i>   |   |              |  |              |
| <b>Total loan portfolio/total assets (%)<sup>(4)</sup> .....</b>             | <b>37.9</b>   | <b>38.4</b>  | <b>39.5</b>                                  | <b>42.0</b>  |
| <i>Capital Adequacy</i>  |   |              |  |              |
| Shareholders' equity/total assets (%).....                                   | 7.8   | 6.7          | 7.4  | 7.3          |
| <b>Total liabilities as a multiple of shareholders' equity ....</b>          | <b>12.8x</b>  | <b>14.9x</b> | <b>13.6x</b>                                 | <b>13.6x</b> |
| Common Equity Tier 1 Capital Ratio (CET 1/RWA) (%)..                         | 13.5  | 10.6         | 13.6   | 10.0         |

- (1) This table sets forth certain of the Bank's GAAP and non-GAAP operating information for each of the periods.
- (2) Return on average total assets ("ROA") is calculated as net income divided by average total assets attributable to controlling shareholders divided by average total assets. Average total assets is calculated by taking the average of total assets at the beginning and at the end of the applicable accounting period.
- (3) Return on average equity ("ROE") is calculated as net income attributable to controlling shareholders divided by average adjusted shareholders' equity (consolidated shareholders' equity minus non-controlling interest). Average adjusted shareholders' equity are calculated by taking the average of adjusted shareholders' equity at the beginning and at the end of the applicable accounting period, excluding minority interests in controlled companies and remeasurements of defined benefit plans.
- (4) The Bank's total loan portfolio including loans, other receivables, leasing and advances on foreign exchange contracts, pursuant to CMN Resolution No. 2,682. Overdue transactions include loans, other receivables, leasing and advances on foreign exchange contracts overdue for more than 15 days.

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Bank, the relevant Issuer and, if applicable, the 3(a)(2) Notes Guarantor and the industry(ies) in which each of them operates, together with all other information contained in this Base Prospectus, including in particular the risk factors described below. Words and expressions defined in the “Terms and Conditions of the Senior Notes” and “Terms and Conditions of the Subordinated Notes” below or elsewhere in this Base Prospectus have the same meanings in this section.*

*Prospective investors should note that the risks relating to the Bank, the relevant Issuer and, if applicable, the 3(a)(2) Notes Guarantor, the industry(ies) in which each of them operates and the Notes summarized in the section of this Base Prospectus headed “Summary” are the risks the Bank Parties believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Bank Parties face relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarized in the section of this Base Prospectus headed “Summary” but also, among other things, the risks and uncertainties described below.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. These are the risks considered material as of the date of this Base Prospectus. Additional risks and uncertainties relating to the Bank, the relevant Issuer and, if applicable, the 3(a)(2) Notes Guarantor that are not currently known to the Bank, the relevant Issuer and, if applicable, the 3(a)(2) Guarantor, or that any of them currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Bank, the relevant Issuer and, if applicable, the 3(a)(2) Notes Guarantor and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.*

### **Risk factors that may influence an investment decision**

Investment in the Bank’s securities involves exposure to certain risks. Potential buyers of these securities should note the exposure to specific risks related to the Bank. Prior to making an investment decision on any securities issued by the Bank, you should carefully assess all the information contained in this Base Prospectus and our financial information and related notes.

Our business, strategies, reputation or image, financial condition, market share, results of operations, cash flow, liquidity, future business and/or the market price of the Bank’s securities may be adversely or negatively affected by any of the risk factors known to the Bank as of the date of this Base Prospectus and described below, as well as by additional risks not yet known but which may arise in the future, or by risks that we deem immaterial or unlikely as of this date.

For the purposes of this section, unless expressly stated otherwise or the context otherwise requires, reference to the fact that a risk, uncertainty, or problem may or will cause or have an "adverse effect" or "negative effect" on the Bank, or similar expressions, means that such risk, uncertainty or problem may or could cause a material adverse effect on the Bank, its controlled, jointly controlled or affiliated companies, individually or jointly, on their business, reputation, financial condition, results of operations, cash flows, liquidity, future business and/or securities issued by the Bank. Similar expressions included in this section must be understood in this context. Further, notwithstanding the subdivision of this section, the order in which risks are presented below is not related to the likelihood of occurrence of the risks described and a risk factor that is in an item may also apply to one or more items in this section or to any matter dealt with in this Base Prospectus.

## **Risks related to the Senior Notes**

### ***The Bank's obligations under the Senior Notes will be subordinated to certain statutory liabilities.***

Under Brazilian law, the Bank's obligations under the Notes and 3(a)(2) Guarantee are subordinated to certain statutory preferences. According to Brazilian bankruptcy regulations, in the event of the Bank's liquidation, certain claims, such as claims for salaries, wages and social security for the Bank's employees (up to an amount equivalent to 150 times the minimum wage), claims deriving from transactions secured by collateral, and taxes and court fees and expenses, among others, will have preference over any other claim, including in respect of the Senior Notes. See "The Brazilian Financial System and Banking Regulation—Repayment of Creditors in Liquidation" for a discussion of recent measures affecting the priority of repayment of creditors.

### ***Enforcement of civil liabilities and judgments against the Bank or any of its respective directors or officers may be difficult.***

None of the Bank Parties, nor any of their respective directors or officers has consented to the jurisdiction of the courts of the United States or any state thereof in connection with any lawsuit brought by an investor in the Notes or named an agent for service of process within the United States upon the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor or such persons or to enforce, in United States courts, judgments against the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. See "Service of Process and Enforcement of Liabilities" for more information regarding Brazilian statutory liabilities that may limit the enforceability of claims brought by Noteholders under the Senior Notes.

### ***The Noteholders may not have the remedy of instituting bankruptcy proceedings if there has been a payment default on the Senior Notes. The Noteholders' remedies if the Bank breaches other provisions of the Senior Notes may be even more limited.***

Under the Brazilian Bankruptcy Law, the Bank is not subject to bankruptcy or similar proceedings. To the fullest extent permitted by applicable law, the Noteholders' sole remedy against the Bank to recover any amounts owing to them under the Senior Notes may be to institute bankruptcy proceedings against the Bank in any court in the United Kingdom or the Cayman Islands if there has been a payment default on the Senior Notes. Furthermore, if it is determined that the bankruptcy of the Bank is against Brazilian public policy, national sovereignty or public morality, a court in Brazil will not enforce a bankruptcy ruling from a United Kingdom or Cayman Islands court. There is also significant uncertainty whether a court in the United Kingdom or the Cayman Islands would be able to exercise jurisdiction or be willing to accept this type of proceeding since almost all of the Bank's assets and operations are located in Brazil and the Bank is organized in Brazil.

The Noteholders' ability to institute bankruptcy proceedings against the Bank in Brazil, where almost all of its assets and operations are located, is currently not guaranteed by Brazilian law, which does not expressly contemplate bankruptcy or similar proceedings applicable to mixed capital corporations (*sociedades de economia mista*), such as the Bank (see "—Risks Relating to the Bank and the Brazilian Banking Industry—The ability to institute bankruptcy or liquidation proceedings against the Bank in Brazil may be limited by Brazilian law"). Therefore, there can be no assurance that the Noteholders will have the right directly (or indirectly through the trustee) to institute bankruptcy proceedings against the Bank in Brazil if the Bank defaults on the Senior Notes.

In the event of a breach of any of the Bank's obligations under the Senior Notes, a holder of Senior Notes will not be entitled to accelerate or institute bankruptcy proceedings and will only be entitled to certain rights and remedies provided under English, Cayman Islands and Brazilian law. The Bank cannot assure the Noteholders what, if any, remedies they may have in those circumstances.

### ***The Bank can issue further debt or other instruments which may rank pari passu with the Notes.***

There is no restriction on the amount of debt or instruments that the Bank may issue which rank *pari passu* with the Notes. The issuance of any such instruments may reduce the amount recoverable by Noteholders upon any bankruptcy or insolvency.



***The Senior Notes may be unsecured and will rank equally with the Bank's existing and future unsecured unsubordinated debt and may be structurally subordinated to secured debt obligations of its subsidiaries.***

The Senior Notes may be unsecured and may constitute the Bank's unsubordinated and unsecured obligation that the Bank has agreed may rank *pari passu* in priority of payment with all its other present and future unsubordinated and unsecured obligations. Although the Senior Notes will provide Noteholders with a direct, but unsecured, claim on the Bank's assets and property, the Senior Notes may be effectively junior to its secured debt, to the extent of the assets and property securing such debt. In addition, secured claims of creditors of the Bank's subsidiaries, including trade creditors and creditors holding debt or guarantees issued by such subsidiaries, and claims of preferred stockholders of such subsidiaries may have priority with respect to the assets and earnings of such subsidiaries over the Bank's creditors' claims. Accordingly, the Senior Notes may be "structurally" subordinated to such creditors (including trade creditors) and preferred stockholders, if any, of the Bank's subsidiaries.

If the Bank becomes insolvent or is liquidated, or if payment under any secured debt is accelerated, the lenders thereunder may be entitled to exercise the remedies available to a secured lender. Accordingly, the secured lenders may have priority over any claim for payment under the notes to the extent of the value of the assets that constitute its collateral. If this were to occur, it is possible that there would be no assets remaining from which claims of the holders of the Senior Notes could be satisfied. Further, if any assets remained after payment of these lenders, the remaining assets might be insufficient to satisfy the claims of the holders of the Senior Notes and holders of other unsecured debt that is deemed *pari passu* with the Senior Notes, and potentially all other general creditors who would participate ratably with holders of the Senior Notes.

***If the Bank is unable to make payments on the Senior Notes from a branch located outside of Brazil and must make payments from Brazil, the Bank may experience delays in obtaining, or be unable to obtain, the necessary Central Bank approvals, if then applicable, which would delay or prevent the Bank from making payments on the Senior Notes.***

Senior Notes issued by the Bank acting through a branch of the Bank located outside of Brazil do not require approval by, or registration with, the Central Bank. In case payment under the Senior Notes issued by the Bank acting through a branch of the Bank located outside of Brazil needs to be made directly from Brazil (whether by reason of a lack of liquidity of the Bank acting through such branch, acceleration, enforcement, judgment or the imposition of any restriction under the laws applicable to such branch), a specific Central Bank approval may be required. If the Bank is unable to obtain the required approvals, if needed for the payment of amounts owed by the Bank acting through a branch of the Bank located outside of Brazil through remittances from Brazil, the Bank may have to seek other lawful mechanisms to effect payment of amounts due under the Senior Notes. However, the Bank cannot give any assurance that other remittance mechanisms will be available, and even if they are available in the future, it cannot give any assurance that payment on the Senior Notes would be possible through such mechanisms.

***The rating of the Senior Notes may be lowered or withdrawn depending on certain factors, including the rating agency's assessment of the Bank's financial strength and Brazilian sovereign risk.***

Any rating assigned to the Senior Notes reflects the rating agency's assessment of the Bank's ability to make timely payment of interest on each payment date. Any rating assigned to the Senior Notes is not a recommendation to purchase, hold or sell the Senior Notes, and the rating does not comment on market price or suitability for a particular investor. The Bank cannot assure the investors that any rating assigned to the Senior Notes will remain for any given period of time or that the rating will not be lowered or withdrawn. The assigned rating may be raised or lowered depending, among other factors, on the rating agency's assessment of the Bank's financial strength as well as its assessment of Brazilian sovereign risk generally and any change to these may affect the market price or liquidity of the Senior Notes.

***The absence of a public market for the Senior Notes may affect the Noteholders' ability to sell the Senior Notes in the future and may affect the price the Noteholders would receive if such sale were to occur.***

The Senior Notes are new securities for which there is currently no established market, and, although the Bank has applied to list the Senior Notes on the Official List of the Luxembourg Stock Exchange and for them to be admitted to trading on the Euro MTF or another stock exchange, it is not obliged to, and there is no assurance

that a market for the Senior Notes will develop. The applicable Pricing Supplement in relation to a series of Senior Notes shall specify if any such listing applies to such Senior Notes. In addition, even if the Senior Notes were so listed, the Bank may seek to terminate such listing and to list them on an alternative stock exchange in the event that the Euro MTF regulatory regime or the regime of any other applicable stock exchange imposes excessively onerous obligations on the Bank. Accordingly, the Bank cannot give any assurance as to the development or liquidity of any market for the Senior Notes.

The liquidity of, and trading market for, the Senior Notes may be adversely affected by a general decline in the market for similar securities. Such a decline may adversely affect the Bank's liquidity and trading markets independent of its prospects of financial performance. The holders of the Senior Notes may not be able to sell their Senior Notes at a particular time, and the price that such Noteholders receive at the time of sale may not be favorable.

***Judgments of Brazilian courts in respect of the Bank's obligations under the Senior Notes would be payable only in reais.***

If proceedings were to be brought in the courts of Brazil seeking to enforce the Bank's obligations under the Senior Notes, the Bank would not be required to discharge its obligations in any currency other than reais. Any judgment obtained against the Bank in Brazilian courts in respect of its obligations under the Senior Notes will be expressed in reais equivalent to the U.S. dollar exchange rate published by the Central Bank as of the date (i) of actual payment, (ii) on which such judgment is rendered, or (iii) on which collection or enforcement proceedings are started against the Bank. The Bank cannot assure you that this exchange rate and remittance costs will provide full compensation in respect of the amount of your investment in the Senior Notes.

***Certain payments on Senior Notes may be subject to U.S. withholding tax under FATCA***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign pass-through payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Brazil) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Senior Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Senior Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Senior Notes, such withholding would not apply prior to 1 January 2019. Investors in Senior Notes should consult their own tax advisors regarding how these rules may apply to their investment in the Senior Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Senior Notes, no person will be required to pay additional amounts as a result of the withholding.

***Modification of the Terms and Conditions of the Senior Notes.***

The applicable Terms and Conditions of the Senior Notes contain provisions for the calling of meetings of Noteholders to consider matters affecting their interests generally, including the modification of such Terms and Conditions of the Senior Notes. Those provisions permit resolutions passed by three quarters of votes cast at Noteholders' meetings to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

***Risks related to 3(a)(2) Notes and the Guarantee of the 3(a)(2) Notes***

***The Bank's obligations under the Notes and the Guarantee of the 3(a)(2) Notes will be subordinated to certain statutory liabilities.***

According to Brazilian bankruptcy regulations, in the event of the Bank's liquidation, certain claims, such as claims for salaries, wages and social security for the Bank's employees (up to an amount equivalent to 150 times the minimum wage), claims deriving from transactions secured by collateral, and taxes and court fees

and expenses, among others, will have preference over any other claim, including in respect of the Notes and the Guarantee of the 3(a)(2) Notes. See “Regulation of the Brazilian Banking Industry—Repayment of Creditors in Liquidation” for a discussion of recent measures affecting the priority of repayment of creditors.

For purposes of Brazilian law, the Bank and its branches, including the New York Branch, constitute a single company. Therefore, any recourse under the the Guarantee of the 3(a)(2) Notes, if issued, may be very limited.

***The Noteholders may not have the remedy of instituting bankruptcy proceedings if there has been a Payment Default on the Notes or the Guarantee of the 3(a)(2) Notes. The Noteholders’ remedies if the Bank breaches other provisions of the 3(a)(2) Notes may be even more limited.***

Under the New Brazilian Bankruptcy Law, the Bank is not subject to bankruptcy or similar proceedings. To the fullest extent permitted by applicable law, the Noteholders’ sole remedy against the Bank to recover any amounts owing to them under the 3(a)(2) Notes may be to institute bankruptcy proceedings against the Bank in any state or federal court in New York or any court in the Cayman Islands if there has been a Payment Default. Furthermore, if it is determined that the bankruptcy of the Bank is against Brazilian public policy, national sovereignty or public morality, a court in Brazil will not enforce a bankruptcy ruling from a New York or Cayman Islands court. There is also significant uncertainty whether a court in the United States or the Cayman Islands would be able to exercise jurisdiction or be willing to accept this type of proceeding since almost all of the Bank’s assets and operations are located in Brazil and the Bank is organized in Brazil.

The Noteholders’ ability to institute bankruptcy proceedings against the Bank in Brazil, where almost all of its assets and operations are located, is currently not guaranteed by Brazilian law, which does not expressly contemplate bankruptcy or similar proceedings applicable to mixed capital corporations (*sociedades de economia mista*), such as the Bank (see “—Risks Relating to the Bank and the Brazilian Banking Industry—The ability to institute bankruptcy or liquidation proceedings against the Bank in Brazil may be limited by Brazilian law.”). Therefore, there can be no assurance that the Noteholders will have the right directly (or indirectly through the trustee) to institute bankruptcy proceedings against the Bank in Brazil if the Bank defaults on the 3(a)(2) Notes or the Guarantee of the 3(a)(2) Notes.

In the event of a breach of any of the Bank’s obligations under the 3(a)(2) Notes or the Guarantee of the 3(a)(2) Notes (other than a breach that results in a Payment Default), a holder of 3(a)(2) Notes will not be entitled to accelerate or institute bankruptcy proceedings and will only be entitled to certain rights and remedies provided under New York, Cayman Islands and Brazilian law. The Bank cannot assure the Noteholders what, if any, remedies they may have in those circumstances.

***The 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes may be unsecured and will rank equally with the Bank’s existing and future unsecured unsubordinated debt and may be structurally subordinated to secured debt obligations of its subsidiaries.***

The 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes may be unsecured and may constitute the Bank’s unsubordinated and unsecured obligation that the Bank has agreed may rank *pari passu* in priority of payment with all its other present and future unsubordinated and unsecured obligations. Although the 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes will provide Noteholders with a direct, but unsecured, claim on the Bank’s assets and property, the 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes may be effectively junior to its secured debt, to the extent of the assets and property securing such debt. In addition, secured claims of creditors of the Bank’s subsidiaries, including trade creditors and creditors holding debt or guarantees issued by such subsidiaries, and claims of preferred stockholders of such subsidiaries may have priority with respect to the assets and earnings of such subsidiaries over the Bank’s creditors’ claims. Accordingly, the 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes may be “structurally” subordinated to such creditors (including trade creditors) and preferred stockholders, if any, of the Bank’s subsidiaries.

If the Bank becomes insolvent or is liquidated, or if payment under any secured debt is accelerated, the lenders thereunder may be entitled to exercise the remedies available to a secured lender. Accordingly, the secured lenders may have priority over any claim for payment under the notes to the extent of the value of the assets that constitute its collateral. If this were to occur, it is possible that there would be no assets remaining from which claims of the holders of the 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes could be satisfied. Further, if any

assets remained after payment of these lenders, the remaining assets might be insufficient to satisfy the claims of the holders of the 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes and holders of other unsecured debt that is deemed *pari passu* with the 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes, and potentially all other general creditors who would participate ratably with holders of the 3(a)(2) Notes and Guarantee of the 3(a)(2) Notes.

For purposes of Brazilian law, the Bank and its branches, including the New York Branch, constitute a single company. Therefore, any recourse under the the Guarantee of the 3(a)(2) Notes, if issued, may be very limited.

***If the Bank is unable to make payments on the 3(a)(2) Notes from a branch located outside of Brazil or to make payments on the Guarantee of the 3(a)(2) Notes from the United States and must make payments from Brazil, the Bank may experience delays in obtaining, or be unable to obtain, the necessary Central Bank approvals, if then applicable, which would delay or prevent the Bank from making payments on the Notes or the Guarantee of the 3(a)(2) Notes.***

Securities issued by the Bank acting through a branch of the Bank located outside of Brazil do not require approval by, or registration with, the Central Bank. In case payment under the 3(a)(2) Notes issued by the Bank acting through a branch of the Bank located outside of Brazil or payment under the Guarantee of the 3(a)(2) Notes issued by the Bank acting through its New York branch needs to be made directly from Brazil (whether by reason of a lack of liquidity of the Bank, acting through such branch, acceleration, enforcement, judgment or the imposition of any restriction under the laws applicable to such branch), a specific Central Bank approval may be required. If the Bank is unable to obtain the required approvals, if needed for the payment of amounts owed by the Bank acting through a branch of the Bank located outside of Brazil through remittances from Brazil, the Bank may have to seek other lawful mechanisms to effect payment of amounts due under the 3(a)(2) Notes or the Guarantee of the 3(a)(2) Notes. However, the Bank cannot give any assurance that other remittance mechanisms will be available, and even if they are available in the future, it cannot give any assurance that payment on the 3(a)(2) Notes or the Guarantee of the 3(a)(2) Notes would be possible through such mechanisms.

***The rating of the 3(a)(2) Notes may be lowered or withdrawn depending on certain factors, including the rating agency's assessment of the Bank's financial strength and Brazilian sovereign risk.***

Any rating assigned to the 3(a)(2) Notes reflects the rating agency's assessment of the Bank's ability to make timely payment of interest on each payment date. Any rating assigned to the 3(a)(2) Notes is not a recommendation to purchase, hold or sell the 3(a)(2) Notes, and the rating does not comment on market price or suitability for a particular investor. The Bank cannot assure the investors that any rating assigned to the 3(a)(2) Notes will remain for any given period of time or that the rating will not be lowered or withdrawn. A downgrade in the rating of the 3(a)(2) Notes will not be an event of default under the Indenture. The assigned rating may be raised or lowered depending, among other factors, on the rating agency's assessment of the Bank's financial strength as well as its assessment of Brazilian sovereign risk generally and any change to these may affect the market price or liquidity of the 3(a)(2) Notes.

***The absence of a public market for the 3(a)(2) Notes may affect the Noteholders' ability to sell the 3(a)(2) Notes in the future and may affect the price the Noteholders would receive if such sale were to occur.***

The 3(a)(2) Notes are new securities for which there is currently no established market, and, although application has been made to list the 3(a)(2) Notes on the Official List of the Luxembourg Stock Exchange and for them to be admitted to trading on the Euro MTF, there is no assurance that a market for the 3(a)(2) Notes will develop. The applicable Pricing Supplement in relation to a series 3(a)(2) Notes shall specify if any such listing applies to such 3(a)(2) Notes. Accordingly, the Bank cannot give any assurance as to the development or liquidity of any market for the 3(a)(2) Notes.

The liquidity of, and trading market for, the 3(a)(2) Notes may be adversely affected by a general decline in the market for similar securities. Such a decline may adversely affect the Bank's liquidity and trading markets independent of its prospects of financial performance. The holders of the 3(a)(2) Notes may not be able to sell their 3(a)(2) Notes at a particular time, and the price that such Noteholders receive at the time of sale may not be favorable.

***Judgments of Brazilian courts in respect of the Bank's obligations under the 3(a)(2) Notes or the Guarantee of the 3(a)(2) Notes would be payable only in reais.***

If proceedings were to be brought in the courts of Brazil seeking to enforce the Bank's obligations under the 3(a)(2) Notes or the Guarantee of the 3(a)(2) Notes, the Bank would not be required to discharge its obligations in any currency other than reais. Any judgment obtained against the Bank in Brazilian courts in respect of its obligations under the Notes or the Guarantee of the 3(a)(2) Notes will be expressed in reais equivalent to the U.S. dollar exchange rate published by the Central Bank as of the date (i) of actual payment, (ii) on which such judgment is rendered, or (iii) on which collection or enforcement proceedings are started against the Bank. The Bank cannot assure you that this exchange rate and the remittance costs will provide full compensation in respect of the amount of your investment in the 3(a)(2) Notes or the Guarantee of the 3(a)(2) Notes.

***Further issues by the Bank of securities with identical terms may negatively affect the market value of the outstanding Notes.***

The Bank may, without the consent of the holders of outstanding Notes, issue additional Notes with identical terms. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such case, the additional Notes may be considered to have been issued with an original issue discount ("OID") even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the original Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

***The Notes and the Guarantee of the 3(a)(2) Notes are not registered securities.***

The Notes and the Guarantee are not registered under the Securities Act or under any state securities laws. The Notes and the Guarantee of the 3(a)(2) Notes are being offered pursuant to the registration exemption contained in Section 3(a)(2) of the Securities Act. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved the Notes or the Guarantee of the 3(a)(2) Notes, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Base Prospectus or any applicable supplement.

***Enforcement of civil liabilities and judgments against the Bank or any of its respective directors or officers may be difficult.***

None of the Bank Parties, nor any of their respective directors or officers has consented to the jurisdiction of the courts of the United States or any state thereof in connection with any lawsuit brought by an investor in the Notes or named an agent for service of process within the United States upon the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor or such persons or to enforce, in United States courts, judgments against the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. See "Service of Process and Enforcement of Liabilities" for more information regarding Brazilian statutory liabilities that may limit the enforceability of claims brought by Noteholders under the Senior Notes.

***Risks related to the Subordinated Notes***

***The Bank may, without the prior consent of Subordinated Noteholders, amend certain terms and conditions of the Subordinated Notes to comply with the requirements of the Central Bank to qualify the Subordinated Notes as Tier 1 or 2 Capital, as the case may be. Any of these amendments could have a material adverse effect on your investment in the Subordinated Notes.***

Under the terms and conditions of the Subordinated Notes, in relation to a series of Subordinated Notes, the Bank may (once per Series) amend certain terms and conditions of the Subordinated Notes without the prior consent of the Subordinated Noteholders, in order to, and only to the extent necessary to, comply with any resolution or written instruction of the Central Bank setting forth its requirements to qualify, or maintain the qualification of, the Subordinated Notes as Tier 1 or 2 Capital, as the case may be, pursuant to CMN Resolution No. 4,192. See "Description of the Subordinated Notes—Amendments—Changes Not Requiring Approval" for more information regarding these amendments.

The Bank will be permitted to make amendments to the Subordinated Notes without Subordinated Noteholders' consent as long as such amendments would not affect in any way the interest rate of the Subordinated Notes, the cumulative nature of any interest payment due on amounts in arrears, the outstanding principal amount of such Subordinated Notes, the ranking of those Subordinated Notes or the original maturity date of such Subordinated Notes.

***The Bank will not be obligated to pay Interest and certain other Non-Principal Payments on the Tier 1 Subordinated Notes at certain times, including upon non-payment of dividends on common shares, and those amounts need not be subsequently paid to the Tier 1 Subordinated Noteholders.***

Under the terms and conditions of the Tier 1 Subordinated Notes, the Bank will not be obligated to pay Interest and certain other Non-Principal Payments (as defined in "Description of the Subordinated Notes—Limitation on Obligation to Make Interest and Certain Other Non-Principal Payments") on the Tier 1 Subordinated Notes at any time for any period of time in which:

- the amount of any such Non-Principal Payment exceeds the proceeds resulting from distributable profits and distributable accumulated profit reserves available during the last Financial Period in accordance with art. 17, VI, of CMN Resolution No. 4,192;
- the Bank determines that it is, or if such Non-Principal Payment would result in it being, in non-compliance with the applicable capital adequacy or other requirements set out in CMN Resolution No. 4,192, CMN Resolution No. 4,193 and/or CMN Resolution No. 2,099, or its financial ratios fall below the minimum levels required by regulations generally applicable to Brazilian banks either existing at the date of the Tier 1 Subordinated Notes Indenture or subsequently promulgated or enacted by the Brazilian banking or monetary authorities or any other applicable Governmental Authority and applying to the Bank (the "**Risk Based Capital Requirements**"), in accordance with art. 17, VIII, of CMN Resolution No. 4,192. In the event of insufficient Additional Principal Capital (as set forth in CMN Resolution No. 4,193), the restriction on Non-Principal Payments will follow the percentages set forth in art. 9, §4, of CMN Resolution No. 4,193, which as of the date of this Base Prospectus is as follows:
  - 100% if Additional Principal Capital of the Issuer is below 25% of the required amount;
  - 80% if Additional Principal Capital of the Issuer is between 25% and 50% of the required amount;
  - 60% if Additional Principal Capital of the Issuer is between 50% and 75% of the required amount; and
  - 40% if Additional Principal Capital of the Issuer is between 75% and 100% of the required amount;
  - of the Capital Conservation Buffer set forth in art. 9 of CMN Resolution No. 4,193, respectively (see "Regulation of the Brazilian Banking Industry—Capital Adequacy Guidelines—Basel III Accord" for details regarding the Capital Conservation Buffer).
  - the Central Bank or any applicable Governmental Authority restricts the distribution of dividends and other similar payments by the Bank, in which case the limitation on Non-Principal Payments will be made *pro rata* to any such restriction (which is set forth in art. 17, VII of CMN Resolution No. 4,192);
  - certain insolvency or liquidation events as described under "Description of the Subordinated Notes—Subordination" occur; or
  - certain defaults as described under "Description of the Subordinated Notes—Subordination" occur.

Generally, CMN Resolution No. 4,192 only allows Interest and other Non-Principal Payments to be paid with proceeds resulting from distributable profits and profit reserves. Any payments of Interest (or other Non-Principal Payments) not made for one of the reasons above will not accrue or accumulate and need not be paid to any Tier 1 Subordinated Noteholder. If the Bank suspends payments of Interest (or other Non-Principal Payments) on the Tier 1 Subordinated Notes, it could adversely affect your return on the Tier 1 Subordinated Notes and the market price of the Tier 1 Subordinated Notes. See “—Non-Principal Payments may be affected if the Bank changes its dividend policy in the future,” “Description of the Subordinated Notes—Limitation on Obligation to Make Interest and Certain Other Non-Principal Payments” and “Description of the Subordinated Notes—Notice of Redemption—The Bank Will Suspend Redemption in Certain Circumstances” for more discussion of how dividend payment changes affect the Tier 1 Subordinated Notes.

***The Principal Amount of the Subordinated Notes could be used by the Bank to offset its losses.***

Pursuant to art. 17, XV, and art. 20, X, of CMN Resolution No. 4,192, the Subordinated Notes shall be permanently written-down in an amount at least equal to the total proceeds from the offering and sale of the Subordinated Notes accounted as Tier 1 or 2 Capital of the Bank, as the case may be, in the following situations:

- if the Bank discloses, in the manner required by the Central Bank or other Governmental Authority, that its Principal Capital (capital principal) is at a level lower than 5.125% of the risk-weighted assets of the Bank for Tier 1 Subordinated Notes or lower than 4.5% of the risk-weighted assets of the Bank for Tier 2 Subordinated Notes, calculated in accordance with CMN Resolution No. 4,193, unless disclosure is subjected to Central Bank review or to re-publication (in accordance with art. 17, XVIII, and art. 20, XII, of CMN Resolution No. 4,192);
- a commitment is executed for a public sector injection of capital to the Bank, pursuant to and in accordance with the terms of a specific written law, as established in Art. 28 of Brazilian Supplementary Law No. 101 dated May 4, 2000; or
- the Central Bank (or other Governmental Authority charged with the responsibility to make such determinations), according to the criteria established in CMN Resolution No. 4,279 or other regulations issued by the CMN, determines in writing to write-down the Subordinated Notes.

Supplemental Law No. 101, dated May 4, 2000, as amended, of the Fiscal Accountability Law, provides for the responsible management of public finances. Pursuant to Chapter VI of the Fiscal Accountability Law, public funds may only be allocated to the private sector to cover cash needs or other shortfalls if permitted by a specific law. Article 28 of the Fiscal Accountability Law further highlights that, unless authorized by a specific law, public funds cannot be allocated to bail out entities of the National Financial System (i.e., financial institutions in general), including by means of financing transactions.

CMN Resolution No. 4,279 sets forth the criteria as adopted by the Central Bank for determining in what circumstances securities accounted for as Additional Principal Capital or Tier 2 Capital may be written off or converted into Common Equity Tier 1 Capital. Pursuant to CMN Resolution No. 4,279, the Central Bank can write off or convert such Additional Principal Capital or Tier 2 Capital in case the Central Bank considers such measures necessary: (i) to make the continuity of the financial institution’s operations possible; and (ii) to mitigate relevant risks for the Brazilian financial system. The Central Bank can consider that the continuity of a financial institution’s operations are at risk when: (i) there is a material deterioration in (a) the value and liquidity of financial institution’s assets; (b) the financial institution’s solvency position; or (c) the financial institution’s credit risk, characterized by a significant decrease in its fundraising amounts; or (ii) there is a material increase in the default risk and, as a result, the safeguards and guarantee mechanisms used by Brazilian clearing chambers and services are activated, according to the rules applicable to the Brazilian payment system. A material risk for the Brazilian financial system can be verified by the Central Bank when the discontinuity of the affected financial institution can lead to: (i) an impairment in the operations of other financial institutions or relevant segments of the market that might create concerns regarding the stability of the financial system; or (ii) a material loss to the availability (at adequate levels) of services that are considered essential to the financial system. Furthermore, CMN Resolution No. 4,279 requires that Brazilian financial institutions adopt an action plan in case a write-off or conversion of securities is necessary.

The write-down of any amount due under the Subordinated Notes and the situations described above will not constitute a Payment Default.

As of June 30, 2021, the Bank's Core Capital Ratio (calculated as Common Equity Tier 1 Capital (or Principal Capital (capital principal)) divided by risk weighted assets) was 13.5%. For more information regarding the Bank's capital ratios and capital adequacy levels, see "Selected Statistical and Other Financial Information—Capital Adequacy."

***The circumstances surrounding a write-down are unpredictable and may be caused by factors not fully within the Bank's control.***

The occurrence of a write-down is inherently unpredictable and depends on a number of factors, any of which may be outside the control of the Bank. The occurrence of a write-down depends on, among other factors, the Bank's Principal Capital (Common Equity Tier 1 Capital (capital principal)); risk-weighted assets; public sector injections of capital to the Bank; and the Central Bank's determinations.

Fluctuations in the Bank's Principal Capital (Common Equity Tier 1 Capital (capital principal)) may be affected by changes in applicable capital adequacy standards and guidelines of Governmental Authorities, including with respect to solvency margins and provisions regarding the regulatory treatment of the Bank's business. Fluctuations in the Bank's risk-weighted assets may be caused by changes in the total risk exposure. As of the date of this Base Prospectus, the Bank's Principal Capital (Common Equity Tier 1 Capital (capital principal)) is calculated according to CMN Resolution No. 4,192 and the Bank's risk weighted assets are calculated according to CMN Resolution No. 4,193; however, that calculation could change in the future to comply with new requirements of relevant Governmental Authorities. In addition, because a Governmental Authority may require the Bank's Principal Capital (Common Equity Tier 1 Capital (capital principal)) and risk-weighted assets to be calculated as of any date, a write-down could occur at any time.

Calculation of the Bank's Principal Capital (Common Equity Tier 1 Capital (capital principal)) and risk-weighted assets could be affected by, among other things, the growth of the Bank's business and its future earnings and expected dividend payments. It may also be impacted by the Bank's ability to reduce risk exposure in businesses that it may seek to exit or by losses in the business of the Bank.

In addition, the calculation may be affected by changes in applicable accounting rules. Accounting changes may have a material adverse impact on the Bank's reported financial position. The Bank may apply its accounting policies based on applicable rules and regulations, including the exercise of any discretion that may be permitted from time to time by such rules and regulations, notwithstanding any potential adverse impact this may have on the position of Subordinated Noteholders.

It will be difficult to predict when, if at all, a write-down may occur. Accordingly, the market value of the Subordinated Notes may not necessarily follow other types of subordinated securities. Any indication that the Bank's Principal Capital (Common Equity Tier 1 Capital (capital principal)) level is trending towards a level below 5.125% for Tier 1 Subordinated Notes, or 4.5% for Tier 2 Subordinated Notes of risk-weighted assets of the Bank, calculated in accordance with CMN Resolution No. 4,193, can be expected to have a material adverse effect on the market price of the Subordinated Notes. Therefore, investors may not be able to sell their securities easily or at prices that will provide them with a yield comparable to more conventional investments.

***The Bank's and Governmental Authorities' interests may not be aligned with those of investors in the Subordinated Notes.***

The Bank's Principal Capital (capital principal) will depend in part on decisions made by the Bank and other entities in the Banco do Brasil group relating to their businesses and operations, as well as the management of their capital position. The Bank and other entities in the Banco do Brasil group will have no obligation to consider the interests of Subordinated Noteholders in connection with their strategic decisions, including in respect of capital management. The Bank may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a write-down. Moreover, in order to avoid the use of public resources, Governmental Authorities may decide that the Bank should allow a write-down to occur at a time when it is feasible to avoid this result. Subordinated Noteholders will not have any claim against the Bank or any other entity in the Banco do Brasil group relating to decisions that affect the capital position of the Banco do Brasil



group, regardless of whether they result in the occurrence of a write-down. Such decisions could cause Subordinated Noteholders to lose the amount of their investment in the Subordinated Notes.

***Other regulatory capital instruments may not be subject to a write-down.***

The terms and conditions of other regulatory capital instruments already in issue or to be issued after the date hereof by the Bank or any of its Subsidiaries may vary and accordingly such instruments may not be written-down at the same time, or to the same extent, as the Subordinated Notes, or at all.

***The Subordinated Notes may not be a suitable investment for all investors.***

Each potential investor in the Subordinated Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Subordinated Notes, the merits and risks of investing in the Subordinated Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Subordinated Notes and the impact the Subordinated Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Subordinated Notes, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential Investor's Currency (as defined below);
- understand thoroughly the terms of the Subordinated Notes and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Subordinated Notes will perform under changing conditions, the resulting effects on the value of the Subordinated Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***The Tier 1 Subordinated Notes have no maturity date and are not redeemable at the Subordinated Noteholder's option at any time.***

The Subordinated Notes are perpetual and have no fixed maturity or mandatory redemption date, nor are they redeemable at the Subordinated Noteholder's option at any time. As a result, Subordinated Noteholders will be entitled to receive a return of the principal amount of the investment only if the Bank elects to redeem the Subordinated Notes, which may happen at the Optional Redemption Date (Call) or on any Interest Payment Date occurring thereafter, or any time after a period of five (5) years following the Settlement Date, if the Bank redeems the Subordinated Notes for a Taxation Reason or following a Regulatory Event, and provided that the Bank is in compliance with the Risk-Based Capital Requirements and receives the prior authorization of the Central Bank. See "Terms and Conditions of the Subordinated Notes—Optional Redemption for Taxation Reasons" and "Terms and Conditions of the Subordinated Notes—Optional Redemption due to a Regulatory Event" for further details. Therefore, Subordinated Noteholders should be aware that they will be required to bear the financial risks of an investment in the Subordinated Notes for an indefinite period of time.

***No assurance can be given that the Subordinated Notes will qualify as Tier 1 or Tier 2 Capital, as the case may be, or that the Central Bank will not amend the existing regulations or change its interpretation of the Tier 1 or Tier 2 Capital regulations.***

The Bank anticipates that the Subordinated Notes will initially meet the requirements of Tier 1 or Tier 2 Capital in accordance with CMN Resolution No. 4,192. The regulatory process in Brazil involves the Bank submitting to the Central Bank the final terms and conditions for a confirmation that they meet the regulatory capital requirements for Tier 1 or Tier 2 Capital and the Central Bank will not provide specific guidance prior to issuance of the Subordinated Notes. The Bank cannot give any assurance that the Subordinated Notes will qualify as Tier 1 or Tier 2 Capital.

Furthermore, the Bank cannot give any assurance as to whether the applicable requirements for Tier 1 or Tier 2 Capital will change in the future. Even if the Subordinated Notes initially meet the requirements of Tier 1 or Tier 2 Capital, as the case may be, under the current regulations, if any changes are made in the future, and unless the Subordinated Notes are grandfathered into the new regulations, they could become disqualified as Tier 1 or Tier 2 Capital and need to be treated as other capital or debt. Any such changes could result in a Regulatory Event (as defined under “Description of the Subordinated Notes—Optional Redemption due to a Tax Event or a Regulatory Event”), whereby any time after a period of five (5) years following the Issue Date, and subject to the approval of the Central Bank or any other applicable Governmental Authority (if such approval is then required), the Bank would have the right to redeem the Subordinated Notes. See “—The Bank will have the right to redeem the Subordinated Notes upon the occurrence of a Tax Event or a Regulatory Event or at the Bank’s own option” for more information regarding Regulatory Events. See also “Risks Relating to the Bank and the Brazilian Banking Industry—The creation of new minimum capital adequacy requirements under Basel III may negatively impact the Bank’s ability to leverage its results,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Financial Condition and Results of Operations—Capital Adequacy,” “Regulation of the Brazilian Banking Industry—Capital Adequacy Guidelines” and “Summary—Capital Adequacy Requirements” for more information regarding the implementation of Basel III in Brazil.

***The Subordinated Noteholders may not have the remedy of instituting bankruptcy proceedings if there has been a Payment Default on the Subordinated Notes. The Subordinated Noteholders’ remedies if the Bank breaches other provisions of the Subordinated Notes may be even more limited.***

Under Law No. 11,101, of February 2005, as amended, the Bank is not subject to bankruptcy or similar proceedings. To the fullest extent permitted by applicable law, the Subordinated Noteholders’ sole remedy against the Bank to recover any amounts owing to them under the Subordinated Notes may be to institute bankruptcy proceedings against the Bank in any state or federal court in New York or the Cayman Islands if there has been a Payment Default. Neither the Subordinated Noteholders nor the trustee may declare the principal amount of any outstanding securities to be due and payable or pursue any other legal remedy, including commencing a judicial proceeding for the collection of sums due and unpaid on the Subordinated Notes. Furthermore, if it is determined that the bankruptcy of the Bank is against Brazilian public policy, national sovereignty or public morality, a court in Brazil will not enforce a bankruptcy ruling from a New York or Cayman Islands court. There is also significant uncertainty whether a court in the United States or the Cayman Islands would be able to exercise jurisdiction or be willing to accept this type of proceeding since almost all of the Bank’s assets and operations are located in Brazil and the Bank is organized in Brazil.

The Subordinated Noteholders’ ability to institute bankruptcy proceedings against the Bank in Brazil, where almost all of its assets and operations are located, is currently not guaranteed by Brazilian law, which does not expressly contemplate bankruptcy or similar proceedings applicable to mixed capital corporations (*sociedades de economia mista*), such as the Bank (see “—Risks Relating to the Bank and the Brazilian Banking Industry—The ability to institute bankruptcy or liquidation proceedings against the Bank in Brazil may be limited by Brazilian law.”). Therefore, there can be no assurance that the Subordinated Noteholders will have the right directly (or indirectly through the trustee) to institute bankruptcy proceedings against the Bank in Brazil if the Bank defaults on the Subordinated Notes.

In the event of a breach of any of the Bank’s obligations under the Subordinated Notes and the Subordinated Notes Indenture, Subordinated Noteholders will not be entitled to accelerate or institute bankruptcy proceedings and will only be entitled to certain rights and remedies provided under New York, Cayman Islands

and Brazilian law. The Bank cannot assure the Subordinated Noteholders as to what, if any, remedies they may have in those circumstances.

***The Bank's obligations under the Subordinated Notes will be subordinated to its Senior Liabilities, and to certain Brazilian statutory obligations.***

The Subordinated Notes will be, by their terms unsecured, deeply subordinated obligations and will rank behind claims of the Bank's depositors, other unsubordinated and subordinated creditors, and will rank *pari passu* with other instruments of the Bank that qualify as Tier 1 Capital (for Tier 1 Subordinated Notes) or Tier 2 Capital (for Tier 2 Subordinated Notes) under CMN Resolution No. 4,192 and will rank in priority only to its most senior preferred stock and common stock (for Tier 1 Subordinated Notes) or its most senior preferred stock and common stock and Tier 1 Subordinated Notes (for Tier 2 Subordinated Notes). The Subordinated Notes' terms and conditions do not contain any restrictions on the Bank's ability to incur additional indebtedness that is senior to the Subordinated Notes. By reason of the subordination of the Subordinated Notes, in the event of the Bank's winding up or dissolution, or similar events, and subject to write-off, although the full amount of the Subordinated Notes and any accrued interest thereon may become immediately due and payable, the Bank's assets will be available to pay such amounts only after all of its Senior Liabilities and other obligations which are preferred by law have been paid in full.

Under Brazilian law, the Bank's obligations under the Subordinated Notes will also be subordinated to certain statutory preferences. In the event of the Bank's liquidation, certain claims, such as claims for salaries, wages and social security from its employees (up to an amount equivalent to 150 times the minimum wage), claims deriving from transactions secured by collateral (mortgages, pledges etc.), as well as taxes and court fees and expenses, will have preference over any other claim, including those of the Subordinated Noteholders. See "Regulation of the Brazilian Banking Industry—Repayment of Creditors in Liquidation" for a discussion of recent measures affecting the priority of repayment of creditors.

***The Bank will have the right to redeem the Subordinated Notes upon the occurrence of a Tax Event or a Regulatory Event or at the Bank's own option.***

Any time after a period of five (5) years following the Issue Date, the Bank will have the right to redeem the Subordinated Notes, in whole, but not in part, upon the occurrence of a Taxation Reason or a Regulatory Event (each as defined under "Terms and Conditions of the Subordinated Notes—Optional Redemption for Taxation Reasons" and "Terms and Conditions of the Subordinated Notes—Optional Redemption due to a Regulatory Event"). On the Optional Redemption Date (Call) or on any Interest Payment Date occurring thereafter, the Bank may redeem the Subordinated Notes, in whole, but not in part, at its own option. In each case, such redemption would be subject to the approval of the Central Bank or any other applicable Governmental Authority (if such approval is then required), provided that the Bank is in compliance with its Risk Based Capital Requirements, and such redemption would not cause the Bank to fail to be in compliance with such Risk Based Capital Requirements. In each case, the redemption price will be at an amount equal to the Optional Redemption Price (Call) (as defined under "Terms and Conditions of the Subordinated Notes—Redemption of Subordinated Notes at the Option of the Issuer (Call Option)"). The Bank cannot assure the Subordinated Noteholders that, upon a redemption, it will be able to pay the redemption amount or that the Subordinated Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Subordinated Notes.

***The Bank can issue further debt or other instruments which may rank senior to or pari passu with the Subordinated Notes.***

There is no restriction on the amount of debt or instruments that the Bank may issue which rank senior to or *pari passu* with the Subordinated Notes. The issuance of any such instruments may reduce the amount recoverable by Subordinated Noteholders upon any bankruptcy or insolvency and would increase the likelihood that the Bank may suspend the payment of interest on the Subordinated Notes.

***Investors will be deemed to have waived all rights of set-off.***

Subject to applicable law, Subordinated Noteholders may not exercise or claim any right of set-off in respect of any amount the Bank owes arising under or in connection with the Subordinated Notes, and the

Subordinated Noteholders will be deemed to have waived all such rights of set-off. See “Description of the Subordinated Notes—General.”

***If the Bank is unable to make payments on the Subordinated Notes from a branch located outside of Brazil and must make payments from Brazil, the Bank may experience delays in obtaining, or be unable to obtain, the necessary Central Bank approvals, if then applicable, which could delay or prevent the Bank from making payments on the Subordinated Notes.***

Securities issued by the Bank acting through a branch of the Bank located outside of Brazil do not require approval by, or registration with, the Central Bank (except for its classification as Tier 1 or 2 Capital, as the case may be). In case payment under the Subordinated Notes issued by the Bank acting through a branch of the Bank located outside of Brazil needs to be made directly from Brazil (whether by reason of a lack of liquidity of the Bank acting through such branch, acceleration, enforcement, judgment or the imposition of any restriction under the laws applicable to the branch), a specific Central Bank approval may be required. If the Bank is unable to obtain the required approvals, if needed, for the payment of amounts owed by the Bank acting through a branch of the Bank located outside of Brazil through remittances from Brazil, the Bank may have to seek other lawful mechanisms to effect payment of amounts due under the Subordinated Notes. However, the Bank cannot give any assurance that other remittance mechanisms will be available, and even if they are available in the future, it cannot give any assurance that payment on the Subordinated Notes would be possible through such mechanisms.

***The rating of the Subordinated Notes may be lowered or withdrawn depending on certain factors, including the rating agency’s assessment of the Bank’s financial strength and Brazilian sovereign risk.***

Any rating assigned to the Subordinated Notes reflects the rating agency’s assessment of the Bank’s ability to make timely payment of interest on each payment date. Any rating assigned to the Subordinated Notes is not a recommendation to purchase, hold or sell the Subordinated Notes, and the rating does not comment on market price or suitability for a particular investor. The Bank cannot assure the investors that any rating assigned to the Subordinated Notes will remain for any given period of time or that the rating will not be lowered or withdrawn, including by reason of rating agencies changing their methodologies for rating securities with features similar to the Subordinated Notes in the future (which certain rating agencies have recently publicly indicated they may do). This may include the relationship between the ratings assigned to the Bank’s senior securities and ratings assigned to securities with features similar to the Subordinated Notes, sometimes called “notching.” In addition, the ratings on the Subordinated Notes may change following any amendments to the terms and conditions of the Subordinated Notes that the Bank may make in the future. See “Description of the Subordinated Notes—Amendments.” A downgrade in the rating of the Subordinated Notes will not be an event of default under the Subordinated Notes Indenture. The assigned rating may be raised or lowered depending, among other factors, on the rating agency’s assessment of the Bank’s financial strength as well as its assessment of Brazilian sovereign risk generally and any change to these may affect the market price or liquidity of the Subordinated Notes. In the future, other rating agencies may rate the Subordinated Notes, and such ratings may differ from the rating assigned to the Subordinated Notes by other rating agencies.

***The absence of a public market for the Subordinated Notes may affect the Subordinated Noteholders’ ability to sell the Subordinated Notes in the future and may affect the price the Subordinated Noteholders would receive if such sale were to occur.***

The Subordinated Notes are subordinated notes for which there is currently no established market and, although application has been made to list the Subordinated Notes on the Official List of the Luxembourg Stock Exchange and for them to be admitted to trading on the Euro MTF, there is no assurance that a market for the Subordinated Notes will develop. The applicable Pricing Supplement in relation to a series of Subordinated Notes shall specify if any such listing applies to such Subordinated Notes. Accordingly, the Bank cannot give any assurance as to the development or liquidity of any market for the Subordinated Notes.

The liquidity of, and trading market for, the Subordinated Notes may be adversely affected by a general decline in the market for similar securities. Such a decline may adversely affect the Bank’s liquidity and trading markets independent of its prospects of financial performance. The holders of the Subordinated Notes may not be able to sell their securities at a particular time, and the price that such Subordinated Noteholders receive at the time of sale may not be favorable.

***Judgments of Brazilian courts in respect of the Bank's obligations under the Subordinated Notes would be payable only in reais.***

If proceedings were to be brought in the courts of Brazil seeking to enforce the Bank's obligations under the Subordinated Notes, the Bank would not be required to discharge its obligations in any currency other than *reais*.

Any judgment obtained against the Bank in Brazilian courts in respect of its obligations under the Subordinated Notes will be expressed in reais equivalent to the U.S. dollar exchange rate published by the Central Bank as of the date (i) of actual payment, (ii) on which such judgment is rendered, or (iii) on which collection or enforcement proceedings are started against the Bank. The Bank cannot assure you that this exchange rate and remittance costs will provide full compensation in respect of the amount of your investment in the Subordinated Notes.

***If the Bank does not satisfy its obligations under the Subordinated Notes, your remedies will be limited.***

Payment of principal of the Subordinated Notes may be accelerated only in the event of certain events involving the Bank's winding up, dissolution or similar events, as applicable. There is no right of acceleration in the case of a default in the performance of any of the Bank's covenants, including the payment of principal or interest.

Even if the payment of principal of the Subordinated Notes is accelerated, the Bank's assets will be available to pay those amounts only after:

- all of the Bank's Senior Liabilities have been paid in full, as described above in "—The Bank's obligations under the Subordinated Notes will be subordinated to its Senior Liabilities, and to some Brazilian statutory obligations"; and
- the Bank is actually wound up or otherwise dissolved for purposes of Brazilian law.

If, after these conditions are met, the Bank makes any payment from Brazil, it may be required to obtain the approval of the Central Bank for the remittance of funds outside Brazil. See "—If the Bank is unable to make payments on the Subordinated Notes from a branch located outside of Brazil and must make payments from Brazil, the Bank may experience delays in obtaining, or be unable to obtain, the necessary Central Bank approvals, if then applicable, which would delay or prevent the Bank from making payments on the Subordinated Notes."

***The Subordinated Notes are not registered securities.***

The Subordinated Notes are not registered under the Subordinated Notes Act or under any state securities laws. The Subordinated Notes are being offered in accordance with Rule 144A and outside the United States in accordance with Regulation S. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved the Subordinated Notes, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Base Prospectus or any applicable supplement.

***Enforcement of civil liabilities and judgments against the Bank or any of its respective directors or officers may be difficult.***

None of the Bank Parties, nor any of their respective directors or officers has consented to the jurisdiction of the courts of the United States or any state thereof in connection with any lawsuit brought by an investor in the Notes or named an agent for service of process within the United States upon the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor or such persons or to enforce, in United States courts, judgments against the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor or such persons or judgments obtained in such courts predicated upon the civil liability provisions of the federal securities laws of the United States. See "Service of Process and Enforcement of Liabilities" for more information regarding Brazilian statutory liabilities that may limit the enforceability of claims brought by Noteholders under the Senior Notes.

## Risks related to the Bank

*The Coronavirus (COVID-19) pandemic and the resulting economic slowdown and volatility in the Brazilian and global financial and capital markets have had, and are likely to continue to have, adverse effects on the Bank's business, financial condition, liquidity and results of operations, and may increase other risks described in this "Risk Factors" section.*

In March 2020, the World Health Organization decreed the outbreak of COVID-19 as having the status of a global pandemic and, since then, authorities around the world have implemented measures to reduce its spread. The pandemic and the government measures adopted against it have had and are likely to continue to have a strong impact on global and Brazilian macroeconomic and financial conditions, including the disruption of supply chains and the closure of various companies, leading to revenue losses, increased unemployment, stagnation and economic contraction.

The COVID-19 pandemic also resulted in increased volatility in Brazilian and international financial markets and economic indicators, including interest rates, foreign exchange rates and credit spreads. As an example, as a result of higher volatility, B3's circuit breaker was triggered eight times in March of 2020 and the value of assets was negatively impacted. Any unexpected shocks or movements in these market factors could result in financial losses associated with the Bank's trading portfolio or financial assets, which could deteriorate the Bank's financial condition. The measures adopted by government authorities around the world, including in Brazil, to stabilize markets and support economic growth may not be sufficient to control high volatility or avoid severe and prolonged reductions in economic activities. Additionally, the social distancing measures imposed by government authorities to contain the pandemic of COVID-19 resulted in sharp decline or even paralysis of the activities of companies in various sectors. So far, there is no way to predict how long these measures will remain in force. These policies and measures have influenced the behavior of the consumer market and the population in general and the demand for services, products and credit. The market slowdown caused by the COVID-19 pandemic had and may continue to have a negative impact on our business, primarily in the form of:

- i. liquidity constraints and reduced access to financing;
- ii. reduction in the volume transacted on debit and/or credit cards;
- iii. material increase in the risks associated with the corporate debt market, including those resulting from increased defaults, renegotiations of existing debt contracts and possible claims of force majeure, which may increase loan loss provisions, causing loan losses to exceed provisioned amounts and impact the ratio of non-performing loans to total loans made by the Bank, with particular impact on corporate lending businesses;
- iv. reductions in Assets under Management (AuM) and Assets under Administration (AuA), as a result of lower client risk appetite;
- v. restrictions on certain business activities that may impact on us and our employees, suppliers, clients, clients of counterparties and other business partners, thereby affecting the Bank's operations and the Bank's clients' ability to conduct business and fulfill their obligations to the Bank;
- vi. increase in the Bank's investments and spending on cybersecurity and information security and on measures to reduce operational risks such as expanding the infrastructure for remote or home office work; and
- vii. trading of the common shares issued by the Bank.

The economic effects of the COVID-19 pandemic have increased market demand for credit lines, putting pressure on the Bank's liquidity, capital and leverage ratios.

The extent of the impacts of the COVID-19 pandemic on the Bank's business, financial condition, liquidity and results will depend on future developments, which are highly uncertain, unpredictable and dependent on various factors beyond its control, including the possibility of additional waves of outbreaks and the intensity

of the economic downturn resulting from actions taken, or to be taken, by government authorities in response to the pandemic. Consumers affected by the COVID-19 pandemic may continue to exhibit contraction behavior even after the crisis ends, maintaining low levels of discretionary spending over the long term, which is why certain sectors served by the Bank may take longer to recover.

***Cybersecurity incidents, including cyber-attacks that result in security breaches, unauthorized access, disclosure of confidential data, or business interruption may result in a substantial loss of business, regulatory sanctions, legal liability and/or damage to the Bank's reputation.***

Due to the nature of its activities, the Bank operates in an environment subject to Information Technology (IT)-based cybersecurity breaches and incidents, such as malware, phishing and other events, which may include sophisticated methods of attacks with the aim of accessing, altering, manipulating, corrupting or destroying IT systems, computer networks and stored or transmitted information, as well as unauthorized access to, or disclosure of, confidential or private client data by persons inside or outside the Bank or the disruption of services provided by the Bank.

Also, in response to the COVID-19 pandemic, there has been increased adoption of remote work, raising the perimeter of exposure to cyber-attacks. Cyberattack attempts continue to evolve in size and sophistication. In this scenario, the Bank incurs significant costs in implementing controls and tools against such attacks, which may be exacerbated in the event of the need for remediation or forensic investigation of complex security incidents. If the protections of the Bank's security environment fail systematically, we will be exposed, among others, to the risk of access to the environment by unauthorized third parties, infection of systems by malicious programs, dissemination of malware in networks and undue visibility to client and/or strategic information for the institution. These actions may result in the unavailability of critical systems, cause financial losses due to misappropriation of financial resources, harming the user experience due to connection degradation, damage to image due to data leakage and lead to regulatory fines, sanctions, damages or even intervention by a regulator.

Our regulators are increasingly attentive to the need for cyber risk management and, among the current regulations, we are subject to CMN Resolution No. 4,658, of April 26, 2018, the requirements under which relate to the readiness for response to cyber incidents and adequacy of our Cyber Security controls environment and policies until December 31, 2021. Failure to implement or comply with these regulatory mandates could adversely affect us vis-à-vis the regulator.

Any cyber-attacks that result in unavailability of access to the Bank's systems, unauthorized access to data, loss or unauthorized disclosure of data, or any public perception that the Bank has disclosed client information without their prior authorization, may subject the Bank to significant litigation, regulatory fines, loss of clients, damage to image and cause a material adverse effect.

***Any further downgrade of Brazil's credit rating may adversely affect the Bank's funding costs.***

Rating agencies regularly assess Brazil and its sovereign ratings, which are based on a number of factors, including macroeconomic trends, fiscal and budgetary conditions and debt metrics. The prospect of changes in any of these factors may affect investors' perception of risk.

On January 11, 2018, S&P downgraded Brazil's sovereign credit rating from BB to BB-, in addition to changing the outlook from negative to stable, citing the delay in approving tax measures that rebalance public accounts. In December of 2019, S&P revised from stable to positive the outlook for Brazil's rating and maintained the credit rating at BB-, considered speculative grade, stating that the government continues to implement fiscal consolidation measures that have helped reduce the country's still high deficit, which together with lower interest rates and gradual implementation of the reform agenda should contribute to stronger growth and investment prospects over the following three years, in addition to a gradual improvement in fiscal results. On April 6, 2020, S&P changed the outlook on the rating back to stable from positive.

In April of 2018, Moody's reaffirmed Brazil's rating at Ba2, changing the outlook from negative to stable. From April of 2018 to the date of this Base Prospectus, this rating has remained at Ba2, with an outlook of stable.

In February of 2018, Fitch downgraded Brazil's sovereign credit rating to BB- with a stable outlook, citing the country's rapidly changing budget deficit and recession, which was worse than expected. As a result, Brazil lost its investment grade status from all three major rating agencies and, consequently, the trading prices of securities in the Brazilian debt and equity markets were negatively affected. A prolongation of the current Brazilian recession could lead to further rating downgrades. In November of 2019, Fitch reaffirmed Brazil's rating at BB-, with a stable outlook. In the first half of 2020, Fitch Ratings revised the rating outlook from stable to negative due to the deterioration of Brazil's economic and fiscal outlook in light of increased political uncertainties, including tensions between the Executive Branch and the National Congress and uncertainties regarding the duration and intensity of the COVID-19 pandemic.

Any further downgrade in Brazil's sovereign credit rating may increase investors' perception of risk and, consequently, may increase the Bank's future funding costs and adversely affect interest margins and results of operations.

***A downgrade may adversely affect the cost of funding, access to capital and debt markets, liquidity and, as a result, the Bank's competitive position.***

Credit ratings represent the independent rating agencies' opinion of the Bank's ability to pay its debts and affect the cost and other terms on which borrowings are based. Each agency reviews its ratings and rating methodologies periodically and may decide to change a rating at any time based on factors affecting the Bank's financial strength, such as liquidity, capitalization, asset quality and profitability.

According to the criteria adopted by the rating agencies, the ratings assigned to Brazilian financial institutions, including the Bank, are limited by the notes assigned to Brazil's sovereign rating. Events beyond the Bank's control, such as economic or political crises, may lead to a downgrade of Brazil's sovereign rating and a corresponding downgrade of the ratings assigned to the Bank.

Credit ratings are essential to the ability to raise funds and financing through the issuance of debt securities and to cover the costs of such financing. A potential or actual downgrade in credit ratings could have an adverse impact on the Bank's operations, revenues and risk weightings. Net income, capital requirements and return on capital levels would also be affected, which would negatively impact the Bank's competitive position. In addition, in the event of a downgrade of credit ratings, possible rating-related provisions in the funding agreements with other institutions could be activated and result in the immediate need to add more collateral for counterparties or take other actions under the Bank's derivative contracts, which could negatively impact interest margins and results of operations. Accordingly, the Bank's inability to maintain favorable ratings and outlook may affect the cost and availability of funding through the capital markets or other sources, which would affect the Bank's interest margins and operating capacity.

***The Bank's balance sheet may be impacted by increases in provisions or actuarial liabilities related to the pension and health care benefits to its employees and former employees, which may adversely affect the Bank's core capital.***

The criteria used to determine the Bank's obligation with the group of sponsored entities' plans incorporate estimates and assumptions of an actuarial and long-term financial nature, as well as the application of prevailing regulatory standards. The Bank may also be held liable for charges arising from specific legal obligations and judicial mandates that increase the benefits of retirees and pensioners. Thus, the inaccuracies inherent in the process of using estimates and assumptions may result in differences between the amount recorded and the amount actually realized, resulting in negative impacts on the Bank's results of operations and equity. From an asset perspective, actuarial risk is associated with the possibility of losses (negative impact on the Bank's principal capital) resulting from fluctuation (reduction) in the fair value of the plan's assets. From the actuarial liability point of view, in turn, the risk is associated with the possibility of losses (negative impact on the Bank's principal capital) arising from fluctuation (increase) in the present value of actuarial obligations of the defined benefit plans.

***The Bank is subject to risks associated with non-compliance with the General Data Protection Act and may be adversely affected by the application of fines and other types of sanctions.***



In 2018, the General Data Protection Act was passed (Law No. 13,709, of August 14, 2018, as amended, the “**LGPD**”). This Law transforms the way in which the protection of personal data in Brazil is regulated and handled.

The LGPD establishes a new legal framework to be observed in personal data processing operations and provides, among other things, for the rights of personal data subjects, the legal bases applicable to the protection of personal data, the requirements for obtaining consent, the obligations and requirements relating to the use, sharing and transfers of data, as well as authorization for the creation of the National Data Protection Authority.

The LGPD entered into force on September 18, 2020, as to most of its provisions, except for its administrative sanctions (articles 52, 53 and 54 of the LGPD, which entered into force on August 1, 2021, pursuant to law 14,010, of June 10, 2020).

If they are not in compliance with the LGPD, the Bank and its controlled companies may be subject to the following administrative sanctions applied by the National Data Protection Authority (ANPD): (a) warning, with indication of the deadline for the adoption of corrective measures, (b) fine of up to 2% of the company's or group's revenues limited, in total, to R\$50 million per violation, (c) a daily fine, limited to the total described in (b) above; (d) publication of the violation after its occurrence is duly ascertained and confirmed, (e) blocking of personal data corresponding to the violation until its return to good standing and (f) deletion of the personal data corresponding to the violation. In addition, the Bank may be held liable for economic, non-economic, individual or collective damages caused by the Bank and jointly and severally liable for economic, non-economic, individual or collective damages caused by its controlled companies due to non-compliance with the obligations established by the LGPD.

Thus, failures in the processes of protection or treatment of personal data collected, processed or stored by the Bank, as well as inadequate compliance with the legislation, may result in considerable fines for the Bank, negative impact on its image by disclosing the incident to the market, the need to eliminate personal data from the database which could entail civil and criminal sanctions and even suspension of its activities, as well as affect the Bank's results.

***Interruptions or failures in the Bank's information technology infrastructure and systems, lack of integration and lack of redundancy in these elements could adversely affect the Bank's operations.***

The Bank's operations depend on the efficient and uninterrupted operation of its information technology systems. For example, these systems need to process and store a large number of transactions efficiently and accurately and allow for the transmission of confidential data and other sensitive information in a timely and secure manner. Thus, any unavailability of infrastructure, software or telecommunications networks may impact on the processing of transactions carried out by the Bank's clients, which may lead to financial losses, regulatory fines, sanctions, interventions, reimbursements and other costs with damages. These factors could have a material adverse effect on the Bank's business, reputation and results of operations.

In addition, the equipment (hardware and software) used by the Bank may be damaged or have its operation interrupted, partially or totally, due to the Bank's fault or due to bad weather, failure in the provision of services by telecommunication operators and technological solution suppliers, physical or electronic breaches and other similar events. Any of these events may cause interruption, increased costs, delays in processing information and/or losses in the transmission of essential data, which may affect the Bank's business, reputation and operating and financial conditions.

Failure to duly monitor and improve the Bank's information technology systems related to its operations or its inability to make the necessary investments to keep pace with technological developments in the banking market could adversely affect its operations.

***The Bank may not be able to prevent its officers, employees or outsourced personnel, acting on its behalf, from engaging in situations qualifying as corruption in Brazil or in any other jurisdiction, which could expose the Bank to administrative and judicial sanctions and cause the material adverse effect.***

The Bank is subject to the anti-corruption laws of Brazil, the countries where it has branches, as well as those with transnational scope.

This type of legislation requires the adoption of integrity procedures aimed at mitigating the risk that any person acting on behalf of the Bank may offer an undue advantage to a public agent, in order to obtain benefits of any kind.

The legislation with transnational reach, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, as well as the Brazilian legislation, require the maintenance of specific policies and procedures for preventing and combating illegal acts related to the corruption of public administration entities and government representatives, which aim at ensuring any kind of advantage and require the Bank to keep correct books and records and a system of internal controls to certify the veracity of the books and records and prevent illegal activities.

If the Bank's policies and procedures designed to prevent bribery and other corrupt practices are not capable of preventing voluntary or inadvertent action by its officers, employees or third parties acting on its behalf that amounts to corruption, the governmental regulatory agencies to which the Bank is accountable have the power and authority to impose fines and other penalties.

In addition, the business and reputation may be affected if the Bank becomes a defendant or is investigated in a corruption-related investigation.

Additionally, the Bank has, to a large extent, to rely on the information or statements made available. These procedures and controls may not be fully effective in preventing counterparties from using relationships established with the Bank for acts of corruption.

If the Bank is associated or even accused of being involved in corruption cases, its reputation may be affected and/or it may be subject to fines, sanctions and/or legal impositions, which may produce material adverse effects on its operating results, financial condition and prospects.

***The Bank's business could be affected by damage to its reputation.***

The Bank depends on its image and credibility to conduct its business and attract and retain its clients, investors, staff members and suppliers. Impairments to the Bank's image can affect its reputation, inasmuch as negative perception by stakeholders has an adverse impact on business, harming the Bank's operating results and financial condition. This unfavorable perception may be generated by internal or external factors, such as:

- i. non-fulfillment of legal obligations;
- ii. entering into irregular transactions with clients;
- iii. hiring suppliers in breach of the Bank's Code of Ethics;
- iv. leaking of client information;
- v. employee misconduct;
- vi. errors in risk management;
- vii. negative news stories in the media (whether true or not); and
- viii. actions taken by third parties linked to the Bank (hiring of child labor or labor analogous to slavery, discriminatory practices, illegal acts and corruption, actions contrary to health, labor safety, or social and environmental standards, non-compliance with tax and labor laws).

***The Bank's results could be adversely affected if the Bank is unable to protect its intellectual property rights.***

The intellectual property rights of the Bank and its controlled companies, including trademarks and domain names, are important to the business of the Bank and its controlled companies. Currently, there are various trademarks registered or in the process of registration with the National Institute of Industrial Property ("INPI") owned by the Bank and its controlled companies. The Bank cannot guarantee that its trademarks will not be violated, nor that registrations already granted will not be subject to a claim of nullity by third parties, whether in

the administrative or judicial sphere. Likewise, the Bank cannot assure that the registration applications in progress will be granted by the INPI, even in view of oppositions already filed by third parties. In addition, if any of its trademarks are challenged in court and in the event of a court decision unfavorable to their use, the Bank and its controlled companies may be prohibited from continuing to use them. If the Bank and its controlled companies are unable to protect their property rights, this could have a material adverse effect on their business.

***The policies, management methods, processes, procedures, systems and models used to manage the Bank's risks may be incompatible or insufficient to avoid risk exposures, including uncategorized or unidentified risks, as well as the materialization of risks already mapped, which may adversely impact on the Bank's financial condition and results.***

The set of methodologies, policies, processes, procedures, systems and models used for monitoring, measuring and managing risks and in the Bank's activities may not be sufficient to fully capture the exposures arising from risks, including uncategorized or unidentified risks. This may materially adversely impact on the Bank's reputation, financial condition and results of operations. Any legal measures or changes by the regulator or legislation could have a negative impact on the Bank's business and results of operations.

The statistical models and management tools used in estimating the Bank's exposures may not be accurate in measuring capital to cover unidentified or uncategorized risks. Similarly, stress testing, assessments of internal controls and compliance and sensitivity analyses may not capture all possible impacts on the Bank's results. Losses may also occur as a result of failures, inadequacies or deficiencies in internal processes, people, systems or external events, in addition to situations that are not identified and handled by the risk models adopted by the Bank.

The allocation of capital to cover risks may be insufficient, since losses could be significantly higher than those indicated in the reports disclosed to the market, even though the Bank has prudential margin for this purpose.

The occurrence of the events of this situation could adversely affect the financial condition and results of the Bank.

***The Bank may not be able to detect, fully or in a timely manner, money laundering, financing of terrorism and other illegal or improper activities (including sanctions-targeted transactions), which could expose the Bank to additional liabilities and cause a material adverse effect.***

The Bank is subject to laws and regulations that provide for the prevention and combating of money laundering, financing of terrorism and other illicit activities (including sanctioned transactions) in the jurisdictions in which it operates.

These laws and regulations require us to, among other things, adopt and enforce "Know Your Customer" (including politically exposed person assessments), "Know Your Partner" and "Know Your Supplier" policies and procedures and to report suspicious and large transactions to the appropriate authorities as required by regulations.

These laws and regulations have become increasingly detailed and complex and have required the improvement of systems and the employment of specialized personnel for compliance and monitoring purposes, in addition to being subject to enhanced oversight by regulatory authorities.

The Bank's policies and procedures designed to detect and prevent the use of Bank processes, products or services for money laundering, financing of terrorism and related activities may not completely eliminate instances where the structure is used by its own agents or third parties for illegal or improper activities.

If the Bank is unable to fully comply with applicable laws and regulations, the governmental regulatory agencies to which the Bank is subject have the power and authority to impose fines and other penalties, including revocation of licenses and operating permits.

In addition, the Bank's business and reputation may be affected if processes, products and services are used for money laundering, financing of terrorism or other illegal or improper purposes.

In addition, the Bank has, to a large extent, to rely on information or statements made available on the correct application of laws and regulations. Such procedures and controls may not be fully effective in preventing third parties from using the Bank's or its counterparties' processes, products and services as conduits for money laundering, financing of terrorism or other illicit practices without the Bank's or its counterparties' knowledge.

If the Bank is associated or even accused of being associated with money laundering, financing of terrorism or other illicit practices, its reputation may be affected and/or it may be subject to fines, sanctions and/or legal impositions, which may produce material adverse effects on its operating results, financial condition and future prospects.

***The Bank acts as a financial agent and/or credit administrator for several governmental funds and programs. Any failures in the processes involved may affect liabilities and/or rights recorded by the Bank with impacts on results.***

The Bank acts as a financial agent and/or administrator of several governmental funds and programs that allocate resources for credit transactions with the purpose of developing the country's economy and promoting the generation of employment and income. The Bank also acts as a financial agent for the Brazilian Development Bank, or *Banco Nacional de Desenvolvimento Econômico e Social* (“**BNDES**”), and the *Fundo de Garantia do Tempo e Serviço* (“**FGTS**”), on-lending funds according to criteria established by these institutions.

In these cases, the Bank records liabilities corresponding to the funds allocated, which are subject to balance reconciliation and reporting to the funding allocators and control bodies.

The Bank also provides the Federal Government of Brazil (the “**Federal Government**”) with credit management services, including financing for the rural and agribusiness sectors, including securitization portfolios, the Special Asset Recovery Program (*Pesa*), the Japanese-Brazilian Cooperation Program for the Development of Cerrados (*Prodecer II*), and the Fund for the Defense of the Coffee Economy (*Funcafé*).

Any failures in the processes for recording liabilities and/or rights recorded by the Bank may result in discrepancies between the corresponding accounting records and the amounts in the portfolios managed, with a negative impact on the Bank's results.

***The Bank may not be able to record all deferred tax credits.***

Tax credits arise from income tax losses, negative basis of social contribution on net income or temporary differences, mainly related to the allowance for losses. Tax credits are regulated by CMN Resolution No. 4,842 of July 30, 2020. In accordance with this resolution, the Bank may only record tax credits when the following conditions are simultaneously met:

- i. it has a history of taxable income or profits for income tax and social contribution purposes evidenced by the occurrence of these situations in at least three of the last five years (including the current year); and
- ii. there is an expectation of generating future taxable profits or income for income tax and social contribution purposes in subsequent periods, based on a technical study, which will allow the tax credits to be realized within the next ten years.

CMN Resolution No. 4,842 consolidated the general criteria for measurement and recognition of deferred tax credits, effective as of January 1, 2021, maintaining the need to make available to the Central Bank, during the period provided for realization, the technical study prepared by the Institution showing the realization of the tax credit within up to ten years in addition to the possibility of dispensing, at the Central Bank's discretion, with the requirement to present a history of taxable income or profits within at least three of the last five fiscal years.

If the Bank is unable to maintain taxable income in the future, it may be required by the Central Bank to write off or reverse tax credits, and thus assets and/or equity may be reduced. Any write-off or reversal could adversely affect the Bank's financial condition and results of operations.

***Failures or breaches in critical processes may interrupt the Bank's business, increasing expenses and causing losses, which may adversely affect the Bank.***

The most important business and support processes for business continuity are subject to interruptions, caused by various types of threats, including events completely or partially beyond the Bank's control, which may cause:

- i. total or partial unavailability of systems that support business operations;
- ii. absence of employees to conduct critical processes that support the business, for any reasons, such as adherence to social and labor category movements, problems in the transportation system, violence and urban chaos, contagious diseases;
- iii. impossibility of access to the buildings where the critical processes are put into operation, for reasons such as demonstrations by people at the entrances to the buildings, closure of public access roads to the facilities, problems in neighboring buildings that cause closure of the Bank's buildings, problems in the building infrastructure (fire, flood, sewage, cracks, collapse, etc.); and
- iv. interruption in the supply of outsourced services on which critical business support processes depend.

Disruptions in critical business support processes may lead to financial losses, contractual fines, and serious damages to the organization's reputation.

The interruption of some processes, such as the National Check Clearinghouse (*Compe*), the Interbank Payment Chamber (CIP), the Brazilian Payments System/STR and distribution of cash to the banking network, may significantly affect the entire national financial system and, consequently, the Bank's operations and results.

***The insurance policies purchased by the Bank may be insufficient to cover any claims and losses.***

The Bank cannot guarantee that its insurance policies, when purchased, will be sufficient in all circumstances, or against all risks to which the Bank and its assets are subject. The occurrence of a significant uninsured or uninsurable loss, in part or in full, or failure of the Bank's subcontractors to meet indemnity obligations to the Bank or to purchase insurance, may have a material adverse effect on the Bank.

In addition, the Bank cannot assure you that it will be able to maintain insurance policies at commercially reasonable rates or on acceptable terms in the future. These factors may generate a material adverse effect on the Bank's business and results.

#### **Risks related to the Bank's direct or indirect controller or controlling group**

***As the Bank's controlling shareholder, the Federal Government may adopt policies that directly affect the Bank's operations and diverge from the interests of investors.***

The Federal Government, through the Ministry of the Economy, is the Bank's controlling shareholder and exercises substantial influence over the strategic direction of the Bank's business. Pursuant to Article 21 of the Banking Reform Law (Law No. 4,595, of December 31, 1964, as amended), the President of Brazil is responsible for appointing the President of the Bank, who in addition to being a member of the Executive Board, is also a member of the Bank's board of directors (the "**Board of Directors**").

The Federal Government appoints, for confirmation by the General Meeting of Shareholders, six members to the Board of Directors, being incumbent upon the minority shareholders to appoint two members, with minority shareholders being able to appoint additional members of the Board of Directors as a result of cumulative voting. As of the date of this Base Prospectus, the Bank's Board of Directors has a total of four independent members, two of whom were appointed by the Federal Government.

In turn, the Board of Directors is responsible for electing the members of the Bank's Executive Board, the corporate body responsible for managing the Bank's business.

Pursuant to Article 5 of its Bylaws, the Bank, within the scope of its relationship with the Federal Government, pursuant to the laws or regulations in force, may be engaged to:

- (i) perform charges and services in the capacity of financial agent of the National Treasury of Brazil (*Tesouro Nacional*, or the “**National Treasury**”), and other functions assigned to it by law;
- (ii) carry out financing of governmental interest and execute official programs through the application of the Federal Government’s resources or of funds of any nature; and
- (iii) grant guarantees in favor of the Federal Government.

The Federal Government, as the controlling shareholder, could possibly influence the decisions of the Bank’s officers and directors appointed by the Federal Government, so that the Bank would prioritize objectives or programs of governmental interest. There is also the possibility that some of these businesses compete with the economic objectives of the Bank’s operations, which could adversely affect the Bank and possibly cause damage to its reputation.

The Federal Government, as a contractor of financial services related to the implementation of public policies or programs of governmental interest, may suffer any shortage of funds and not make them available to the Bank within the agreed-upon terms, which could affect the balance and regular management of these contracts and the services provided, thus adversely affecting the Bank.

***The financial compensation due by the National Treasury to the Bank, related to the equalization of rural credit, is subject to the funds available and budgetary scheduling of the National Treasury.***

Interest equalization, a type of economic subsidy established by Law 8,427/1992, represents the difference in interest rates between the cost of raising funds, plus administrative and tax costs to which official financial institutions and cooperative banks are subject, and the charges levied on the final borrower of rural credit. The equalization amount is updated by the average SELIC rate (the weighted average interest rate of the overnight interbank operations—collateralized by federal government securities—carried out at the Special System for Settlement and Custody (SELIC)) from its calculation to payment by the National Treasury according to its budgetary scheduling as established by law. The non-equalization of financial offsets by the National Treasury may adversely affect the Bank’s results and operations.

#### **Risks related to the subsidiaries, associates and joint ventures of the Bank**

***The Bank’s results may be impacted by its participation in controlled companies and affiliates, in Brazil and abroad.***

The Bank has direct and indirect interests in various financial and non-financial companies in Brazil and abroad. The results of these investments, whether in controlled companies or affiliates, are included in the Bank’s results.

Failures in the provision of services by the Bank’s controlled companies may cause financial losses and reputational damage to them and to the Bank, indirectly, as its controlled companies provide services directly to the Bank’s clients. Accordingly, results eventually obtained in the activities of these companies may impact the Bank’s results. Additionally, due to possible negative results in controlled companies and affiliates, there is no guarantee that the Bank will receive any dividends or other distributions from these companies.

***The Bank may face risks related to the effects arising from mergers, acquisitions, divestments and the establishment of strategic partnerships.***

In recent years, the Bank has carried out mergers, acquisitions and disposals of equity interests in other companies, as well as the establishment of strategic partnerships in Brazil and abroad as part of its strategy for growth and synergy gains in the domestic and international markets.

Depending on the strategies defined, the Bank may carry out new takeovers, divestments, acquisitions, mergers and strategic partnerships and, therefore, be subject to the risks related to these transactions. These risks include the possibility of:

- i. overestimating the value of the businesses that are subject to the acquisition or strategic partnership, especially if it is considered that these businesses may not offer the expected results and, therefore, the investments may not offer the expected return;
- ii. problems occurring in the integration of products, client base, services, technology, facilities and personnel, which may adversely compromise internal controls, procedures and policies;
- iii. expected financial and/or operating synergies from acquisitions, takeovers, mergers and strategic partnerships not materializing and resulting in adverse effects on the Bank's business, operating results and cash flow;
- iv. recording unexpected liabilities and/or contingencies related to the businesses acquired or strategic partnerships entered into;
- v. being held liable for the liabilities of the entities that are subject to the acquisition, merger or takeover, including the taxable events that occurred prior to the transaction, actions taken by the previous officers and directors and potential liabilities for acts that occurred prior to the transaction;
- vi. recording losses on the transactions of the companies the Bank has invested in or as a result of the end of a strategic partnership;
- vii. incurring administrative or monetary sanctions due to failure to exhaustively comply with statutory or regulatory authorizations required for a given process of takeover, merger, acquisition or strategic partnership; and
- viii. failing to properly assess the value of any target business subject to the direct or indirect disposal of an equity interest, especially if it is considered a non-strategic business or if such disposal is due to an initial public offering of the target business.

The occurrence of any of the above events could impact on the Bank's operations and consequently cause damage to its reputation and adversely affect its results.

***Political and macroeconomic conditions and conditions related to local legislation in Argentina may have adverse effects on the investment made in Banco Patagonia.***

Since 2015, when Mauricio Macri assumed the presidency of Argentina, various changes have been implemented in the conduct of economic policy aimed at achieving balance in macroeconomic management and reducing distortions in the allocation of the country's factors of production. The restraint in public spending and the withdrawal of consumption subsidies led the country into an economic recession throughout 2016, as well as acceleration of the already high inflation. In 2018, the country once again experienced a strong devaluation of its currency, rising inflation and a substantial increase in the interest rate, negatively affecting consumption and investments, leading the country back into recession.

On December 10, 2019, Alberto Fernández assumed the presidency of Argentina. It may still be premature to assess the economic effects, if any, of President Fernández's economic policy in the Bank's investments in Argentina. However, further deterioration in Argentina's business environment and macroeconomic conditions, such as possible developments in the country's debt negotiations with the IMF and international creditors, would have the potential to directly impact Banco Patagonia's business, compromising profitability, dividend payments and limiting the achievement of its business strategies.

#### **Risk related to suppliers of the Bank**

***The legal, technical, and operational criteria employed in the acquisition of goods, contracting of services and monitoring of suppliers may not be fully effective to avoid exposure to adverse events or business discontinuity, which could impact on the Bank's results.***

The Bank, as a government-controlled company, is subject to specific legislation that regulates public purchases and contracts and its principles are selection of the most advantageous proposal, equal protection,

impartiality, legality and publicity, among others. Thus, as a rule, suppliers are selected via a bidding process, which can limit the dynamics for the replacement of suppliers.

The Bank's suppliers operate in various sectors, such as office supplies, software, equipment, furniture, armed security services and other outsourced support services, among others, with different complexities. The criteria currently employed in the procurement of goods, contracting of services and monitoring of suppliers may not be sufficient to fully capture the exposure arising from unidentified or unforeseen risks linked to each sector, as well as those of a legal nature. Issues such as concentration of hiring in a few suppliers, monopoly and lack of technical and operational capacity of the contracted companies may jeopardize the continuity of business and adversely affect the Bank's results.

***The Bank expands its operations through the call center and correspondent service channels in Brazil, in addition to sharing the service channels of partner financial institutions and Banco24Horas, and may incur operational and legal risks.***

The hiring of third parties and sharing of channels may generate risks inherent to the activities with the possibility of financial losses, which may adversely affect the Bank, including, but not limited to, the following events:

- i. labor claims;
- ii. failures in shared channel systems, correspondents and Call Center (IVR - Interactive Voice Response), which may generate disputes by clients;
- iii. pending financial settlement of cash under custody of the correspondents arising from claims, operational failures or fraud;
- iv. inadequate service or operational failure of the covered contractor, which may generate a claim by the client; and
- v. public civil actions related to the outsourcing of services.

The occurrence of any of the above events could impact the Bank's operations and consequently cause damage to its reputation and adversely affect its results.

#### **Risks related to customers of the Bank**

***The ongoing recovery of the economy is still gradual and incorporates risks to a consistent recovery of the payment capacity of companies and families.***

The economy is still recovering at a moderate pace and unevenly among economic sectors. The materialization of the risks associated with the economic environment may result in further deterioration of economic activity due to a decrease in the purchasing power of the population and companies, which in turn may lead to a decrease in the Bank's credit portfolio and to an increase in delinquency levels which would negatively impact the Bank's operating results.

***The Bank is subject to losses associated with possible concentration of its loan portfolio, mainly due to defaults by clients with high exposures and the segments to which they have significant credit exposure.***

The quality of the Bank's loan portfolio is associated with the risk of default of the segments in which it operates. Any changes in economic and political conditions and decreases in client demand may adversely affect the growth rate and composition of the Bank's loan portfolio. Clients with whom the Bank has relevant exposure and that present a worsening of risk due to idiosyncratic conditions of the client and its value chain may increase the risk of default by these clients.



***The Bank is subject to losses arising from the non-performance by a certain counterparty of obligations related to the settlement of transactions involving the trading of financial assets, including those related to the settlement of derivative financial instruments.***

The Bank is exposed to counterparty credit risk in transactions involving the trading of financial assets, including derivatives, since these transactions are subject to the bilateral risk of loss related to the uncertainty of the market value of these transactions, given the fluctuations associated with the movement of the underlying market risk factors or deterioration of the counterparty's credit quality. If there is a breach, the Bank may incur an economic loss even if it is in a profitable position in the operation. In markets with higher volatility, without adequate mitigation by counterparties, the success of derivative transactions can accentuate the credit risk of counterparties to the Bank's exposures. These risks, if materialized, may adversely affect the Bank's results of operations and capital levels.

The ability of counterparties to meet their obligations on a timely basis is directly related to their operational and financial performance. An economic crisis, such as the global financial crisis in 2008, the European sovereign debt crises in 2010 and 2012, the financial impact of the COVID-19 pandemic or poor economic performance in general, such as with the recent recession in Brazil, could also increase the number of defaulting borrowers. An increase in the number of non-performing borrowers in the Bank's loan portfolio could increase loan losses and adversely affect the Bank. Borrower default risk further increased with the global economic and financial impact caused by the COVID-19 pandemic, mainly due to the fact that the Bank provided corporate loans to companies that were materially impacted by the effects of the pandemic.

***Collateral for unpaid loans and financing can be difficult to enforce and recover.***

Guarantees linked to unpaid loans and financing may be difficult to obtain, since they depend on external variables, e.g. the results of the lawsuit which may be subject to judicial appeals. In situations where the debtor's economic and financial situation is compromised, the debtor's assets may be encumbered by more senior debt to other creditors, including the state or federal government for tax or other reasons. Moreover, the judicial proceedings may lead to the renegotiation of the borrower's debts, by means of a settlement.

If the Bank receives movable or real property upon collecting on a debt, generally, it will subsequently attempt to make such assets liquid by auctioning them for sale. The amounts effectively obtained in such sales may be less than the fair value of such assets or less than what was originally expected to cover for the amount owed to the Bank in the first place.

***The Bank may not be able to recover the amounts arising from loans defaulted on by its borrowers or take possession of assets pledged as collateral for such contracts, or that such collateral, upon foreclosure, will be sufficient to cover the amount of the respective transactions, which may adversely affect its results of operations and financial condition.***

When borrowers become delinquent on loan or financing agreements, the Bank will take legal action to recover the amounts due. There can be no assurance that such legal actions will result in the effective recovery of the amounts due. To the extent that there is a high volume of debt that the Bank is unable to recover, its results could be materially adversely affected.

Due to the effects of the COVID-19 pandemic in the Brazilian and global economies, there has been a material increase in the risks associated with the corporate debt market, including those resulting from increased defaults, renegotiations of existing debt contracts and possible claims of force majeure, which in turn may increase expected credit loan loss provisions and impact the ratio of non-performing loans to total loans made by the Bank.

***The Bank may not be able to consolidate the properties secured by fiduciary sale, which could directly impact the Bank's business.***

A significant portion of the Bank's mortgage loans are secured by fiduciary sales. In the event of default by the fiduciary, and after the grace period established in the contract is complied with and after the time limit for purging the arrears has expired, the Bank may request consolidation of ownership of the property in its name and may seek to have the property sold in an auction. The deadline for the Bank to fully repossess the property may vary. In addition to the possibility of delays in the proceeding, the debtor may oppose the proceedings, which may

lead to a dismissal which in turn may adversely affect the Bank's results. Specifically in relation to the foreclosure of guarantees based on fiduciary sale of real estate, subject to applicable laws and regulations, there is no way to ensure that the amounts obtained by the Bank at the auctions for sale of consolidated real estate will be sufficient to cover the amounts due by the Bank's clients. If the Bank is not successful in collecting on its debt, its results of operations and financial condition could be adversely affected.

***The increase in real estate property owned by the Bank a result of collecting on defaulted loans by its customers may generate a significant increase in the so-called "assets not for own use" ("BNDU"s).***

Due to the depreciation of the collateral and the burden of maintaining properties repossessed by financial institutions as a result of debtors defaulting on their loans, the Bank always seeks to sell such properties in a short period of time. The Bank may not be able to sell its BNDU properties in a short period of time or in the manner and under the terms it had projected which could negatively impact its results and financial margin.

***A deterioration of the credit quality of the withdrawals in the receivables guarantee portfolio could adversely affect the Bank's results of operations and financial condition.***

Part of the Bank's credit operations with companies is secured by receivables held by the borrowers. Any unfavorable change in the credit quality of these third-party debtors could adversely affect the Bank's ability to collect amounts due from its clients, which could adversely affect its operating and financial results.

Allowances for impairment are based on the Bank's current assessment and expectations regarding various factors that affect the quality of the Bank's loan portfolio. If the Bank is unable to control or reduce the level of non-performing or low quality loans, this could have a material adverse effect on the Bank.

***If the actual credit losses of the Bank, including Banco Votorantim, exceed the provisions for credit risk, the Bank may be adversely affected.***

The financial condition and results of operations depend on the Bank's ability to assess losses associated with the risks to which it is exposed. The provisions for loans granted by the Bank and Banco Votorantim are recorded in accordance with the parameters established by CMN Resolution No. 2682/99 and use estimates that involve many factors, including recent losses or standard events, the economic scenario and internal risk classification. The projection of provisions also involves management's estimates, which may change if new relevant information becomes available or is updated.

If the actual credit losses of the Bank, including Banco Votorantim, exceed the provisions for credit risk, the Bank may be adversely affected.

***The systems and methods of identification, analysis, management and control of risks linked to the Bank's portfolio of clients may not be sufficient to avoid losses.***

Part of the Bank's portfolio is made up of loan and treasury transactions. Fluctuations in the variables of interest rates, exchange rates, shares and commodities may positively or negatively affect the results, depending on the terms of the transactions.

Before carrying out any of these transactions, the Bank analyzes the credit profile of each of its clients in order to assess the risks each transaction poses to the Bank. The Bank cannot guarantee that its risk management and credit analysis systems will be sufficient to avoid losses due to failure to identify all the risks related to its portfolio and the portfolios of its clients, or due to inadequate, incorrect, or untimely analysis of or response to identified risks, which may have a material adverse effect on the Bank's operating and financial condition.

#### **Risks related to the sectors of the economy in which the Bank operates**

***Brazil's economy is vulnerable to external events that may have a material adverse effect on Brazil's economic growth, on the Bank's business and on its operating results.***

The globalization of capital markets has increased countries' vulnerabilities to adverse events. Brazil may be adversely affected by adverse financial and economic events originating in other countries. The global financial crisis that occurred in mid-2008 led to reduced liquidity, credit market problems and economic recession in

developed countries, which negatively affected emerging markets. Financial losses and cash deficiencies, bankruptcies of financial and non-financial institutions and a decrease in confidence among economic agents increased risk aversion and led to more cautious lending.

In addition, fiscal problems in several countries, especially in Europe, intensified concerns about the fiscal sustainability of weaker economies and reduced the confidence of international investors, bringing volatility to the markets. This environment may affect the ability of the Bank and other Brazilian financial institutions to obtain financing in the international capital markets by restricting the credit market. On December 31, 2019, the COVID-19 virus was discovered after cases were reported in China. In view of the number of cases and the global reach, the World Health Organization (WHO) declared a pandemic of the disease. The Federal Government declared a state of health emergency and confirmed the registration of cases in the country. The spread of the disease provoked a strong impact on the Bank's activities, causing loss of business in the network.

The occurrence of negative effects such as those mentioned above may lead to deterioration of economic conditions in Brazil and the resulting impacts, such as compromising the banking system clients' ability to pay, would have a direct impact on the Bank's business, limiting its ability to achieve its strategies and affecting its operating results.

***The Federal Government exercises influence over the Brazilian economy and governmental actions may adversely affect the Brazilian market and the Bank's business, financial condition and results of operations.***

Changes in regulations with respect to foreign exchange controls, taxes, and other areas, applicable to the services that financial institutions offer may adversely affect the Bank's business, financial condition and results of operations.

Uncontrolled inflation, large variations in exchange rates, social instability and other political, economic, and diplomatic developments, as well as the Federal Government's response to such events, may adversely affect the Bank's business and strategy. In addition, uncertainty in relation to economic policy guidelines and, especially, in financial market regulation may contribute to the distrust of financial agents and increase volatility in the Brazilian capital markets, as well as in the price of securities of Brazilian issuers. The Bank cannot perfectly predict the adoption of certain economic policies (such as tax, monetary, credit, and exchange rate policies, among others) by the Federal Government and the impacts of these policies on the Brazilian economy or whether they will adversely affect its financial condition and the results of its operations. Scenarios of political uncertainty may affect the approval of important measures and provoke reversals in expectations, such as:

- i. fluctuations in interest rates;
- ii. fluctuations in exchange rates and restrictions on remittances abroad;
- iii. reductions in wage and income levels;
- iv. rising unemployment rates
- v. inflation;
- vi. reserve requirements;
- vii. additional capital requirements;
- viii. reduction in the liquidity of the capital and credit markets;
- ix. macroprudential measures;
- x. increase in defaults;
- xi. changes in the tax system; and
- xii. political, social, or economic instability;

Uncertainty about the implementation of changes by the Federal Government creates instability in the Brazilian economy. As an example, the recent deterioration in the tax results of the federal, state and municipal governments caused an increase in the gross debt figures, as well as in the ratio of this indicator to gross domestic product (“GDP”). In this environment, the federal government may have difficulties honoring its domestic debt commitments, which would negatively affect the Bank's financial revenues.

In addition, the Brazilian political environment has historically influenced and continues to influence Brazilian economic performance. The latest economic and political crisis that began in 2015 and which resulted in the impeachment of the president of Brazil at that time affected and continues to affect the confidence of investors and the general public and was one of the factors that resulted in the largest historical recession in Brazil. Changes in the structure of the Federal Government may result in changes in government, fiscal, monetary and exchange rate policies.

These changes may affect variables that are relevant to the Bank's growth strategy, such as foreign exchange and interest rates, liquidity in the foreign exchange market, tax burden and economic growth, thus limiting the Bank's operations in certain markets, affecting the liquidity and payment capacity of clients and, consequently, the Bank.

Adverse events that generate political instability may contribute to increased volatility in the Brazilian capital markets and higher volatility of securities issued by Brazilian companies, which, in turn, may have an adverse impact on the Bank. In addition, diplomatic, social, and economic developments in Brazil and abroad that affect Brazil may also affect the Bank.

Consequently, the continuation of any of these factors or combination could have an adverse effect on the Bank's financial condition and results of operations.

***Capital controls implemented by the Federal Government may affect the Bank's business, operations or prospects.***

Foreign exchange and foreign trade transactions in Brazil are governed by regulations issued by the Central Bank and by specific legislation. The current exchange rate model maintained the premises provided for in the federal legislation, such as:

- ii. transactions subject to registration with the Central Bank;
- iii. formalization of transactions via foreign exchange contracts; and
- iv. maintenance of the rules regarding foreign capital in the Country.

Adverse events may cause the Federal Government to adopt a more restrictive capital movement policy, imposing restrictions on foreign exchange and foreign trade transactions in Brazil at any time. These factors include:

- i. amount of foreign exchange reserves;
- ii. sufficient foreign currency is available at the date on which the payment of an obligation is due;
- iii. Brazil's debt service burden in relation to the economy as a whole; and
- iv. any political restrictions to which Brazil may be subject.
- v. Any such restrictions may adversely affect the Bank's business, operations, or prospects and its ability to make foreign currency payments on its obligations outside Brazil.

***A future substantial rise in inflation could adversely affect the Bank's financial condition and results of operations.***

In the past, Brazil lived with high rates of inflation. Various measures and plans that were adopted by the Federal Government in order to combat inflation negatively affected the Brazilian economy. There is no guarantee that the Brazilian economy will not be affected in the future by new inflationary pressures.

However, if the Federal Government fails to control inflation and inflation in the future exceeds the target range ceiling, the Bank's results of operations and financial condition may be adversely affected, negatively impacting its ability to meet its obligations, since the Bank has various contracts that are adjusted for inflation. Inflationary pressures may also reduce the Bank's ability to access foreign financial markets, affect the ability of clients to honor their commitments, and lead to additional government interventions in the economy, including the introduction of economic policies, which may adversely affect the performance of the Brazilian economy as a whole and, consequently, the financial condition and results of operations of the Bank.

***Changes in the basic interest rates introduced by the Central Bank may adversely affect the Bank's results of operations and financial condition.***

The Central Bank's Monetary Policy Committee ("COPOM") periodically establishes the SELIC rate, the basic interest rate for the Brazilian banking system, which serves as an important instrument for compliance with inflation targets. The basic interest rate has fluctuated frequently in recent years. COPOM has frequently adjusted the basic interest rate due to economic uncertainties and to meet the objectives set by the Federal Government's economic policy.

The recent COVID-19 pandemic has caused relevant impacts on the global and local economy, affecting the consumption and economic activity of countries in general. Central banks around the world have adopted monetary stimulus actions and fiscal expansion in an attempt to minimize the impacts of the crisis, which already signals a possible scenario of recession in the world economy in 2020.

In Brazil, the advance of the pandemic has been reflected in the deterioration of the macroeconomic environment, causing a fall in demand for products and services, slowdown in the GDP, increase in unemployment, and increase in public debt, in addition to devaluation in the exchange rate, fall in inflation, and interest rate. On August 5, 2020, the basic rate reached 2.0%, this being the lowest level in history, a decision taken at a time of sharp reduction in the level of activity in the world economy due to the COVID-19 pandemic.

Given this scenario, the Central Bank, the CMN and the Federal Government have taken various measures to improve the liquidity conditions of the Brazilian Banking Industry and minimize the impacts of volatility on the foreign exchange market and on banks' capital consumption. However, uncertainties regarding the duration and intensity of the COVID-19 crisis as well as the effectiveness of the measures announced make it impossible to measure and extend the impacts of the pandemic on local macroeconomic conditions.

Increases in the basic interest rate may adversely affect the Bank's results of operations, through a reduction in the demand for credit, an increase in funding costs, and an increase in the risk of client default, among others. In particular, lending tends to be more affected by an increase in the basic interest rate, which may adversely impact on the Bank's business. Reductions in the basic interest rate may also adversely affect the Bank's results of operations, through reduction in income from income-generating assets and decrease in margins, among others.

***The growth of the competitive environment in the Brazilian banking industry may adversely affect the Bank's business prospects.***

The market for financial and banking services in Brazil is highly competitive. The current characteristics of the Brazilian financial market, such as high spreads, strong business concentration in large institutions, growing regulatory requirements, and high service costs, combined with new consumer behavior that demands cheap and innovative solutions, challenge the banking market to continuously reinvent itself.

It is in this context in which fintechs, big techs, or large retailers emerge through the interaction between financial services and technology, with a strategy focused on client experience, causing profound changes in areas such as means of payments, credit, insurance, and financial advice. This movement has significantly influenced the current financial institutions, which seek to review strategies and positioning to operate in new markets and

with new business models. Increased competition and the implementation of BC# Agenda actions, such as the Instant Payments System-PIX and Open Banking, may affect the Bank's operating results.

***The profitability of the Bank's business may be adversely affected by worsening domestic or global economic conditions and by the perception of risks and uncertainties related to certain Brazilian companies.***

As the Bank operating in domestic and international markets, the Bank is subject to the adverse effects of a worsening of the general conditions of the local and global economic environments. Factors such as economic growth, market liquidity, inflation, interest rates, asset prices, default levels, among others, have the potential to affect the profitability of the Bank's business. In addition, with the Bank's presence abroad, changes in the regulation of the local and international financial system are potential risk factors for the Bank's performance.

Likewise, the perception of risks and uncertainties associated with the domestic environment may impact on business, considering the increase in risk aversion for Brazilian assets that such movement may generate. In this sense, for the current economic scenario, the main risk refers to the non-implementation of the reform agenda, especially in the tax area, which may negatively impact on the resumption of economic growth, with a fall in investor confidence, a possible new downgrade by the risk rating agencies, consequently affecting the Bank's business.

***The Bank's ability to make interest payments may be limited by liquidity constraints in Brazil.***

The occurrence of an event that could lead to capital flight from Brazil and/or induce the Central Bank to suddenly and abruptly raise the economy's basic interest rate could have an impact on local liquidity conditions. These uncertainties in the financial environment, which can be both external and internal in origin, have the potential to raise the level of exposure to liquidity risk arising from the negative impact on the Bank's main sources of funds, especially short-term deposits, raising funding costs, which would have an adverse effect on revenues and liquidity levels. In addition, adverse events affecting the Brazilian economy may directly or indirectly affect the ability of certain clients to honor their financial commitments to the Bank, adversely affecting the financial condition or results of operations of the Bank.

***Certain external factors beyond the Bank's control, including interest rates, foreign exchange rates and the market price of its securities portfolio, may adversely affect its business.***

The Bank's operating results are subject to exogenous factors, including variations observed in market interest rates, foreign exchange rates and securities prices.

Consequently, the ability to ensure satisfactory rates of return on its assets and shareholder's equity depends on the Bank's ability to increase its revenues, reduce its costs and adjust its portfolio of assets to minimize adverse impacts from fluctuations in macroeconomic factors.

As of December 31, 2020, the Multiple Bank's domestic securities portfolio consisted of approximately:

- i. 81.65% securities related to the Interbank Deposit Certificate (CDI) or Average SELIC Rate (TMS);
- ii. 16.91% fixed income securities; and
- iii. 1.44% securities related to other indices.

Consequently, the majority of the Bank's securities portfolio is composed of floating interest rates. The Bank's foreign investments may adversely affect profitability in the event of significant variations in the real/foreign currency exchange rate.

As of December 31, 2020, the Bank's total foreign exchange exposure, calculated in accordance with Central Bank's Circular No. 3.641, was R\$5.499 billion. The main foreign currencies with which the Bank carries out transactions are: US Dollar, Euro, Pound Sterling, and Yen.

The Bank is subject to all the risks related to long-term operations, whether they are related to economic activity, interest rate levels, maturity mismatches or changes in the requirements established by the Central Bank.

In the event of changes in interest rates negotiated in the market, any of the pre-fixed securities would suffer effects, either in the Bank's results for securities classified as trading securities or in shareholder's equity for securities classified as available for sale. None of these factors are within the Bank's control and may have an adverse effect on the Bank's future profitability, financial condition, and results of operations.

***The Bank is subject to exchange rate instability, which may adversely affect its financial condition and results of operations.***

The devaluation of the *real* in relation to the U.S. dollar could result in adverse effects on the Bank's activities, since under these conditions there is an increase in the cost of raising foreign funds required to cover obligations denominated in or indexed to the U.S. dollar. On the other hand, when the Brazilian currency appreciates, the Bank may incur losses on its assets denominated in or indexed to foreign currencies. In addition, the Bank cannot assure that sudden changes in exchange rates will not hinder its clients' ability to pay their obligations expressed or indexed to the US dollar, adversely affecting its financial condition and the results of its operations, and may generate negative impacts on the market price of its shares.

Depreciation of the *real* against the U.S. dollar may also create additional inflationary pressures in Brazil and adversely affect the Bank's business. On the other hand, the appreciation of the *real* against the U.S. dollar may lead to a deterioration in Brazil's current transactions and balance of payments due to an increase in imports. Either of the two movements in the exchange rate (depreciation or appreciation of the *real*) may adversely affect the Bank's financial condition and results of operations.

***Exposure to federal government debt may have adverse effects on the Bank.***

The Bank invests in federal government debt securities. Although part of the compensation of these securities is predefined, market prices are subject to fluctuations, which may impact on the profitability of the Bank's securities portfolio. This may occur due to changes in the domestic and/or global macroeconomic environment, or other events capable of affecting the perception of agents in relation to the Federal Government's ability to pay either the principal or the coupons of the securities representing its debt within the maturity period of these securities.

If there are unexpected changes in the conditions of the trading market of the securities portfolio, which reduce the liquidity/market value of these securities, and/or, eventually, the Federal Government fails to honor the commitments related to the payment of the principal or coupons of the securities representing its debt within the term of these securities, the Bank's operating income and financial position may be adversely affected as a result of the mark-to-market of the government securities held in portfolio.

***The Bank is subject to liquidity risks that may affect its operations and results.***

Maintaining an adequate liquidity level is critical for the Bank's business, enabling its obligations to its clients and clearinghouses to be honored and preventing cash shortages from generating difficulties in honoring its maturities.

If, for any reason, there is a liquidity and/or cash flow problem, the Bank may not be able to meet its financial obligations to clients and clearinghouses.

If withdrawals occur in extraordinary volumes, the Bank may have difficulties in obtaining funds necessary to honor these withdrawals, leading to a default vis-à-vis its respective clients and consequent damage to its image.

Damages to the image of the Bank and/or its management may generate loss of confidence by clients and trigger a significant increase in the volume of withdrawals, which will possibly harm the Bank's liquidity.

Economic and financial impacts caused, for example, by the pandemic of COVID-19 and regulatory actions in the face of the pandemic may have caused limitations on liquidity. Should the challenging macroeconomic environment and financial market conditions resulting from the COVID-19 pandemic persist, we could face possible future liquidity constraints.

The occurrence of events related to liquidity risk may substantially affect the Bank's activities and results.

***The concentration of funding sources may increase the Bank's liquidity risk and funding cost.***

The concentration of funding sources in public or private entities may generate the need to replenish funds in the short or medium term, which could increase the cost of raising funds, since the Bank could have to increase the remuneration of deposits:

- i. ensure the maintenance of deposits with the Bank; or
- ii. capture new deposits in order to replenish its sources of funds.

**Risks related to regulation of the sectors in which the Bank operates**

***Minimum capital adequacy requirements imposed on the Bank as a result of the implementation of Basel III may have an adverse impact on its results and financial condition.***

On September 12, 2010, the Group of Central Bank Chairs and Heads of Supervision, the governing body of the Basel Committee on Banking Supervision, announced a substantial strengthening of the then existing capital requirements, in addition to ratifying previous agreements, laying the frameworks for a package of reforms concerning capital and liquidity, the Basel III Accord, which was ratified at the G-20 summit in Seoul in November of 2010. The recommendations in the "Basel III Accord" aim to improve the ability of financial institutions to withstand shocks in financial or other sectors of the economy, maintain overall financial stability, and promote sustainable economic growth. The Basel Committee's reform package will increase minimum capital requirements and may require banks to maintain a capital conservation buffer and a countercyclical buffer to withstand periods of stress and to control systemic risk.

In March of 2013, the CMN and the Central Bank issued a new regulatory framework for the implementation of Basel III in Brazil. Accordingly, CMN Resolution No. 4,192 established new rules for calculation of regulatory capital (reference equity) ("PR"), the requirements of which have been gradually implemented by the Central Bank since 2013. The period of implementation is still in progress. Among other things, this resolution determined that Brazilian financial institutions must comply with the new minimum capital requirements.

Additionally, as of January 1, 2016, financial institutions authorized by the Central Bank became required to present their Additional Principal Capital ("ACP") in accordance with CMN Resolution No. 4,193, which is an additional Principal Capital rate. The ACP is calculated by applying certain percentage rates derived from Risk Weighted Assets. According to CMN Resolution No. 4,193, the calculation of the ACP corresponds to the sum of the following factors: Additional Principal Capital Conservation + Additional Countercyclical Principal Capital + with respect to certain financial institutions, Additional Principal Capital Systemic Amount. The non-compliance with the limits of the Additional Principal Capital, provided that the insufficiency of the ACP is found, restricts: (i) payment of variable compensation to directors and officers of the respective financial institution, (ii) payment of dividends and interest on capital, (iii) payment of net surplus and annual compensation to shareholders of credit unions, (iv) repurchase of shares, in any amount and (v) any reductions of capital.

Due to the COVID-19 pandemic, the Central Bank promulgated various measures, among them CMN Resolution No. 4,783/20, which modified some of the capital requirements applicable to financial institutions in order to increase the capacity of banks to renegotiate credit transactions and maintain the flow of participation in new transactions. For additional information on the measures adopted by the Central Bank. For more information, please refer to "Regulation of the Brazilian Banking Industry—The Temporary Measures taken by the Government to mitigate the effects of COVID-19—Loans granted by the Central Bank."

The Bank may be unable to meet the minimum capital adequacy requirements imposed by the Central Bank due to a change in the rules regarding capital adequacy or a change in the performance of the Brazilian economy as a whole. The Bank may be compelled to limit its credit transactions, conduct sale of assets, and/or adopt other measures that may adversely affect the Bank.

***The increased competitiveness in the banking sector due to the implementation of the Open Banking system may make it more difficult to retain clients and affect the Bank's results.***



On May 4, 2020, the CMN and the Central Bank enacted Joint Resolution No. 1/2020 and Central Bank Circular No. 4,015, which implemented the Open Financial System ("Open Banking") in Brazil, with the objective of facilitating the access of new players to the financial market, as well as encouraging competition among financial institutions. The changes brought about by these new regulations began to require the opening and sharing of information on the services of the main financial institutions in Brazil and expansion of the portability of client data and transactions. As a result, financial institutions will be required to adopt minimum technological standards for the implementation and operation of interfaces dedicated to sharing data and services. Thus, client data and services of financial institutions become available for access by participants of the financial system, provided that the sharing of their data is previously allowed by the clients.

If the Bank participates in the Open Financial System, it will be obliged, according to the schedule provided for in the rules, to share standardized data relative to its attendance channels, products and services available for contracting, as well as to make available registration information, information of representatives and the transactional data of clients (upon their consent) relating to the products and services offered.

The implementation of Open Banking will occur in stages, starting in November of 2020 and ending in October of 2021. If the Bank is unable to be competitive in the face of these new market conditions or to fully and properly observe minimum technology standards, including those relating to cybersecurity, it may have difficulty retaining clients and its financial results could be negatively impacted, as could its reputation.

***Unexpected and/or adverse results in the Bank's business, arising from applicable legal/regulatory changes.***

The business related to credit granting, collection and recovery, as well as transactions with foreign currencies, among others, may be adversely affected by legal and regulatory changes that may be disclosed by the Government/regulators, or even by divergences in the Bank's legal understanding and decisions handed down by certain courts.

Certain bills, already in progress or to be processed, may bring legal, operational and business insecurity to operations entered into by the Bank.

The actual impacts of the risks related to such possible legal/regulatory changes are unpredictable. However, its risks must be considered in view of the possibility that changes of this kind (whether in Brazil or in the countries in which the Bank does business) may seek to meet or expand the rights of consumers of banking services, and possibly impact the business models used by the Bank.

The bill proposing to amend the Consumer Protection Code, for example, would allow courts to alter the terms and conditions of credit agreements in certain situations by imposing certain difficulties in collecting amounts from end consumers. Additionally, the bill is aimed at imposing security measures and standards for client service, such as determining banking hours, requiring armed security 24 hours a day and specifications on the operation of ATMs periodically proposed by state and municipal legislative bodies.

***Unfavorable decisions in judicial, administrative, or arbitral proceedings may cause adverse effects to the Bank.***

The Bank is, or may become, a defendant in legal, administrative and arbitral proceedings in the civil, environmental, criminal tax, and labor spheres, the outcome of which may be unfavorable. Decisions contrary to its interests, the interests of its officers and directors and/or its shareholders, or its loss prognoses, may represent financial losses and prevent the realization of its projects as initially planned and may adversely affect its reputation, business or results.

The amount of provisions made by the Bank may be less than the total amount of the judgments relating to the lawsuits mentioned above.

Similarly, one or more of its officers and directors may be defendants in judicial, administrative and arbitral proceedings, in the civil, environmental, criminal, tax and labor spheres. The commencement and/or the results of these proceedings may adversely affect our directors and officers, especially in cases of criminal proceedings, which may prevent them from exercising their functions at the Bank. Such adverse effects are material to the Bank's reputation, business or results.

Adverse decisions that affect the reputation or interests of the Bank, its officers and directors, and/or its shareholders, or that reach substantial amounts or prevent the conduct of its business as initially planned and that are not adequately provisioned may cause an adverse effect on the Bank and/or affect its reputation. For information on legal and administrative proceedings, see “Description of the Banks—Legal Proceedings” of this Base Prospectus.

***The Federal Government regulates the operations of financial institutions and changes in existing regulations or the imposition of new regulations may adversely affect the Bank's operations and revenues.***

Financial institutions are subject to extensive and continuous regulatory oversight by the Federal Government. The Federal Government has historically implemented or changed regulations affecting financial institutions as part of its implementation of economic policy. Such regulations are constantly modified by the Federal Government to control the availability of credit and to reduce or increase consumption. Some of these controls are temporary in nature and may be modified from time to time in accordance with the Federal Government's credit policies. Other controls were introduced and remained stable or were gradually reduced. Since changes in such regulations may occur frequently, historical operating results are not necessarily indicative of the Bank's expected future results.

This regulation is exercised primarily by the Central Bank, the CVM, and the CMN, which monitor the banking industry and may impose disciplinary sanctions. These regulations are related to the following areas, among others:

- i. minimum capital requirements;
- ii. internal processes for assessing capital adequacy;
- iii. compulsory deposits;
- iv. requirements concerning investments in fixed income;
- v. loan limits and other credit restrictions, including compulsory allocations;
- vi. limits and other restrictions related to fees;
- vii. limits for charging and capitalization of interest;
- viii. accounting and statistical requirements;
- ix. distribution and brokerage of securities;
- x. management of securities portfolios;
- xi. other requirements or constraints resulting from global financial crisis;
- xii. requirements for contracting data processing and storage and cloud computing services;
- xiii. requirements as regards the prevention of money laundering crimes, record keeping, and ethical issues; and
- xiv. intervention, liquidation, and/or temporary special administration regime.

The regulatory framework, which establishes the guidelines to be followed by Brazilian financial institutions, including banks, brokerage firms, and leasing companies, has been evolving continuously. Existing laws and regulations may change, the manner in which existing laws and regulations are enforced or interpreted may change, and new laws or regulations may be adopted. Moreover, the regulations issued by the Central Bank are not subject to the legislative process, so their enactment and implementation may occur within a very short period of time, affecting our business in an unforeseen and sudden manner. Such changes may adversely affect the Bank's operations and revenues.

This regulatory framework to which financial institutions are subject evolves continuously due to changes or new international agreements, market volatility, and the Federal Government's desire to strengthen the Brazilian Banking Industry (SFN). As a result of these factors, the Federal Government may in the future change laws and regulations in ways that could adversely affect liquidity, client creditworthiness, funding strategy, credit growth, costs, or other aspects of the Bank's business. In the past, the Federal Government has applied specific economic policies, such as, for example, control of credit availability in order to reduce consumption, which affected the Bank's ability to grant credit and restricted the growth of the loan portfolio. Increases in compulsory deposits have reduced the Bank's profitability, since the returns on compulsory deposits are lower than on other lines. Future regulatory changes may have a similar adverse effect on the Bank's results.

***Changes in Brazilian tax and social security legislation may adversely affect the Bank's results of operations and financial condition.***

The Federal Government regularly implements changes in tax, social security, and other laws and taxation regimes affecting the Bank and its clients. These changes include changes in tax rates and, occasionally, the establishment of temporary tax rates, the proceeds of which are earmarked for certain governmental purposes. Some of these measures may result in increased payments of taxes and social security contributions, which may adversely affect the Bank's results of operations and financial capacity. There can be no assurance that the Bank will be able to maintain the profitability obtained in previous years if substantial increases in taxes on the Bank, its subsidiaries and its operations occur.

Additionally, in the past, tax reforms brought uncertainties to the domestic financial system, increased the cost of credit and contributed to increase defaults and the same may occur in the future. It is not possible to predict the effects of tax reforms that may be implemented by the Federal Government or give assurances that any tax reform that is deployed in the future does not have an adverse effect on the operating results and financial capacity of the Bank.

The Federal Government proposes and implements reforms and other changes in the tax regime to which the Bank and its clients are subject, which may impact the Bank. These reforms often require readjustment of internal systems and procedures and, occasionally, temporary taxes are instituted, the collection of which is intended to meet the purposes designated by the government.

Supplementary Law No. 157/2016, concerning the Tax on Services of Any Nature (ISSQN), changed the taxation of some services, which are no longer due to the municipality of the service provider establishment and are now due to the municipality of the service acquirer. This legal definition impacted the operationalization related to the calculation, collection and compliance with ancillary obligations of this tax.

A broad tax reform is under discussion in the National Congress, mainly designed to increase the efficiency of the allocation of resources in the economy. In the form in which it was presented, the approval of the reform would involve a broad restructuring of the Brazilian tax system, including creation of the Value Added Tax (VAT) on goods and services that would replace various taxes (social contributions, the federal tax on industrialized products, the tax on financial transactions, and the tax on circulation of goods and services).

Changes in tax policy, including the creation of new taxes, may occur with relative frequency and such changes may have an adverse effect on the Bank's financial position or results of operations. In addition, the Brazilian congress may discuss broad tax reforms in Brazil to improve the efficiency of the allocation of economic resources, as proposed by the executive branch of the Brazilian Federal Government. Tax reforms in Brazil have been discussed in recent years. It is anticipated that the reforms, if adopted, would involve a broad restructuring of the Brazilian tax system. The effects of these changes or any other additional reforms, if approved, cannot yet be quantified, as the proposed constitutional amendment provides as the next step the regulation of the new taxes, whose proposal has not yet been submitted. These changes may have an impact on the Bank's business that cannot yet be determined, whether positive or negative. It should be added that past changes in the tax system have caused uncertainty in the financial system, increasing the cost of borrowing.

***The Bank's ability to collect payments due from payroll loan transactions is tied to laws and regulations, judicial interpretations and policies of public entities related to payroll deductions, in addition to licenses and agreements with the private or public employers involved.***

Part of the income from loans and advances to clients of the Bank (net of allowance for losses) is derived from personal credit transactions with payroll consignment, including of the consigned card type. The amounts are deducted directly from the respective retirements, pensions or earnings received by borrowers. These deductions may be interrupted if the retiree, pensioner, employee, or public and/or private sector employee loses the employment relationship, has priority discounts in relation to the payment of the credit transaction, such as alimony, and also in the event of death of the borrower.

The Bank's ability to make payroll deductions is governed by various federal, state and local laws and/or regulations, which set limits on deductions, and is dependent upon licenses issued by relevant public entities and agreements with private sector employers. Any changes in applicable regulations or judicial interpretations may require adjustments in the operating procedures for collection of installments.

There are also risks arising from the employer or payer. Any events that affect payments to employees, such as financial problems of the employer, failures or changes in the internal system, may delay, reduce or make it impossible to discount from employees' salaries and, consequently, result in losses in the Bank's payroll loan portfolio, which may adversely affect the Bank's business and results of operations.

Executive Order No. 936 of 2020, converted into Law No. 14,020, of July 6, 2020, established the Emergency Program for Maintenance of Employment and Income, with application during the state of public calamity recognized by Legislative Decree No. 6, of March 20, 2020, and includes the possibility of proportional reduction of working hours and wages and temporary suspension of the employment contract. In this scenario, a percentage of consigned credit agreements may be affected, notably in relation to the decrease in the consignable margin of the borrower in this period, causing compulsory refinancing, prolonging the agreements and consequently the receipt of these amounts by the Bank.

If any of these factors occur, the payroll charging system will be compromised and a new charging system may be required. Any replacement system would likely not be as effective as the consigned credit system and may have higher operating costs. In this case, the Bank may be forced to direct the granting of credit to higher risk lines with higher interest rates, which may reduce the number of clients.

Any of these events may increase the risk to the Bank's consumer loan portfolio and increase provisioning and other expenses related to collecting payments due.

***Changes in the minimum charge-off levels for the housing and agricultural loan funding sources may adversely affect the Bank's profitability.***

CMN Resolution 3549/2008 allowed financial institutions, authorized to raise rural savings, to also raise savings within the Brazilian Savings and Loans System (SBPE). From this resolution, the percentage of 90% of funding in is directed to savings to make up the balance of rural credit and 10% to make up the balance of funds for housing savings. In 2017, the enforceability of housing credit was 65% of the 10% directed to this sector, while that of rural credit was 74% for the period of January to June 2017, 65% for the period July to November 2017 and 60% for investments as of December 1, 2017.

The change in the aforementioned percentages results from the need to expand or reduce the availability of resources to the sector. However, the financial impacts are associated with the rule on mandatory and additional compulsory contributions, as well as negotiations with the National Treasury regarding the amounts to be paid to the Bank related to the difference in rates between the cost of raising funds, plus administrative and tax costs to which official financial institutions and cooperative banks are subject, and the charges levied on the final borrower of rural credit, defined as equalization of financial charges in the case of rural operations. The negative impacts on the Bank's profitability may be observed if the funds are allocated to financing with lower financial results (spread) or to comply with the requirements of banking obligations.

***Under Brazilian law, the Federal Government must maintain shareholding control of the Bank.***

The Bank is a publicly traded company organized as a government-controlled corporation. Decree-Law No. 200 of February 25, 1967, provides that the Federal Government must maintain a majority of the voting capital of government-controlled companies such as the Bank.

The Federal Government may hold less than a majority of the voting shares of the Bank only if there is a future change in the Bank's status as a corporation or in the wording of Decree-Law No. 200, both subject to a decision by the President of Brazil. On December 31, 2020, the Federal Government through the Ministry of the Economy, held 50% of the Bank's shares. Foreign investment in Brazilian banks is limited by law.

According to article 52, sole paragraph, of the Transitory Constitutional Provisions Act, the President of Brazil, by means of a decree, or the Central Bank, pursuant to Decree No. 10,029/2019, may increase the participation of foreign capital in financial institutions, if they consider it to be a matter of national interest. Pursuant to the Presidential Decree in force, investment in common shares of the Bank by foreigners is limited to 30% of the Bank's total capital.

Any increase in this limit depends on the enactment of a new Presidential Decree, which is beyond the Bank's control.

If the number of the Bank's free-float held by foreign shareholders approaches the 30% limit, the sale of the Bank's shares to foreign investors may not be possible. This limitation may impact on the liquidity and price of the Bank's shares.

***The Bank may not be able to fully detect and adapt to relevant regulatory changes and may not have the time or capacity to make all the necessary adjustments to its processes, as well as may fail to report or comply with laws, including those related to the functions of a government-owned company.***

The Bank is subject to external regulations in the segments in which it operates. The need for observance of the regulatory adherence cycle (prospecting, impact analysis, internalization and disclosure), applies to all of the Bank's regulated processes.

Even with the prioritization of the treatment of regulators and the absence of an appetite for compliance risk, the occurrence of some regulatory non-compliance or reports that may entail fines or sanctions is possible.

#### **Risks related to foreign countries where the Bank operates**

***The Bank is present in North America, South America, Asia and Europe. In this context, adverse changes affecting the economy of these regions, local banking regulations and the rules and definitions of international regulatory agencies may adversely affect the Bank's results.***

Any adverse situation that affects the economy of the countries where the Bank operates could have an impact on the results of the units located in the affected markets and, depending on the affected market, the profile of the Bank's clients in each of these markets and the nature of the economic adversity and the reduction in the number of clients served could have an impact on the results.

Another factor that may interfere with the profitability of the units is related to changes in banking regulations and compliance with rules and definitions of international regulatory agencies. Any changes and the Bank's failure to comply with them may result in a material adverse impact on the Bank's operations and, consequently, on its results.

***The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act may subject the Bank's U.S. securities brokerage firm to substantial additional regulation. The Bank cannot predict the effects of these additional regulations on its business.***

Since the 2010 enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd- Frank Act"), the Dodd-Frank Act has resulted in regulations instituting a wide range of reforms, impacting on the U.S. financial markets and covering a wide range of market participants, including broker-dealers and investment advisers. In particular, the Dodd-Frank Act affects the Bank's U.S. securities brokerage in that it imposes additional disclosure requirements, including information with respect to positions, use of leverage and credit and counterparty exposure risk. The Dodd-Frank Act also establishes the Financial Stability Oversight Council (the "Council"), which is responsible for the oversight and mitigation of "systemic risks" in the financial sector. As part of its powers, the Council has the authority to subject certain financial sector companies to additional regulations, which could limit the level of risk exposure assumed by these companies.

In December of 2014, the Council initiated a public consultation on the risks that certain aspects of the asset management and administration sector pose to the U.S. financial system. Subjecting the Bank to additional regulations could result in increased regulation of the Bank's business, including higher standards of capital, leverage, liquidity, risk management, reporting of credit exposures and concentration limits, restrictions on acquisitions and submission to the Federal Reserve's annual stress tests.

In addition, the Dodd-Frank Act grants the SEC discretion to adopt rules regarding the standards of conduct that a brokerage firm employs when providing investment advice to retail clients.

In June of 2019, the SEC adopted a rule requiring brokerage firms to act in the best interests of their clients. The SEC also adopted a rule requiring brokerage firms to provide materials for standardized and short releases, highlighting the services offered, the standards of conduct applicable, fees and costs, differences between the brokerage and consulting firms and any conflicts of interest.

***Noncompliance with, or changes in, capital level requirements may adversely affect the Bank's business.***

The SEC, the Financial Industry Regulatory Authority (“FINRA”) and various other regulatory agencies have restrictive rules regarding the maintenance of specific levels of capital by SEC-registered broker-dealers. The Bank's North American brokerage firm is required to comply with net capital requirements. If it fails to comply with these requirements, the SEC may suspend or revoke its registration or FINRA may exclude it from membership, which may ultimately result in its liquidation. The SEC and FINRA may also impose restrictions, fines and other penalties. If the net capital rules are changed or expanded, or if there are unusual and insurmountable challenges with respect to net capital, the Bank's operations requiring capital could be limited. Significant operating losses or questions regarding the Bank's liquid capital could adversely affect the Bank's capacity to adequately maintain its brokerage business in the United States.

#### **Risks related to social and environmental issues**

***The Bank may incur financial and reputational losses due to relationships with stakeholders, especially clients assisted by credit and financing operations whose activities may generate negative social and environmental impacts.***

Operating in economic segments such as mining, oil and gas, pulp and paper, cement, heavy construction and the chemical industry, participating in infrastructure projects, as well as construction of hydroelectric power plants, exercise of activities related to agribusiness and supply and consumer chain management to support and develop administrative and operational activities means that the Bank operates with an extensive and diversified range of stakeholders. Potential social and environmental impacts on the economic activities of these stakeholders may occur in various forms and degrees of intensity, scale and potential for reversibility, imposing on them financial and reputational losses that may affect their relationship with the Bank, adversely impacting on the Bank's business, reputation and results.

***The Bank's businesses may have their profitability affected by climate change, considering its impacts on loans and financing. The occurrence of extreme weather events may represent financial losses for the clients affected, resulting in default.***

Climate change represents a systemic risk, impacting all economic sectors. This risk stems from the intensification of climate change, caused by the increased concentration and emissions of Greenhouse Gases (GHGs) in the atmosphere. It is widely accepted by the scientific community that human activity is causing this intensification, through the burning of fossil fuels and deforestation of native forests, among other practices. The effects of climate change are evidenced by the occurrence of more intense events related to drought, storms, windstorms and floods. The likely implications for society are related to the availability of arable land, water and their impacts on health, well-being and productive processes.

For the Bank, there is the risk that its clients will be impacted by factors related to the transition to a low carbon economy, such as regulatory changes or a carbon tax, altering the economic and financial balance of companies and a reduction in the demand for carbon-intensive products or products from production processes that entail an increase in emissions. In addition, clients may be exposed to extreme physical events and, as a result, incur defaults on financed transactions. The Bank's supply chain may also suffer the consequences of the climate

emergency, entailing an increase in the price of the goods, products and services purchased, thus reducing earnings.

### **INFORMATION INCORPORATED BY REFERENCE**

Copies of any documents specified in any Pricing Supplement as containing information incorporated by reference in this Base Prospectus may be inspected and collected, free of charge, at the registered office of the Bank or on the website of the Luxembourg Stock Exchange.



## **PRICING SUPPLEMENTS AND DRAWDOWN PROSPECTUSES**

In this section the expression “necessary information” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Bank, the relevant Issuer and, if applicable, the 3(a)(2) Notes Guarantor and of the rights attaching to the Notes. In relation to the different types of Notes which may be issued under the Programme, the Bank Parties have included in this Base Prospectus all of the necessary information, except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Pricing Supplement or in a Drawdown Prospectus.

For a Tranche of Notes which is the subject of a Pricing Supplement, that Pricing Supplement will, for the purposes of that Tranche only, complete this Base Prospectus and should be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Pricing Supplement are the Conditions described in the relevant Pricing Supplement as supplemented to the extent described in the relevant Pricing Supplement.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Base Prospectus to information being specified or identified in the relevant Pricing Supplement shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (i) by a single document containing the necessary information relating to the relevant Issuer and, if applicable, the 3(a)(2) Notes Guarantor and the relevant Notes or (ii) by a registration document containing the necessary information relating to the relevant Issuer and, if applicable, the 3(a)(2) Notes Guarantor, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note.

In the event of any inconsistency between this Base Prospectus and the relevant Pricing Supplement or Drawdown Prospectus, the relevant Pricing Supplement or the Drawdown Prospectus, as applicable, shall prevail.

## FORMS OF THE NOTES

### Bearer Notes

Each Tranche of Notes in bearer form (“**Bearer Notes**”) will initially be in the form of either a temporary global note in bearer form (the “**Temporary Global Note**”), without interest coupons, or a permanent global note in bearer form (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in new global note (“**NGN**”) form, as specified in the relevant Pricing Supplement, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and/or Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”) and/or any additional or alternative clearing system approved by the relevant Issuer, the Trustee and the 3(a)(2) Notes Guarantor, as applicable and each Global Note which is intended to be issued in NGN form, as specified in the relevant Pricing Supplement, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg or such other clearing system, as applicable.

On 13 June 2006 the European Central Bank (the “**ECB**”) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “**Eurosystem**”), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

In the case of each Tranche of Bearer Notes, the relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

### *Temporary Global Note exchangeable for Permanent Global Note*

If the relevant Pricing Supplement specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note,” then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

### ***Temporary Global Note exchangeable for Definitive Notes***

If the relevant Pricing Supplement specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form (“**Definitive Notes**”) not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If a Temporary Global Note is exchangeable for Definitive Notes at the option of the Noteholders / Issuer other than in limited circumstances, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

### ***Permanent Global Note exchangeable for Definitive Notes***

If the relevant Pricing Supplement specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes,” then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
- (ii) at any time, if so specified in the relevant Pricing Supplement; or
- (iii) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Permanent Global Note,” then if either of the following events occurs:
  - (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

If a Permanent Global Note is exchangeable for Definitive Notes at the option of the Noteholders / Issuer other than in limited circumstances, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “Terms and Conditions of the Senior Notes” or the “Terms and Conditions of the Subordinated Notes” below, as applicable and the provisions of the relevant Pricing Supplement which supplements, amends and/or replaces those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.

### ***Legend concerning United States persons***

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

*“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”*

### ***Registered Notes***

Each Tranche of Notes in registered form (“**Registered Notes**”) will be represented by either:

- (i) individual Note Certificates in registered form (“**Individual Note Certificates**”); or
- (ii) one or more unrestricted global note certificates (“**Unrestricted Global Note Certificate(s)**”) in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S or sold inside the United States in reliance on Section 3(a)(2) of the Securities Act (“**Unrestricted Registered Notes**”) and/or one or more restricted global note certificates (“**Restricted Global Note Certificate(s)**”) in the case of Registered Notes sold to qualified institutional buyers as defined in Rule 144A (“**QIBs**”) in reliance on Rule 144A (“**Restricted Registered Notes**”),

in each case as specified in the relevant Pricing Supplement, and references in this Base Prospectus to “Global Note Certificates” shall be construed as a reference to Unrestricted Global Note Certificates and/or Restricted Global Note Certificates.

In a press release dated 22 October 2008, “*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*,” the European Central Bank (the “**ECB**”) announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the “**New Safekeeping Structure**” or “**NSS**”) would be in compliance with the “*Standards for the use of EU securities settlement systems in ESCB credit operations*” of the central banking system for the euro (the “**Eurosystem**”), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Note represented by an Unrestricted Global Note Certificate will either be: (a) in the case of a certificate which is not to be held under the NSS, registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any additional or alternative clearing system approved by the relevant Issuer, the Trustee and the 3(a)(2) Notes Guarantor, as applicable, and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depository; or (b) in the case of a Certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the

relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Note represented by an Unrestricted Global Note Certificate will be registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any additional or alternative clearing system approved by the relevant Issuer, the Trustee and the 3(a)(2) Notes Guarantor, as applicable, and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depository. Each Note represented by a Restricted Global Note Certificate will be registered in the name of Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for The Depository Trust Company (“DTC”) and the relevant Restricted Global Note Certificate will be deposited on or about the issue date with the custodian for DTC (the “DTC Custodian”). Beneficial interests in Notes represented by a Restricted Global Note Certificate may only be held through DTC at any time.

If the relevant Pricing Supplement specifies the form of Notes as being “Individual Note Certificates,” then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

#### ***Global Note Certificate exchangeable for Individual Note Certificates***

If the relevant Pricing Supplement specifies the form of Notes as being “Global Note Certificate exchangeable for Individual Note Certificates,” then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
- (ii) at any time, if so specified in the relevant Pricing Supplement; or
- (iii) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Global Note Certificate,” then:
  - (a) in the case of any Global Note Certificate held by or on behalf of DTC, if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the Global Note Certificate or DTC ceases to be a “clearing agency” registered under the Securities Act or if at any time DTC is no longer eligible to act as such, and the relevant Issuer is unable to locate a qualified successor within 90 days of receiving notice or becoming aware of such ineligibility on the part of DTC;
  - (b) in the case of any Unrestricted Global Note Certificate, if Euroclear, Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; and
  - (c) in any case, if any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the relevant Registrar (through the relevant clearing system) with such information as the Issuer and the relevant Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered and the principal amount of each such person’s holding). In addition, whenever a Restricted Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in the Restricted Global Note Certificate must provide the relevant Registrar (through the relevant clearing system) with a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that

the person acquiring such interest is a QIB and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out under “Transfer Restrictions.”

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate to the relevant Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Note Certificate at the specified office of the relevant Registrar.

If a Global Note is exchangeable for Individual Note Certificates at the option of the Noteholders / Issuer other than in limited circumstances, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any holder, but against such indemnity as the relevant Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

#### ***Terms and Conditions applicable to the Notes***

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under “Terms and Conditions of the Senior Notes” or the “Terms and Conditions of the Subordinated Notes” below, as applicable, and the provisions of the relevant Pricing Supplement which completes those terms and conditions.

The terms and conditions applicable to any Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” below.

#### **Summary of Provisions relating to the Notes while in Global Form**

##### ***Clearing System Accountholders***

In relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary, in the case of a CGN, or a common safekeeper, in the case of an NGN for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Note Certificates, references in the Terms and Conditions of the Notes to “Noteholder” are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register which (a) in the case of a Restricted Global Note Certificate held by or on behalf of DTC, will be Cede & Co. (or such other entity as is specified in the applicable Pricing Supplement) as nominee for DTC; and (b) in the case of any Unrestricted Global Note Certificate which is held by or on behalf of a depositary or a common depositary or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or common safekeeper or a nominee for that depositary or common depositary or common safekeeper.

Each of the persons shown in the records of DTC, Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Note Certificate (each, an “**Accountholder**”) must look solely to DTC, Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer or the 3(a)(2) Notes Guarantor, if applicable, to the holder of such Global Note or Global Note Certificate and in relation

to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Note Certificate will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Note Certificate, Accountholders shall have no claim directly against the Issuer or the 3(a)(2) Notes Guarantor, if applicable, in respect of payments due under the Notes and such obligations of the Issuer and the 3(a)(2) Notes Guarantor, if applicable, will be discharged by payment to the holder of such Global Note or Global Note Certificate.

#### ***Transfers of Interests in Global Notes and Global Note Certificates***

Transfers of interests in Global Notes and Global Note Certificates within DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the 3(a)(2) Notes Guarantor, if applicable, the Trustee, the relevant Registrar, the Dealer or the Agents will have any responsibility or liability for any aspect of the records of any DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Note Certificate or for maintaining, supervising or reviewing any of the records of DTC, Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited. Because clearing systems only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing systems, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Note Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “Transfer Restrictions,” transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing systems in accordance with their respective rules and through action taken by the DTC Custodian, the relevant Registrar and the Principal Paying Agent.

On or after the issue date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Transfers between DTC participants, on the one hand, and Euroclear or Clearstream, Luxembourg accountholders, on the other, will need to have an agreed settlement date between the parties to such transfer. As there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Note Certificates will be effected through the Principal Paying Agent, the DTC Custodian, the relevant Registrar and any applicable Transfer Agent receiving instructions (and where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Note Certificate resulting in such transfer and (ii) two business days after receipt by the Principal Paying Agent or the relevant Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg Accountholders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see “Subscription and Sale” and “Transfer Restrictions.”

Upon the issue of a Restricted Global Note Certificate to be held by or on behalf of DTC, DTC or the DTC Custodian will credit the respective nominal amounts of the individual beneficial interests represented by such Global Note Certificate to the account of DTC participants. Ownership of beneficial interests in such Global Note Certificate will be held through participants of DTC, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in such Global Note Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee. DTC has advised the Issuer and the 3(a)(2) Notes Guarantor, if applicable, that it will take any action permitted to be taken by a holder of Registered Notes represented by a Global Note Certificate held by or on behalf of DTC (including, without limitation, the presentation of such Global Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in such Global Note Certificate are credited, and only in respect of such portion of the aggregate nominal amount of such Global Note Certificate as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the relevant Global Note Certificate for Individual Note Certificates (which will bear the relevant legends set out in “Transfer Restrictions”).

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and accountholders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the 3(a)(2) Notes Guarantor, if applicable, the Trustee, the relevant Registrar, the Dealer or the Agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their respective operations.

While a Global Note Certificate is lodged with DTC, Euroclear, Clearstream, Luxembourg or any relevant clearing system, Individual Note Certificates for the relevant Series of Notes will not be eligible for clearing and settlement through such clearing systems.

#### ***Conditions applicable to Global Notes***

Each Global Note and Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Note Certificate. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note or Global Note Certificate which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a CGN the payment is noted in a schedule thereto and in respect of an NGN the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Payment Business Day:* In the case of a Global Note or a Global Note Certificate, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

*Payment Record Date:* Each payment in respect of a Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

*Exercise of put option:* In respect of the Senior Notes, in order to exercise the option contained in Condition 9(b) (*Redemption at the option of Noteholders*) the bearer of a Permanent Global Note or the holder of a Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount



of Senior Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 9(b) (Redemption at the option of the Issuer) and 17(iv) (Redemption of Subordinated Notes at the Option of the Issuer (Call Option)), as applicable, in relation to only certain of the Notes, the Permanent Global Note or Global Note Certificate may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of DTC, Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

*Notices:* Notwithstanding Condition 20 (*Notices*), as applicable, while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Note Certificate is, registered in the name of DTC's nominee or deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 20 (*Notices*), as applicable, on the date of delivery to DTC and/or Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Pricing Supplement, will be endorsed on each Senior Note in definitive form issued under the Programme. To the extent permitted by applicable law and/or regulation, the Pricing Supplement in respect of any Tranche of Senior Notes may supplement, amend or replace any information in this Base Prospectus.*

*The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Notes while in Global Form” above.*

### 1. Introduction

- (a) **Programme:** Banco do Brasil S.A. (the “**Bank**” or the “**Issuer**” which expression shall include, in relation to any Note, each of Banco do Brasil S.A. acting through its head office, Grand Cayman Branch or London Branch as applicable) has established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of up to US\$20,000,000,000 in aggregate principal amount of senior notes (the “**Senior Notes**”).
- (b) **Pricing Supplement:** Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a pricing supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) **Trust Deed:** The Senior Notes are constituted by, are subject to, and have the benefit of, a trust deed dated November 23, 2016 (as amended or supplemented from time to time, the “**Trust Deed**”) between, *inter alia*, the Issuer and Deutsche Trustee Company Limited as trustee (the “**Trustee**,” which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).
- (d) **Agency Agreement:** The Senior Notes are the subject of an issue and paying agency agreement dated November 23, 2016 (as amended or supplemented from time to time, the “**Agency Agreement**”) between, *inter alia*, the Issuer, Deutsche Bank AG, London Branch principal paying agent (the “**Principal Paying Agent**,” which expression includes any successor principal paying agent appointed from time to time in connection with the Senior Notes), Deutsche Bank Luxembourg S.A. as registrar (the “**Registrar**,” which expression includes any successor registrar appointed from time to time in connection with the Senior Notes), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**,” which expression includes any successor or additional paying agents appointed from time to time in connection with the Senior Notes), the transfer agents named therein (together with the Registrar, the “**Transfer Agents**,” which expression includes any successor or additional transfer agents appointed from time to time in connection with the Senior Notes) and the Trustee. In these Conditions references to the “**Agents**” are to the Paying Agents and the Transfer Agents and any reference to an “**Agent**” is to any one of them.
- (e) **The Notes:** The Senior Notes may be issued in bearer form (“**Bearer Notes**”), or in registered form (“**Registered Notes**”). All subsequent references in these Conditions to “**Notes**” are to the Senior Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing at [address] [and] [website] and copies may be obtained from [address].
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any (the “**Couponholders**” and the “**Coupons**,” respectively), are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents,

the initial Specified Offices of which (subject to the appointment and changes provisions of the Agency Agreement) are set out below.

## 2. Interpretation

(a) **Definitions:** In these Conditions the following expressions have the following meanings:

**“3(a)(2) Notes”** means Notes issued under the Programme in reliance upon exemptions from the registration requirements of the United States Securities Act of 1933, as amended, provided in Section 3(a)(2) thereof and unconditionally and irrevocably guaranteed by the 3(a)(2) Notes Guarantor;

**“3(a)(2) Notes Guarantor”** means Banco do Brasil S.A., acting through its New York branch;

**“Accrual Yield”** has the meaning given in the relevant Pricing Supplement;

**“Additional Business Centre(s)”** means the city or cities specified as such in the relevant Pricing Supplement;

**“Additional Financial Centre(s)”** means the city or cities specified as such in the relevant Pricing Supplement;

**“Brazil”** means The Federative Republic of Brazil;

**“Business Day”** means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**“Business Day Convention,”** in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (a) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **“FRN Convention,” “Floating Rate Convention”** or **“Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred; provided, however, that:
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

- (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
- (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**“Calculation Agent”** means the Principal Paying Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

**“Calculation Amount”** has the meaning given in the relevant Pricing Supplement;

**“Coupon Sheet”** means, in respect of a Note, a coupon sheet relating to the Note;

**“Day Count Fraction”** means, in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (a) if **“Actual/Actual (ICMA)”** is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if **“30/360”** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (g) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**Determination Date**” for an interest period will be two London business days prior to the first day of such interest period. A “London Business Day” is any day on which dealings in deposits in any specified currency are transacted in the London interbank market.

“**Early Redemption Amount (Tax)**” means, in respect of any Senior Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

“**Early Termination Amount**” means, in respect of any Senior Note, its principal amount or such other amount as may be specified in these Conditions or the relevant Pricing Supplement;

“**EURIBOR**” means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

“**External Indebtedness**” means Indebtedness which is payable (or may be paid) (i) in a currency or by reference to a currency other than the currency of Brazil and (ii) outside of Brazil;

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

“**Final Redemption Amount**” means, in respect of any Senior Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

“**First Interest Payment Date**” means the date specified in the relevant Pricing Supplement;

“**Fixed Coupon Amount**” has the meaning given in the relevant Pricing Supplement;

“**Guarantee**” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

**“Guarantee of the 3(a)(2) Notes”** means the guarantee of the 3(a)(2) Notes given by the 3(a)(2) Notes Guarantor in the Trust Deed;

**“Holder,”** in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

**“Indebtedness”** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 90 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**“Interest Amount”** means, in relation to a Senior Note and an Interest Period, the amount of interest payable in respect of that Senior Note for that Interest Period;

**“Interest Commencement Date”** means the Issue Date of the Senior Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

**“Interest Determination Date”** has the meaning given in the relevant Pricing Supplement;

**“Interest Payment Date”** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**“Interest Period”** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**“ISDA Definitions”** means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Senior Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

**“Issue Date”** has the meaning given in the relevant Pricing Supplement;

**“LIBOR”** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters, or any successor service, on page LIBOR01, or any page as may replace that page on that service, for the purpose of displaying the London Interbank rates for any specified currency (“**Designated LIBOR Page**”)) in accordance with the requirements from time to time

of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor). If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars any specified currency for any specified period commencing on the second London Business Day immediately following that Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars any specified currency in that market at that time. If at least two quotations are provided, the three-month LIBOR determined on that Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, the three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. in New York, New York on that Determination Date by three major banks in New York, New York selected by the Calculation Agent for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, the three-month LIBOR on such Determination Date will be determined by the Calculation Agent;

“**Margin**” has the meaning given in the relevant Pricing Supplement;

“**Maturity Date**” has the meaning given in the relevant Pricing Supplement;

“**Maximum Redemption Amount**” has the meaning given in the relevant Pricing Supplement;

“**Minimum Redemption Amount**” has the meaning given in the relevant Pricing Supplement;

“**Noteholder**,” in the case of Bearer Notes, has the meaning given in Condition 3(b) (*Form, Denomination, Title and Transfer - Title to Bearer Notes*) and, in the case of Registered Notes, has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer - Title to Registered Notes*);

“**Optional Redemption Amount (Call)**” means, in respect of any Senior Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

“**Optional Redemption Amount (Put)**” means, in respect of any Senior Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

“**Optional Redemption Date (Call)**” has the meaning given in the relevant Pricing Supplement;

“**Optional Redemption Date (Put)**” has the meaning given in the relevant Pricing Supplement;

“**Participating Member State**” means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

“**Payment Business Day**” means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities, if applicable, and for dealings in foreign currencies; or
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:



- (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities, if applicable, and for dealings in foreign currencies; or
- (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**“Permitted Security Interest”** means:

- (a) Security Interests which secure only Indebtedness owing by any wholly-owned Subsidiary to the Bank and/or by the Bank to one or more wholly-owned Subsidiaries;
- (b) any Security Interest existing on the date of the Trust Deed (and any extension, renewal or replacement thereof), provided that the aggregate principal amount of Indebtedness so secured shall not exceed the principal amount of Indebtedness (plus any premiums, interest and reasonable expenses incurred in connection therewith) so secured on such date;
- (c) any Security Interest:
  - (i) existing on any property or assets at the time the Bank or any Subsidiary acquired it;
  - (ii) existing on any property or assets of a person at the time the Bank or any Subsidiary acquired such person or merged or consolidated with such person; or
  - (iii) on property or assets (including capital stock) of any person that secure Indebtedness incurred for the purpose of financing all or any part of the acquisition, construction or improvement cost of such Property or asset; provided, however, that, the maximum amount so secured shall not exceed the purchase price of such property or assets or the Indebtedness incurred solely for the purpose of financing such cost; and

in each case, any extension, renewal or replacement of any such Security Interest to the extent of the original Security Interest on such property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof);

- (d) any Security Interest arising by operation of law, including for taxes, assessments or other governmental charges; or merchants’, carriers’, mechanics’ or other similar Security Interests arising in the ordinary course of business;
- (e) any Security Interest created in connection with or necessary to implement, with respect to any Indebtedness, defeasance pursuant to the terms of such Indebtedness, or to implement any equivalent mechanism under applicable law;
- (f) any Security Interest in respect of Indebtedness incurred in connection with any sale and leaseback transactions effected at fair value (as determined by the Bank) in an aggregate principal amount outstanding no greater than US\$150.0 million at any given time;
- (g) any Security Interests in variations in amounts payable under, and from the time of issuance of, any Public External Indebtedness that are linked to price, rate or index (other than an interest rate), inflation index or foreign exchange rate;
- (h) any Security Interest created solely in favour of or granted to the Central Bank or the central bank of any country, or any person acting on behalf of or for the account of the Central Bank or such other central bank;
- (i) any Security Interest incurred in connection with the issuance of debt or similar securities of a type comparable to those already issued by the Bank, on amounts of cash or cash equivalents on deposit in any reserve or similar account to pay interest on those securities for a period of up

to 24 months as required by any rating agency as a condition to the rating agency rating those securities as investment grade;

- (j) any Security Interest created in connection with the export or import banking business of the Bank (including to secure foreign trade lines extended to the Bank or any Subsidiary), or bankers acceptances, discounts and other similar facilities provided in the ordinary course of business, in each case whether in the primary or secondary markets;
- (k) any Security Interest granted in connection with the dollar diversified payment rights program of the Bank;
- (l) any Security Interest granted in connection with the securitisation of, or other financing related to, (i) any payment rights or other receivables, including but not limited to receivables related to real estate and leasing activities, or (ii) amounts paid or payable pursuant to payment instructions (including inter-bank payment instructions or advice of payment) received or to be received;
- (m) any Security Interest with respect to any non-principal amount payable on subordinated Public External Indebtedness that is intended to qualify as regulatory capital;
- (n) any Security Interest in favour of any clearinghouse, stock exchange, brokerage firm, correspondent bank or multinational monetary agency, in connection with the Bank's or its Subsidiaries' trading activities that is not intended to secure Indebtedness independently of such trading activities;
- (o) any Security Interest granted in connection with any equity-linked notes or deposits or credit-linked notes or deposits received by the Bank or any Subsidiary, to the extent of the equity security or credit obligation to which such notes or deposits are linked (and to the proceeds thereof);
- (p) any Security Interest, created in connection with any non-deposit, recourse debt instrument, or covered bond, on assets held or owned by the Bank that may include eligible mortgage loans, vehicle loans, public-sector debt, leasing receivables, credit card receivables, payroll loans and rural loans (*crédito rural*), which debt instrument may permit substitution of the initial collateral for cash, United States Treasury or agency securities or other investment-grade collateral as necessary to manage the asset pool;
- (q) any other Security Interest securing Public External Indebtedness in an aggregate principal amount at any time outstanding not exceeding an amount in *Reais* equal to 1.0% of the Bank's total consolidated assets as reflected in its most recent publicly disclosed quarterly consolidated balance sheet; or
- (r) any Security Interest securing Notes.

For purposes of determining compliance with the limitation set forth in clause (f) above with respect to Indebtedness denominated in a currency other than U.S. dollars, the U.S. dollar-equivalent principal amount measured of such Indebtedness shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was incurred; provided that if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than the U.S. dollar (or in a different currency from such Indebtedness so being refinanced), and such refinancing would cause the U.S. dollar-denominated limitation in clause (f) above to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated limitation shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding principal amount of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the

Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing;

For purposes of determining compliance with the limitation described in clause (q) above with respect to Indebtedness denominated in a currency other than *Reais*, the *Real*-equivalent principal amount of such Indebtedness shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was incurred, provided that if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than *Reais* (or in a different currency from such Indebtedness so being refinanced), and such refinancing would cause the *Real* limitation described in clause (q) above to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding principal amount of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if created in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing;

**“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency provided, however, that, in relation to the euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**“Public External Indebtedness”** means any External Indebtedness which is in the form of, or represented by, bonds, notes or other securities which are for the time being or are capable of being or are intended to be quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market;

**“Put Option Notice”** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Senior Note at the option of the Noteholder;

**“Put Option Receipt”** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Senior Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Senior Note at the option of the Noteholder;

**“Rate of Interest”** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Senior Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

**“Real,” “Reais” or “R\$”** means the lawful currency of Brazil;

**“Redemption Amount”** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Pricing Supplement;

**“Reference Banks”** has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

**“Reference Price”** has the meaning given in the relevant Pricing Supplement;

**“Reference Rate”** means EURIBOR or LIBOR as specified in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement;

**“Regular Period”** means:

- (a) in the case of Senior Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Senior Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Senior Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**“Relevant Date”** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**“Relevant Financial Centre”** has the meaning given in the relevant Pricing Supplement;

**“Relevant Indebtedness”** means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** has the meaning given in the relevant Pricing Supplement;

**“Reserved Matter”** means any proposal to change any date fixed for payment of principal or interest, or the date of redemption, in respect of the Senior Notes, to reduce the amount of principal or interest payable on any date in respect of the Senior Notes, to alter the method of calculating the amount of any payment in respect of the Senior Notes or the date for, or place of, any such payment, to change the currency of any payment under the Senior Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**“Security Interest”** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of Brazil;

**“Specified Currency”** has the meaning given in the relevant Pricing Supplement;

**“Specified Denomination(s)”** has the meaning given in the relevant Pricing Supplement;

**“Specified Office”** has the meaning given in the Agency Agreement;

**“Specified Period”** has the meaning given in the relevant Pricing Supplement;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Talon**” means a talon for further Coupons;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**TARGET Settlement Day**” means any day on which TARGET2 is open for the settlement of payments in euro;

“**Treaty**” means the Treaty on the Functioning of the European Union, as amended;

“**US\$**” means the lawful currency of the United States of America; and

“**Zero Coupon Note**” means a Senior Note specified as such in the relevant Pricing Supplement.

(b) **Interpretation:** In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Senior Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Senior Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Senior Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes;
- (viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Senior Notes; and
- (ix) any reference herein to an affiliate or affiliates of the Issuer shall not include the government of Brazil or any agency or affiliate thereof other than the Issuer.

3. **Form, Denomination, Title and Transfer**

- (a) **Bearer Notes:** Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.
- (b) **Title to Bearer Notes:** Title to Bearer Notes and the Coupons will pass by delivery. In the case of Bearer Notes, “**Holder**” means the holder of such Bearer Note and “**Noteholder**” and “**Couponholder**” shall be construed accordingly.
- (c) **Registered Notes:** Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.
- (d) **Title to Registered Notes:** The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Note Certificate**”) will be issued to each Holder of Registered Notes in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Notes, “**Holder**” means the person in whose name such Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.
- (e) **Ownership:** The Holder of any Senior Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Notes, on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Senior Note under the Contracts (Rights of Third Parties) Act 1999.
- (f) **Transfers of Registered Notes:** Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes (held by a Holder) are being transferred) the principal amount of the balance of Registered Notes not transferred are Specified Denominations. Where not all the Registered Notes held by a Holder represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.
- (g) **Registration and delivery of Note Certificates:** Within five business days of the surrender of a Note Certificate in accordance with paragraph (f) (*Transfers of Registered Notes*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (h) **No charge:** The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

- (i) **Closed periods:** Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (j) **Regulations concerning transfers and registration:** All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

#### 4. **Status and Guarantee**

- (a) **Status of the Senior Notes:** The Senior Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (b) **Guarantee of the 3(a)(2) Notes:** The 3(a)(2) Notes Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the 3(a)(2) Notes. This Guarantee of the 3(a)(2) Notes constitutes direct, general and unconditional obligations of the 3(a)(2) Notes Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the 3(a)(2) Notes Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

#### 5. **Negative Pledge**

So long as any Senior Note remains outstanding, the Bank shall not, and the bank shall procure that each of its Subsidiaries will not, create or permit to subsist any Security Interest (other than Permitted Security interests) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Public External Indebtedness or Guarantee of Public External Indebtedness without (a) at the same time or prior thereto securing the Senior Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Senior Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders of Senior Notes or as may be approved by an Extraordinary Resolution of Noteholders of Senior Notes.

#### 6. **Fixed Rate Note Provisions**

- (a) **Application:** This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Senior Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to

the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

## 7. Floating Rate Note Provisions

- (a) **Application:** This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
    - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
    - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period,provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;
  - (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:



- (A) request the principal Relevant Financial Centre office of each of the Reference Banks (as indicated in writing to the Calculation Agent by the Issuer upon the Calculation Agent's request therefor) to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Senior Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement;
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement; and
  - (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
    - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
    - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period; provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than

the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Senior Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Senior Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Senior Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Senior Note having the minimum Specified Denomination.
- (h) **Notifications etc.:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the 3(a)(2) Notes Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 8. **Zero Coupon Note Provisions**

- (a) **Application:** This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

9. **Redemption and Purchase**

- (a) **Scheduled redemption:** Unless previously redeemed, purchased and/or cancelled, the Senior Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments - Bearer Notes*) and Condition 11 (*Payments - Registered Notes*).
- (b) **Redemption for tax reasons:** The Senior Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (unless the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Pricing Supplement (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

- (A) the Issuer or the 3(a)(2) Notes Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Brazil or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of sale of the first Tranche of the Senior Notes; and
- (B) such obligation cannot be avoided by the Issuer or the 3(a)(2) Notes Guarantor, as the case may be, taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Senior Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant Pricing Supplement) prior to the earliest date on which the Issuer or the 3(a)(2) Notes Guarantor, as applicable, would be obliged to pay such additional amounts if a payment in respect of the Senior Notes were then due; or
- (2) where the Senior Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant Pricing Supplement) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the 3(a)(2) Notes Guarantor, as applicable, would be obliged to pay such additional amounts if a payment in respect of the Senior Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two authorised signatories of the Issuer or the 3(a)(2) Notes Guarantor, as applicable, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above, in which event it shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (iii) Before giving notice of redemption in accordance with this Condition 9(b), the Issuer shall deliver to the Trustee an Officer's Certificate stating that subject to the obtainment of any pending necessary approvals, the Issuer and, if applicable, the 3(a)(2) Notes Guarantor, are entitled to effect such redemption in accordance with these Conditions and stating the facts relating thereto.
- (c) **Redemption at the option of the Issuer:** If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Senior Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, or such other period(s) as may be specified in the relevant Pricing Supplement (which notice shall be irrevocable and shall oblige the Issuer to redeem the Senior Notes or, as the case may be, the Senior Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (d) **Partial redemption:** If the Senior Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption at the option of the Issuer*), in the case of Bearer Notes, the Senior Notes to be redeemed shall be selected by the drawing of lots in such place as the Principal Paying Agent approves and in such manner as the Principal Paying Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Senior Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Senior Notes so to be redeemed, and, in the case of Registered Notes or Global Notes (in accordance with the rules of the clearing system), each Senior Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Senior Notes to be redeemed on the relevant Optional Redemption Date (Call) bears to the aggregate principal amount of outstanding Senior Notes on such date. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) **Redemption at the option of Noteholders:** If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Senior Note redeem such Senior Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the Holder of a Senior Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant Pricing Supplement), deposit with any Paying Agent (in the case of Bearer Notes) or the Registrar or any Transfer Agent (in the case of Registered Notes) such Senior Note (in the case of an interest-bearing Bearer Note, together with all unmatured Coupons relating thereto) and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Senior Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Senior Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Senior Note becomes immediately due and payable or, upon due presentation of any such Senior Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Senior Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Senior Note is held by a Paying Agent in accordance with this Condition 9(e), the depositor of such Senior Note and not such Paying Agent shall be deemed to be the Holder of such Senior Note for all purposes.

- (f) **No other redemption:** The Issuer shall not be entitled to redeem the Senior Notes otherwise than as provided in paragraphs (a) to (e) above.
- (g) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Senior Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 9(g) or, if none is so specified, a Day Count Fraction of 30E/360.

- (h) **Purchase:** The Issuer or any of its Subsidiaries may at any time purchase Senior Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.
- (i) **Cancellation:** All Senior Notes redeemed will be, at the option of the Issuer, cancelled promptly or held by such Issuer in treasury. Any Senior Notes purchased in accordance with this Condition 9 subject as otherwise specified in the relevant Pricing Supplement, may, at the option of the Issuer, be cancelled or resold.

#### 10. **Payments - Bearer Notes**

This Condition 10 is only applicable to Bearer Notes.

- (a) **Principal:** Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by wire transfer in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) **Interest:** Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) **Payments subject to fiscal laws:** All payments in respect of the Bearer Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (*Taxation*)) any law implementing an intergovernmental approach thereto.
- (e) No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (f) ***Deductions for unmatured Coupons:*** If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; provided, however, that if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; provided, however, that where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; provided, however, that, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.
- Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.
- (g) ***Unmatured Coupons void:*** If the relevant Pricing Supplement specifies that this Condition 10(g) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(e) (*Redemption at the option of Noteholders*), Condition 9(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (h) ***Payments on business days:*** If the due date for payment of any amount in respect of any Bearer Note or Coupon is not a Payment Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (i) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Bearer Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (j) ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Bearer Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (k) ***Exchange of Talons:*** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Bearer Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have

already become void pursuant to Condition 14 (*Prescription*). Upon the due date for redemption of any relevant Bearer Note, any unexchanged Talon relating to such relevant Note shall become void and no Coupon will be delivered in respect of such Talon.

## 11. **Payments - Registered Notes**

This Condition 11 is only applicable to Registered Notes.

- (a) **Principal:** Payments of principal shall be made by wire transfer in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) **Interest:** Payments of interest shall be made by wire transfer in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (c) **Payments subject to fiscal laws:** All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*).
- (d) **Payments on business days:** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a Payment Business Day, for value the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Registered Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) **Record date:** Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

## 12. **Taxation**

- (a) **Gross up:** All payments of principal and interest in respect of the Senior Notes and the Coupons by or on behalf of the Issuer or, in respect of the Guarantee of the 3(a)(2) Notes, the 3(a)(2) Notes Guarantor, shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Brazil or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or, in respect of the

Guarantee of the 3(a)(2) Notes, the 3(a)(2) Notes Guarantor, shall pay such additional amounts as will result in receipt by the Holder after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (i) held by or on behalf of a Holder or beneficial owner which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having (or being deemed to have) some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or
  - (ii) with respect to any taxes payable other than by deduction or withholding from payments under or with respect to the Subordinated Notes or Coupons; or
  - (iii) where the relevant Note or Coupon or Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Note, Coupon or Note Certificate would have been entitled to such additional amounts on presenting or surrendering such Note or Coupon or Note Certificate for payment on the last day of such period of 30 days; or
  - (iv) any Tax imposed on or with respect to any payment by the Issuer or the 3(a)(2) Notes Guarantor to the Holder if such Holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Notes; or
  - (v) any combination of items (i) through (iv) above.
- (b) Notwithstanding the foregoing, the Issuer and the 3(a)(2) Notes Guarantor, as applicable, shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code of 1986, Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA withholding**”) as a result of a holder, beneficial owner or an intermediary not being entitled to receive payments free of FATCA withholding. The Issuer and the 3(a)(2) Notes Guarantor will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the 3(a)(2) Notes Guarantor, the paying agent or any other party.

### 13. **Events of Default**

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Senior Notes or if so directed by an Extraordinary Resolution, shall (subject, in the case of the happening of any of the events mentioned in paragraph (b) (*Breach of other obligations*), (d) (*Unsatisfied Judgment*), (e) (*Security enforced*), (f) (*Insolvency, etc.*) or (g) (*Winding up, etc.*) below and, in relation only to a Subsidiary of the Issuer, paragraph (c) (*Cross-default of the Bank or Subsidiary*) or (h) (*Analogous event*) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee having been indemnified, prefunded or provided with security to its satisfaction) give written notice to the Issuer declaring the Senior Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Senior Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Senior Notes within five days of the due date for payment thereof; or
- (b) **Breach of other obligations:** the Issuer or the 3(a)(2) Notes Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Senior Notes or the Trust Deed and



such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice thereof to the Issuer and the 3(a)(2) Notes Guarantor; or

(c) ***Cross-default of the Bank or Subsidiary:***

- (i) any Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Bank or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or
- (ii) the Bank or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above individually or in the aggregate exceeds US\$75,000,000 (or its equivalent in any other currency or currencies); or

- (d) ***Unsatisfied judgment:*** one or more judgment(s) or order(s) from which no further appeal or judicial review is permissible under applicable law for the payment of an aggregate amount in excess of US\$75,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) ***Security enforced:*** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Bank or any of its Subsidiaries and such step to enforce security is not discharged or stayed within 30 days; or
- (f) ***Insolvency etc.:*** (i) the Bank or any its Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Bank or any of its Subsidiaries or the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Bank or any of its Subsidiaries, (iii) the Bank or any of its Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Bank or any of its Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Subsidiary of the Bank, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) ***Winding up etc.:*** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Bank or any of its Subsidiaries (otherwise than, in the case of a Subsidiary of the Bank, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (h) ***Analogous event:*** any event occurs which under the laws of Brazil or other jurisdictions of any Subsidiary has an analogous effect to any of the events referred to in paragraphs (d) to (g) above; or
- (i) ***Guarantee not in force:*** the Guarantee of the 3(a)(2) Senior Notes is not (or is claimed by the 3(a)(2) Notes Guarantor not to be) in full force and effect.

14. **Prescription**

Claims for principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date. Claims for principal and interest on redemption in respect of Registered Notes shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note, Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, in the case of Bearer Notes, or the Registrar, in the case of Registered Notes (and, if the Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Note Certificates or Coupons must be surrendered before replacements will be issued.

16. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances, including under provisions relieving it from taking action unless it has been indemnified, prefunded or secured to its satisfaction, and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Senior Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and, in respect of the 3(a)(2) Notes (if any), the 3(a)(2) Notes Guarantor, and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders. The Agency Agreement contains provisions permitting any legal entity into which any Agent or the Trustee is merged or converted or any legal entity resulting from any merger or conversion to which such Agent or the Trustee, as the case may be, is a party shall, to the extent permitted by applicable law, be the successor to such Agent or, as the case may be, the Trustee.

The initial Agents and their initial Specified Offices (in each case subject to the appointment and changes provisions of the Agency Agreement) are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; provided, however, that:

- (i) the Issuer shall at all times maintain a fiscal agent and a registrar; and
- (ii) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and
- (iii) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

17. **Meetings of Noteholders; Modification and Waiver**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Senior Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a

meeting may be convened by the Issuer and, in respect of any 3(a)(2) Notes, by the Issuer and the 3(a)(2) Notes Guarantor (acting together), or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Senior Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than one half of the aggregate principal amount of the outstanding Senior Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Senior Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one-quarter of the aggregate principal amount of the outstanding Senior Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification and waiver:** The Trustee, the Issuer and its Subsidiaries may, without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Senior Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Senior Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter.

## 18. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Senior Notes, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the Holders of at least one-quarter of the aggregate principal amount of the outstanding Senior Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified, prefunded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer or the 3(a)(2) Notes Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

## 19. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Senior Notes in all respects (or in all respects except for the date and amount of the first payment of interest) so as to form a single series with the Senior Notes, provided however, that unless such additional notes are fungible with the initial notes for U.S. federal income tax purposes, such additional notes will be issued with a different CUSIP number. The Issuer may from time to time create and issue other series of notes having the benefit of the Trust Deed.

20. **Notices**

- (a) **Bearer Notes:** Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Bearer Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Holders of Bearer Notes.
- (b) **Registered Notes:** Notices to the Holders of Registered Notes shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Registered Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, notices to Noteholders will be published on the date of such mailing in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

21. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Senior Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

22. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 percent. being rounded up to 0.00001 percent.), (b) all U.S. Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

23. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Senior Notes and the Trust Deed and all non-contractual obligations arising out of or in connection with the Senior Notes and the Trust Deed are governed by English law.

- (b) **Jurisdiction:** Each of the Issuer and the 3(a)(2) Notes Guarantor has in the Trust Deed (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Senior Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) a designated person in England to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Pricing Supplement, will be endorsed on each Subordinated Note in definitive form issued under the Programme. To the extent permitted by applicable law and/or regulation, the Pricing Supplement in respect of any Tranche of Subordinated Notes may supplement, amend or replace any information in this Base Prospectus.*

*The terms and conditions applicable to any Subordinated Note in global form will differ from those terms and conditions which would apply to the Subordinated Note were it in definitive form to the extent described under “Summary of Provisions Relating to the Subordinated Notes while in Global Form” above.*

### 1. Introduction

- (a) **Programme:** Banco do Brasil S.A. (the “**Issuer**” which expression shall include, in relation to any Subordinated Note, each of Banco do Brasil S.A. acting through its head office, Grand Cayman branch or London branch) has established a Euro Medium Term Note Programme (the “**Programme**”) for the issuance of up to US\$20,000,000,000 in aggregate principal amount of subordinated notes (the “**Subordinated Notes**”).
- (b) **Pricing Supplement:** Subordinated Notes issued under the Programme are issued in series (each, a “**Series**”) and each Series may comprise one or more tranches (each, a “**Tranche**”) of Subordinated Notes. Each Tranche is the subject of a Pricing Supplement (the “**Pricing Supplement**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Subordinated Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) **Trust Deed:** The Subordinated Notes are constituted by, are subject to, and have the benefit of, a trust deed dated November 23, 2016 (as amended or supplemented from time to time, the “**Trust Deed**”) between, *inter alia*, the Issuer and Deutsche Trustee Company Limited as trustee (the “**Trustee**,” which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed).
- (d) **Agency Agreement:** The Subordinated Notes are the subject of an issue and paying agency agreement dated November 23, 2016 (the “**Agency Agreement**”) between, *inter alia*, the Issuer, Deutsche Bank AG, London Branch principal paying agent (the “**Principal Paying Agent**,” which expression includes any successor principal paying agent appointed from time to time in connection with the Subordinated Notes), Deutsche Bank Luxembourg S.A. as registrar (the “**Registrar**,” which expression includes any successor registrar appointed from time to time in connection with the Subordinated Notes), the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**,” which expression includes any successor or additional paying agents appointed from time to time in connection with the Subordinated Notes), the transfer agents named therein (together with the Registrar, the “**Transfer Agents**,” which expression includes any successor or additional transfer agents appointed from time to time in connection with the Subordinated Notes) and the Trustee. In these Conditions references to the “**Agents**” are to the Paying Agents and the Transfer Agents and any reference to an “**Agent**” is to any one of them.
- (e) **The Subordinated Notes:** The Subordinated Notes shall be issued in registered form (“**Registered Subordinated Notes**”). All subsequent references in these Conditions to “**Subordinated Notes**” are to the Subordinated Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for viewing at [address] [and] [website] and copies may be obtained from [address].
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. Noteholders (as defined below) and the holders of the related interest coupons, if any (the “**Couponholders**” and the “**Coupons**,” respectively), are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Agents,

the initial Specified Offices of which (subject to the appointment and changes provisions of the Agency Agreement) are set out below.

## 2. Interpretation

(a) **Definitions:** In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Pricing Supplement;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;

“**Additional Capital**” means capital (or similar instruments) raised by the Issuer, which was or will be authorised by the Central Bank to be qualified as additional capital (*capital complementar*) of the Issuer under Resolution 4,192;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;

“**Additional Principal Capital**”: means an additional buffer on the Principal Capital (*adicional de capital principal*), as set forth on art. 8 of Resolution 4,193;

“**Arrears Rate**” has the meaning given in the relevant Pricing Supplement;

“**Authorised Representative**” means the person or persons authorised to act on behalf of any entity pursuant to a valid power of attorney by its Board of Directors or any other similar competent governing body of such entity or any other Person duly authorised in accordance with its organisational documents;

“**Bankruptcy Event**” means the Issuer’s winding-up, bankruptcy, liquidation, moratorium of payments, insolvency or similar proceedings;

“**Board of Directors,**” when used with respect to a corporation, means either the board of directors (*Conselho de Administração*) of such corporation or any committee of that board duly authorised to act for it, and when used with respect to a limited liability company, partnership or other entity other than a corporation, any Person or body authorised by the organisational documents or by the voting equity owners of such entity to act for them and when used with respect to the Issuer, means its *Conselho Diretor* or any other similar competent governing body duly authorized in accordance with its bylaws;

“**Brazil**” means The Federative Republic of Brazil;

“**Business Day**” means:

(a) in relation to any sum payable in euros, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

(b) in relation to any sum payable in a currency other than euros, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention,**” in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day

unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

- (c) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **“FRN Convention,” “Floating Rate Convention” or “Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
  - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **“No Adjustment”** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**“Calculation Agent”** means the Principal Paying Agent or such other Person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

**“Calculation Amount”** has the meaning given in the relevant Pricing Supplement;

**“Central Bank”** means the Central Bank of Brazil or any successor from time to time of the Central Bank of Brazil in its current functions applicable to these Terms and Conditions;

**“Closing Date”** means, in respect of any Subordinated Note, a date that is defined as the closing date as may be specified in the relevant Pricing Supplement;

**“Common Shares”** means the Issuer’s common shares (*ações ordinárias*);

**“Coupon Sheet”** means, in respect of a Subordinated Note, a coupon sheet relating to the Subordinated Note;

**“Day Count Fraction”** means, in respect of the calculation of an amount for any period of time (the **“Calculation Period”**), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (a) if **“Actual/Actual (ICMA)”** is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:



- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (b) if “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
  - (c) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
  - (d) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
  - (e) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30; and

- (g) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30;

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“**Early Redemption Amount (Tax)**” means, in respect of any Subordinated Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

“**Early Termination Amount**” means, in respect of any Subordinated Note, its principal amount or such other amount as may be specified in these Conditions or the relevant Pricing Supplement;

“**EURIBOR**” means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

**“Final Redemption Amount”** means, in respect of any Subordinated Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

**“First Interest Payment Date”** means the date specified in the relevant Pricing Supplement;

**“Fixed Coupon Amount”** has the meaning given in the relevant Pricing Supplement;

**“Governmental Authority”** means the government of Brazil or any political subdivision thereof, whether federal, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other person exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government over the Issuer;

**“Guarantee”** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

**“Holder”** has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer—Title to Registered Subordinated Notes*);

**“Indebtedness”** means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

**“Interest Amount”** means, in relation to a Subordinated Note and an Interest Period, the amount of interest payable in respect of that Subordinated Note for that Interest Period;

**“Interest Commencement Date”** means the Issue Date of the Subordinated Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

**“Interest Determination Date”** has the meaning given in the relevant Pricing Supplement;

**“Interest Payment Date”** means the First Interest Payment Date and any other date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing

Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**ISDA Definitions**” means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Subordinated Notes of the relevant Series (as specified in the relevant Pricing Supplement) as published by the International Swaps and Derivatives Association, Inc.);

“**Issue Date**” has the meaning given in the relevant Pricing Supplement;

“**LIBOR**” means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters, or any successor service, on page LIBOR01, or any page as may replace that page on that service, for the purpose of displaying the London Interbank rates for any specified currency (“**Designated LIBOR Page**”)) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor). If (i) fewer than two offered rates appear or (ii) no rate appears and the Designated LIBOR Page by its terms provides only for a single rate, then the Calculation Agent will request the principal London offices of each of four major banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in U.S. dollars any specified currency for any specified period commencing on the second London Business Day immediately following that Determination Date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Determination Date and in a principal amount that is representative of a single transaction in U.S. dollars any specified currency in that market at that time. If at least two quotations are provided, the three-month LIBOR determined on that Determination Date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, the three-month LIBOR will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. in New York, New York on that Determination Date by three major banks in New York, New York selected by the Calculation Agent for loans in U.S. dollars to leading European banks, having a three-month maturity and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected by the Calculation Agent are not quoting as set forth above, the three-month LIBOR on such Determination Date will be determined by the Calculation Agent;

“**Margin**” has the meaning given in the relevant Pricing Supplement;

“**Maturity Date**” has the meaning given in the relevant Pricing Supplement;

“**Maximum Redemption Amount**” has the meaning given in the relevant Pricing Supplement;

“**Minimum Redemption Amount**” has the meaning given in the relevant Pricing Supplement;

“**Non-Principal Payment**” means (i) Interest Amount, and (ii) any other payment on the Subordinated Notes other than (x) the whole or any part of the Principal Amount, and (y) any fees due to the Trustee, any Agent, the Registrar or any other agent appointed pursuant to the Trust Deed or the Agency Agreement in relation to the services to be provided by such Trustee, Agent, Registrar or other agent;

“**Noteholder**,” has the meaning given in Condition 3(d) (*Form, Denomination, Title and Transfer – Title to Registered Subordinated Notes*);

“**Optional Redemption Amount (Call)**” means, in respect of any Subordinated Note, its principal amount or such other amount as may be specified in the relevant Pricing Supplement;

**“Optional Redemption Date (Call)”** has the meaning given in the relevant Pricing Supplement;

**“Payment Default”** means the Issuer’s failure to pay or set aside for payment the amount due to satisfy any payment on the Subordinated Notes when due and payable in accordance with the terms of the Pricing Supplement whether on the Maturity Date or otherwise, and such failure continues for a period of 14 days;

**“Participating Member State”** means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

**“Payment Business Day”** means:

- (a) if the currency of payment is euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not the euro, any day which is:
  - (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**“Principal Amount”** means the principal amount of the Subordinated Notes as may be defined in the Pricing Supplement;

**“Principal Capital”** means capital (or similar instruments) raised by the Issuer, which was or will be authorised by the Central Bank to be qualified as principal capital (*capital principal*) of the Issuer, under Resolution 4,192;

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency provided, however, that, in relation to the euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent.

**“Rate of Interest”** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Subordinated Notes specified in the relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

**“Redemption Amount”** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in the relevant Pricing Supplement;

**“Redemption Date”** means the date of redemption specified by the Issuer in its notice of redemption;

**“Reference Banks”** has the meaning given in the relevant Pricing Supplement or, if none, four major banks selected by the Issuer in the market that is most closely connected with the Reference Rate;

**“Reference Price”** has the meaning given in the relevant Pricing Supplement;

**“Reference Rate”** means EURIBOR or LIBOR as specified in the relevant Pricing Supplement in respect of the currency and period specified in the relevant Pricing Supplement;

**“Regular Period”** means:

- (a) in the case of Subordinated Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (b) in the case of Subordinated Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Subordinated Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **“Regular Date”** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

**“Regulatory Event”** means, (a) at any time, as a result of a change in Brazilian laws, rules, or regulations that occurs on or after the date of the Trust Deed (i) the Central Bank or any applicable Governmental Authority provides written notice to the Issuer that the outstanding Subordinated Notes are fully excluded from the Issuer’s capital base as Additional Capital or Tier 2 Capital, as the case may be (howsoever defined) and (ii) the Issuer cannot avoid such disqualification of the Subordinated Notes as Additional Capital or Tier 2 Capital, as the case may be, by taking reasonable measures available to it, including the amendment of certain terms of the Subordinated Notes.

**“Relevant Date”** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**“Relevant Financial Centre”** has the meaning given in the relevant Pricing Supplement;

**“Relevant Indebtedness”** means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** has the meaning given in the relevant Pricing Supplement;

**“Reserved Matter”** means any proposal to change any date fixed for payment of principal or interest in respect of the Subordinated Notes, to reduce the amount of principal or interest payable on any date in respect of the Subordinated Notes, to alter the method of calculating the amount of any payment in respect of the Subordinated Notes or the date for any such payment, to change the currency of any payment under the Subordinated Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

“**Resolution 4,192**” means Resolution No. 4,192 of March 1, 2013 issued by the *Conselho Monetário Nacional* (the National Monetary Council), as may be amended, supplemented or superseded by equivalent Brazilian legislation, interpretation, provisional measure or resolution from time to time;

“**Resolution 4,193**” means Resolution No. 4,193 of March 1, 2013 issued by the *Conselho Monetário Nacional* (the National Monetary Council), as may be amended, supplemented or superseded by equivalent Brazilian legislation, interpretation, provisional measure or resolution from time to time;

“**Resolution 4,279**” means Resolution No. 4,279 of October 31, 2013, issued by the *Conselho Monetário Nacional* (the National Monetary Council), as amended, modified, supplemented or superseded from time to time;

“**Restricted Payment**” means any distribution payment of any kind made or declared by the Issuer or any of its Subsidiaries on the Issuer’s Tier 1 Second Priority Liabilities or Tier 1 Parity Liabilities, except where such payment was in its entirety mandatory due to the terms and conditions of such Tier 1 Second Priority Liabilities or Tier 1 Parity Liabilities or the mandatory operation of Brazilian law or made solely via the delivery of Common Shares;

“**Restricted Purchase**” means any transaction in which the Issuer or any of its Subsidiaries redeems, purchases or otherwise acquires for any consideration any of the Issuer’s Tier 1 Second Priority Liabilities or any Tier 1 Parity Liabilities, other than:

- (i) by conversion into, or in exchange for, the Issuer’s Tier 1 Second Priority Liabilities;
- (ii) in connection with transactions effected by the Issuer or any of its Subsidiaries on a proprietary basis in the ordinary course of its business of securities trading either on a proprietary basis or for the account of the Issuer’s customers or customers of any of the Issuer’s Subsidiaries in connection with interest, trading or market-making activities in respect of the Tier 1 Second Priority Liabilities or Tier 1 Parity Liabilities;
- (iii) in connection with the Issuer’s satisfaction of the Issuer’s or the Issuer’s Subsidiaries’ obligations under any employee benefit plans or similar arrangements with or for the benefit of employees, officers, directors or consultants;
- (iv) with respect to Tier 1 Second Priority Liabilities, as a result of a reclassification of the Issuer’s capital stock or any of the Issuer’s Subsidiaries’ capital stock or the exchange or conversion of one class or series of capital stock for another class or series of capital stock; or
- (v) the purchase of the fractional interests in shares of the Issuer’s capital stock or the capital stock of any of the Issuer’s Subsidiaries’ pursuant to the conversion or exchange provisions of that capital stock (or the security being converted or exchanged);

“**Risk-Based Capital Requirements**” has the meaning given to it in Condition 16(c)(B)(iii) (*Terms of Subordination – Limitation on Obligation to Make Non-Principal Payments on Tier 1 Capital Subordinated Notes*);

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of Brazil;

“**Senior Liabilities**” means all liabilities of the Issuer except for the Tier 1 Parity Liabilities and the Tier 1 Second Priority Liabilities (for Tier 1 Capital Subordinated Notes) or Tier 2 Parity Liabilities and the Tier 2 Second Priority Liabilities (for Tier 2 Capital Subordinated Notes);

“**Specified Currency**” has the meaning given in the relevant Pricing Supplement;

“**Specified Denomination(s)**” has the meaning given in the relevant Pricing Supplement;

“**Specified Office**” has the meaning given in the Agency Agreement;

“**Specified Period**” has the meaning given in the relevant Pricing Supplement;

“**Subordinated Notes**” has the meaning given to it in Condition 1(a) (*Introduction – Programme*);

“**Subordination Nucleus**” means the subordination nucleus prepared in accordance with Resolution 4,192, as annexed to the Pricing Supplement of the relevant series of Subordinated Notes, as may be amended, supplemented or superseded to reflect changes, amendments or other requirements of Brazilian legislation, interpretation, provisional measures or resolutions from time to time;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Talon**” means a talon for further Coupons;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**TARGET Settlement Day**” means any day on which TARGET2 is open for the settlement of payments in euros;

“**Tier 1 Capital**” means the sum of the Principal Capital and the Additional Capital, as set forth in Resolution 4,192;

“**Tier 2 Capital**” means any capital (or similar instruments) raised by the Issuer, which was or will be authorized by the Central Bank to be qualified as Tier 2 of the reference net worth (*patrimônio de referência*) of the Issuer under Resolution 4,192;

“**Tier 1 Parity Liabilities**” means, with respect to the Issuer, any securities or any other instruments that form part of or will form part of the Issuer’s Additional Capital, in accordance with the terms of Resolution 4,192;

“**Tier 2 Parity Liabilities**” means, with respect to the Issuer, any securities or any other instruments that form part of or will form part of the Issuer’s Tier 2 Capital, in accordance with the terms of Resolution 4,192;

“**Tier 1 Second Priority Liabilities**” means the Principal Capital of the Issuer;

“**Tier 2 Second Priority Liabilities**” means the Tier 1 Capital of the Issuer;

“**Treaty**” means the Treaty on the Functioning of the European Union, as amended;

“**US\$**” means the lawful currency of the United States of America; and

“**Zero Coupon Subordinated Note**” means a Subordinated Note specified as such in the relevant Pricing Supplement.

(b) **Interpretation:** In these Conditions:

- (i) if the Subordinated Notes are Zero Coupon Subordinated Notes, references to Coupons and Couponholders are not applicable;



- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Subordinated Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Subordinated Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 12 (*Taxation*), any premium payable in respect of a Subordinated Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Subordinated Notes being “**outstanding**” shall be construed in accordance with the Trust Deed;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “**not applicable**” then such expression is not applicable to the Subordinated Notes;
- (viii) any reference to the Trust Deed or the Agency Agreement shall be construed as a reference to the Trust Deed or the Agency Agreement, as the case may be, as amended and/or supplemented up to and including the Issue Date of the Subordinated Notes; and
- (ix) any reference herein to an affiliate or affiliates of the Issuer shall not include the government of Brazil or any agency or affiliate thereof other than the Issuer.

### 3. **Form, Denomination, Title and Transfer**

- (a) **Registered Subordinated Notes:** Registered Subordinated Notes are in the Specified Denomination(s), which may include a minimum denomination specified in the relevant Pricing Supplement and higher integral multiples of a smaller amount specified in the relevant Pricing Supplement.
- (b) **Title to Registered Subordinated Notes:** The Registrar will maintain the register in accordance with the provisions of the Agency Agreement. A certificate (each, a “**Subordinated Note Certificate**”) will be issued to each Holder of Registered Subordinated Notes in respect of its registered holding. Each Subordinated Note Certificate will be numbered serially with an identifying number which will be recorded in the Register. In the case of Registered Subordinated Notes, “**Holder**” means the person in whose name such Registered Subordinated Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.
- (c) **Ownership:** The Holder of any Subordinated Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or, in the case of Registered Subordinated Notes, on the Subordinated Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of any Subordinated Note under the Contracts (Rights of Third Parties) Act 1999.
- (d) **Transfers of Registered Subordinated Notes:** Subject to paragraphs (i) (*Closed periods*) and (j) (*Regulations concerning transfers and registration*) below, a Registered Subordinated Note may be transferred upon surrender of the relevant Subordinated Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to

prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Registered Subordinated Note may not be transferred unless the principal amount of Registered Subordinated Notes transferred and (where not all of the Registered Subordinated Notes (held by a Holder) are being transferred) the principal amount of the balance of Registered Subordinated Notes not transferred are Specified Denominations. Where not all the Registered Subordinated Notes held by a Holder represented by the surrendered Subordinated Note Certificate are the subject of the transfer, a new Subordinated Note Certificate in respect of the balance of the Registered Subordinated Notes will be issued to the transferor.

- (e) **Registration and delivery of Subordinated Note Certificates:** Within five business days of the surrender of a Subordinated Note Certificate in accordance with paragraph (f) (*Transfers of Registered Subordinated Notes*) above, the Registrar will register the transfer in question and deliver a new Subordinated Note Certificate of a like principal amount to the Registered Subordinated Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (f) **No charge:** The transfer of a Registered Subordinated Note will be effected without charge by or on behalf of the Issuer or the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (g) **Closed periods:** Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Subordinated Notes.
- (h) **Regulations concerning transfers and registration:** All transfers of Registered Subordinated Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Subordinated Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

#### 4. **Status**

**Status of the Subordinated Notes:** The Subordinated Notes (being those Notes that specify their status in the relevant Pricing Supplement as subordinated) constitute direct, unsecured and subordinated obligations of the Issuer and shall be subordinated in right of payment to all existing and future Senior Liabilities of the Issuer in accordance with the provisions of Condition 16 (*Terms of Subordination*). The Subordinated Notes shall rank *pari passu* and without preference among themselves and with the rights and claims of holders of the Tier 1 Parity Liabilities for Tier 1 Capital Subordinated Notes or Tier 2 Parity Liabilities for Tier 2 Capital Subordinated Notes. To the extent permitted by applicable law, the Subordinated Notes shall rank senior to the Issuer’s Tier 1 Second Priority Liabilities for Tier 1 Capital Subordinated Notes or Tier 2 Second Priority Liabilities for Tier 2 Capital Subordinated Notes.

#### 5. **Fixed Rate Subordinated Note Provisions**

- (a) **Application:** This Condition 6 (*Fixed Rate Subordinated Note Provisions*) is applicable to the Subordinated Notes only if the Fixed Rate Subordinated Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) **Accrual of interest:** The Subordinated Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments—Registered Subordinated Notes*). Each Subordinated Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this

Condition 5 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Subordinated Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Subordinated Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Subordinated Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Subordinated Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Subordinated Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of the euro, means one cent.

## 6. Floating Rate Subordinated Note Provisions

- (a) **Application:** This Condition 6 (*Floating Rate Subordinated Note Provisions*) is applicable to the Subordinated Notes only if the Floating Rate Subordinated Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) **Accrual of interest:** The Subordinated Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments - Registered Subordinated Notes*). Each Subordinated Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Subordinated Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Subordinated Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
  - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
    - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and

- (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (iii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iv) if, in the case of (i) above, such rate does not appear on that page or, in the case of (iii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks (as indicated in writing to the Calculation Agent by the Issuer upon the Calculation Agent's request therefor) to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (v) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Subordinated Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Subordinated Notes in respect of a preceding Interest Period.

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Subordinated Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement;

- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement; and
- (iv) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
  - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
  - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period,

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.
- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Calculation of Interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Subordinated Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Subordinated Note divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of the euro, means one cent.
- (g) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Subordinated Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Subordinated Note having the minimum Specified Denomination.
- (h) **Notifications etc.:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 7. Limitation on Obligation to Make Non-principal Payment on Subordinated Notes

Tier 1 Capital Subordinated Notes, whether such Subordinated Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes, shall be subject to the provisions relating to certain limitations on the obligation to make payment of interest and other amounts set forth in Condition 16(c) (*Terms of Subordination – Limitation on Obligation to Make Non-Principal Payments on Tier 1 Capital Subordinated Notes*).

#### 8. **Zero Coupon Subordinated Note Provisions**

- (a) **Application:** This Condition 8 (*Zero Coupon Subordinated Note Provisions*) is applicable to the Subordinated Notes only if the Zero Coupon Subordinated Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) **Late payment on Zero Coupon Subordinated Notes:** If the Redemption Amount payable in respect of any Zero Coupon Subordinated Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Noteholders that it has received all sums due in respect of the Subordinated Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

#### 9. **Redemption and Purchase**

- (a) **Final Redemption:** Unless previously redeemed, purchased and/or cancelled, and subject as provided in this Condition 9 (*Redemption and Purchase – Final Redemption*) each Subordinated Note will be redeemed at its Final Redemption Amount on the applicable Maturity Date specified in the relevant Pricing Supplement.
- (b) **Repurchases:** The Issuer and any of its subsidiaries may repurchase Subordinated Notes in the open market or otherwise only in accordance with the provisions set forth in Condition 16(d) (*Terms of Subordination – Redemption, Repurchase and Guaranty or Insurance*). For purposes of paragraphs (i), (iv), (v), (vii) of Condition 16(d) with respect to a repurchase or redemption, as the case may be, that may be made by the Issuer, references to the Issuer shall include Banco do Brasil S.A., or any successor thereto, acting through its head office or any branch office.
- (c) **Redemption of Subordinated Notes:** Subordinated Notes may be redeemed at the option of the Issuer only in accordance with the provisions set forth in Condition 16 (*Terms of Subordination*). Subordinated Notes may not be redeemed at the option of Noteholders of Subordinated Notes.
- (d) **Cancellation:** All Subordinated Notes redeemed shall be cancelled promptly. Any Subordinated Notes purchased in accordance with this Condition 9 (*Redemption and Purchase – Cancellation*) subject as otherwise specified in the relevant Pricing Supplement, may, at the option of the Issuer, be cancelled or may be resold.

#### 10. **Payments—Registered Subordinated Notes**

This Condition 10 is only applicable to Registered Subordinated Notes.

- (a) **Principal:** Payments of principal shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Subordinated Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency and (in the case of redemption) upon surrender (or, in the case

of part payment only, endorsement) of the relevant Subordinated Note Certificates at the Specified Office of any Paying Agent.

- (b) **Interest:** Payments of interest shall be made by cheque drawn in the currency in which the payment is due drawn on, or, upon application by a Holder of a Registered Subordinated Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in that currency and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London) and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Subordinated Note Certificates at the Specified Office of any Paying Agent.
- (c) **Payments subject to fiscal laws:** All payments in respect of the Registered Subordinated Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).
- (d) **Payments on business days:** Where payment is to be made by transfer to an account, payment instructions (for value of the due date, or, if the due date is not a Payment Business Day, for value of the next succeeding Payment Business Day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Subordinated Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Registered Subordinated Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.
- (e) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Registered Subordinated Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Subordinated Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Subordinated Note Certificate.
- (f) **Record date:** Each payment in respect of a Registered Subordinated Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

## 11. **Taxation**

- (a) **Gross up:** All payments of principal and interest in respect of the Subordinated Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Brazil or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Holder after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Subordinated Note or Coupon:
  - (i) held by or on behalf of a Holder or beneficial owner which is liable to such taxes, duties, assessments or governmental charges in respect of such Subordinated Note or Coupon by reason of its having (or being deemed to have) some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Subordinated Note or Coupon; or
  - (ii) with respect to any taxes payable other than by deduction or withholding from payments under or with respect to the Subordinated Notes or Coupons; or

- (iii) where the relevant Subordinated Note or Coupon or Subordinated Note Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Subordinated Note, Subordinated Note Certificate or Coupon would have been entitled to such additional amounts on presenting or surrendering such Subordinated Note or Coupon or Subordinated Note Certificate for payment on the last day of such period of 30 days; or
  - (vi) with respect to any Tax imposed on or with respect to any payment by the Issuer to the Holder if such Holder is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Notes; or
  - (vii) with respect to any combination of items (i) through (vi) above.
- (b) Notwithstanding the foregoing, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code of 1986, Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service (“**FATCA withholding**”) as a result of a Holder, beneficial owner or an intermediary not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, the paying agent or any other party.

## 12. **Events of Default**

If any of the following events occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by Holders of at least one-quarter of the aggregate principal amount of the outstanding Subordinated Notes or if so directed by an Extraordinary Resolution, shall (subject, in the case of the happening of any of the events mentioned in paragraphs (b) (*Insolvency, etc.*) or 13(g) (*Winding up etc.*) below and, in relation only to a Subsidiary of the Issuer, paragraph (d) (*Analogous event*) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee having been indemnified, prefunded or provided with security to its satisfaction) give written notice to the Issuer declaring the Subordinated Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Subordinated Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Subordinated Notes within five days of the due date for payment thereof; or
- (b) **Insolvency etc.:** (i) the Issuer or any its Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Subsidiaries or the whole or a substantial (in the opinion of the Trustee) part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries, (iii) the Issuer or any of its Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (c) **Winding up etc.:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Subsidiaries (otherwise than, in the case of a Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (d) **Analogous event:** any event occurs which under the laws of Brazil or other jurisdictions of any Subsidiary has an analogous effect to any of the events referred to in paragraphs (b) to (d) above.



### 13. **Prescription**

Claims for principal and interest on redemption in respect of Registered Subordinated Notes shall become void unless the relevant Subordinated Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

### 14. **Replacement of Subordinated Notes and Coupons**

If any Subordinated Note, Subordinated Note Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, (and, if the Subordinated Notes are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Subordinated Notes, Subordinated Note Certificates or Coupons must be surrendered before replacements will be issued.

### 15. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances, including under provisions relieving it from taking action unless it has been indemnified, prefunded or secured to its satisfaction, and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual Holders of Subordinated Notes as a result of such Holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Subordinated Notes and the Coupons, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders. The Agency Agreement contains provisions permitting any legal entity into which any Agent or the Trustee is merged or converted or any legal entity resulting from any merger or conversion to which such Agent or the Trustee is a party shall, to the extent permitted by applicable law, be the successor to such Agent or, as the case may be, the Trustee.

The initial Agents and their initial Specified Offices (in each case subject to the appointment and change provisions of the Agency Agreement) are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or registrar or Calculation Agent and additional or successor paying agents; provided, however, that:

- (i) the Issuer shall at all times maintain a fiscal agent and a registrar; and
- (ii) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent; and
- (iii) if and for so long as the Subordinated Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

16. **Terms of Subordination**

(a) ***Form, Subscription in Cash and Maturity***

- (i) *Form*: Subordinated Notes will be issued as registered notes.
- (ii) *Subscription and payment in cash*: Subordinated Notes may be issued in one or more Series or Tranches, consideration for which shall be paid to the Issuer in cash at the date of issue thereof.
- (iii) *Maturity*: The Tier 1 Capital Subordinated Notes are perpetual securities and have no fixed maturity date. The Tier 2 Capital Subordinated Notes shall not, without the prior approval of the Central Bank, have a maturity date, be redeemed, or amortized prior to five (5) years from their issuance date.

(b) ***Status; Subordination Provisions, Etc.***

- (i) *Status*: Subordinated Notes constitute unsecured and subordinated obligations of the Issuer.
- (ii) *Subordination*: Subordinated Notes are subordinated in right of payment to all existing and future Senior Liabilities of the Issuer in accordance with this Condition 16(b).
- (iii) *Ranking*: Subject to applicable law, (A) the rights and claims of Noteholders are and will be subordinated and accordingly subject in right of payment to prior payment in full of all principal, premium, if any, interest and any other amounts due or to become due on all Senior Liabilities upon a Bankruptcy Event, and (B)(i) Subordinated Notes shall rank *pari passu* with respect to each other without any preference among themselves, (ii) the rights and claims of Noteholders under the Subordinated Notes shall rank *pari passu* with the rights and claims of holders of the Tier 1 Parity Liabilities for Tier 1 Capital Subordinated Notes or Tier 2 Parity Liabilities for Tier 2 Capital Subordinated Notes and (iii) to the extent permitted by applicable law, the Subordinated Notes shall rank senior to the Issuer's Tier 1 Second Priority Liabilities for Tier 1 Capital Subordinated Notes or Tier 2 Second Priority Liabilities for Tier 2 Capital Subordinated Notes; provided that the consolidation of the Issuer with, or the merger of the Issuer into any other corporation or the liquidation or dissolution of the Issuer following the conveyance or transfer (including in connection with a *cisão*) of its properties, assets and liabilities substantially as an entirety to another corporation shall not be deemed a Bankruptcy Event for the purposes of this Condition 16 if the Central Bank has approved such consolidation, merger, transfer or conveyance in advance. Thereafter, the Issuer shall be automatically released and discharged from all obligations and covenants under the Trust Deed and the Subordinated Notes, and the Subordinated Notes will continue to be outstanding and will be treated as subordinated debt of such successor corporation pursuant to the terms of Resolution 4,192.
- (iv) *Payment over proceeds upon dissolution, etc.*: If a Bankruptcy Event occurs, then and in any such event the holders of Senior Liabilities shall be entitled to receive payment in full of all amounts due or to become due on or in respect of all Senior Liabilities (including any interest accruing thereon after the commencement of any such case or proceeding), before the Noteholders are entitled to receive any payment on account of principal of or Interest on the Subordinated Notes, and to that end the holders of Senior Liabilities shall be entitled to receive, for application to the payment thereof, any payment or distribution of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Issuer being subordinated to the payment of the Subordinated Notes, which may be payable or deliverable in respect of the Subordinated Notes in any such case, proceeding, dissolution, liquidation, moratorium of payments, emergency measure or other Bankruptcy Event.
- (v) *No payment when Senior Liability in default*: Unless all principal of or interest on, Senior Liabilities have been paid in full, no payment or other distribution (including any payment which may be payable by reason of the payment of any other indebtedness of the Issuer being subordinated to the payment of the Subordinated Notes) shall be made by the Issuer on account

of principal of or any Interest Amount or other amounts due and payable on the Subordinated Notes or on account of the purchase or other acquisition of Subordinated Notes:

- (A) in the event of any liquidation, moratorium of payments or insolvency or similar proceedings; or
- (B)
  - (i) in the event and during the continuation of any default in the payment of principal of and any interest and other amounts due and payable on any Senior Liabilities beyond any applicable grace period with respect thereto; or
  - (ii) in the event that any event of default with respect to any Senior Liabilities has occurred and is continuing beyond any applicable grace period, permitting the holders of such Senior Liabilities (or a trustee on behalf of the holders thereof) to accelerate the maturity of such Senior Liabilities, whether or not maturity is in fact accelerated (unless, in the case of subclause (i) or this subclause (ii) of this clause (B), if the payment default or event of default shall have been cured or waived or shall have ceased to exist and any related acceleration shall have been rescinded or annulled, then such default in payment or event of default, as the case may be, shall be deemed not to have occurred for the purpose of this Condition); or
  - (iii) in the event that any judicial proceeding is pending with respect to payment default or event of default described in (i) or (ii) of this clause (B).

(c) ***Limitation on Obligation to Make Non-Principal Payments on Tier 1 Capital Subordinated Notes***

- (A) The Issuer will only make Non-Principal Payments on the Tier 1 Capital Subordinated Notes with proceeds from distributable profits and distributable accumulated profit reserves available as of the end of the last financial period.
- (B) Any Non-Principal Payment on the Tier 1 Capital Subordinated Notes will not be due and payable and will not accrue or accumulate if:
  - (i) the amount of any such Non-Principal Payment exceeds the proceeds resulting from distributable profits and distributable accumulated profit reserves described in item (A) above;
  - (ii) the Central Bank or any applicable Governmental Authority restricts the distribution of dividends and other similar payments relating to instruments eligible as Principal Capital of the Issuer, in which case the limitation on Non-Principal Payments will be made *pro rata* to any such restriction;
  - (iii) the Issuer determines that it is, or if such Non-Principal Payment would result in it being, in non-compliance with then-applicable capital adequacy or other requirements set out in Resolution 4,192, Resolution 4,193 and/or Resolution 2,099 or its financial ratios fall below the minimum levels required by regulations generally applicable to Brazilian banks either existing at the date of the relevant Pricing Supplement or subsequently promulgated or enacted by the Brazilian banking or monetary authorities or any other applicable Governmental Authority and applying to the Issuer (the “**Risk Based Capital Requirements**”). In the event of insufficient funds to comply with the Additional Principal Capital requirements (as set forth in Resolution 4,193), the restriction on Non-Principal Payment will follow the percentages set forth in art. 9, §4, of Resolution 4,193;
  - (iv) a Bankruptcy Event occurs; and
  - (v) certain defaults described in Condition 16(b)(v) above occur.

- (C) In the event of a suspension of accrual of a Non-Principal Payment in accordance with items (A) and (B) above, such Non-Principal Payment shall not accrue or accumulate and shall not be deemed due and payable under the terms of the Subordinated Notes (in accordance with art. 17, XVII, of Resolution 4,192), and such failure to pay a Non-Principal Payment will not constitute a Payment Default. The Issuer and the Noteholders also acknowledge that under Resolution 4,192, such failure should not cause the acceleration of any debt under any other business transaction in which the Issuer participates (in accordance with art. 17, XVI, of Resolution 4,192).
- (D) The Issuer shall give prior notice to the Noteholders of any Interest Payment Date or Redemption Date on which, pursuant to item (B) above any Non-Principal Payment will not be paid and setting forth the basis for such non-payment in reasonable detail; provided always that any failure by the Issuer to comply with its obligations to notify the Noteholders in accordance with the Trust Deed shall not obligate the Issuer to make any Non-Principal Payment not otherwise due and payable pursuant to item (B) above.
- (E) In the event that a Non-Principal Payment was not made when due and payable in accordance with items (A) and (B) above the Issuer shall not recommend to its shareholders and, to the fullest extent permitted by applicable law, shall otherwise act to prevent, any action that would constitute a Restricted Purchase and/or a Restricted Payment until all Non-Principal Payments that are due and payable on the Subordinated Notes have been resumed in full.
- (d) ***Redemption, Repurchase and Guaranty or Insurance***
- (i) ***Repurchases:*** The Issuer or any of its affiliates may at any time purchase any Subordinated Note in the open market or otherwise in any manner and at any price and provided that such Subordinated Note shall not qualify as Additional Capital or Tier 2 Capital of the Issuer, as the case may be, and such Subordinated Note may be (i) delivered to the Paying Agent to be promptly cancelled by it and destroyed upon written instructions delivered by the Issuer to the Paying Agent (and shall no longer be considered part of the Issuer's capital) or (ii) resold; provided, that, any resale is in compliance with all relevant laws, regulations and directives. After a period of five (5) years following the Closing Date and subject to the prior approval of the Central Bank (in accordance with Resolution 4,192) or any other applicable Brazilian Governmental Authority, if then required, and to the conditions set forth in Resolution 4,192, the Issuer or any affiliate may at any time repurchase Subordinated Notes in the open market or otherwise in any manner and at any price. Subordinated Notes so repurchased, while held by or on behalf of the Issuer or any of its affiliates, shall not entitle the Noteholder to vote at any meetings of Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders.
- (ii) ***Optional Redemption for Taxation Reasons:*** After a period of five (5) years following the Closing Date and subject to the prior approval of the Central Bank or any other applicable Brazilian Governmental Authority for such redemption, if then required, the Issuer may redeem or procure the purchase of any Series of Subordinated Notes at its option in whole, but not in part, at any time, on giving not less than 30 days' nor more than 45 days' notice to the Noteholders in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount or, if none is so specified in the relevant Pricing Supplement, at the nominal amount specified in such Pricing Supplement (in each case, together with interest accrued to, but excluding, the date fixed for redemption), if (i) there is a substantial risk that the Issuer has or will become obliged to pay additional amounts (such additional amounts to be determined in accordance with Condition 11 (*Taxation*)) as a result of any change in, or amendment to, the laws or regulations of Brazil, or any political subdivision or authority in or of Brazil having the power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment is adopted or enacted or becomes effective on or after the Issue Date in respect of the relevant Series, and (ii) such obligation cannot be avoided by the Issuer taking any remedial measures reasonably available to it, provided, that no such notice of redemption

or purchase in lieu of redemption shall be given earlier than 90 days (or such other period as specified in the relevant Pricing Supplement) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of such Subordinated Notes then due (or, in the case of Subordinated Notes which bear interest at the Floating Rate, a number of days which is equal to the aggregate number of days falling within the current Interest Period applicable to the Subordinated Notes plus 75 days). Prior to the publication of any notice of redemption or purchase in lieu of redemption pursuant to this Condition 16(d)(ii) subject as otherwise specified in the relevant Pricing Supplement, the Issuer shall deliver to the Trustee a certificate signed by two authorised officers or attorneys of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking any remedial measures reasonably available to it and the Trustee shall accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, which shall be conclusive and binding on the Noteholders.

- (iii) *Optional Redemption due to a Regulatory Event:* After a period of five (5) years following the Closing Date and subject to the prior approval of the Central Bank or any other applicable Brazilian Governmental Authority for such redemption, if then required, the Issuer may redeem or procure the purchase of any Series of Subordinated Notes in whole, but not in part, at any time, on giving not less than 30 days' nor more than 60 days' notice to the Noteholders in accordance with Condition 21 (*Notices*) (which notice shall be irrevocable), at their Early Redemption Amount (together with interest accrued to, but excluding, the date fixed for redemption), if the Issuer certifies to the Trustee immediately prior to the giving of such notice that a Regulatory Event has occurred, provided, however, that no such notice of redemption or purchase in lieu of redemption shall be given earlier than 90 days (or such other period as specified in the relevant Pricing Supplement) prior to the earliest date on which the Regulatory Event is or is reasonably expected to be effective. Prior to the publication of any notice of redemption or purchase in lieu of redemption pursuant to this Condition 16(d)(iii), the Issuer shall deliver to the Trustee a certificate signed by two authorised officers or attorneys of the Issuer stating that the Issuer is entitled to effect such a redemption or to cause such purchase in lieu of redemption pursuant to this Condition 16(d)(iii), and setting forth in reasonable detail a statement of the facts giving rise to such right of redemption and concurrently therewith, the Issuer will deliver to the Trustee a written opinion of counsel stating that a Regulatory Event has occurred and that all governmental approvals necessary for the Issuer to effect such redemption or purchase in lieu of redemption have been obtained and are in full force and effect or specifying any such necessary approvals that as of the date of such opinion have not been obtained and the Trustee shall accept such certificate and such opinion as sufficient evidence of the satisfaction of the conditions precedent set out in this paragraph which shall be conclusive and binding evidence on the Noteholders.
- (iv) *Redemption of Subordinated Notes at the Option of the Issuer (Call Option):* If so provided in the relevant Pricing Supplement, the Issuer may, after the fifth anniversary of such Subordinated Notes and subject to the prior approval of the Central Bank, on giving not less than 30 days' nor more than 45 days' notice to the Noteholders in accordance with Condition 21 (*Notices*) (or such other notice period as specified in the relevant Pricing Supplement) redeem or procure the purchase of all or, if so specified in the relevant Pricing Supplement, some of the Series of Notes of which such Subordinated Note forms part, on the Optional Redemption Date (Call) specified in the relevant Pricing Supplement (which shall, in the case of Subordinated Notes which at the time of redemption or purchase have an interest basis which is specified in the relevant Pricing Supplement as Floating Rate, be a Specified Interest Payment Date) at the amount specified in the relevant Pricing Supplement as the Optional Redemption Amount (Call). All Subordinated Notes in respect of which any such notice is given shall be redeemed or purchased on the Optional Redemption Date (Call) specified in such notice in accordance with this Condition 16(d)(iv). If only some of the Subordinated Notes of a Series are to be redeemed or purchased at any time, the Subordinated Notes to be redeemed or purchased shall be redeemed or purchased *pro rata* to their principal amounts, provided always that the amount redeemed or purchased in respect of each Subordinated Note shall be equal to the Specified Denomination, and in each case subject to compliance with the applicable rules of each clearing system, listing

authority and Exchange and the notice to Noteholders referred to herein shall specify the serial numbers and nominal amounts of the Subordinated Notes to be so redeemed or purchased. In case of the redemption or purchase of only part of a Subordinated Note, a new Subordinated Note in respect of the remaining balance shall be issued in accordance with Condition 3 (*Form, Denomination, Title and Transfer*).

- (v) In accordance with art. 18, §1°, I and II and art. 21, §1°, I and II, of Resolution 4,192, if at any time before a Redemption Date the Issuer determines that payment of any amounts due and payable under the Trust Deed and the Subordinated Notes, as applicable, would result in the Issuer being in non-compliance with the Risk Based Capital Requirements then the Issuer shall suspend such payment of any amounts due and payable under the Trust Deed and the Subordinated Notes, as applicable, until such time as such payment would not result in non-compliance with the Risk Based Capital Requirements; provided, however, that the Issuer must:
  - (i) immediately deliver a certificate to the Trustee (and the Trustee shall be entitled to rely on such certificate without further enquiry or liability), duly executed by an Authorised Representative, containing (x) a certification that payment of any amounts due and payable under the Trust Deed and the Subordinated Notes, as applicable, would result in the Issuer being in non-compliance with the Risk Based Capital Requirements and (y) a detailed statement of facts giving rise to such suspension; and
  - (ii) within 14 Business Days of becoming aware that it is in compliance with (or, if applicable, such payment of any amounts due and payable under the Trust Deed and the Subordinated Notes, as applicable, would no longer result in the Issuer being in non-compliance with) the Risk Based Capital Requirements, make such payment to the Trustee or Paying Agent. The Issuer acknowledges that any breach of its obligation to make such payment upon becoming so aware under this item will be a Payment Default. For the avoidance of doubt, subject to this item (d), the Subordinated Notes shall not be deemed repaid and cancelled unless and until the Trustee or the Paying Agent (on behalf of the Noteholders) shall have received any amounts due and payable under the Trust Deed and the Subordinated Notes, as applicable.
- (vi) *No Redemption at the Option of the Noteholders:* Subordinated Notes may not be redeemed at the option of the Noteholders.
- (vii) *No Guarantee or Insurance:* Subordinated Notes are unsecured and subordinated obligations of the Issuer and do not benefit from any guarantee or insurance issued pursuant to any insurance policy or similar structure that compromises the subordination of the Subordinated Notes and/or requires or allows payments or transfers of funds to the Noteholders, directly or indirectly, by the Issuer or any affiliate.
- (e) ***Representations of the Issuer for Regulatory Purposes***
  - (i) The Issuer represents that the Tier 1 Capital Subordinated Notes do not have any term or condition that, directly or indirectly, alters the original amount raised with such Subordinated Notes, including as a result of agreements that require the Issuer to indemnify the Noteholders in the event a new Parity Liability is issued with more favorable terms and conditions, except for the repurchase and redemptions events described in item (d) above;
  - (ii) The Issuer represents that, except as otherwise described in this Condition 16, the Subordinated Notes do not have any term or condition that provide for changes to the return of the Subordinated Notes after the Closing Date, including as a result of any change in the credit quality of the Issuer; and
  - (iii) The Issuer represents that the purchase of the Subordinated Notes was not financed, directly or indirectly, by the Issuer.
- (f) ***Write-down of the Subordinated Notes***

- (A) In accordance with Resolution 4,192, the Subordinated Notes shall be permanently written-down in an amount at least equal to the amount accounted as Tier 1 Capital for Tier 1 Capital Subordinated Notes or Tier 2 Capital for Tier 2 Capital Subordinated Notes, as the case may be, of the Issuer, upon the following events:
- (i) if the Issuer discloses in the manner required by the Central Bank or other Governmental Authority, that its Principal Capital is at a level lower than 5.125% for Tier 1 Capital Subordinated Notes or 4.5% for Tier 2 Capital Subordinated Notes, of the risk-weighted assets of the Issuer, calculated in accordance with Resolution 4,193, unless the disclosure is subjected to review or to re-publication (in accordance with Resolution 4,192);
  - (ii) a commitment is executed for a public sector injection of capital to the Issuer, pursuant to and in accordance with the terms of a specific written law, as established in Art. 28 of Brazilian Supplementary Law No. 101 dated May 4, 2000;
  - (iii) the Central Bank (or other Governmental Authority charged with the responsibility to make such determinations), according to the criteria established in Resolution 4,279 or other regulations issued by the National Monetary Council (*Conselho Monetário Nacional*), determines in writing to write-down the Subordinated Notes.
- (B) The write-down of any amount due under the Subordinated Notes and the events set forth above will not constitute a Payment Default. The Issuer and the Noteholders also acknowledge that under Resolution 4,192 such failure should not cause the acceleration of any debt under other business transactions in which the Issuer participates.

(g) ***Conflict of Provisions and Amendments***

- (i) *Conflicts:* In the event of conflict between the provisions of this Condition 16 and any other provisions set forth in any transaction document with respect to any Series of Subordinated Notes, the provisions of this Condition 16, as amended by the Subordination Nucleus, shall prevail, as per art. 14, II, of Resolution 4,192 and any such conflicting provision shall be null and void.
- (ii) *Amendments:* In accordance with art. 14, III, of Resolution 4,192, the execution of any amendment, change or revocation of any provision of this Condition 16 is subject to the prior consent of the Central Bank, if required pursuant to applicable regulations then in effect.

17. **Meetings of Noteholders; Modification and Waiver**

- (a) ***Meetings of Noteholders:*** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Subordinated Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Subordinated Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing more than one half of the aggregate principal amount of the outstanding Subordinated Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Subordinated Notes held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Subordinated Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as if it were

an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification and waiver:** The Trustee, the Issuer and its Subsidiaries may, without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Subordinated Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Subordinated Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

- (c) **Modification by the Issuer:** In relation to a series of Subordinated Notes, the Issuer may (once per Series) and the Trustee shall, if requested by the Issuer acting in compliance with the remainder of this Condition, without the consent of the Noteholders, modify the terms and conditions of such Subordinated Notes solely to comply with the requirements of the Central Bank in order to qualify or maintain the qualification of, such Subordinated Notes as Tier 1 or 2 Capital, as the case may be, pursuant to Resolution 4,192. The Issuer will not be permitted to make any modifications without the relevant Noteholders' consent if such modification would affect in any way the interest rate of such Subordinated Notes, the cumulative nature of any interest payment due on amounts in arrears, the outstanding principal amount of such Subordinated Notes, the ranking of those Subordinated Notes or the original maturity date of such Subordinated Notes. The Trustee shall agree to any modification of the terms and conditions of any Subordinated Notes which two authorised officers or attorneys of the Issuer shall have certified in writing to the Trustee is permitted in accordance with the provisions of this Condition, provided, that the Trustee shall not be bound to assent to or to execute any modification to any Subordinated Note which would have the effect of (i) changing, increasing or adding to the obligations or duties of the Trustee or (ii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed or the terms and conditions of the Subordinated Notes. The Trustee may rely on any such certificate and shall not be bound to make any further enquiries and shall have no liability whatsoever to any Noteholder for so doing.

## 18. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Subordinated Notes, but it shall not be bound to do so unless:

- (i) it has been so requested in writing by the Holders of at least one-quarter of the aggregate principal amount of the outstanding Subordinated Notes or has been so directed by an Extraordinary Resolution; and
- (ii) it has been indemnified, prefunded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

## 19. **Amendments to Resolution 4,192**

The Issuer shall notify the Trustee promptly in writing if the *Conselho Monetário Nacional* (National Monetary Council of Brazil) or the Central Bank (i) effects and publishes in the *Diário Oficial* (Official Gazette) any amendment to Resolution 4,192; or (ii) publishes any notice on the website of the Central Bank setting out a proposed change to Resolution 4,192. Upon receipt of such a notice, neither the Trustee nor any Paying Agent



shall be required to take any action or to refrain from taking any action that may cause it to incur, in its sole discretion, any Liabilities (as defined in the Trust Deed), provided that under no circumstances shall this provision affect a Paying Agent's obligation to make payments to Noteholders of interest or principal that are due and payable if such payments have been made by the Issuer to a Paying Agent. To the extent that the consent or authorisation of the Central Bank or any other Brazilian Governmental Authority is required for the Issuer's, the Trustee's or an Agent's performance under the Subordinated Notes, the Trust Deed or the Agency Agreement, neither the Trustee nor any Agent shall have any duty or obligation to determine whether such approval, consent or authorisation is required or have any duty or obligation to obtain such consent. The Issuer shall notify the Trustee and the Agents, as applicable, in writing, if the approval, consent or authorisation of the Central Bank or such other Brazilian Governmental Authority, as applicable, is required for the Issuer's or the Trustee's performance under the Subordinated Notes, the Trust Deed or the Agency Agreement and whether or not such consent has been obtained by the Issuer.

## 20. Further Issues

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further Subordinated Notes having the same terms and conditions as the Subordinated Notes in all respects (or in all respects except for the date and amount of the first payment of interest) so as to form a single series with the Subordinated Notes. The Issuer may from time to time create and issue other series of Subordinated Notes having the benefit of the Trust Deed.

## 21. Notices

**Registered Subordinated Notes:** Notices to the Holders of Registered Subordinated Notes shall be sent by first class mail or equivalent or (if overseas) by airmail to their addresses on the Register and, if the Registered Subordinated Notes are admitted to trading on the Luxembourg Stock Exchange and it is required by applicable law or regulations, such notices will be published on the date of such mailing in *Luxemburger Wort* (or another a leading newspaper having general circulation in Luxembourg) or on the website of the Luxembourg Stock Exchange or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

## 22. Currency Indemnity

If any sum due from the Issuer in respect of the Subordinated Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Subordinated Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Principal Paying Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

## 23. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all U.S. Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts

denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Governing Law and Jurisdiction**

- (a) **Governing law:** The Subordinated Notes and the Trust Deed and all non-contractual obligations arising out of or in connection with the Subordinated Notes and the Trust Deed are governed by English law, provided, that the provisions contained in Condition 16 (*Terms of Subordination*), as amended by the Subordination Nucleus, imposed on the Issuer in order for the Subordinated Notes to qualify as Additional Capital or Tier 2 Capital, as appropriate, under Resolution 4,192, shall be governed by, and construed in accordance with, the laws of Brazil.
- (b) **Jurisdiction:** The Issuer has in the Trust Deed (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Subordinated Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

## FORM OF PRICING SUPPLEMENT

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (“**EEA**”). For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”), or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

[MIFID II Product Governance - Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers[’s/s’] target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers[’s/s’] target market assessment) and determining appropriate distribution channels.][*Note: To be included if any of the Dealers in the relevant issuance are manufacturers for purposes of MiFID II*]

[Any distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) (for the purposes of this paragraph, a “distributor”) subsequently offering, selling or recommending the Notes is responsible for undertaking its own target market assessment in respect of the Notes and determining the appropriate distribution channels for the purposes of the MiFID II product governance rules under Commission Delegated Directive (EU) 2017/593 (“**Delegated Directive**”). Neither the Issuer nor any of the Dealers make any representations or warranties as to a distributor's compliance with the Delegated Directive.][*Note: To be included if none of the Dealers in the relevant issuance are manufacturers for purposes of MiFID II*]

This Pricing Supplement is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”)) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “**relevant persons**”). This Pricing Supplement is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Pricing Supplement relates is available only to relevant persons and will be engaged in only with relevant persons.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or

otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[UK MiFIR product governance – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (for the purposes of this paragraph, a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][*Note: To be included if any of the Dealers in the relevant issuance are manufacturers for purposes of UK MiFIR.*]

[Any distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") (for the purposes of this paragraph, a "distributor") subsequently offering, selling or recommending the Notes is responsible for undertaking its own target market assessment in respect of the Notes and determining the appropriate distribution channels. Neither the Issuer nor any of the Dealers make any representations or warranties as to a distributor's compliance with the UK MiFIR Product Governance Rules.][*Note: To be included if none of the Dealers in the relevant issuance are manufacturers for purposes of UK MiFIR.*]

**Singapore SFA Product Classification** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Programme are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## SUMMARY OF THE ISSUE

*This summary relates to [insert description of Notes] described in the Pricing Supplement (the "**Pricing Supplement**") to which this summary is annexed. This summary contains that information from the summary set out in the Base Prospectus which is relevant to the Notes together with the relevant information from the Pricing Supplement. Words and expressions defined in the Pricing Supplement and the Base Prospectus have the same meanings in this summary.*

*[Insert completed summary by amending and completing the summary of the Base Prospectus as appropriate to the terms of the specific issue].*

Pricing Supplement dated [•]

[ISSUER]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

[Guaranteed by [GUARANTOR]]  
under the [insert Programme Amount]

[Euro Medium Term Note Programme]

## PART A CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated [•] [and the supplemental Base Prospectus] dated [•] which

[together] constitute[s] a base prospectus (the “**Base Prospectus**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Base Prospectus.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus[es] [is]/[are] available for viewing [at *website*] [and] during normal business hours at [*address*] [and copies may be obtained from [*address*]].

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and Notes in bearer form are subject to U.S. tax law requirements. The Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except in certain transactions exempt from the registration requirements of the Securities Act.

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]*

- |     |        |  |   |
|-----|--------|--|---|
| 1.  | (i)    | Issuer:                                  | [•]   |
|     | (ii)   | Guarantor:                               | [•]   |
| (a) | [(i)   | Series Number:]                          | [•]   |
|     | [(ii)  | Tranche Number:                          | [•]   |
|     | [(iii) | Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below [which is expected to occur on or about [•]].] |
| (b) |        | Specified Currency or Currencies:        | [•]<br><br><i>(If Notes are being cleared through DTC with interest and or principal payable in a currency other than U.S. dollars, check whether DTC will accept payments in such currency)</i>  |
| (c) |        | Aggregate Nominal Amount:                | [•]   |
|     | [(i)]  | [Series]:                                | [•]   |
|     | [(ii)  | Tranche:                                 | [•]   |
| (d) |        | Issue Price:                             | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]  |
| (e) | (i)    | Specified Denominations:                 | [•]   |
|     | (ii)   | Calculation Amount:                      | [•]   |
| (f) | (i)    | Issue Date:                              | [•]   |
|     | (ii)   | Interest Commencement Date:              | [[•]/Issue Date/Not Applicable]   |

- (g) Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
- (h) Interest Basis: *[[•] per cent. Fixed Rate]*  
*[•][•] EURIBOR/LIBOR+/- [•] per cent. Floating Rate]*  
*[Zero Coupon]*  
*(see paragraph [14/15/16] below)*
- (i) Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [•]/[100] per cent. of their nominal amount.
- (j) Change of Interest or Redemption/Payment Basis: *[Specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 and 15 below and identify there/Not Applicable]*
- (k) Put/Call Options: *[Investor Put]*  
*[Issuer Call]*  
*[See paragraph [17/18/19] below]*
- (l) [(i)] Status of the Notes: *[Senior/[Dated/Perpetual]/Subordinated]*  
 [(ii)] Status of the Guarantee: *[Senior/[Dated/Perpetual]/Subordinated]*  
 [(iii)] [Date [Board] approval for issuance of Notes [and Guarantee] [respectively]] obtained: *[•] [and [•], respectively]*  
*(N.B Only relevant where Board (or similar) authorization is required for the particular tranche of Notes or related Guarantee)*

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- (m) Fixed Rate Note Provisions: *[Applicable/Not Applicable]*  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: *[•] per cent. per annum payable in arrears on each Interest Payment Date*
- (ii) Interest Payment Date(s): *[•] in each year*
- (iii) Fixed Coupon Amount[(s)]: *[•] per Calculation Amount*
- (iv) Broken Amount(s): *[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]*
- (v) Day Count Fraction: *[30/360 / Actual/Actual (ICMA/ISDA) / other]*
- (vi) [Ratings Step-up/Step down: *[Applicable/Not Applicable]*  
 [- Step-up/Step-down Margin: *[•] per cent. per annum]]*
- (n) Floating Rate Note Provisions: *[Applicable/Not Applicable]*

*(If not applicable delete the remaining sub-paragraphs of this paragraph)*

- |        |  |   |
|--------|--|---|
| (i)    | Specified Period:  | [•]   |
| (ii)   | Specified Interest Payment Dates:  | [•]   |
| (iii)  | [First Interest Payment Date]:   | [•]   |
| (iv)   | Business Day Convention:   | [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [No adjustment]   |
| (v)    | Additional Business Centre(s):   | [Not Applicable/[•]]  |
| (vi)   | Manner in which the Rate(s) of Interest is/are to be determined:   | [Screen Rate Determination/ISDA Determination]  |
| (vii)  | Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Fiscal Agent]): | [•] shall be the Calculation Agent  |
| (viii) | Screen Rate Determination:   |   |
|        | • Reference Rate:  | [•][•] [EURIBOR/LIBOR]  |
|        | • Interest Determination Date(s):  | [•]   |
|        | • Relevant Screen Page:  | [•]   |
|        | • Relevant Time:   | [•]   |
|        | • Relevant Financial Centre:   | [•]   |
| (ix)   | ISDA Determination:  |   |
|        | • Floating Rate Option:  | [•]   |
|        | • Designated Maturity:   | [•]   |
|        | • Reset Date:  | [•]   |
|        | • [ISDA Definitions]:  | [2006]  |
| (x)    | [Linear interpolation:   | Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> ) |
| (xi)   | Margin(s):   | [+/-][•] per cent. per annum  |
| (xii)  | Minimum Rate of Interest:  | [•] per cent. per annum   |
| (xiii) | Maximum Rate of Interest:  | [•] per cent. per annum   |
| (xiv)  | Day Count Fraction:  | [•]   |
| (xv)   | [Ratings Step-up/Step-down:  | [Applicable/Not Applicable]]  |
|        | [Step-up/Step-down Margin:   | [•] per cent. per annum]]   |

- (o) Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Day Count Fraction in relation to Early Redemption Amount: [30/360/Actual/Actual (ICMA/ISDA)/other]

**PROVISIONS RELATING TO REDEMPTION**

- (p) Call Option [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount
- [(a) Reference Bond: [*Insert applicable Reference Bond*]]
- [(b) Quotation Time: [•]]
- [(c) Redemption Margin: [•] per cent.]
- [(d) Determination Date: [•]]
- [(e) Reference Dealers: [•]]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iv) Notice period: [•]
- (q) Put Option: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (iii) Notice period: [•]
- (r) Change of Control Put Option/ Put Event]: [Applicable/Not Applicable]
- [(i) Optional Redemption Amount(s) of each Note: [•] per Calculation Amount]
- [(ii) Put Period: [•]]
- (s) Final Redemption Amount of each Note [•] per Calculation Amount
- (t) Early Redemption Amount:



Early Redemption Amount(s) per Calculation [Not Applicable]  
Amount payable on redemption for taxation  
reasons or on event of default or other early  
redemption:

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- (u) Form of Notes: Bearer Notes:  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]  
[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]  
[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]  
Registered Notes:  
[Unrestricted Global Note Certificate exchangeable for unrestricted Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances specified in the Unrestricted Global Note Certificate]  
[and]  
[Restricted Global Note Certificate exchangeable for Restricted Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances specified in the Restricted Global Note Certificate]
- (v) New Global Note: [Yes] [No]/ [Not Applicable]
- (w) Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraph 15(v) relates]
- (x) Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.]

Signed on behalf of [name of the Issuer]:

By: \_\_\_\_\_  
Duly authorized

[Signed on behalf of the [name of the Guarantor]:

By: \_\_\_\_\_  
Duly authorized

**PART B  
OTHER INFORMATION**

1. **LISTING AND ADMISSION TO TRADING**

- (i) Admission to Trading: [Application is has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF Market with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Euro MTF Market with effect from [•].] [Not Applicable.]

*(When documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

- (ii) Estimate of total expenses related to admission to trading: [•]

(a) **RATINGS**

The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

Ratings: [Standard & Poor's: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]: [•]]

***[Option 1 - CRA established in the EEA and registered under the CRA Regulation and details of whether rating is endorsed by a CRA established and registered in the UK or certified under the UK CRA Regulation***

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). *[[Insert legal name of particular credit rating agency entity providing rating]* appears on the latest update of the list of registered credit rating agencies (as of *[insert date of most recent list]*) on the ESMA website <http://www.esma.europa.eu>].

[The rating *[Insert legal name of particular credit rating agency entity providing rating]* has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**").] /

*[[Insert legal name of particular credit rating agency entity providing rating]* has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**").] /

*[Insert legal name of particular credit rating agency entity providing rating]* has not been certified under Regulation

(EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

***Option 2 - CRA established in the EEA, not registered under the CRA Regulation but has applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and has applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] / [European Securities and Markets Authority]. [[Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website <http://www.esma.europa.eu>.]

[The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**").] /

[[ Insert legal name of particular credit rating agency entity providing rating] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**").] /

[[Insert legal name of particular credit rating agency entity providing rating] has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

***Option 3 - CRA established in the EEA, not registered under the CRA Regulation and not applied for registration and details of whether rating is endorsed by a credit rating agency established and registered in the UK or certified under the UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"). [[Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most

recent list) on the ESMA website <http://www.esma.europa.eu>].

[The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**").] /

[[Insert legal name of particular credit rating agency entity providing rating] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**").] /

[[Insert legal name of particular credit rating agency entity providing rating] has not been certified under Regulation (EU) No 1060/2009, as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation.]

***Option 4 - CRA established in the UK and registered under the UK CRA Regulation and details of whether rating is endorsed by a credit rating agency established and registered in the EEA or certified under the EU CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the UK CRA Regulation). [[Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on [<https://www.fca.org.uk>].

[The rating [Insert legal name of particular credit rating agency entity providing rating] has given to the Notes is endorsed by [insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").] /

[[Insert legal name of particular credit rating agency entity providing rating] has been certified under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").] /

[[Insert legal name of particular credit rating agency entity providing rating] has not been certified under Regulation (EU) No 1060/2009, as amended (the "**UK CRA Regulation**") and the rating it has given to the Covered Bonds is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.]

***Option 5 - CRA is not established in the EEA or the UK but relevant rating is endorsed under the CRA Regulation and/or the UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK but the rating it has given to the Notes is endorsed by [[insert legal name of credit rating agency], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation")] [and/or] [[insert legal name of credit rating agency], which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "UK CRA Regulation")].

***Option 6 - CRA not established in the EEA or the UK and relevant rating is not endorsed under the CRA Regulation or the UK CRA Regulation but CRA is certified under the CRA Regulation and/or under the UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK but is certified under [Regulation (EU) No 1060/2009, as amended (the "CRA Regulation")] [and/or] [Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "UK CRA Regulation")].

***Option 7 - CRA neither established in the EEA or the UK nor certified under the CRA Regulation or UK CRA Regulation and relevant rating is not endorsed under the CRA Regulation or UK CRA Regulation***

[Insert legal name of particular credit rating agency entity providing rating] is not established in the EEA or the UK and is not certified under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation") or Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "UK CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or in the UK and registered under the UK CRA Regulation.]

(b) **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

*(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:)*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and may actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account

and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. If the Dealers or their affiliates have a lending relationship with the Issuer, they routinely hedge their credit exposure to the Issuer consistent with its customary risk management policies. Typically, the Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Bank's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. [(Amend as appropriate if there are other interests)]

(c) **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer [•]

*(See [“Use of Proceeds”] wording in [Base] Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

[(ii)] Estimated net proceeds: [•]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii)] Estimated total expenses: [•]

*[Include breakdown of expenses]*

(d) **[Fixed Rate Notes only – YIELD**

Indication of yield: [•]

*[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]*

(e) **OPERATIONAL INFORMATION**

CUSIP: [•] [Not Applicable]

*[Select “Not Applicable” if no Restricted Registered Notes will be issued]*

ISIN: [•]

Common Code: [•]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

[Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][include this text for registered notes] and does not necessarily mean that the Notes will be recognized as

eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]]. Note that this does not necessarily mean that the Notes will then be recognized as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

(f) **DISTRIBUTION**

- |       |                                    |   |
|-------|------------------------------------|---|
| (i)   | Method of Distribution:            | [Syndicated/Non-syndicated]   |
| (ii)  | If syndicated:                     |   |
| (A)   | Names of Dealers:                  | [Not Applicable/ <i>give names</i> ]  |
| (B)   | Stabilization Manager(s), if any:  | [Not Applicable/ <i>give names</i> ]  |
| (iii) | If non-syndicated, name of Dealer: | [Not Applicable/ <i>give names</i> ]  |
| (iv)  | U.S. Selling Restrictions:         | [Reg. S Compliance Category [1/2]; [ <i>In the case of Bearer Notes</i> ] - [TEFRA C/TEFRA D / TEFRA not applicable] ( <i>In the case of Registered notes</i> ) – [Not] rule 144A Eligible] |
| (v)   | Other Selling Restrictions         | [ <i>Insert or annex additional selling restrictions.</i> ]   |



## CAPITALIZATION

The following table sets forth the consolidated current and non-current liabilities and shareholders' equity of the Bank as of June 30, 2021. The information set forth below is derived from the Bank's audited consolidated financial statements as of June 30, 2021, prepared in accordance with Bacen GAAP and included elsewhere in this Base Prospectus.

Prospective investors should read this table along with the sections "Selected Financial Information," "Selected Statistical and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as the Financial Statements and notes thereto, including the financial information and analysis thereof as of and for the year ended December 31, 2020, and for the six month period ended June 30, 2021, contained elsewhere in this Base Prospectus.

As of June 30, 2021, the Bank's outstanding capital stock was R\$90 billion comprising of 2,865,417,020 common and registered book entry shares with no par value, all of which was fully paid-up.

|   | <b>As of June 30, 2021</b>                     |                             |
|---|--|-----------------------------|
|   | <i>(in millions of<br/>US\$)<sup>(1)</sup></i> | <i>(in millions of R\$)</i> |
| <b>Financial Liabilities</b> .....                | <b>323,531</b>                                 | <b>1,618,366</b>            |
| Customer resources .....                          | 132,209  | 661,334                     |
| Financial institutions resources .....            | 134,178  | 671,186                     |
| Funds from issuance of securities.....            | 37,322   | 186,690                     |
| Derivative financial instruments.....             | 580  | 2,901                       |
| Other financial liabilities .....                 | 19,242   | 96,255                      |
| <b>Provisions</b> .....                           | <b>7,150</b>                                   | <b>35,765</b>               |
| Provisions for civil, tax and labor claims .....  | 5,749  | 28,756                      |
| Other provisions .....                            | 1,401  | 7,009                       |
| <b>Tax Liabilities</b> .....                      | <b>4,957</b>                                   | <b>24,795</b>               |
| Current tax liabilities.....                      | 1,946  | 9,733                       |
| Deferred tax liabilities .....                    | 3,011  | 15,062                      |
| <b>Other Liabilities</b> .....                    | <b>7,041</b>                                   | <b>35,222</b>               |
| <b>Shareholders' Equity</b> .....                 | <b>29,149</b>                                  | <b>145,807</b>              |
| Capital .....                                     | 17,992   | 90,000                      |
| Instruments qualifying as common equity tier..... | 1,619  | 8,100                       |
| Capital reserves .....                            | 280  | 1,401                       |
| Revaluation reserves .....                        | 0  | 2                           |
| Profit reserves.....                              | 9,159  | 45,815                      |
| Other comprehensive income .....                  | (359)  | (1,798)                     |
| (Treasury shares).....                            | (55)   | (277)                       |
| Non-controlling interests .....                   | 513  | 2,564                       |
| <b>Total Capitalization<sup>(3)</sup></b> .....   | <b>371,827</b>                                 | <b>1,859,955</b>            |

- (1) For presentation purposes in this Base Prospectus, *real* amounts as of June 30, 2021 have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2021, of R\$5.0022 per US\$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.
- (2) The Bank's capital stock consisted of 2,865,417,020 common shares as of June 30, 2021.
- (3) Total capitalization consists of the sum of financial liabilities, provisions, tax liabilities, other liabilities and shareholders' equity.

## EXCHANGE RATES

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

Since 1999, the Central Bank has allowed the *real*/U.S. dollar exchange rate to float freely, and since then the *real*/U.S. dollar exchange rate has fluctuated considerably. In the past, the Central Bank has occasionally intervened to control unstable movements in foreign exchange rates. The Bank cannot predict whether the Central Bank or the Federal Government will continue to permit the *real* to float freely or whether it will intervene in the exchange rate market through the re-establishment of a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar substantially. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are significant reasons to foresee a material imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad.

In the past, the Federal Government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluation, periodic mini-devaluation during which the frequency of adjustments ranged from a daily to a monthly basis, establishment of floating exchange rate systems, exchange controls and dual exchange rate markets. The Bank cannot predict whether the Central Bank or the Federal Government will continue to allow the *real* to float freely or will intervene in the exchange rate market by returning to a currency band system or otherwise. The *real* may depreciate or appreciate substantially against the U.S. dollar. Exchange rate fluctuations may adversely affect the Bank's financial condition and the market price of the Bank's shares. The Bank is subject to foreign exchange rate instability, including devaluation of the *real*, which may adversely affect the Bank.

The following tables provide information on the selling exchange rate, expressed in *reais* per U.S. dollar (R\$/US\$) for the periods indicated, as reported by the Central Bank.

| <b>Selling rates of <i>reais</i> per US\$1.00</b> |                   |                              |             |            |
|---|-------------------|------------------------------|-------------|------------|
|   | <b>Period-End</b> | <b>Average<sup>(1)</sup></b> | <b>High</b> | <b>Low</b> |
| For the year ended December 31, 2019 .....        | 4.03              | 3.95                         | 4.03        | 4.02       |
| For the year ended December 31, 2020 .....        | 5.20              | 5.15                         | 5.19        | 5.18       |
| For the six month period ended June 30, 2020      | 5.48              | 4.92                         | 5.52        | 5.25       |
| For the six month period ended June 30, 2021      | 5.00              | 5.39                         | 5.02        | 4.95       |

(1) Daily rate calculated as the accumulated yearly average up to the date of calculation.

Source: Central Bank

| <b>Selling rates of <i>reais</i> per US\$1.00</b> |                   |                              |             |            |
|---|-------------------|------------------------------|-------------|------------|
| <b>Month</b>                                      | <b>Period-End</b> | <b>Average<sup>(1)</sup></b> | <b>High</b> | <b>Low</b> |
| January 2021.....                                 | 5.48              | 5.36                         | 5.16        | 5.51       |
| February 2021.....                                | 5.53              | 5.42                         | 5.34        | 5.53       |
| March 2021.....                                   | 5.70              | 5.64                         | 5.78        | 5.62       |
| April 2021.....                                   | 5.40              | 5.56                         | 5.45        | 5.34       |
| May 2021.....                                     | 5.23              | 5.29                         | 5.26        | 5.20       |
| June 2021.....                                    | 5.00              | 5.03                         | 5.02        | 4.95       |
| July 2021 .....                                   | 5.12              | 5.16                         | 5.23        | 5.08       |
| August 2021 .....                                 | 5.14              | 5.26                         | 5.20        | 5.12       |
| September 2021 <sup>(2)</sup> .....               | 5.25              | 5.18                         | 5.16        | 5.25       |

(1) Daily rate calculated as the accumulated monthly average up to the date of calculation.

(2) Through September 8, 2021.

Source: Central Bank

Brazilian law provides that, whenever there is a material imbalance in Brazil's balance of payments or there are reasons to foresee a material imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. The Bank cannot assure you that such measures will not be taken by the Federal Government in the future.

## **USE OF PROCEEDS**

The Issuer will use the net proceeds from the issue of each Series of Notes for its general corporate purposes or as may otherwise be disclosed in a Pricing Supplement.

## SELECTED FINANCIAL INFORMATION

The following selected financial data should be read in conjunction with the Financial Statements and the accompanying notes, “Presentation of Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Bank” included elsewhere in this Base Prospectus.

In this Base Prospectus, tables reporting financial data contain, except where otherwise indicated, consolidated financial data of the Bank. The Bank’s average volume and balance data has been calculated based upon the average of the month-end balances during the relevant period.

Financial information included in this Base Prospectus as of and for the six month periods ended June 30, 2021 and 2020, and as of and for the years ended December 31, 2020 and 2019 has been prepared in accordance with Bacen GAAP.

On February 22, 2021, the Central Bank commenced a public hearing to address accounting standards to financial institutions for recording provisions related to expected losses regarding credit risk by financial institutions (Public Hearing 60/2018), which remains open. The results of this hearing could lead to eventual changes in the preparation of financial statements in accordance with Bacen GAAP.

For presentation purposes in this Base Prospectus, *real* amounts as of and for the six month period ended June 30, 2021, and as of and for the year ended December 31, 2020, have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2021, of R\$5.0022 per US\$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

## Selected Consolidated Balance Sheet Data—Assets

|   | As of June 30,                          |                      |                  | As of December 31,                      |                      |                  |
|---|---|----------------------|------------------|---|----------------------|------------------|
|   | 2021                                    | 2021                 | 2020             | 2020                                    | 2020                 | 2019             |
|   | (in millions<br>of US\$) <sup>(1)</sup> | (in millions of R\$) |                  | (in millions<br>of US\$) <sup>(1)</sup> | (in millions of R\$) |                  |
| <b>ASSETS</b> .....   | <b>371,827</b>                          | <b>1,859,955</b>     | <b>1,710,234</b> | <b>344,983</b>                          | <b>1,725,672</b>     | <b>1,481,095</b> |
| <b>Cash and cash due from banks</b> .....                         | <b>5,076</b>                            | <b>25,389</b>        | <b>22,829</b>    | <b>3,356</b>                            | <b>16,785</b>        | <b>14,171</b>    |
| <b>Financial assets</b> .....                                     | <b>349,120</b>                          | <b>1,746,370</b>     | <b>1,624,376</b> | <b>329,382</b>                          | <b>1,647,636</b>     | <b>1,406,740</b> |
| Central Bank compulsory reserves.....                             | 14,398                                  | 72,024               | 67,587           | 12,056                                  | 60,309               | 65,124           |
| Interbank investments.....  | 114,300                                 | 571,753              | 524,694          | 102,084                                 | 510,646              | 425,477          |
| Securities.....   | 58,609                                  | 293,174              | 266,953          | 58,957                                  | 294,913              | 202,121          |
| Derivative financial instruments.....                             | 536                                     | 2,683                | 4,639            | 705                                     | 3,527                | 821              |
| Loan portfolio.....   | 141,107                                 | 705,843              | 657,212          | 136,295                                 | 681,776              | 621,345          |
| Other financial assets.....                                       | 20,169                                  | 100,892              | 103,291          | 19,285                                  | 96,465               | 91,852           |
| <b>Allowance for losses associated with<br/>credit risk</b> ..... | <b>(9,142)</b>                          | <b>(45,732)</b>      | <b>(44,120)</b>  | <b>(9,552)</b>                          | <b>(47,781)</b>      | <b>(41,995)</b>  |
| (Loan portfolio).....   | (8,557)                                 | (42,803)             | (41,677)         | (9,030)                                 | (45,170)             | (39,800)         |
| (Other financial assets).....                                     | (585)                                   | (2,929)              | (2,443)          | (522)                                   | (2,611)              | (2,195)          |
| <b>Tax assets</b> .....   | <b>13,755</b>                           | <b>68,805</b>        | <b>71,455</b>    | <b>13,333</b>                           | <b>66,694</b>        | <b>68,836</b>    |
| Current tax assets.....   | 1,797                                   | 8,991                | 8,742            | 1,710                                   | 8,551                | 9,373            |
| Deferred tax assets (tax credit).....                             | 11,958                                  | 59,814               | 62,714           | 11,623                                  | 58,143               | 59,463           |
| <b>Investments</b> .....  | <b>3,513</b>                            | <b>17,573</b>        | <b>15,309</b>    | <b>3,257</b>                            | <b>16,290</b>        | <b>14,959</b>    |
| <b>Property and equipment</b> .....                               | <b>1,584</b>                            | <b>7,922</b>         | <b>7,972</b>     | <b>1,645</b>                            | <b>8,231</b>         | <b>7,883</b>     |
| <b>Intangible</b> .....   | <b>953</b>                              | <b>4,765</b>         | <b>6,896</b>     | <b>1,244</b>                            | <b>6,221</b>         | <b>5,921</b>     |
| <b>Other assets</b> .....   | <b>6,968</b>                            | <b>34,863</b>        | <b>5,516</b>     | <b>2,318</b>                            | <b>11,596</b>        | <b>4,580</b>     |

- (1) For presentation purposes in this Base Prospectus, *real* amounts as of December 31, 2020 and June 30, 2021 have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2021, of R\$5.0022 per US\$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

## Selected Consolidated Balance Sheet Data—Liabilities

|  | As of June 30,                          |                      |                  | As of December 31,                      |                      |                  |
|--|---|----------------------|------------------|---|----------------------|------------------|
|  | 2021                                    | 2021                 | 2020             | 2020                                    | 2020                 | 2019             |
|  | (in millions<br>of US\$) <sup>(1)</sup> | (in millions of R\$) |                  | (in millions<br>of US\$) <sup>(1)</sup> | (in millions of R\$) |                  |
| <b>LIABILITIES AND SHAREHOLDERS EQUITY .....</b>             | <b>371,827</b>                          | <b>1,859,955</b>     | <b>1,710,234</b> | <b>344,983</b>                          | <b>1,725,672</b>     | <b>1,481,095</b> |
| <b>Financial liabilities .....</b>                           | <b>323,531</b>                          | <b>1,618,366</b>     | <b>1,508,894</b> | <b>303,907</b>                          | <b>1,520,203</b>     | <b>1,286,176</b> |
| Customers resources.....                                     | 132,209                                 | 661,334              | 555,165          | 120,344                                 | 601,984              | 485,002          |
| Financial institutions resources .....                       | 134,178                                 | 671,186              | 630,901          | 120,657                                 | 603,552              | 512,690          |
| Funds from issuance of securities...                         | 37,322                                  | 186,690              | 215,538          | 40,621                                  | 203,192              | 206,331          |
| Derivative financial instruments.....                        | 580                                     | 2,901                | 4,486            | 610                                     | 3,050                | 962              |
| Other financial liabilities .....                            | 19,242                                  | 96,255               | 102,804          | 21,675                                  | 108,425              | 81,191           |
| <b>Provisions.....</b>                                       | <b>7,150</b>                            | <b>35,765</b>        | <b>30,471</b>    | <b>6,804</b>                            | <b>34,036</b>        | <b>31,553</b>    |
| Provisions for civil, tax and labor claims.....              | 5,749                                   | 28,756               | 25,745           | 5,455                                   | 27,288               | 25,480           |
| Other provisions .....                                       | 1,401                                   | 7,009                | 4,726            | 1,349                                   | 6,748                | 6,073            |
| <b>Tax liabilities.....</b>                                  | <b>4,957</b>                            | <b>24,795</b>        | <b>12,295</b>    | <b>2,637</b>                            | <b>13,191</b>        | <b>12,571</b>    |
| Current tax liabilities .....                                | 1,946                                   | 9,733                | 9,490            | 2,107                                   | 10,541               | 10,501           |
| Deferred tax liabilities .....                               | 3,011                                   | 15,062               | 2,805            | 530                                     | 2,650                | 2,070            |
| <b>Other liabilities .....</b>                               | <b>7,041</b>                            | <b>35,222</b>        | <b>43,737</b>    | <b>6,251</b>                            | <b>31,270</b>        | <b>42,230</b>    |
| <b>Shareholders' equity .....</b>                            | <b>29,149</b>                           | <b>145,807</b>       | <b>114,836</b>   | <b>25,383</b>                           | <b>126,971</b>       | <b>108,565</b>   |
| Capital .....  | 17,992                                  | 90,000               | 67,000           | 17,992                                  | 90,000               | 67,000           |
| Instruments qualifying as common equity tier 1 capital ..... | 1,619                                   | 8,100                | 8,100            | 1,619                                   | 8,100                | 8,100            |
| Capital reserves .....                                       | 280                                     | 1,401                | 1,390            | 280                                     | 1,399                | 1,366            |
| Revaluation reserves.....                                    | -                                       | 2                    | 2                | -                                       | 2                    | 2                |
| Profit reserves.....   | 9,159                                   | 45,815               | 58,413           | 7,836                                   | 39,198               | 53,815           |
| Other comprehensive income .....                             | (359)                                   | (1,798)              | (21,790)         | (2,769)                                 | (13,851)             | (23,282)         |
| Treasury shares.....   | (55)                                    | (277)                | (305)            | (56)                                    | (281)                | (340)            |
| Non-controlling interests .....                              | 513                                     | 2,564                | 2,026            | 481                                     | 2,404                | 1,904            |

- (1) For presentation purposes in this Base Prospectus, *real* amounts for the year ended December 31, 2020 and for the six month period ended June 30, 2021, have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2021, of R\$5.0022 per US\$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

## Selected Consolidated Statement of Income Data

|  | Six month period ended June 30,         |                      |                 | Year ended December 31,                 |                      |                 |
|--|---|----------------------|-----------------|---|----------------------|-----------------|
|  | 2021                                    | 2021                 | 2020            | 2020                                    | 2020                 | 2019            |
|  | (in millions<br>of US\$) <sup>(1)</sup> | (in millions of R\$) |                 | (in millions<br>of US\$) <sup>(1)</sup> | (in millions of R\$) |                 |
| <b>Income from financial intermediation ...</b>      | <b>9,655</b>                            | <b>48,296</b>        | <b>77,098</b>   | <b>24,457</b>                           | <b>122,337</b>       | <b>128,634</b>  |
| Loan portfolio .....                                 | 7,388                                   | 36,955               | 51,467          | 17,430                                  | 87,190               | 82,577          |
| Interbank investments.....                           | 1,421                                   | 7,109                | 8,386           | 2,762                                   | 13,815               | 28,511          |
| Securities .....                                     | 916                                     | 4,582                | 12,217          | 3,104                                   | 15,528               | 13,138          |
| Derivative financial instruments.....                | (77)                                    | (384)                | 3,964           | 681                                     | 3,407                | 640             |
| Reserve Requirement.....                             | 123                                     | 613                  | 804             | 265                                     | 1,324                | 2,372           |
| Other financial assets.....                          | (116)                                   | (579)                | 260             | 215                                     | 1,073                | 1,396           |
| <b>Expenses from financial intermediation</b>        | <b>(3,465)</b>                          | <b>(17,331)</b>      | <b>(51,931)</b> | <b>(13,290)</b>                         | <b>(66,479)</b>      | <b>(73,627)</b> |
| Financial institutions resources .....               | (1,255)                                 | (6,278)              | (36,952)        | (8,198)                                 | (41,006)             | (36,574)        |
| Customers resources .....                            | (1,512)                                 | (7,563)              | (8,415)         | (3,019)                                 | (15,103)             | (25,513)        |
| Funds from issuance of securities .....              | (646)                                   | (3,230)              | (4,181)         | (1,542)                                 | (7,713)              | (10,213)        |
| Other funding expenses .....                         | (52)                                    | (260)                | (2,383)         | (531)                                   | (2,657)              | (1,327)         |
| <b>Allowance for loan losses .....</b>               | <b>(1,494)</b>                          | <b>(7,471)</b>       | <b>(12,660)</b> | <b>(5,213)</b>                          | <b>(26,077)</b>      | <b>(22,470)</b> |
| Loan portfolio.....                                  | (1,425)                                 | (7,126)              | (12,418)        | (5,110)                                 | (25,561)             | (22,682)        |
| Other financial assets.....                          | (69)                                    | (343)                | (242)           | (103)                                   | (516)                | 212             |
| <b>Net income from financial intermediation.....</b> | <b>4,696</b>                            | <b>23,494</b>        | <b>12,505</b>   | <b>5,954</b>                            | <b>29,781</b>        | <b>32,537</b>   |
| <b>Other operating income/(expenses).....</b>        | <b>(1,461)</b>                          | <b>(7,308)</b>       | <b>(5,003)</b>  | <b>(2,091)</b>                          | <b>(10,465)</b>      | <b>(8,557)</b>  |
| Service fees income .....                            | 2,815                                   | 14,084               | 14,032          | 5,738                                   | 28,702               | 29,209          |

|   | Six month period ended June 30,      |                      |                | Year ended December 31,              |                      |                 |
|---|--------------------------------------|----------------------|----------------|--------------------------------------|----------------------|-----------------|
|   | 2021                                 | 2021                 | 2020           | 2020                                 | 2020                 | 2019            |
|   | (in millions of US\$) <sup>(1)</sup> | (in millions of R\$) |                | (in millions of US\$) <sup>(1)</sup> | (in millions of R\$) |                 |
| Personnel expenses .....                              | (2,148)                              | (10,744)             | (9,927)        | (4,031)                              | (20,163)             | (20,451)        |
| Other administrative expenses .....                   | (1,260)                              | (6,303)              | (6,398)        | (2,609)                              | (13,053)             | (12,793)        |
| Tax expenses.....                                     | (579)                                | (2,896)              | (2,292)        | (1,025)                              | (5,129)              | (4,930)         |
| Net gains from equity method investments .....        | 309                                  | 1,544                | 1,389          | 622                                  | 3,110                | 4,049           |
| Other operating income/expenses.....                  | (598)                                | (2,993)              | (1,807)        | (786)                                | (3,932)              | (3,641)         |
| <b>Provisions .....</b>                               | <b>(702)</b>                         | <b>(3,510)</b>       | <b>(1,684)</b> | <b>(1,016)</b>                       | <b>(5,081)</b>       | <b>(11,501)</b> |
| <b>Civil, tax and labor claims.....</b>               | <b>(674)</b>                         | <b>(3,370)</b>       | <b>(1,571)</b> | <b>(835)</b>                         | <b>(4,176)</b>       | (11,417)        |
| <b>Other .....</b>                                    | <b>(28)</b>                          | <b>(140)</b>         | <b>(113)</b>   | <b>(181)</b>                         | <b>(905)</b>         | (84)            |
| <b>Operating income.....</b>                          | <b>2,534</b>                         | <b>12,677</b>        | <b>5,818</b>   | <b>2,847</b>                         | <b>14,235</b>        | <b>12,479</b>   |
| Net non-operating income.....                         | 34                                   | 171                  | 115            | 31                                   | 155                  | 3,642           |
| <b>Profit Before Taxation and Profit Sharing.....</b> | <b>2,568</b>                         | <b>12,847</b>        | <b>5,933</b>   | <b>2,878</b>                         | <b>14,390</b>        | <b>16,121</b>   |
| Income tax and social contribution .....              | (225)                                | (1,127)              | 2,076          | 290                                  | 1,453                | 6,861           |
| Employee and directors profit sharing ...             | (251)                                | (1,256)              | (829)          | (314)                                | (1,569)              | (2,338)         |
| Non-controlling interests .....                       | (143)                                | (714)                | (766)          | (315)                                | (1,577)              | (2,482)         |
| <b>Net Income.....</b>                                | <b>1,949</b>                         | <b>9,750</b>         | <b>6,413</b>   | <b>2,539</b>                         | <b>12,697</b>        | <b>18,162</b>   |

- (1) For presentation purposes in this Base Prospectus, *real* amounts for the year ended December 31, 2020 and for the six month period ended June 30, 2021, have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on June 30, 2021, of R\$5.0022 per US\$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

#### Other Operating Data<sup>(1)</sup>

|  | As of and for the six month period ended June 30, |              | As of and for the year ended December 31, |              |
|--|---|--------------|---|--------------|
|  | 2021  | 2020         | 2020                                      | 2019         |
| <i>Profitability</i>   |   |              |   |              |
| Return on average total assets (ROA) (%) <sup>(2)</sup> .....                  | 1.1   | 0.8          | 0.8                                       | 1.2          |
| Return on average equity (ROE) (%) <sup>(3)</sup> .....                        | 14.6  | 11.7         | 11.0                                      | 17.6         |
| <i>Asset Quality</i>   |   |              |   |              |
| <b>Total overdue transactions/total loan portfolio (%)<sup>(4)</sup> .....</b> | <b>3.5</b>  | <b>4.4</b>   | <b>3.4</b>                                | <b>5.4</b>   |
| Allowance for loan losses/loan portfolio (%) <sup>(4)</sup> .....              | 6.1   | 6.3          | 6.6                                       | 6.4          |
| <i>Liquidity</i>   |   |              |   |              |
| <b>Total loan portfolio/total assets (%)<sup>(4)</sup> .....</b>               | <b>37.9</b>                                       | <b>38.4</b>  | <b>39.5</b>                               | <b>42.0</b>  |
| <i>Capital Adequacy</i>  |   |              |   |              |
| Shareholders' equity/total assets (%).....                                     | 7.8   | 6.7          | 7.4                                       | 7.3          |
| <b>Total liabilities as a multiple of shareholders' equity .....</b>           | <b>12.8x</b>                                      | <b>14.9x</b> | <b>13.6x</b>                              | <b>13.6x</b> |
| Common Equity Tier 1 Capital Ratio (CET 1/RWA) (%).....                        | 13.5  | 10.6         | 13.6                                      | 10.0         |

- (1) This table sets forth certain of the Bank's non-GAAP operating information for each of the periods.
- (2) ROA is calculated as net income divided by average total assets attributable to controlling shareholders divided by average total assets. Average total assets is calculated by taking the average of total assets at the beginning and at the end of the applicable accounting period.
- (3) ROE is calculated as net income attributable to controlling shareholders divided by average adjusted shareholders' equity (consolidated shareholders' equity minus non-controlling interest). Average adjusted shareholders' equity are calculated by taking the average of adjusted shareholders' equity at the beginning and at the end of the applicable accounting period, excluding minority interests in controlled companies and remeasurements of defined benefit plans.
- (4) The Bank's total loan portfolio including loans, other receivables, leasing and advances on foreign exchange contracts, pursuant to CMN Resolution No. 2,682. Overdue transactions include loans, other receivables, leasing and advances on foreign exchange contracts overdue for more than 15 days.

## SELECTED STATISTICAL AND OTHER INFORMATION

The following information is included for analytical purposes and should be read together with the Bank's Financial Statements, contained elsewhere herein as well as with "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Bank." The financial and statistical information presented herein refers to the six month periods ended June 30, 2021 and 2020 and the years ended December 31, 2020 and 2019.

Financial information included in this Base Prospectus as of and for the six month periods ended June 30, 2021 and 2020 and the years ended December 31, 2020 and 2019, has been prepared in accordance with Bacen GAAP.

Data related to the average balance of the Bank's interest-earning assets and interest-bearing liabilities have been calculated based upon the average of the month-end balances during the relevant period. Information related to the interest income and expenses generated from the Bank's assets and liabilities and the average return rate for each of the periods indicated have been calculated based on income and expenses for the period, divided by the average balances calculated as indicated above.

### **Average Balance Sheet and Interest Rate Data**

The following table presents the average balances of the Bank's interest-earning assets and interest-bearing liabilities the related interest income and expense amounts and the average actual yield/rate for each period.

The interest accrued on many Brazilian financial assets and liabilities comprises both fixed interest rates and any indexing. Any such indexing may be the result of changes in an inflation index, changes to foreign exchange rates (usually against the U.S. dollar) or changes in other floating interest rates. The fixed interest rate and indexing may be to accrue to the principal balance of each operation. The updated value then becomes the new basis for the accrual of the following periods of fixed interest rate and indexation.



## Consolidated Average Balance Sheet and Interest Rate Data

|   | For the six month period ended June 30,         |               |                 |                  |               |                 |
|---|---|---------------|-----------------|------------------|---------------|-----------------|
|   | 2021  |               |                 | 2020             |               |                 |
|   | Average balance                                 | Interest      | Annual rate (%) | Average balance  | Interest      | Annual rate (%) |
|   | <i>(in millions of R\$, except percentages)</i> |               |                 |                  |               |                 |
| <b>Assets</b>   |   |               |                 |                  |               |                 |
| <b>Consolidated interest-earning assets</b>             |   |               |                 |                  |               |                 |
| Securities and interbank investments without hedge..... | 852,138   | 12,783        | 3.1             | 700,138          | 14,786        | 4.4             |
| Loans and leasing transactions.....                     | 690,042   | 35,392        | 10.8            | 642,358          | 35,187        | 11.5            |
| Remunerated compulsory deposits.....                    | 49,096  | 692           | 2.9             | 49,610           | 879           | 3.7             |
| Other interest earning assets <sup>(1)</sup> .....      | 13,177  | 93            | 1.4             | 9,352            | 157           | 3.5             |
| <b>Total</b> .....                                      | <b>1,604,454</b>                                | <b>48,959</b> | <b>6.4</b>      | <b>1,401,458</b> | <b>51,009</b> | <b>7.6</b>      |

(1) Available funds held in foreign currency and others.

|  | For the six month period ended June 30,         |                 |                 |                  |                 |                 |
|--|---|-----------------|-----------------|------------------|-----------------|-----------------|
|  | 2021  |                 |                 | 2020             |                 |                 |
|  | Average balance                                 | Interest        | Annual rate (%) | Average balance  | Interest        | Annual rate (%) |
|  | <i>(in millions of R\$, except percentages)</i> |                 |                 |                  |                 |                 |
| <b>Consolidated interest-bearing liabilities</b> |   |                 |                 |                  |                 |                 |
| Savings deposits <sup>(1)</sup> .....            | 220,084   | (2,498)         | 2.3             | 186,470          | (2,910)         | 3.2             |
| Interbank deposits.....                          | 26,782  | (185)           | 1.4             | 31,842           | (381)           | 2.5             |
| Time deposits.....                               | 298,708   | (4,681)         | 3.2             | 246,016          | (4,503)         | 3.8             |
| Money market borrowings.....                     | 564,121   | (7,383)         | 2.7             | 479,003          | (8,312)         | 3.6             |
| Borrowings and onlendings.....                   | 71,785  | (2,339)         | 6.8             | 77,699           | (2,606)         | 7.0             |
| Financial and development funds.....             | 25,963  | (310)           | 2.5             | 21,031           | (235)           | 2.3             |
| Subordinated debt.....                           | 71,566  | (1,706)         | 4.9             | 82,858           | (1,923)         | 4.8             |
| Foreign securities borrowing.....                | 40,468  | (785)           | 4.0             | 37,990           | (774)           | 4.2             |
| Agribusiness letters of credit.....              | 72,607  | (870)           | 2.5             | 73,768           | (1,182)         | 3.3             |
| Others commercial papers.....                    | 12,640  | (146)           | 2.4             | 15,406           | (229)           | 3.1             |
| <b>Total</b> .....                               | <b>1,404,724</b>                                | <b>(20,903)</b> | <b>3.1</b>      | <b>1,252,084</b> | <b>(23,057)</b> | <b>3.8</b>      |

|   | For the year ended December 31,                 |               |                 |                  |                |                 |
|---|---|---------------|-----------------|------------------|----------------|-----------------|
|   | 2020  |               |                 | 2019             |                |                 |
|   | Average balance                                 | Interest      | Annual rate (%) | Average balance  | Interest       | Annual rate (%) |
|   | <i>(in millions of R\$, except percentages)</i> |               |                 |                  |                |                 |
| <b>Assets</b>   |   |               |                 |                  |                |                 |
| <b>Consolidated interest-earning assets</b>             |   |               |                 |                  |                |                 |
| Securities and interbank investments without hedge..... | 763,853   | 25,787        | 3.4             | 660,071          | 42,632         | 6.4             |
| Loans and leasing transactions.....                     | 655,456   | 69,221        | 10.6            | 619,976          | 74,694         | 12.0            |
| Remunerated compulsory deposits.....                    | 48,740  | 1,475         | 3.0             | 49,548           | 2,328          | 4.7             |
| Other interest earning assets <sup>(1)</sup> .....      | 9,711   | 247           | 2.6             | 8,647            | 223            | 2.6             |
| <b>Total</b> .....                                      | <b>1,477,760</b>                                | <b>96,730</b> | <b>6.6</b>      | <b>1,338,242</b> | <b>119,878</b> | <b>8.9</b>      |

(1) Available funds held in foreign currency and others.

|  | For the year ended December 31,                 |          |                 |                 |          |                 |
|--|---|----------|-----------------|-----------------|----------|-----------------|
|  | 2020  |          |                 | 2019            |          |                 |
|  | Average balance                                 | Interest | Annual rate (%) | Average balance | Interest | Annual rate (%) |
|  | <i>(in millions of R\$, except percentages)</i> |          |                 |                 |          |                 |
| <b>Consolidated interest-bearing liabilities</b> |   |          |                 |                 |          |                 |
| Savings deposits.....                            | 198,984   | (5,110)  | 2.6             | 175,594         | (7,659)  | 4.3             |
| Interbank deposits.....                          | 29,582  | (609)    | 2.1             | 32,647          | (1,068)  | 3.3             |
| Time deposits.....                               | 261,237   | (7,992)  | 3.1             | 227,963         | (13,709) | 6.0             |
| Money market borrowings.....                     | 510,698   | (13,855) | 2.7             | 460,908         | (27,526) | 5.9             |
| Borrowings and onlendings.....                   | 75,998  | (5,056)  | 6.7             | 81,897          | (5,993)  | 7.3             |
| Financial and development funds.....             | 21,311  | (475)    | 2.2             | 16,023          | (645)    | 4.0             |
| Subordinated debt.....                           | 82,901  | (3,833)  | 4.6             | 81,144          | (3,722)  | 4.6             |
| Foreign securities borrowing.....                | 39,669  | (1,573)  | 4.0             | 29,147          | (1,409)  | 4.8             |
| Agribusiness letters of credit.....              | 73,749  | (1,862)  | 2.5             | 81,204          | (4,234)  | 5.2             |

|                                | For the year ended December 31, |                 |                 |                  |                 |                 |
|--------------------------------|---------------------------------|-----------------|-----------------|------------------|-----------------|-----------------|
|                                | 2020                            |                 |                 | 2019             |                 |                 |
|                                | Average balance                 | Interest        | Annual rate (%) | Average balance  | Interest        | Annual rate (%) |
| Others commercial papers ..... | 14,265                          | (345)           | 2.4             | 21,428           | (753)           | 3.5             |
| <b>Total.....</b>              | <b>1,308,394</b>                | <b>(40,710)</b> | <b>3.1</b>      | <b>1,207,955</b> | <b>(66,718)</b> | <b>5.5</b>      |

### Changes in Interest Income and Expenses—Volume and Rate Analysis

The following tables show the changes in the Bank's interest income and expense due to changes in the average volume of interest-earning assets and interest-bearing liabilities and changes in the average interest rate on these assets and liabilities for the six month period ended June 30, 2021 compared to the six month period ended June 30, 2020 and for the year ended December 31, 2020 compared to the year ended December 31, 2019. Volume variations have been calculated based on changes of the Bank's average balances over the relevant period, and interest rate variations have been calculated based on changes in average interest rates on the Bank's interest-earning assets and interest-bearing liabilities. The average rate variation was calculated by the variation in the interest rate in the period multiplied by the average balance of assets generating income or by the average balance of liabilities generating expenses in the previous period. The net variation is the difference between the interest income of the present period and that of the previous period. The variation by average volume is the difference between the net variation and that resulting from the average rate.

### Increase (Decrease) in Interest Income and Expenses Due to Changes in Volume and Rate

|   | For the six month period ended June 30,         |                             |                           |
|---|---|-----------------------------|---------------------------|
|   | 2021/2020                                       |                             |                           |
|   | Average volume <sup>(1)</sup>                   | Average rate <sup>(2)</sup> | Net change <sup>(3)</sup> |
|   | <i>(in millions of R\$, except percentages)</i> |                             |                           |
| <b>Consolidated interest-earning assets</b>                                       |   |                             |                           |
| Securities and interbank investments without hedge ....                           | 2,280   | (4,284)                     | (2,004)                   |
| Loans and leasing transactions .....  | 2,446   | (2,241)                     | 205                       |
| Interest-earning compulsory deposits .....  | (7)   | (179)                       | (187)                     |
| Other earning assets .....  | 27  | (91)                        | (64)                      |
| <b>Sub-total average consolidated interest-earning assets<sup>(4)</sup> .....</b> | <b>6,194</b>                                    | <b>(8,244)</b>              | <b>(2,050)</b>            |
| <b>Consolidated interest-bearing liabilities</b>                                  |   |                             |                           |
| Savings deposits .....  | (382)   | 794                         | 412                       |
| Interbank deposits .....  | 35  | 161                         | 196                       |
| Time deposits .....   | (826)   | 648                         | (177)                     |
| Money market borrowing .....  | (1,114)   | 2,043                       | 929                       |
| Borrowings and onlending .....  | 193   | 74                          | 267                       |
| Financial and development funds .....   | (59)  | (16)                        | (75)                      |
| Subordinated debt.....  | 269   | (52)                        | 218                       |
| Foreign securities borrowing.....   | (48)  | 37                          | (11)                      |
| Agribusiness letters of credit.....   | 14  | 298                         | 312                       |
| Other commercial papers.....  | 32  | 51                          | 83                        |
| <b>Sub-total average consolidated liabilities<sup>(4)</sup> .....</b>             | <b>(2,271)</b>                                  | <b>4,426</b>                | <b>2,154</b>              |

(1) Change in interest income (interest-earning assets) or interest expense (interest-bearing liabilities) that has occurred due to fluctuations in volumes, calculated by subtracting the net change from the average rate.

(2) Change in interest income (interest-earning assets) or interest expense (interest-bearing liabilities) that has occurred due to fluctuations in rates, calculated according to the following formula: (interest for the current period/balance of the current period) x balance of the previous period—(Interest for the previous period).

(3) Total change in income from interest (interest-earning assets) or interest expense (interest-bearing liabilities) occurring due to fluctuation in volume and rate calculated by subtracting the interest for the current period from the interest for the previous period.

(4) Total is not the sum of the interest-earning assets or interest-bearing liabilities, because the calculations of fluctuations due to the rate and volume of each item are not weighted. Thus, total amounts refer to only changes on account of rate and volume of interest-earning assets or interest-bearing liabilities.

| <b>For the years ended December 31,</b>   |   |                                   |                                 |
|---|---|-----------------------------------|---------------------------------|
| <b>2020/2019</b>  |   |                                   |                                 |
|   | <b>Average<br/>volume<sup>(1)</sup></b> | <b>Average rate<sup>(2)</sup></b> | <b>Net change<sup>(3)</sup></b> |
| <i>(in millions of R\$, except percentages)</i>                                       |   |                                   |                                 |
| <b>Consolidated interest-earning assets</b>   |   |                                   |                                 |
| Securities and interbank investments without hedge ....                               | 3,504                                   | (20,349)                          | (16,845)                        |
| Loans and leasing transactions .....  | 3,747                                   | (9,220)                           | (5,473)                         |
| Interest-earning compulsory deposits .....  | (24)                                    | (829)                             | (853)                           |
| Other earning assets .....  | 27                                      | (3)                               | 24                              |
| <b>Sub-total average consolidated interest-earning<br/>assets<sup>(4)</sup> .....</b> | <b>9,132</b>                            | <b>(32,280)</b>                   | <b>(23,148)</b>                 |
| <b>Consolidated interest-bearing liabilities</b>                                      |   |                                   |                                 |
| Savings deposits .....  | (601)                                   | 3,150                             | 2,550                           |
| Interbank deposits .....  | 63                                      | 395                               | 459                             |
| Time deposits .....   | (1,018)                                 | 6,735                             | 5,717                           |
| Money market borrowing .....  | (1,351)                                 | 15,022                            | 13,671                          |
| Borrowings and onlending .....  | 393                                     | 544                               | 937                             |
| Financial and development funds .....   | (118)                                   | 289                               | 171                             |
| Subordinated debt .....   | (81)                                    | (30)                              | (111)                           |
| Foreign securities borrowing .....  | (417)                                   | 253                               | (164)                           |
| Agribusiness letters of credit .....  | 188                                     | 2,183                             | 2,371                           |
| Other commercial papers .....   | 173                                     | 234                               | 408                             |
| <b>Sub-total average consolidated liabilities<sup>(4)</sup> .....</b>                 | <b>(3,125)</b>                          | <b>29,133</b>                     | <b>26,007</b>                   |

- (1) Change in interest income (interest-earning assets) or interest expense (interest-bearing liabilities) that has occurred due to fluctuations in volumes, calculated by subtracting the net change from the average rate.
- (2) Change in interest income (interest-earning assets) or interest expense (interest-bearing liabilities) that has occurred due to fluctuations in rates, calculated according to the following formula: (interest for the current period/balance of the current period) x balance of the previous period—(Interest for the previous period).
- (3) Total change in income from interest (interest-earning assets) or interest expense (interest-bearing liabilities) occurring due to fluctuation in volume and rate calculated by subtracting the interest for the current period from the interest for the previous period.
- (4) Total is not the sum of the interest-earning assets or interest-bearing liabilities, because the calculations of fluctuations due to the rate and volume of each item are not weighted. Thus, total amounts refer to only changes on account of rate and volume of interest-earning assets or interest-bearing liabilities.

## Net Interest Margin and Spread

The following table sets forth the Bank's average interest-earning assets, average interest-bearing liabilities and net interest income, as well as a comparison between net interest margin and net interest spread for the periods indicated:

|  | <b>For the six month period ended June</b> |             | <b>For the year ended December 31,</b> |             |
|--|--|-------------|--|-------------|
|  | <b>2021</b>                                | <b>2020</b> | <b>2020</b>                            | <b>2019</b> |
| <i>(in millions of R\$, except percentages)</i>                      |  |             |  |             |
| Average interest-earning assets .....                                | 1,604,454                                  | 1,401,458   | 1,477,760                              | 1,338,242   |
| Average interest-bearing liabilities .....                           | 1,404,724                                  | 1,252,084   | 1,308,394                              | 1,207,955   |
| Net interest gains <sup>(1)</sup> .....                              | 28,057                                     | 27,952      | 56,019                                 | 53,160      |
| Interest income .....  | 48,959                                     | 51,009      | 96,730                                 | 119,878     |
| Interest expense .....   | (20,903)                                   | (23,057)    | (40,710)                               | (66,718)    |
| Interest-bearing liabilities/interest-<br>earning assets – (%) ..... | 87.6                                       | 89.3        | 88.5                                   | 90.3        |
| Yield on average assets <sup>(2)</sup> – (%) .....                   | 6.2  | 7.4         | 6.5                                    | 9.0         |
| Average cost of liabilities <sup>(3)</sup> – (%) .....               | 3.0  | 3.7         | 3.1                                    | 5.5         |
| Net interest rate <sup>(4)</sup> – (%) .....                         | 3.2  | 3.7         | 3.4                                    | 3.4         |
| Net interest margin <sup>(5)</sup> – (%) .....                       | 3.5  | 4.0         | 3.8                                    | 4.0         |

- (1) Interest income less interest expense.
- (2) Interest income divided by average interest-earning assets.
- (3) Interest expense divided by average interest-bearing liabilities.
- (4) Difference between average yield on interest-earning assets and average yield of interest-bearing liabilities.
- (5) Net interest income divided by average interest-earning assets.

## Return on Equity and Assets

The following table sets forth selected consolidated financial data for the periods indicated:

|   | As of, and for, the six months ended<br>June 30, |           | As of, and for, the year ended<br>December 31, |           |
|---|--|-----------|--|-----------|
|   | 2021   | 2020      | 2020   | 2019      |
|   | <i>(in millions of R\$, except percentages)</i>  |           |  |           |
| Net income .....  | 9,750  | 6,413     | 12,697   | 18,162    |
| Average total assets <sup>(1)</sup> .....                     | 1,792,813  | 1,595,665 | 1,603,384                                      | 1,458,183 |
| Average adjusted shareholders' equity <sup>(1)</sup> .....    | 133,905  | 109,736   | 115,614  | 103,202   |
| Return on average total assets (ROA) (%) <sup>(2)</sup> ..... | 1.1  | 0.8       | 0.8  | 1.2       |
| Return on average equity (ROE) (%) <sup>(3)</sup> .....       | 14.6   | 11.7      | 11.0   | 17.6      |
| Shareholders' equity/total assets (%) <sup>(4)</sup> .....    | 7.84   | 6.71      | 7.36   | 7.33      |
| Dividends per Common Share <sup>(5)</sup> .....               | 1.08   | 0.62      | 1.47   | 2.40      |

- (1) Average total assets and average adjusted shareholders' equity are calculated by taking the average of total assets or adjusted shareholders' equity at the beginning and at the end of the applicable accounting period.
- (2) Return on average total assets is calculated as net income attributable to controlling shareholders divided by average total assets.
- (3) Return on average equity is calculated as net income attributable to controlling shareholders divided by average adjusted shareholders' equity (consolidated shareholders' equity minus non-controlling interest).
- (4) Based on shareholders' equity and total assets as of the end of each period.
- (5) Dividends are calculated as the dividends plus the interest on own capital.

## Securities Portfolio

The following table sets forth the Bank's portfolio of trading securities, securities available for sale and held-to-maturity securities as of June 30, 2021 and 2020, and as of December 31, 2019 and 2020. Trading securities and securities available for sale are stated at market value and held-to-maturity securities have been valued at amortized cost. See the notes to the Financial Statements included elsewhere in this Base Prospectus for a description of the accounting policies applied to account for the securities portfolio and for additional information on the portfolio as of those dates.

The following table sets forth the Bank's portfolio of trading securities, securities available for sale and held-to-maturity securities at amortized cost and market value as of the dates indicated:

|  | As of June 30,              |                | As of December 31, |                |
|--|-----------------------------|----------------|--------------------|----------------|
|  | 2021                        | 2020           | 2020               | 2019           |
|  | <i>(in millions of R\$)</i> |                |                    |                |
| <b>Trading securities<sup>(1)</sup> .....</b>            | <b>10,720</b>               | <b>22,101</b>  | <b>17,775</b>      | <b>5,705</b>   |
| Federal government bonds .....                           | <b>8,900</b>                | <b>20,511</b>  | <b>16,272</b>      | <b>4,162</b>   |
| Foreign Government bonds .....                           | 6,938                       | 6,108          | 6,327              | 2,970          |
| National Treasury bills .....                            | 1,303                       | 13,007         | 8,832              | 304            |
| Treasury financial bills .....                           | 277                         | 473            | 315                | 307            |
| Brazilian foreign debt securities .....                  | 230                         | 143            | 63                 | 115            |
| National Treasury notes .....                            | 152                         | 312            | 735                | 99             |
| Others .....   | -                           | 468            | -                  | 367            |
| <b>Private Securities .....</b>                          | <b>1,820</b>                | <b>1,590</b>   | <b>1,503</b>       | <b>1,543</b>   |
| Agrobusiness receivable certificates .....               | 520                         | 36             | 47                 | 33             |
| Debentures .....   | 467                         | 567            | 521                | 565            |
| Shares in investment funds .....                         | 395                         | 787            | 604                | 809            |
| Eurobonds .....  | 192                         | 141            | 133                | -              |
| Receivables Certificates .....                           | -                           | -              | -                  | -              |
| Real estate receivables certificates .....               | 54                          | -              | 44                 | 1              |
| Shares .....   | -                           | -              | -                  | -              |
| Promissory notes .....                                   | -                           | -              | -                  | -              |
| Others .....   | 192                         | 59             | 154                | 135            |
| <b>Available for sale securities<sup>(1)</sup> .....</b> | <b>255,812</b>              | <b>218,813</b> | <b>255,214</b>     | <b>173,292</b> |
| <b>Federal Government bonds .....</b>                    | <b>218,346</b>              | <b>183,034</b> | <b>218,910</b>     | <b>136,073</b> |
| Treasury financial bills .....                           | 185,309                     | 146,329        | 179,698            | 98,017         |

|   | As of June 30, |                | As of December 31,          |                |
|---|----------------|----------------|-----------------------------|----------------|
|   | 2021           | 2020           | 2020                        | 2019           |
|   |                |                | <i>(in millions of R\$)</i> |                |
| National Treasury bills .....                         | 10,732         | 13,849         | 11,058                      | 14,778         |
| National Treasury notes .....                         | 9,555          | 9,198          | 11,011                      | 12,987         |
| Brazilian foreign debt securities .....               | 10,319         | 10,525         | 12,404                      | 7,131          |
| Foreign Government bonds .....                        | 2,359          | 2,998          | 4,656                       | 3,033          |
| Agricultural debt securities .....                    | -              | 1              | 1                           | 1              |
| Others .....  | 72             | 134            | 82                          | 126            |
| <b>Private securities.....</b>                        | <b>37,466</b>  | <b>35,779</b>  | <b>36,304</b>               | <b>37,219</b>  |
| Debentures.....                                       | 20,434         | 21,291         | 21,190                      | 23,161         |
| Rural product bills - commodities .....               | 5,814          | 4,404          | 4,536                       | 4,083          |
| Eurobonds .....                                       | 3,916          | 3,105          | 4,263                       | 1,999          |
| Shares in investment funds.....                       | 4,227          | 3,807          | 3,882                       | 5,545          |
| Certificates of agribusiness credit rights.....       | 2,024          | 841            | 934                         | 288            |
| Shares .....  | 22             | 28             | 59                          | 3              |
| Real estate receivables certificates .....            | 15             | 30             | 30                          | 132            |
| Certificate of Deposit .....                          | 9              | 277            | 3                           | 207            |
| Promissory notes .....                                | -              | 770            | 257                         | 521            |
| Others .....  | 1,005          | 1,226          | 1,150                       | 1,280          |
| <b>Held-to-maturity securities<sup>(2)</sup>.....</b> | <b>25,888</b>  | <b>24,309</b>  | <b>20,846</b>               | <b>22,335</b>  |
| <b>Federal Government bonds .....</b>                 | <b>15,103</b>  | <b>13,559</b>  | <b>10,400</b>               | <b>12,552</b>  |
| National Treasury bills .....                         | 11,613         | 10,031         | 6,574                       | 9,696          |
| Brazilian foreign debt securities .....               | 2,941          | 3,174          | 3,123                       | 2,390          |
| Foreign Government bonds .....                        | 549            | 354            | 703                         | 466            |
| <b>Private securities.....</b>                        | <b>10,785</b>  | <b>10,750</b>  | <b>10,446</b>               | <b>9,783</b>   |
| Debentures.....                                       | 8,660          | 9,177          | 9,030                       | 8,692          |
| Certificate of Deposit .....                          | 973            | -              | 731                         | -              |
| Financial Letters .....                               | -              | 737            | -                           | -              |
| Eurobonds .....                                       | 590            | 628            | -                           | 108            |
| Real estate receivables certificates .....            | -              | 208            | 236                         | 459            |
| Promissory notes .....                                | -              | -              | 449                         | -              |
| Others .....  | 562            | -              | -                           | 524            |
| <b>Total.....</b>                                     | <b>292,420</b> | <b>265,223</b> | <b>293,835</b>              | <b>201,332</b> |

(1) Fair value.

(2) Amortized cost.

## Maturity Distribution

The following tables set forth the maturities of the Bank's securities portfolio:

| Maturity in days (market value)          | As of June 30, 2021         |                               |                                |                    |                |
|--|-----------------------------|-------------------------------|--------------------------------|--------------------|----------------|
|  | Due in 30 days or less      | Due after 30 days to 180 days | Due after 180 days to 360 days | Due after 360 days | Total          |
|  | <i>(in millions of R\$)</i> |                               |                                |                    |                |
| <b>Total by portfolio .....</b>          | <b>9,599</b>                | <b>14,655</b>                 | <b>21,484</b>                  | <b>246,682</b>     | <b>292,420</b> |
| a) Own portfolio.....                    | 9,453                       | 4,920                         | 11,381                         | 201,001            | 226,755        |
| b) Subject to repurchase agreements..... | -                           | 8,559                         | 9,829                          | 36,043             | 54,431         |
| c) Pledged in guarantee ....             | 146                         | 1,176                         | 274                            | 9,638              | 11,234         |

| Maturity in days (market value)           | As of June 30, 2020         |                               |                                |                    |                |
|---|-----------------------------|-------------------------------|--------------------------------|--------------------|----------------|
|   | Due in 30 days or less      | Due after 30 days to 180 days | Due after 180 days to 360 days | Due after 360 days | Total          |
|   | <i>(in millions of R\$)</i> |                               |                                |                    |                |
| <b>Total by portfolio.....</b>            | <b>11,690</b>               | <b>15,135</b>                 | <b>16,899</b>                  | <b>221,499</b>     | <b>265,223</b> |
| a) Own portfolio.....                     | 11,690                      | 6,265                         | 3,830                          | 168,640            | 190,425        |
| b) Subject to repurchase agreements ..... | -                           | 7,719                         | 12,999                         | 41,802             | 62,520         |
| c) Pledged in guarantee ....              | -                           | 1,149                         | 70                             | 11,057             | 12,276         |

| As of December 31, 2020                   |                             |                               |                                |                    |                |
|---|-----------------------------|-------------------------------|--------------------------------|--------------------|----------------|
| Maturity in days (market value)           | Due in 30 days or less      | Due after 30 days to 180 days | Due after 180 days to 360 days | Due after 360 days | Total          |
|   | <i>(in millions of R\$)</i> |                               |                                |                    |                |
| <b>Total by portfolio</b> .....           | <b>8,061</b>                | <b>18,579</b>                 | <b>14,941</b>                  | <b>252,255</b>     | <b>293,835</b> |
| a) Own portfolio .....                    | 7,714                       | 10,297                        | 9,373                          | 90,953             | 118,337        |
| b) Subject to repurchase agreements ..... | 347                         | 7,480                         | 4,642                          | 149,088            | 161,557        |
| c) Pledged in guarantee ....              | -                           | 802                           | 926                            | 12,214             | 13,942         |

| As of December 31, 2019                   |                             |                               |                                |                    |                |
|---|-----------------------------|-------------------------------|--------------------------------|--------------------|----------------|
| Maturity in days (market value)           | Due in 30 days or less      | Due after 30 days to 180 days | Due after 180 days to 360 days | Due after 360 days | Total          |
|   | <i>(in millions of R\$)</i> |                               |                                |                    |                |
| <b>Total by portfolio</b> .....           | <b>5,918</b>                | <b>16,714</b>                 | <b>16,426</b>                  | <b>162,274</b>     | <b>201,332</b> |
| a) Own portfolio .....                    | 5,918                       | 12,078                        | 9,230                          | 130,302            | 157,528        |
| b) Subject to repurchase agreements ..... | -                           | 2,741                         | 6,334                          | 29,917             | 38,992         |
| c) Pledged in guarantee ....              | -                           | 1,895                         | 862                            | 2,055              | 4,812          |

#### Compulsory Reserves with the Central Bank

The Bank is required either to maintain certain deposits with the Central Bank or to purchase and hold Federal Government securities as compulsory deposits. The following tables show the amounts of these deposits as of June 30, 2021 and 2020, and as of December 31, 2020 and 2019:

|                               | As of June 30,                                  |              |               |              |
|-------------------------------|---|--------------|---------------|--------------|
|                               | 2021  |              | 2020          |              |
|                               | R\$   | % of total   | R\$           | % of total   |
|                               | <i>(in millions of R\$, except percentages)</i> |              |               |              |
| Non-interest-earning deposits | 21,160  | 29.4         | 16,259        | 24.1         |
| Interest-earning deposits ..  | 50,864  | 70.6         | 51,328        | 75.9         |
| <b>Total</b> .....            | <b>72,024</b>                                   | <b>100.0</b> | <b>67,587</b> | <b>100.0</b> |

|                               | As of December 31,                              |              |               |              |
|-------------------------------|---|--------------|---------------|--------------|
|                               | 2020  |              | 2019          |              |
|                               | R\$   | % of total   | R\$           | % of total   |
|                               | <i>(in millions of R\$, except percentages)</i> |              |               |              |
| Non-interest-earning deposits | 12,909  | 21.4         | 12,956        | 19.9         |
| Interest-earning deposits ..  | 47,400  | 78.6         | 52,168        | 80.1         |
| <b>Total</b> .....            | <b>60,309</b>                                   | <b>100.0</b> | <b>65,124</b> | <b>100.0</b> |

#### Credit Portfolio

The following table presents the Bank's credit portfolio by type of transaction for each of the periods indicated. Substantially all of the Bank's loans were granted to borrowers domiciled in Brazil and were denominated in *reais*. Additionally, the majority of the Bank's loan portfolio was indexed to Brazilian interest rates.

|   | As of June 30,              |                | As of December 31, |                |
|---|-----------------------------|----------------|--------------------|----------------|
|   | 2021                        | 2020           | 2020               | 2019           |
|   | <i>(in millions of R\$)</i> |                |                    |                |
| <b>Loan Portfolio</b> .....             | <b>643,094</b>              | <b>604,780</b> | <b>624,417</b>     | <b>566,633</b> |
| Loans and discounted credit rights..... | 269,635                     | 236,097        | 260,105            | 214,294        |
| Financing .....                         | 126,838                     | 142,006        | 131,721            | 127,931        |
| Rural financing .....                   | 197,131                     | 173,401        | 181,111            | 169,651        |

|   | As of June 30,              |                | As of December 31, |                |
|---|-----------------------------|----------------|--------------------|----------------|
|   | 2021                        | 2020           | 2020               | 2019           |
|   | <i>(in millions of R\$)</i> |                |                    |                |
| Real estate financing.....  | 49,264                      | 52,982         | 51,222             | 54,426         |
| Loan sold under assignment <sup>(1)</sup> .....                   | 226                         | 294            | 258                | 331            |
| <b>Other credits with loans characteristics</b> .....             | <b>62,537</b>               | <b>52,252</b>  | <b>57,187</b>      | <b>54,520</b>  |
| Credit cards operations.....                                      | 32,921                      | 24,171         | 32,936             | 31,069         |
| Advances on exchange contracts.....                               | <b>16,376</b>               | <b>15,650</b>  | <b>13,439</b>      | <b>12,205</b>  |
| Other receivables purchased under assignment <sup>(2)</sup> ..... | 6,584                       | 7,971          | 5,562              | 4,523          |
| Transaction of payments.....                                      | 5,250                       | 3,599          | 4,269              | 5,738          |
| Guarantees honored.....   | 235                         | 390            | 223                | 447            |
| Others.....   | 1,171                       | 471            | 758                | 538            |
| <b>Leasing transactions</b> .....                                 | <b>213</b>                  | <b>180</b>     | <b>172</b>         | <b>191</b>     |
| <b>(Allowance for loan losses)</b> .....                          | <b>705,843</b>              | <b>657,212</b> | <b>681,776</b>     | <b>621,345</b> |
| Allowance for losses associated with credit risk.....             | (42,803)                    | (41,677)       | (45,170)           | (39,800)       |
| (Allowance for loan losses – loans).....                          | (40,833)                    | (39,571)       | (42,968)           | (37,751)       |
| (Allowance for loan losses – other receivables).....              | (1,967)                     | (2,103)        | (2,198)            | (2,045)        |
| (Allowance for lease losses – leasing transactions).....          | (3)                         | (3)            | (4)                | (4)            |
| <b>Total</b> .....  | <b>663,041</b>              | <b>615,535</b> | <b>636,606</b>     | <b>581,545</b> |

(1) Loans assigned with retention of the risks and benefits of the financial assets.

(2) Advances on exchange contracts are classified in the balance sheet as a deduction to other liabilities.

## Credit Portfolio —Maturity

The following tables set forth the maturities of the Bank's credit portfolio.

|   | <u>AA</u>      | <u>A</u>      | <u>B</u>       | <u>C</u>      | <u>D</u>      | <u>E</u>     |
|---|----------------|---------------|----------------|---------------|---------------|--------------|
| <b>Loans not Past Due (in millions R\$)</b> |                |               |                |               |               |              |
| <b>Installments falling due</b>             |                |               |                |               |               |              |
| 01 to 30                                    | 14,248         | 7,119         | 15,363         | 10,746        | 1,756         | 159          |
| 31 to 60                                    | 10,633         | 3,445         | 5,616          | 3,777         | 278           | 127          |
| 61 to 90                                    | 15,318         | 2,955         | 5,156          | 3,293         | 379           | 135          |
| 91 to 180                                   | 30,769         | 8,323         | 12,112         | 8,097         | 810           | 705          |
| 181 to 360                                  | 46,637         | 9,162         | 23,340         | 12,713        | 1,269         | 515          |
| More than 360                               | 213,192        | 40,680        | 97,262         | 44,602        | 8,089         | 4,571        |
| <b>Installments overdue</b>                 |                |               |                |               |               |              |
| Up to 14 days                               | 54             | 28            | 149            | 128           | 38            | 12           |
| <b>Subtotal</b>                             | <b>330,852</b> | <b>71,711</b> | <b>158,998</b> | <b>83,356</b> | <b>12,619</b> | <b>6,226</b> |
| <b>Loans Past Due (in millions R\$)</b>     |                |               |                |               |               |              |
| <b>Installments falling due</b>             |                |               |                |               |               |              |
| 01 to 30                                    | -              | -             | 32             | 242           | 142           | 64           |
| 31 to 60                                    | -              | -             | 17             | 69            | 53            | 30           |
| 61 to 90                                    | -              | -             | 15             | 62            | 50            | 28           |
| 91 to 180                                   | -              | -             | 40             | 157           | 136           | 82           |
| 181 to 360                                  | -              | -             | 89             | 268           | 248           | 130          |
| More than 360                               | -              | -             | 1,027          | 1,756         | 1,460         | 877          |
| <b>Installments overdue</b>                 |                |               |                |               |               |              |
| 01 to 14                                    | --             | --            | 5              | 24            | 20            | 14           |
| 15 to 30                                    | --             | --            | 104            | 182           | 87            | 20           |
| 31 to 60                                    | --             | --            | 13             | 284           | 138           | 42           |
| 61 to 90                                    | --             | --            | 0              | 21            | 333           | 46           |
| 91 to 180                                   | --             | --            | 0              | 9             | 35            | 273          |
| 181 to 360                                  | --             | --            | --             | 0             | 17            | 22           |
| More than 360                               | --             | --            | 0              | 0             | 0             | 1            |
| <b>Subtotal</b>                             | <b>-</b>       | <b>-</b>      | <b>1,343</b>   | <b>3,076</b>  | <b>2,719</b>  | <b>1,630</b> |
| <b>Total Loans</b>                          | <b>330,852</b> | <b>71,711</b> | <b>160,341</b> | <b>86,432</b> | <b>15,338</b> | <b>7,855</b> |



|   | <u>AA</u>      | <u>A</u>      | <u>B</u>       | <u>C</u>      | <u>D</u>      | <u>E</u>     |
|---|----------------|---------------|----------------|---------------|---------------|--------------|
| <b>Loans not Past Due (in millions R\$)</b> |                |               |                |               |               |              |
| <b>Installments falling due</b>             |                |               |                |               |               |              |
| 01 to 30                                    | 10,306         | 6,995         | 14,368         | 10,748        | 1,013         | 401          |
| 31 to 60                                    | 8,270          | 2,836         | 4,842          | 4,078         | 313           | 132          |
| 61 to 90                                    | 10,102         | 2,084         | 3,569          | 2,979         | 624           | 138          |
| 91 to 180                                   | 26,003         | 6,971         | 12,908         | 8,903         | 1,231         | 490          |
| 181 to 360                                  | 45,674         | 7,507         | 26,959         | 13,949        | 1,485         | 855          |
| More than 360                               | 203,444        | 38,596        | 91,570         | 53,238        | 9,910         | 5,858        |
| <b>Installments overdue</b>                 |                |               |                |               |               |              |
| Up to 14 days                               | <b>31</b>      | <b>38</b>     | <b>164</b>     | <b>116</b>    | <b>32</b>     | <b>50</b>    |
| <b>Subtotal</b>                             | <b>303,830</b> | <b>65,027</b> | <b>154,380</b> | <b>94,011</b> | <b>14,608</b> | <b>7,924</b> |
| <b>Loans Past Due (in millions R\$)</b>     |                |               |                |               |               |              |
| <b>Installments falling due</b>             |                |               |                |               |               |              |
| 01 to 30                                    | --             | --            | 22             | 154           | 75            | 20           |
| 31 to 60                                    | --             | --            | 14             | 48            | 31            | 20           |
| 61 to 90                                    | --             | --            | 11             | 34            | 25            | 16           |
| 91 to 180                                   | --             | --            | 31             | 95            | 71            | 59           |
| 181 to 360                                  | --             | --            | 87             | 194           | 158           | 113          |
| More than 360                               | --             | --            | 1,999          | 1,408         | 922           | 756          |
| <b>Installment overdue</b>                  |                |               |                |               |               |              |
| 01 to 14                                    | --             | --            | 2              | 10            | 9             | 7            |
| 15 to 30                                    | --             | --            | 140            | 119           | 50            | 15           |
| 31 to 60                                    | --             | --            | 16             | 215           | 77            | 28           |
| 61 to 90                                    | --             | --            | --             | 83            | 172           | 18           |
| 91 to 180                                   | --             | --            | --             | 10            | 27            | 72           |
| 181 to 360                                  | --             | --            | --             | --            | 0             | 19           |
| More than 360                               | --             | --            | 0              | 0             | --            | 0            |
| <b>Subtotal</b>                             | <b>--</b>      | <b>--</b>     | <b>2,322</b>   | <b>2,370</b>  | <b>1,617</b>  | <b>1,143</b> |
| <b>Total Loans</b>                          | <b>303,830</b> | <b>65,027</b> | <b>156,702</b> | <b>96,381</b> | <b>16,225</b> | <b>9,067</b> |

The classification as Past due loans or Current loans set forth in the tables above are based on a determination made by the Bank in accordance with CMN Resolution No. 2,682 and may not necessarily be comparable with classifications made by other banks. See “Regulation of the Brazilian Banking Industry—Classification of Credit and Allowance for Loan Losses.”

### Credit Portfolio by Economic Activity

The following table presents the composition of the Bank’s credit portfolio, including non-performing loans, by economic activity of the borrower and the percentage that each one represents in relation to its total credit portfolio at each of the dates indicated:

|   | As of June 30,              |                | As of December 31, |                |
|---|-----------------------------|----------------|--------------------|----------------|
|   | 2021                        | 2020           | 2020               | 2019           |
|   | <i>(in millions of R\$)</i> |                |                    |                |
| <b>Public Sector</b> .....                | <b>63,417</b>               | <b>72,432</b>  | <b>71,632</b>      | <b>62,402</b>  |
| Public administration .....               | 53,067                      | 55,528         | 55,597             | 44,831         |
| Oil sector .....                          | 6,829                       | 12,085         | 12,009             | 11,203         |
| Electricity .....                         | 2,830                       | 3,993          | 3,346              | 4,586          |
| Services .....                            | 368                         | 532            | 393                | 568            |
| Other activities .....                    | 323                         | 294            | 287                | 1,214          |
| <b>Private Sector</b> .....               | <b>642,426</b>              | <b>584,780</b> | <b>610,144</b>     | <b>558,943</b> |
| <b>Individuals</b> .....                  | <b>428,383</b>              | <b>380,553</b> | <b>402,337</b>     | <b>373,080</b> |
| <b>Companies</b> .....                    | <b>214,043</b>              | <b>204,227</b> | <b>207,808</b>     | <b>185,863</b> |
| Agribusiness of plant origin .....        | 34,234                      | 31,095         | 31,731             | 28,982         |
| Services .....                            | 24,817                      | 19,023         | 25,299             | 16,536         |
| Transportation .....                      | 14,587                      | 16,317         | 16,767             | 14,514         |
| Mining and metallurgy .....               | 13,327                      | 15,729         | 13,761             | 13,215         |
| Automotive sector .....                   | 13,236                      | 18,245         | 13,017             | 11,829         |
| Retail commerce .....                     | 12,314                      | 10,673         | 11,815             | 9,519          |
| Agribusiness of animal origin .....       | 10,968                      | 12,109         | 9,749              | 9,849          |
| Financial Services .....                  | 9,735                       | 6,207          | 6,453              | 7,693          |
| Electricity .....                         | 8,382                       | 7,114          | 8,187              | 7,112          |
| Agricultural inputs .....                 | 8,244                       | 7,241          | 7,561              | 7,529          |
| Electronics .....                         | 7,557                       | 6,020          | 6,657              | 5,663          |
| Wholesale and various industries .....    | 7,122                       | 6,409          | 6,950              | 6,245          |
| Specific activities of construction ..... | 7,099                       | 6,303          | 6,984              | 6,633          |
| Chemical .....                            | 7,077                       | 6,485          | 6,863              | 6,051          |
| Fuel .....                                | 6,948                       | 6,916          | 7,410              | 6,755          |
| Textile and clothing .....                | 6,429                       | 5,581          | 6,475              | 5,345          |
| Real estate agents .....                  | 5,297                       | 7,342          | 7,050              | 7,924          |
| Woodworking and furniture market .....    | 4,148                       | 3,759          | 4,044              | 4,058          |
| Pulp and paper .....                      | 3,255                       | 3,174          | 2,876              | 3,253          |
| Telecommunications .....                  | 2,562                       | 2,529          | 2,423              | 2,129          |
| Heavy construction .....                  | 2,284                       | 2,758          | 2,691              | 2,344          |
| Other activities .....                    | 4,421                       | 3,198          | 3,046              | 2,685          |
| <b>Total</b> .....                        | <b>705,843</b>              | <b>657,212</b> | <b>681,776</b>     | <b>621,345</b> |

### Rating of the Credit Portfolio

The table below sets forth the rating of the Bank’s credit portfolio by risk levels for the periods indicated, where “AA” represents minimum credit risk and category “H” represents an extremely high credit risk, according to the applicable regulation issued by the CMN:

| Risk Level | As of June 30,                                  |            |                     |            |
|------------|---|------------|---------------------|------------|
|            | 2021  |            | 2020                |            |
|            | Credit transactions                             | % of total | Credit transactions | % of total |
|            | <i>(in millions of R\$, except percentages)</i> |            |                     |            |
| AA .....   | 330,852   | 46.9       | 314,381             | 47.8       |
| A .....    | 71,711  | 10.2       | 69,649              | 10.6       |
| B .....    | 160,341   | 22.7       | 150,156             | 22.8       |
| C .....    | 86,432  | 12.2       | 67,737              | 10.3       |
| D .....    | 15,338  | 2.2        | 11,490              | 1.7        |
| E .....    | 7,855   | 1.1        | 9,322               | 1.4        |
| F .....    | 2,578   | 0.4        | 3,171               | 0.5        |
| G .....    | 3,519   | 0.5        | 4,342               | 0.7        |

| Risk Level         | As of June 30,                                  |              |                     |              |
|--------------------|---|--------------|---------------------|--------------|
|                    | 2021  |              | 2020                |              |
|                    | Credit transactions                             | % of total   | Credit transactions | % of total   |
|                    | <i>(in millions of R\$, except percentages)</i> |              |                     |              |
| H.....             | 27,218  | 3.9          | 26,965              | 4.1          |
| <b>Total</b> ..... | <b>705,843</b>                                  | <b>100.0</b> | <b>657,212</b>      | <b>100.0</b> |

| Risk Level         | As of December 31,                              |              |                     |              |
|--------------------|---|--------------|---------------------|--------------|
|                    | 2020  |              | 2019                |              |
|                    | Credit transactions                             | % of total   | Credit transactions | % of total   |
|                    | <i>(in millions of R\$, except percentages)</i> |              |                     |              |
| AA.....            | 303,830   | 44.6         | 294,239             | 47.4         |
| A.....             | 65,027  | 9.5          | 66,828              | 10.8         |
| B.....             | 156,702   | 23.0         | 150,152             | 24.2         |
| C.....             | 96,381  | 14.1         | 58,086              | 9.3          |
| D.....             | 16,225  | 2.4          | 9,997               | 1.6          |
| E.....             | 9,067   | 1.3          | 6,820               | 1.1          |
| F.....             | 3,144   | 0.5          | 3,781               | 0.6          |
| G.....             | 1,578   | 0.2          | 7,785               | 1.3          |
| H.....             | 29,821  | 4.4          | 23,656              | 3.8          |
| <b>Total</b> ..... | <b>681,776</b>                                  | <b>100.0</b> | <b>621,345</b>      | <b>100.0</b> |

## Capital Requirements

On October 1, 2013, the Basel III Regulations were implemented in Brazil.

Regulatory Capital and Minimum Required Referential Equity (MRRE) are calculated in relation to Risk-Weighted Assets (RWA), with Banco Votorantim's capital calculated according to the equity method of accounting, as established by the Central Bank.

The following table sets forth the regulatory capital amounts used to calculate capital to risk-weighted assets, minimum required capital, the capital to risk-weighted assets ratio, and excess regulatory capital as compared to the required minimum on a full consolidation basis as of the dates indicated:

|  | As of June 30,                                  |                | As of December 31, |                |
|--|---|----------------|--------------------|----------------|
|  | 2021  | 2020           | 2020               | 2019           |
|  | <i>(in millions of R\$, except percentages)</i> |                |                    |                |
| <b>RE - Referential Equity</b> .....   | <b>163,153</b>                                  | <b>142,668</b> | <b>161,924</b>     | <b>132,150</b> |
| <b>Tier 1</b> .....  | <b>138,943</b>                                  | <b>112,354</b> | <b>132,247</b>     | <b>96,380</b>  |
| <b>Common Equity Tier 1 (CET 1)</b> .....  | <b>112,037</b>                                  | <b>80,608</b>  | <b>104,315</b>     | <b>71,289</b>  |
| Shareholders' Equity.....  | 135,604   | 105,158        | 116,941            | 98,921         |
| Instrument qualifying as CET1.....   | 8,100   | 8,100          | 8,100              | 8,100          |
| Regulatory Adjustments.....  | (31,667)  | (32,650)       | (20,726)           | (35,732)       |
| <b>Additional Tier 1 Capital</b> .....   | <b>26,907</b>                                   | <b>31,746</b>  | <b>27,932</b>      | <b>25,091</b>  |
| HCDI authorized by CMN Resolution No. 4,192/2013.....  | 26,887  | 29,433         | 27,932             | 21,665         |
| HCDI authorized by previous rules to CMN Resolution No. 4,192/2013 <sup>(1)</sup> .....                  | 20  | 2,313          | -                  | 3,426          |
| <b>Tier 2</b> .....  | <b>24,210</b>                                   | <b>30,314</b>  | <b>29,677</b>      | <b>35,770</b>  |
| Subordinated debt qualifying as capital.....   | 24,210  | 30,314         | 29,677             | 35,796         |
| Subordinated debt authorized in accordance with CMN Resolution 4,192/2013 - Financial bills.....         | -   | 751            | 187                | 1,744          |
| Subordinated Debt authorized in accordance with regulations preceding the CMN Resolution 4,192/2013..... | 24,210  | 29,563         | 29,490             | 34,053         |
| Funds obtained from the FCO <sup>(1)</sup> .....   | 23,470  | 26,403         | 26,403             | 29,337         |
| Funds raised in financial bills and CD <sup>(2)</sup> .....  | 740   | 3,160          | 3,087              | 4,716          |
| <b>Risk-Weighted Assets (RWA)</b> .....  | <b>830,491</b>                                  | <b>763,410</b> | <b>766,065</b>     | <b>711,402</b> |
| Credit Risk (RWACPAD).....   | 705,828   | 663,333        | 677,256            | 612,630        |
| Market Risk (RWAMPAD).....   | 20,885  | 16,163         | 21,125             | 21,392         |
| Operational Risk (RWAOPAD).....  | 103,778   | 83,914         | 67,683             | 77,380         |

|   | As of June 30,                                  |               | As of December 31, |               |
|---|---|---------------|--------------------|---------------|
|   | 2021  | 2020          | 2020               | 2019          |
|   | <i>(in millions of R\$, except percentages)</i> |               |                    |               |
| <b>Minimum referential equity requirements</b> <sup>(3)</sup> .....           | <b>66,439</b>                                   | <b>61,073</b> | <b>61,285</b>      | <b>56,912</b> |
| <b>Margin on the minimum referential equity required</b> <sup>(4)</sup> ..... | <b>96,714</b>                                   | <b>81,595</b> | <b>100,639</b>     | <b>75,238</b> |
| <b>Tier I Ratio (Tier I/RWA)</b> <sup>(4)</sup> .....                         | <b>16.73%</b>                                   | <b>14.72%</b> | <b>17.26%</b>      | <b>13.55%</b> |
| <b>Common Equity Tier 1 Capital Ratio (CET1/RWA)</b> <sup>(4)</sup> .....     | <b>13.49%</b>                                   | <b>10.56%</b> | <b>13.62%</b>      | <b>10.02%</b> |
| <b>Capital Adequacy Ratio (RE/RWA)</b> <sup>(4)</sup> .....                   | <b>19.65%</b>                                   | <b>18.69%</b> | <b>21.14%</b>      | <b>18.58%</b> |

- (1) According to CMN Resolution 4,192/2013, the balance of FCO is limited to 80% of the amount that composed the Tier II of the RE on June 30, 2018.
- (2) On June 30, 2021 it was considered the current value of subordinated debt instruments, applying on it the factor due to maturity date as determined by CMN Resolution 4,192/2013, in its 29th article.
- (3) According to CMN Resolution 4,193/2013, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals 8%.
- (4) Values from DLO (Operational Threshold Statement).

The Bank has a Capital Plan with a prospective view of three years, which incorporates the effects set out under Basel III and considers the following: (a) the Bank's appetite and risk tolerance, (b) its corporate strategy and (c) its corporate budget.

The Bank's capital ratio was 19.65% as of June 30, 2021, its Tier I capital ratio was 16.73%, with a 13.49% Common Equity Tier 1 Capital, and its referential equity was R\$163.2 billion.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE BANK

*The following discussion contains an analysis of the consolidated results of operations of the Bank for the six month periods ended June 30, 2021 and 2020, and as of and for the years ended December 31, 2020 and 2019. The following discussion should be read in conjunction with the Financial Statements and the reports and the notes thereto included elsewhere herein. The Financial Statements of Banco do Brasil have been prepared in accordance with Bacen GAAP. The accounting practices adopted by Bacen GAAP differ from those adopted by IFRS and U.S. GAAP. Certain information included herein is derived from unaudited management accounting records.*

### Introduction

#### *Overview of the Bank*

Founded on October 12, 1808, Banco do Brasil was the first banking institution of Brazil and was also the first entity to make a public stock offering in the Brazilian capital markets, in 1817. The Bank is a multiple-service bank with headquarters in Brasília and a significant presence throughout Brazil. In addition, the Bank conducts operations in key global economic and financial centers. The Bank is a publicly held, government-controlled corporation, with the Federal Government as its controlling shareholder. The Bank is one of the largest financial conglomerates in Brazil in terms of assets with 18.6% market share June 30, 2021, according to the latest data released by the Central Bank. Based on the same data, the Bank is also the largest bank in asset management, with 23.9% market share, in agribusiness loans, with 54.4%, in payroll loans, with 21.0%, and in loans, with 16.0% as of June 30, 2021. Throughout its history, the Bank has mainly focused on retail banking.

The Bank seeks sustainable results with a focus on asset quality and operational efficiency, and the use of innovative technology to maintain and increase its large client base. The Bank uses advanced methodologies to calculate credit risk before approving any credit. These methodologies were developed by the Bank and seek to follow risk management best practices.

Such practices include credit risk assessments that assume the possibility of defaults up to 12 months after the assessment is made; and measure client risk by relying on external information as well as internal information based upon the existing relationship the client has with the Bank. The Bank has sought to improve its operational efficiency and productivity while maintaining strict control of its administrative, personnel and operational expenses. These have been carried out in levels which reflect that the entire organization is committed to controlling expenses and using new technologies to improve efficiency.

From 2015 to June 30, 2021, the Bank invested approximately R\$22.3 billion in technology seeking to improve operational efficiency, reduce operational losses, expand business and improve customer service.

Recent technological changes and changes in customers' behavior require increasingly electronic operations. The Bank innovates in the area of electronic experiences by using tools such as the CRM (Customer Relationship Model), big data integration, cloud solutions and artificial intelligence. The Bank is seeking to offer more proactive, assertive and timely financial and insurance solutions to its clients. By understanding the customers' particular consumption patterns and unique circumstances, the Bank can use electronic solutions to offer the optimal product at the right time. The Bank's goals are:

- (i) making its electronic platforms the main channel for transactions and relationships;
- (ii) increasing the digitalization of its processes;
- (iii) adopting a business model for open banking, as described below; and
- (iv) increasing customer participation in digital channels of business.

Launched on June 12, 2017, the Bank's open banking platform has allowed the Bank to create new business and electronic environments allowing the Bank's customers to choose to access their own banking information through certain third-party applications approved by the Bank. With this permitted access through third-party applications, other companies, developers, startups and fintechs are able to create new solutions,

applications and services to improve the interaction between clients and the Bank. As of June 30, 2021, the Bank has developed 16 business APIs for many of its services and solutions. An API is a set of digital protocols and tools that allows third-party applications to integrate functionalities and data from the Bank into their own functions. As of June 30, 2021, 1,332 of the Bank's business partners have integrated the Bank's services and solutions to their own platforms using the Bank's APIs.

The Bank continues to expand and upgrade its technological and digital processes, products and channels to make them simpler and more agile, innovative, integrated and customer service-oriented. The Bank's recent activities in electronic technology have included the following:

- i. Investments in intelligent process automation. In 2021, the Bank implemented a large-scale image recognition program that recognizes and extracts information from client documents as a means of digital onboarding. Artificial intelligence has become an important tool for the Bank's operations since 2016, by initially offering customer service solutions via chatbot on Facebook and, soon after, WhatsApp. Since 2019, the Bank has been incorporating the processing of voice, photo and video, in particular through Google Assistant. The Bank's mobile application uses facial recognition technology.
- ii. Development and upgrade of the Bank's Robot Advisor, a platform for the automation of business advice related to large-scale investments, and which as of June 30, 2021, has raised more than R\$2.13 billion. Robot Advisor's predecessor, the Investment Simulator, launched in 2017 and remains available on the Bank's mobile application.
- iii. Creation of the Digital Service Center – CAD BB, which is responsible for programming chatbots and "training" virtual assistants. Telephone services now incorporate Cognitive URA, an automated service capable of understanding the native language of the customer. Additionally, the Bank's Acceleration Center, Research and Innovation in Artificial Intelligence allows employees and contractors alike to directly participate in the evolution of intelligent solutions for the Bank's client base.
- iv. Launch of Corporate Digital Account "PJ Digital", a digital platform which allows small companies to open bank accounts directly from their mobile devices, without the need to go to a branch location.
- v. Launch of BB Blog, a blog addressing culture, sports, technology and sustainability as important drivers for content, with videos and a podcast "BB Technology and Innovation," available on the main podcast platforms.
- vi. Implementation of the measures to carry out immediate deliveries of credit and debit cards at branches, reducing costs, providing reliability and speedy delivery for the customer. There are 1,055 branches served by this delivery solution.
- vii. With the goal of fostering and exploring the videogaming industry, the creation of "Stream Battle BB," a gaming contest seeking to provide six micro and small videogame online streamers, with the opportunity to join the "BB Squad," the Bank's team of content creators. The Bank launched the BB Ações Games BDR level 1 fund, which invests in companies that produce videogames around the world. From the date of its launch in April 2021 through to July 31, 2021, the fund had raised more than R\$15 million, with more than 3,000 participants.
- viii. Launch of the Broto website, the Bank's agro platform together with BB Seguros, which connects rural producers, service providers, resellers and providers in agrobusiness. In its first year of operation starting July 1, 2020, it generated more than R\$756 million in revenues. During that period, the website was accessed approximately 200 thousand times.
- ix. Integration of PIX, an instant payment system created by the Central Bank, to the Bank's technological platform to allow for speedy online transfers and payments allow for speedy online transfers and payments, available 24 hours a day, seven days a week. PIX aims to reduce the manufacturing of paper money and the issuance of payment slips and transfer charges. According to the Central Bank, of the total volume of domestic transfers via PIX since its launch on November

16, 2020 through to July 1, 2021, 30.4% passed through Banco do Brasil. As of June 30, 2021, the Bank had 15.6 million registered keys. Mobile has become the preferred channel for our individual customers, who make 99% of all PIX transactions using mobile devices.

- x. Implementation of phase 2 of the Bank's open banking platform started on August 13, 2021. This platform aims to expand the range of products and services available to current and future customers by, with the consent of customers, sharing available registration and transactional data of such customers with third-party channels. Implementation of phase 2 of the platform was the result of a system-wide mandate by the Central Bank.
- xi. Creation of Super App project in order to expand and diversify the offering of non-financial services through its digital platforms to deepen the Bank's relationship with its customer base and to increase business opportunities. As part of this project, at the end of 2020, the Bank began selling rechargeable gift cards which serve as online prepaid credits for specific services and products redeemable at locations that accept this payment method. During the second quarter of 2021, the Bank sold approximately 420,000 giftcards.
- xii. Launch of the Virtual Assistant for Debt Renegotiation over WhatsApp, which allows for the renegotiation of the customer's loans directly through this service channel.
- xiii. Launch of other virtual assistants and chatbots, which have been integrated into customer service solutions on various platforms, including WhatsApp, Google Assistant, Facebook, Twitter and BB Portfolio. Voice assistants, which are available on WhatsApp and Google Assistant, assist customers with Open Banking using audio files. Customer service through the use of artificial intelligence streamlines banking processes like bill payments and slips, account transfers and even debt renegotiation.

#### *Digital training*

To ensure that the Bank's employees keep up with, and help implement the Bank's technological goals, the Bank launched the "EvoluTion Movement" at Banco do Brasil Corporate University – UniBB, a digital transformation and cultural action for professional retraining, with a curriculum of 1,200 online courses on several topics aimed at the digital and cultural development of the Bank's employees. The course topics include data science, DevOps, UX design, mobile banking, digital innovation and management, programming and front-end training. Additional courses are available at the Bank's Corporate University.

The EvoluTion Movement has the goal of keeping the Bank moving forward in its technological evolution, focusing on the development of digital skills which are not limited to the technical knowledge of information technology, and promoting the development of relationship skills, empathy, resilience, collaboration, innovation and a customer- and solutions-oriented mindset. Through the EvonluTion Movement, the Bank seeks to encourage its employee to stay committed to their self-development.

#### **Operations of the Bank**

In addition, the Bank acts as an agent of the Federal Government to implement its policies and programs related to the agribusiness sector, very small and small businesses and foreign trade, and in the development of solutions that simplify the operations and services that cater to these economic sectors.

With over 200 years of operations and strong brand recognition, the Bank's principal strength is in the Brazilian retail banking market and its business can be grouped into six areas: (i) banking services; (ii) investments; (iii) fund management; (iv) insurance, pension and capitalization; (v) payment methods; and (vi) other businesses. The main activities of each segment are as follows:

- (i) banking services: includes a wide range of banking products and services offered to the Bank's customers, such as deposits, loans and other financial services;
- (ii) investments: includes domestic capital markets operations, such as a brokerage, debt (in the primary and secondary markets) and equity investments and other financial services;

- (iii) fund management: includes buying, selling and custody of marketable securities, management of third-party portfolios and the establishment, organization and administration of investment funds;
- (iv) insurance, pension and capitalization: includes the sale of products and services related to life, property and automobile insurance, private pension and capitalization plans offered by the Bank's subsidiary BB Seguridade S.A.;
- (v) payment methods: includes the tracking, transmission, processing and settlement of electronic transactions (credit and debit cards); and
- (vi) other businesses: includes the management of consortia and the development, sale, leasing and integration of digital electronic equipment, peripherals, computer programs and supplies.

As of June 30, 2021, the Bank had over 75.3 million clients, 39.7 million checking accounts and one of the largest retail networks in Brazil, with approximately 51,820 points of service, including 57,938 ATMs (which includes over 24,180 shared network points from partnerships with other networks) and the Bank's MaisBB Network with 15,872 banking correspondents present in almost all municipalities in Brazil across its 3,977 branches. This compares to over 72.4 million clients, 38.3 million checking accounts, 60,210 points of service, including 59,657 ATMs (which includes over 38,095 shared network points from partnerships with other networks) and 8,915 banking correspondents present in almost all municipalities in Brazil across its 4,367 branches as of June 30, 2020. The Bank had 91,673 employees as of December 31, 2020. The MaisBB Network provides access to banking products and services to a large number of customers across Brazil, which in turn has served the Bank to broaden its distribution capacity.

In order to offer customized solutions and strengthen its relationships with its clients, the Bank provides banking services through two customer segments: companies and individuals, as reflected below.

| <b>Companies</b>               | <b>Individuals</b>   |
|--------------------------------|----------------------|
| Large Corporate                | Private              |
| Corporate                      | Estilo / Estilo Agro |
| Upper Middle Market Businesses | Personal/Exclusive   |
| Middle Market Businesses       | Retail               |
| Businesses                     | Emerging Markets     |
| Small Businesses               |                      |
| Micro Businesses               |                      |
| Entrepreneur                   |                      |

The Bank's foreign service network consists of 22 subsidiaries located in 14 countries. In addition to this structure, the Bank has an agreement with others financial institutions abroad to service its customers. There were 675 banks acting as correspondents of the Bank in 91 countries as of June 30, 2021. With respect to the Bank's activities outside Brazil, in April 2010, the Bank acquired Banco Patagonia, and received regulatory approval in the United States to expand its banking business there, and in April 2011, the Bank acquired Eurobank (which was renamed Banco do Brasil Americas) in Florida, furthering its expansion into the United States.

The Bank's objective is to be a profitable and competitive bank, with a focus on the public interest, jointly with the interests of clients, shareholders and Brazilian society more broadly. The Bank's vision is to be the most reliable and relevant bank for the lives of clients and employees, as well as for the development of Brazil. By reconciling public and private interests, the Bank aims to generate consistent returns for shareholders and achieve benefits for Brazilian society. To achieve its operational goals, the Bank prioritizes the continuous strengthening of its corporate governance policies by seeking to adopt best market practices and standards. The Bank is committed to the principles of transparency, accountability, equity and corporate responsibility.

The Bank's shares are listed on the *Novo Mercado* segment of B3, a market operated under the highest corporate governance standards in Brazil, and the Bank has issued Level 1 ADRs in the United States in order to increase the liquidity of its securities for its Brazilian and foreign investors. In addition, the Bank has been certified by B3 under the corporate governance standard for state-controlled entities (*Programa Destaque em Governança de Estatais* (State-Owned Enterprise Governance Program) – PDGE), which requires implementation of a number of policies and procedures covering related party transactions, compliance, internal controls, and



creation of internal committees on risks and remuneration, among other policies and procedures. For more information see “—High standards of corporate governance” below. The program, which is voluntary, was launched by B3 in September 2015 with the objective of encouraging state-owned enterprises to improve their corporate governance practices and was discontinued in December 2020.

The table below shows certain of the Bank’s GAAP and non-GAAP selected financial and operating data as of and for the years ended December 31, 2020 and 2019, and as of, and for the six month periods ended June 30, 2021 and 2020:

|  | As of, and for the six month<br>period ended June 30, |                  | As of and for the<br>year ended December 31, |                  |
|--|---|------------------|--|------------------|
|  | 2021  | 2020             | 2020   | 2019             |
|  | <i>(in millions of R\$, except percentages)</i>       |                  |  |                  |
| <b>Total assets</b> .....                                      | <b>1,859,955</b>                                      | <b>1,710,234</b> | <b>1,725,672</b>                             | <b>1,481,095</b> |
| Loan portfolio.....  | 705,843   | 657,212          | 681,776                                      | 621,345          |
| Total deposits .....   | 661,334   | 555,165          | 601,984                                      | 485,002          |
| Shareholders’ equity .....                                     | 145,807   | 114,836          | 126,971                                      | 108,565          |
| Capital Adequacy Ratio (%) <sup>(1)</sup> .....                | 19.65   | 18.69            | 21.14  | 18.58            |
| Net income .....   | 9,750   | 6,413            | 12,697                                       | 18,162           |
| Return on average equity - (ROE) <sup>(2)</sup> (%).....       | 14.6  | 11.7             | 11.0   | 17.6             |
| Return on average total assets - (ROA) <sup>(3)</sup> (%)..... | 1.1   | 0.8              | 0.8  | 1.2              |
| <b>Common Equity Tier 1 (CET 1 or Principal Capital)</b>       | <b>138,943</b>  | <b>112,354</b>   | <b>132,248</b>                               | <b>96,380</b>    |
| <b>Risk-Weighted Assets (RWA)</b> .....                        | <b>830,491</b>  | <b>763,410</b>   | <b>766,065</b>                               | <b>711,402</b>   |
| <b>Core Capital Ratio (CET 1/RWA)(%)<sup>(4)</sup></b> .....   | <b>13.49%</b>   | <b>10.56%</b>    | <b>13.62%</b>                                | <b>10.02%</b>    |

(1) For more detail regarding the Bank’s Tier 1 and Tier 2 components of its Basel index, see “Selected Statistical and Other Information—Capital Requirements.”

(2) ROE is calculated as net income attributable to controlling shareholders divided by average adjusted shareholders’ equity (consolidated shareholders’ equity minus non-controlling interest). Average adjusted shareholders’ equity are calculated by taking the average of adjusted shareholders’ equity at the beginning and at the end of the applicable accounting period, excluding minority interests in controlled companies and remeasurements of defined benefit plans.

(3) ROA is calculated as net income divided by average total assets attributable to controlling shareholders divided by average total assets. Average total assets is calculated by taking the average of total assets at the beginning and at the end of the applicable accounting period.

(4) Methodology used as of October 1, 2013, according to CMN Resolution No. 4,192 and CMN Resolution No. 4,193.

## Factors Affecting Financial Condition and Results of Operations

The Bank’s financial performance and results of operations tend to be affected by the following factors:

### Operational Highlights

Relevant developments in the Bank’s operations include:

- (i) Individual service: as of June 30, 2021, the Bank’s more than 75.3 million customers can rely upon approximately 51.8 thousand points of service (either owned, shared or within the Bank’s network of correspondents) with presence in 95.5% of Brazilian municipalities. To better serve them, the Bank segments its clients by relationship, as follows: Private, Estilo, Exclusivo, Personalizado, Varejo and Mercado Emergente, of which each category applies to the client’s level of income. Furthermore, the Bank has specialized service for college students and rural producers.

For customers in the Varejo and Mercado Emergente segments, the Bank’s focus is on the use of self-service channels, cash flow centralization at the Bank and responsible credit use, with priority for credit lines with lower risk. In this segment, the clients with direct deposit of their salary and social security benefits (INSS) receive priority

- (ii) To improve these clients’ experience, employees involved in service were trained in programs such as the Internship for New Managers, a customized training developed for the managers who work in Agências Empresa. The Internship for New Managers allows certain employees, who are expected to become managers, to work directly with experienced managers. This gives them the training necessary to negotiate with the Agências Empresa’s special customers.

Training programs provided by the Bank during 2020 through the Banco do Brasil Corporate University catalog included face-to-face trainings focused on SME credit in line with the Bank's performance in the credit market with quality and sustainability. An example of this training is the MPE Client Portfolio Management Workshop, which addresses the concepts of negotiation, credit management and customer portfolio management for portfolio planning, aiming to achieve sustainable results to very small and small companies clients.

### ***Customer Experience Improvements***

The Bank continued to improve customer experience through digital transformation. In this context, the Bank employs a three-pronged approach:

- (i) New services and business models – it approaches the customer and its account manager with flexibility in problem solving and pursuing business activities.
- (ii) Giving processes, products and services a more digital interface – it creates operational efficiency and significantly reduces the waiting time for customer service.
- (iii) Encouraging mobile use – it increases the number of customers who use mobile phones to do banking transactions and business.

In May 2017, the Bank launched Ourocard app, which has as its main features payment using a smartphone or a Near Field Communication (“NFC”) terminal, a digital card (Ourocard-e) for safe online shopping, cards blocking and unblocking, purchase contestation, using the card abroad, a spending timeline and electronic purchase statements. NFC is the exchange of information between smartphones with no external signal, requiring only a physical distance of ten centimeters between the smartphones.

The Bank has also launched BB Elo Cidade, a solution for incentivizing commerce in small municipalities. Developed in partnership with city halls, the project aims to discourage the use of currency paper and the dislocation of people to other municipalities, which will benefit retail sales and economic stimulus in small towns.

Furthering the reorganization and diversification of payment methods businesses, Liveloo, a customer loyalty company, began formal operation in June 2016, reinforcing the *Ponto Pra Você* program, the largest loyalty program among banking companies, with more than 10 million active members. As part of this strategy, the Bank started a cashback program whereby, through the use of the Bank's products and services (such as consortium, pension, financing and investments), clients accrue points for which they receive cashback within 30 days. In the first half of 2021, our clients received R\$50 million in cashback.

In 2020, the Bank began the Super App project in order to expand and diversify the offering of non-financial services through its digital platforms to deepen the Bank's relationship with its customer base and to increase business opportunities. As part of this project, at the end of 2020, the Bank began selling rechargeable gift cards which serve as online prepaid credits for specific services and products redeemable at locations that accept this payment method. During the second quarter of 2021, the Bank sold approximately 420,000 giftcards.

In 2020, the Bank permitted PIX, an instant payment system created by the Central Bank, to be added to its technological platform to allow for speedy online transfers and payments, available 24 hours a day, seven days a week.

### ***International Businesses***

The Bank's presence abroad helps to maintain the Bank's position with Brazilian companies and individuals in international markets.

### ***Network***

The Bank's presence abroad is still a reference for Brazilian companies and individuals in international markets and this strategic position is maintained with its service network and subsidiaries present in 14 countries, including Brazil.

As of June 30, 2021, there were 675 banks operating as the Bank's correspondents in 91 countries.

In Argentina, Banco Patagonia's distribution network includes all Argentinian provinces with 208 service points and 185 branches. Banco do Brasil Americas, in the United States, has a network of four branches, offers Internet mobile banking services through established agreements, and provides a network with several terminals for withdrawals and other services.

### ***Credit Operations***

#### ***Loan Portfolio***

Since the beginning of the COVID-19 pandemic, in accordance with regulation from the Central Bank, the Bank offered its customers the possibility to postpone the repayment of their debts owed to the Bank, in accordance with their financial needs and cash flows. The Bank extended a total of R\$130 billion and R\$71.8 billion in loans to companies, individuals, governments and agribusiness as of December 31, 2020 and June 30, 2020, respectively, of which R\$64.8 billion and R\$46.0 billion were in grace periods as of December 31, 2020 and June 30, 2020, respectively.

As of June 30, 2021, the total balance of loans in forbearance was R\$94.4 billion, compared to R\$130.1 billion as of December 31, 2020 and R\$71.8 billion as of June 30, 2020. As of June 30, 2021, the total balance of loans under grace was R\$12.0 billion, compared to R\$64.8 billion as of December 31, 2020 and R\$46.0 billion as of June 30, 2020. From the total balance as of June 30, 2021, 93.0% of the transactions were rated between AA to C, 67.5% were secured, and 97.6% had no history of delinquency in the last 12 months. These transactions were entered into by customers with an average of 17.2 years of relationship with the Bank.

As of June 30, 2021, the balance of NPL over 90 days of forbearance increased compared to December 31, 2020, and as of June 30, 2021, remained at 1.86%, in line with the indicators of the loan portfolio.

#### ***Responsible Credit***

The Bank has implemented measures that encourage responsible use of credit, prioritizing lines with lower risk, especially with respect to recurring use of the overdraft and revolving limits. Customer relationship management tools, Real Time, *Portal Solução de Dívidas* and self-service channels contributed to the increase in covered customers and support them and improved financial management of their finances. In the audience, the Bank highlights customers who receive their salary through the Bank and the INSS beneficiaries.

#### ***Payroll Loans***

The Bank has been offering payroll loans since 1998, when the first product line was launched. During the Six month period ended June 30, 2021, the Bank has sought to make successive technological and operational improvements to its payroll loans product with the goal of gaining more clients and providing a better experience for customers and employees. One such improvement was to offer customers payroll loan portability from other banks to the Bank directly through the Bank's mobile application.

The Bank's payroll loan portfolio surpassed the R\$100 billion milestone with R\$100.2 billion as of June 30, 2021, up 16.4% compared to June 30, 2020.

As of June 30, 2021, 97.9% of this portfolio comprised transactions with civil servants and INSS retirees and pensioners customers. Customers are allowed to extend the term, a feature that seeks to generate loyalty and business opportunities for the Bank. As of June 30, 2021, the Bank has a 21.0% share of the Brazilian payroll loan market share.

The Bank's mobile application offers potential customers the ability to quote their payroll loans and enter into them with the Bank. With a two-step validation system put in place, the customer's account manager at a branch approves the transaction and the client, via password or biometrics directly through the mobile application, confirms the transaction, without having to attend the branch. As of June 30, 2021, there were approximately 3.1 million customers with contracted transactions and approximately nine thousand agreements, between public and private.

### *Mortgages*

The mortgage portfolio was R\$46.3 billion as of June 30, 2021 (a 3.4% decrease compared to June 30, 2020). The Bank's market share of the Brazilian market was 6.1% as of June 30, 2021. As of December 31, 2020, the balance was R\$47.0 billion (a 4.6% decrease compared to December 31, 2019).

The Bank has implemented measures aimed at increasing efficiency in the credit granting process, including the possibility for its customers to enter into the loan agreements through the Bank's mobile application.

### *Agribusiness Loans*

Historically, the Bank has been one of the top agribusiness financial agents in Brazil. According to the Central Bank, the Bank accounted for 54.4% of all financings granted to the agribusiness sector as of June 30, 2021. As of June 30, 2021, the agribusiness portfolio had a balance of R\$198,106 million in agricultural loan and agro industrial transactions for the Bank as of June 30, 2021, which represented an increase of 8.6% compared to June 30, 2020

During the 2020-2021 harvest, the Bank disbursed R\$114.0 billion (a 23.1% increase compared to the previous harvest) in rural loan transactions, totaling 567 thousand contracted transactions for the period, with 56.7% of the transactions for family farming.

The Bank constantly seeks to implement measures and strategies to mitigate the risks associated with investing in the agribusiness sector. Its risk mitigation analyses look into the risks typically associated with the venture, the type of harvest or crop to be financed and financing location. Such analyses allow for the use of protective devices that best fit the risk profile of each transaction.

In June 30, 2021, 57.7% of the agricultural working capital transactions entered into during the 2020-2021 harvest were covered with production insurance (agricultural insurance or Proagro), crop insurance or price insurance (options contracts).

### *Capital Markets*

The Bank is present in the capital markets through its wholly-owned subsidiary, BB - Banco de Investimento S.A. ("**BB-BI**") and through UBS BB Investment Bank ("**UBS BB**"). UBS BB is a strategic partnership formed in November 2019 between BB-BI and the Swiss bank UBS A.G. The Bank holds a 49.99% interest and UBS A.G. holds 50.01% interest in the partnership as of June 30, 2021. UBS BB became operational on September 30, 2020.

The Bank uses BB-BI and UBS BB's expertise for market research, structuring decisions, general transactional operations and settlement and custody processes and for general products and services for individuals and companies. UBS BB has allowed the Bank to be a player in the investment banking industry on a global scale and with a broader, more sophisticated array of products and services to its corporate customers. It seeks to be a complete investment banking platform, combining the Bank's network of relationships in Brazil with UBS's expertise and global distribution capacity and to provide differentiated access to investment banking products and services, as well as integrated solutions, and allowing the Bank to increase its activities in the investment banking and securities brokerage segments in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay

Retail distribution activity is maintained at the Bank, thus individual clients of the Bank continue to benefit from its investment solutions and access to the capital markets through its network of agencies and specialized offices. The Bank continues to access the global capital markets as a main source of funding. Such funding instruments enable companies to grow while mitigating risk of new investments.

### *Insurance*

The Bank conducts its insurance, open pension, premium bonds, reinsurance, dental plans and brokerage business through its subsidiary BB Seguridade. BB Seguridade was incorporated in 2012, following corporate reorganizations undertaken since 2008, and it was publicly listed in April 2013.

### ***Asset Management***

The Bank conducts its asset management operations through its wholly-owned subsidiary BB Gestão de Recursos DTVM S.A. (“**BB DTVM**”). The main activities of BB DTVM include administration, management and distribution of funds and managed portfolios. As of June 30, 2021, BB DTVM had a net worth of R\$1.3 trillion, which represents 23.9% of market share, an increase of 17.7% compared to June 30, 2020.

As of December 31, 2020, the Bank had a Brazilian market share of 23.4% and a total of R\$1.2 trillion in funds under management, an increase of 11.5% compared to December 31, 2019.

### ***Consortium***

A consortium is a self-financing system created in Brazil with a view to encouraging savings for the purchase of vehicles and other assets, pursuant to which participants’ savings are pooled according to the specific assets they elect to purchase with payments being made in installments.

Banco do Brasil operates in the consortium segment through its wholly-owned subsidiary BB Consórcios. Headquartered in Brasília, BB Consórcios’s main purpose is to organize and manage consortium groups to facilitate its clients’ access to durable goods, real estate, and services. On February 19, 2004, the operation of BB Administradora de Consórcios S.A. was authorized by the Central Bank.

BB Consórcios is established among the largest consortium administrators in the country. According to the Central Bank, BB Consórcios was as of April 2021 on the 3rd position in the general ranking of consortium administrators and the 2nd position among administrators linked to financial institutions.

Moreover, according to the latest data released by the Central Bank, as of June 30, 2021, the portfolio concentrates 79.43% of its composition, in quantity of quotas, in the modalities of automobiles (51.88%), motorcycles (22.31%) and real estate (5.24%). BB Consórcios offers all segments of products, encompassing the modalities of services, other personal property (electronics) and tractor/truck, in addition to those highlighted above.

### ***Global economic volatility***

Global economic volatility can affect the Bank’s and other Brazilian financial institutions’ capacity to obtain financing in the international capital markets, restricting the credit market. Moreover, the continuation of the adverse effects on Brazilian economy from fiscal problems and sluggishness in advanced economies, as well as inflation and other issues in developing economies, could weaken/decelerate the pace of growth of the Brazilian and foreign economies.

Decreasing levels of economic activity in Brazil can result in fewer job openings and higher unemployment, and as a result, weaker household purchasing power and slower credit growth. Also, to the extent that inflation rises, household income could decrease in real terms and eventually lead to higher delinquency rates. Any of these indirect effects of global economic volatility, as well as further effects from resultant fluctuations in interest and foreign exchange rates (discussed below), could negatively affect the Bank’s income and/or costs.

In addition, the Bank is subject to influence by government intervention, directly in its industry and operations, intended to counter volatile economic conditions more widely. For example, the Federal Government could require the Bank to reduce interest and fees it charges its customers, which has the effect of reducing the Bank’s margins and introducing uncertainty regarding the Federal Government’s interference in the Bank’s operations. The Bank, together with other public and private banks, already experienced this influence in 2012, when it began reducing interest for some of its customer loans in response to government measures to reduce interest rates.

During the first half of 2021, a second wave of the COVID-19 pandemic caused global concern for the global economy. The increasing levels of immunization rates in developed economies and in certain developing and least-developed economies, however, allowed for the slow reopening of the economy and the general increase of economic activity which accelerated the global economic recovery. It has been reported that the fiscal and

monetary stimulus programs put in place by most countries also played a role in such recovery. As a result, the International Monetary Fund changed its 2021 growth projections for the global economy from 3% to 6%.

On the other hand, the strong resumption of growth in the main economies of the world, such as the United States and China, combined with the increase in commodity prices and the mismatch between the offer and the demand for products in many global chains has resulted in the acceleration of inflation rates around the world.

See also “Risk Factors—Risks Relating to Brazil” for more information regarding the effects of the macroeconomic environment on the Bank’s results of operations.

### ***Brazilian Macroeconomic Conditions***

The financial condition and results of operations of the Bank are directly affected by general economic conditions prevailing in Brazil and are especially affected by variables such as: (i) the performance of the Brazilian economy, (ii) interest rates, (iii) inflation, (iv) exchange rates, (v) delinquencies, (vi) fiscal policy and (vii) sovereign ratings.

In addition, the Brazilian economic conditions can be affected by political events including general elections, the next of which is scheduled to take place at the federal government level on October 2, 2022.

The following table sets forth certain Brazilian macroeconomic data for the periods indicated.

|  | <b>For the six months ended</b> |             | <b>For the year ended December 31,</b> |             |
|--|---------------------------------|-------------|--|-------------|
|  | <b>June 30,</b>                 |             | <b>2020</b>                            | <b>2019</b> |
|  | <b>2021</b>                     | <b>2020</b> |  |             |
| Real GDP growth <sup>(1)(2)</sup> in % ..... | 6.4                             | (5.9)       | (1.1)                                  | 1.6         |
| Inflation (IGP-M) <sup>(3)</sup> in % .....  | 15.1                            | 4.4         | 23.1                                   | 7.3         |
| Inflation (IPCA) <sup>(4)</sup> in % .....   | 3.77                            | 0.1         | 4.52                                   | 4.31        |
| SELIC rate <sup>(5)</sup> in % .....         | 3.78                            | 2.55        | 3.54                                   | 5.95        |
| Exchange rate at end of period—              |                                 |             |  |             |
| US\$1.00 <sup>(7)</sup> .....                | 5.00                            | 5.48        | 5.64                                   | 4.03        |

(1) Numbers reflect variation occurred in a 6-month and 12-month period, as applicable

(2) Source: The Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*) (“IBGE”).

(3) Inflation measured by the IGP-M is the general market price index measured by the Getulio Vargas Foundation (*Fundação Getulio Vargas*) (“FGV”).

(4) Inflation (IPCA) is a general consumer price index measured by the IBGE.

(5) Annualized SELIC interest rate.

(6) Calculated using the exchange rate at the beginning and end of the applicable period.

(7) Source: Central Bank.

### ***The impact of COVID-19 on the Brazilian economy in the first half of 2021***

The second wave of COVID-19 strongly affected Brazil in the first half of 2021, which led the authorities to take measures restricting economic activity in many locations in the country. Despite these measures, economic activity remained relatively stable compared to previous months during the pandemic.

Brazilian GDP grew 1.2% in the first half of 2021 mainly due to the optimism generated by the vaccination programs throughout the second quarter, which reverberated positively in the main risk indicators.

In turn, external factors, such as greater demand for commodities and the lack of inputs in many production chains, and internal factors such as the rise in the cost of electricity caused the rise of domestic inflation, causing the IPCA to reach 8.4% in the 12 months ended in June 30, 2021. This inflationary pressure, in turn, led to an increase of the SELIC rate from 2% p.a. at the beginning of the year to 4.25% p.a. at the end of June, in a process that is expected to continue during the second half of 2021. As a result, Brazil’s monetary authority has signaled the end of the expansionary cycle of monetary policy in 2021.

Despite the rise in the basic interest rate, the improved economic environment, the evolution of the population’s immunization rate and the further reopening of economic activity have contributed to the positive growth of credit in the national financial system, especially linked to household consumption, and investments and working capital for companies.

### ***Interest rates***

As of April 2013, the Central Bank began a monetary tightening cycle, pursuant to which it successively increased the benchmark interest rate for securities issued by the Federal Government from 7.25% to 14.15% effective as of August 31, 2015. The increase in the SELIC rate also affected the *Taxa Referencial* (“**TR**”) and the CDI Rate, to which the Bank has significant exposure.

In general, increases in interest rates allow the Bank to increase its revenue from loans due to the higher rates that the Bank is able to charge. However, such an increase may adversely affect the Bank’s results of operations as a result of reduced overall demand for loans and greater risk of default by the Bank’s clients. In addition, high interest rates affect the Bank’s funding costs, particularly time deposits and interbank deposits, and can adversely affect the Bank’s profitability if the Bank is unable to pass on the increased funding costs to its clients. On the other hand, a decrease in interest rates can reduce the Bank’s revenue from loans as a result of (i) decreased interest income the Bank earns on its assets linked to the SELIC rate and (ii) lower margins. This revenue decrease could be coupled with an increase in the volume of the Bank’s loans resulting from higher demand for loans and/or a decrease in the Bank’s funding costs. In addition, changes in interest rates can affect the value of the Bank’s securities portfolio and therefore the Bank’s financial condition and results of operations.

As of December 31, 2018, the SELIC rate was 6.5%, as of December 31, 2019, the SELIC rate was 4.5%. as of December 31, 2020, the SELIC rate was 2.0% and as of June 30, 2021, the SELIC rate was 4.25%.

See “Risk Factors—Risks Relating to the Bank and the Brazilian Banking Industry—Changes in the basic interest rates introduced by the Central Bank may adversely affect the Bank’s results of operations and financial condition.”

### ***Inflation***

The IPCA, which measures annual inflation rate, increased from 3.78% for the year ended December 31, 2018 to 4.19% for the year ended December 31, 2019. The IPCA further increased to 4.56% for the year ended December 31, 2020 and increased to 8.35% as of May 31, 2021.

In its June 2021 quarterly inflation report, the Central Bank forecast median inflation of 5.8% for 2021, and 3.5% by the end of 2022, based on the assumption that the exchange rate will remain at about R\$5.05 per US\$1.00 and that the SELIC rate will remain at 6.25% by the end of 2021 and 6.50% by the end of 2022.

### ***Exchange rate***

The *real* depreciated relative to the U.S. dollar with the exchange rate varying from R\$4.031 as of December 31, 2019, to R\$5.641 as of December 31, 2020, and to R\$5.00 as of June 30, 2021.

The Bank’s consolidated financial performance is not significantly affected by the volatility of the *real*, due to the Bank’s strategy of matching assets and liabilities in foreign currency, which serves to minimize the negative impact of exchange variations on its results.

The Bank does not play an active role in the implementation of the Federal Government’s currency policies. The Bank trades foreign currency mostly as an agent for its clients, including the Central Bank. The Central Bank also trades foreign currency through other commercial banks and dealers.

As of September 8, 2021, the day immediately preceding the date of this Base Prospectus, the exchange rate was R\$5.25.

### ***Delinquencies***

According to the Central Bank, loans more than 90 days due are considered delinquent loans. Delinquent loans for the Brazilian national financial system had reached 2.30% as of June 30, 2021 (which represent a decrease of 0.6 bps in comparison to June 30, 2020) as compared to 1.86% for the Bank’s loan portfolio for June 30, 2021 (which represent a decrease of 0.98 bps in comparison to June 30, 2020). Delinquent loans for individuals in the Brazilian national financial system reached 2.90% as of June 30, 2021 (which represents a decrease of 0.7 bps from June 30, 2020) as compared to 2.96% for the Bank’s individuals loan portfolio for June

30, 2021 (which represents a decrease of 0.47 bps in comparison to June 30, 2020). Delinquent loans for corporate entities in the Brazilian national financial system reached 1.50% as of June 30, 2021 (which represents a decrease of 0.5 basis points from June 30, 2020) as compared to 1.8% for the Bank's corporate loan portfolio for June 30, 2021 (which represents a decrease of 0.62 bps in comparison to June 30, 2020). Delinquent loans for the Bank's agribusiness loan portfolio for the six month period ended June 30, 2021 was 0.74% (a decrease of 2.4 bps in comparison to June 30, 2020).

### ***Sovereign ratings***

On February 24, 2016, Moody's Investors Service downgraded Brazil's government bond rating to Ba2(P) from Ba1 with a negative outlook, citing (i) deteriorating debt metrics which will result in a materially weaker credit profile in the coming years, and (ii) challenging political dynamics which will complicate fiscal consolidation efforts and delay structural reforms. On March 15, 2017, Moody's Investors Services changed the outlook on the rating to stable from negative. On May 26, 2017, Moody's Investors Service changed the outlook on the rating back to negative from stable. On April 9, 2018, Moody's Investors Service changed the outlook on the rating back to stable from negative. In May 2019, Moody's affirmed Brazil's sovereign credit rating at Ba2.

On January 11, 2018, S&P downgraded its long-term rating for Brazil sovereign debt to BB-, with a stable outlook, from the previous rate of BB, citing less timely and effective policymaking by the Brazilian Federal Government. S&P also indicated there was a risk of greater policy uncertainty after this year's elections. On December 11, 2019, S&P changed the outlook on the rating to positive from stable. On April 6, 2020, S&P changed the outlook on the rating back to stable from positive.

In February 2018, Fitch downgraded Brazil's sovereign credit rating to BB- with a stable outlook. On May 5, 2020, Fitch changed the outlook on the rating to negative from stable.

### ***Capital adequacy***

As a basic rule, the Central Bank requires that banks in Brazil comply with regulations similar to those set forth in the Basel I Accord for sufficiency or adequacy of capital (with certain exceptions, for example, the Central Bank requirement of a minimum capital adequacy ratio of 11% of risk-weighted assets as compared to the capital adequacy ratio of 8% required by the Basel II Accord). In addition, the Central Bank imposes restrictions on banks' exposure to foreign currency. Pursuant to applicable banking regulations, the exposure of Brazilian banks in gold and in assets and liabilities indexed to foreign exchange rates cannot be greater than 30% of a bank's adjusted shareholders' equity. The Basel I Accord sets out capital adequacy requirements for banks based on: (i) an equity capital to risk-adjusted assets test; (ii) the allocation of capital for exchange risk; and (iii) the risk of interest rate mismatches.

In June 2004, the bank supervision committee of the Bank of International Settlements ("BIS") endorsed the publication of the *International Convergence of Capital Measurement and Capital Standards: A Revised Framework*, or the "**Basel II Accord**." On December 9, 2004, the Central Bank expressed its intention to adopt the Basel II Accord in Brazil. The Communication No. 12,746/2004 indicated that the Central Bank intends to adopt the Basel II Accord gradually, seeking to incorporate provisions applicable to the Brazilian banking sector.

Furthermore, the CMN issued on June 29, 2006 CMN Resolution No. 3,380, which establishes procedures for the implementation of an operational risk internal structure aimed at fostering compliance with Basel II Accord principles by Brazilian banks. Brazilian banks were required to present their proposed procedures by the end of 2006 and implement their procedures by the end of 2007.

On February 28, 2007, the CMN established the criteria for calculation of reference shareholders' equity. In addition, on August 29, 2007 the CMN established new criteria for calculating the Required Referential Shareholders' Equity (PRE) of financial institutions effective from July 1, 2008.

On September 27, 2007, the Central Bank published a revised schedule for the adoption of the Basel II Accord through Communication No. 16,137/2007, indicating that the requirements relating to the use of advanced methods for the valuation of capital will be fully implemented by the end of 2012 (including requirements relating to the allocation of capital for operating risks and changes in the allocation of capital for credit risk).



The Central Bank also imposed restrictions on banks' exposure to foreign currencies. According to CMN Resolution No. 3,488, dated August 29, 2007 ("CMN Resolution No. 3,488"), the total consolidated foreign currency and gold exposure of a financial institution cannot be higher than 30% of the regulatory capital.

On May 26, 2011, the Bank, acting through its Grand Cayman branch, issued US\$1,500,000,000 5.875% subordinated notes due 2022. On July 11, 2011, the Central Bank approved the qualification of US\$1,490,000,000 in total amount of such notes as Tier 2 Capital. As of June 30, 2021, US\$1,490,000,000 remains outstanding.

On January 20, 2012 and March 5, 2012, the Bank, acting through its Grand Cayman branch, issued US\$1,000,000,000 and US\$750,000,000 aggregate principal amount of 9.250% Perpetual Non-cumulative Junior Subordinated Securities, respectively (together, the "**2012 Tier 1 Securities**"). On February 28, 2012 and April 9, 2012, the Central Bank approved the qualification of the 2012 Tier 1 Securities as Tier 1 Capital, in the amounts of US\$950,000,000 and US\$725,000,000, respectively. As of June 30, 2021, US\$1,285,950,000 remains outstanding.

On June 19, 2012, the Bank, acting through its Grand Cayman branch, issued US\$750,000,000 5.875% subordinated notes due 2023. On July 11, 2011, the Central Bank approved the qualification of US\$740,000,000 in total amount of such notes as Tier 2 Capital. As of June 30, 2021, US\$741,115,000 remains outstanding.

On January 31, 2013, the Bank, acting through its Grand Cayman branch, issued US\$2,000,000,000 aggregate principal amount of 6.250% Perpetual Non-cumulative Junior Subordinated Securities (the "**2013 Tier 1 Securities**"). On April 2, 2013, the Central Bank approved the qualification of the 2013 Tier 1 Securities as Tier 1 Capital in the amount of R\$1,950,000,000. As of June 30, 2021, US\$1,950,000,000 remains outstanding.

On March 1, 2013, the CMN and the Central Bank implemented the recommendations of the Basel III Regulations in Brazil by issuing CMN Resolution No. 4,192, which, effective October 1, 2013, replaced and superseded CMN Resolution No. 3,444. For more information regarding CMN Resolution No. 4,192, see "Regulation of the Brazilian Banking Industry—Capital Adequacy Guidelines." The new rules set forth new requirements for Tier 1 qualification of subordinated debt securities, including the Bank's (i) 2012 Tier 1 Securities and (ii) 2013 Tier 1 Securities. In response to CMN Resolution No. 4,192, and as expressly permitted and contemplated by the terms of the 2012 Tier 1 Securities and 2013 Tier 1 Securities, on September 27, 2013, the Bank amended the terms of those securities in order to bring them into compliance with the new requirements and qualify them as Tier 1 capital. On October 30, 2013, the Central Bank granted its final approval of the amendments the Bank made to the 2012 Tier 1 Securities and 2013 Tier 1 Securities. As a result, the 2012 Tier 1 Securities and 2013 Tier 1 Securities maintained their qualification as Tier 1 capital under the new Brazilian rules.

On June 18, 2014, the Bank, acting through its Grand Cayman branch, issued US\$2,500,000,000 aggregate principal amount of 9.000% Perpetual Non-cumulative Junior Subordinated Securities. On July 11, 2014, the Central Bank approved the qualification of US\$2,450,000,000 in total amount of such notes as Tier 1 Capital. As of June 30, 2021, US\$2,150,000,000 remains outstanding.

On September 22, 2014, the Central Bank authorized the hybrid debt capital instrument dated September 26, 2012 between the Bank and the Federal Government in the amount of R\$8.1 billion, which was currently treated as Tier 1 additional capital (*capital complementar*), to be treated as Core Capital, with effect as of August 28, 2014. With reference to the Bank's financial position as of June 30, 2021, the Bank's Core Capital Ratio was 13.5% and the Bank's capital adequacy ratio was 19.65%.

As of June 30, 2021, the Bank's Tier I capital ratio was 16.73% and the Bank's Common Equity Tier 1 and Tier 2 Capital totaled R\$138,943 million and R\$24,210 million, respectively. See "Management Discussion and Analysis of Financial Condition and Results of Operations of the Bank—Capital Adequacy Information" for further information regarding the Bank's compliance with capital adequacy regulations.

### ***The Bank's strategy for dealing with changes in economic and financial conditions***

#### ***Risks for which protection is sought***

The Bank has processes in place to identify risks and define a relevant set of corporate risks, which are reviewed annually.

The risks listed below, in the Bank's view, make up the relevant set of corporate risks to the Banco do Brasil Prudential Conglomerate, which is formed by Banco do Brasil, and similar financial companies that may offer risks to the National Finance System:

- Market risk – the possibility of financial or economic losses arising from the variation in the market values of positions held by the Bank.
- Liquidity risk – the occurrence of imbalances between tradable assets and liabilities due – “mismatching” between payments and receipts - which may affect the payment capacity of the Bank, taking into consideration the different currencies and winding-up terms of their rights and obligations.
- Banking Book Interest rate risk – this arises from exposures subject to changes in interest rates of transactions not classified in the trading book.
- Credit risk – possibility of incurring losses associated with a loan taker or a counterparty's failure to fulfill their respective financial obligations under the agreed-upon conditions, and losses associated with devaluation of a credit due to deterioration of the loan taker's risk classification, reduction in gains or compensations, advantages granted in renegotiations and loan recovery costs.
- Counterparty credit risk – the possibility that a customer's given counterparty will not fulfill its obligations related to the settlement of transactions involving the trading of financial assets, including those related to the settlement of derivatives, which creates a risk for the Bank.
- Credit concentration risk – the possibility of credit losses arising from significant exposure to a counterparty, a risk factor, or groups of related counterparties by means of common characteristics.
- Operating risk – the possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems or external events. This includes the possibility of losses arising from legal risk.
- Legal risk – the loss resulting from inadequacy or deficiency of contracts signed by the Bank, as well as penalties due to noncompliance with legal provisions as well as compensation for damages to third parties arising from activities performed by the Bank.
- Strategy risk – the possibility of losses arising from adverse changes in the business environment, and the use of inappropriate assumptions in decision-making.
- Reputational risk – the possibility of losses due to the negative perception of the Bank by customers, counterparties, shareholders, investors, government agencies, the community or supervisors, which may adversely affect the business sustainability.
- Social and Environmental risk – the possibility of losses resulting from exposure to environmental damage caused by the activities of Banco do Brasil.
- Compliance risk – Possibility of financial or reputational losses resulting from failure to comply with laws, regulations, internal standards, codes of conduct and guidelines established for the business and activities of the organization.
- Closed Complementary Pension Funds and Providers of Private Health Insurance Assistance Plans risk – the possible negative impact of the mismatch between actuarial liabilities and the assets of a closed complementary pension fund and providers of private health insurance assistance plans.
- Model risk – the possibility of losses arising from the development or use of inappropriate models, due to the inaccuracy or inadequacy of data or the incorrect formulation in its construction.

- Contagion risk – the possibility of negative impact on the capital resulting from adverse events in the prudential conglomerate equity interest.
- Climate risk - the possibility of losses from the impacts of climate change, which may arise from the transition of business to a low-carbon economy, from extreme weather events or events that will have long-term consequences and from the assignment of climate-related liability for damages or losses to third parties.
- Cyber risk – the possibility of losses arising from cyber-attacks against IT infrastructure or corporate systems, affecting integrity, confidentiality, and availability.
- IT risk – the possibility of losses arising from inadequacies or failures in the delivery and support of technology solutions and services, involving infrastructure, construction, operation.
- Conduct risk – the possibility of losses arising from misconduct by the Bank or inappropriate acts in the conduct of its activities by senior management, employees, staff members, and those who act on behalf of or provide services to the Bank.
- Supplier risk – the possibility of financial losses arising from the process of supply of goods and/or provision of services by suppliers.
- Security risk – the possibility of losses arising from failures in the Bank's security processes, causing damage to property, personal injury, or appropriation of physical or financial assets of both the Bank and third parties.

*The instruments used for protection*

The Bank has established policies and strategies for management of market, liquidity, and interest rate risks for the banking book, as well as for the management of derivative financial instruments, which determine the Bank's guidelines for risk management. In the process management of market and liquidity risk, mechanisms are expressed in a regulatory system, detailing the procedures required for the implementation of organizational decisions relative to the business and activities of the Company, in order to ensure that the legal and regulatory requirements of regulatory and inspection agencies are met.

Systems that ensure the assessment, monitoring, and control of positions recorded in trading and nontrading as well as compliance operations with the established hedging purposes, are used in the management of market and liquidity risk.

*Credit risk:* The management of credit risk is carried out based on market best practice and follows banking supervision guidelines and regulations. The management of the Conglomerate's credit risk involves the Credit Policy, the Declaration of Appetite and Risk Tolerance, and the strategies, processes, procedures and credit risk management systems. The use of instruments that mitigate credit risk are declared in Credit Specific Policy, present in all strategic decisions and formalized in the credit standards, reaching all levels of the organization and covering all stages of the management of credit risk. The measurement of credit risk is carried out through various indicators, such as defaults, portfolio quality, and allowance for loan losses, concentration, regulatory capital requirements, and stress tests, among others.

*Operating risk:* The Operational Risk Policy provides guidelines to the areas of the Bank, ensuring the effectiveness of the operational risk management model. The Bank also has other policies associated with operational risk management, such as: Prevention and Fighting of Money Laundering and Terrorism Financing and Corruption; Continuity Management; Relationship with Suppliers; Management of Legal Risk; and Management of Information Security and Operational Risk. Banco do Brasil performs the operational risk management, segregating the risk and business management functions, aligned with best practices in risk management, and the appropriate banking supervision guidelines and regulations.

*Strategy risk:* In the formulation of corporate strategy, the Bank has a policy of analysis of macroeconomic scenarios and the financial industry, in order to better assess the opportunities and threats of the market and mitigate the risks of erroneous strategic decisions. The Bank bases the strategy of risk management,

considering the possibility of loss arising from adverse changes in the business environment or the use of inappropriate assumptions in strategic decision making. The Risk Management Directorship periodically monitors indicators that reflect the strategy's level of risk, as well as controls through pre-established tolerance limits, to ensure that the risk remains within the desired level.

*Reputation risk:* The structure of reputational risk management segregates the risk management process from the business processes of brand management, highlighting the separate responsibilities of the different segments involved, to ensure a sustainable return to shareholders despite risk conditions. Various indicators related to the Bank's media presence, the Bank's brand in social networks, the Bank's rankings, any complaints regarding the Bank, as well as certain external ratings and market analyst reports are all monitored by the Bank in order to ensure that risks are contained at the desired level.

*Social and environmental risk:* The social and environmental risk management structure includes directorships and units with defined roles and responsibilities, with the participation of management bodies and strategic committees. In the risk management model, directorships and units provide the necessary information to the management so that the risk area may identify exposures and advise the decision-making process. The Bank also has processes that contribute to the implementation of social and environmental responsibility actions. Examples are: the actions to keep the Bank listed in the Dow Jones Sustainability Index (DJSI); the Corporate Sustainability Index (ISE) of the companies listed on B3; Agenda 30, the Sustainability Forum for Executives; and adherence to the Equator Principles and Performance Standards of the International Finance Corporation (IFC).

*Closed Pension Plans Entities and Employee Health Operators risk (EFPPS):* The Bank bases EFPPS risk management on the negative impact of the "mismatch" between actuarial liabilities and assets of closed complementary pension funds and providers of private health insurance assistance plans. BB manages this risk as a sponsor of pension plans and health care plans to assess the consolidated negative impact on the shareholders' equity in the Bank and the economic, financial, and actuarial balance defined benefit retirement plan and health plans it sponsors.

*Contagion:* The Bank evaluates and supervises the related entities risk management, issuing guidelines for the adequacy of the companies regarding the risk management and their alignment with the practices adopted by the Bank.

*Model risk:* Model risk management covers the entire lifecycle of models, going through its phases of development, evaluation, approval, IT implementation, validation and monitoring for each inventoried model. Identified models are catalogued in a single repository called Corporate Models Inventory (ICM), allowing a unified view Model Risk scope for the lines of defense. The models considered critical for Risk and Capital Management for the Bank are subject to a quarantine period, defined as the time interval between the date of approval of new or revised models and the date of their effectiveness.

*Compliance Risk:* The guidelines for the management of compliance risk is disclosed in the Specific Policy of Internal Controls and Compliance of Banco do Brasil which is reviewed annually and approved by the Board of Directors. The scope of compliance risk management is related to the adherence of corporate processes to external laws and regulations and to corporate governance principles.

### **Critical Accounting Policies**

The accounting policies adopted by the Bank are critical to understanding its results of operations and Financial Statements included elsewhere in this Base Prospectus. These accounting policies are described in detail in the notes to the Bank's audited Financial Statements. Certain of the Bank's accounting policies require significant managerial judgment on matters that are inherently uncertain, including the valuation of certain assets and liabilities and the adoption of estimates and assumptions based on historical experience and other factors considered reasonable and significant by the Bank's management. The Bank has established policies and control procedures intended to ensure that stringent valuation methods are applied in accordance with applicable accounting principles during the preparation of its Financial Statements for the relevant period. These policies and procedures help to ensure that the process for changing methodologies occurs in an appropriate manner. The following is a brief description of the current accounting policies that require the Bank to exercise significant managerial judgment.

***Loans, leasing, advances on foreign exchange contracts and other credits with characteristics of credit assignment***

Loans, leasing, advances on foreign exchange contracts and other credits with characteristics of credit assignment are classified in accordance with managerial judgment on the risk level, taking into consideration the market conditions, past experience and specific risks related to the transactions, to debtors and guarantors, and subject to the parameters established by CMN Resolution No. 2,682, that requires periodical analysis of the portfolio and its classification in nine levels, from AA (minimum risk) to H (maximum risk), as well as the classification of overdue transactions for more than 15 days as overdue operations. For atypical transactions with a term of more than 36 months, there is a double counting on the days-past-due intervals defined for the nine levels of risk, as permitted by CMN Resolution No. 2,682.

The income from credit transactions overdue for 60 days or more is recognized as income regardless of their risk level, when effectively received.

The renegotiation of the credit transactions already written off against the provision are classified as H and the possible gains arising from renegotiation are recognized as income upon effective receipt. The renegotiated contracts are kept at least on the same level as that at which they were classified. The credits classified as level H that remain in this classification for 180 days are written off against the existing provision.

The allowance for loan losses, considered sufficient by management, complies with the minimum requirements established by CMN Resolution No. 2,682.

***Contingencies***

The recognition, measurement and disclosure of contingent assets and liabilities and legal obligations are carried out in accordance with the criteria defined in CMN Resolution No. 3,823, as of December 16, 2009.

Contingent assets are recognized in the Financial Statements only upon the existence of evidence usually expected to result in a final judgment in legal action, as well as the confirmation of its recovery capacity by receipt or offset of another liability.

Contingent liabilities are recognized in the Financial Statements when, based on the opinion of management and legal advisors, the risk of loss of a legal or administrative action is considered probable, with a probable outflow of resources to settle the obligations, and when the amounts involved are reliably measurable, being quantified upon summons/legal notice and monthly reviews, as follows:

- General category – Proceedings related to lawsuits considered similar and common, and the amount of which is not considered material according to statistics by category of lawsuit, type of jurisdiction (small claims court or regular courts) and plaintiff. In labor and civil claims related to economic plans, the amounts considered are the average amounts of legal liabilities within the previous 24 months and 12 months, respectively, for determination of the obligations amount; and
- Specific category – Proceedings related to lawsuits considered uncommon or the amount of which is considered material according to legal opinion, with respect to the intended amount of indemnification, the probable amount of award, evidence presented and evidence in the records, understanding of the courts on the matter, background information and the issuance of a court decision that may be issued in the lawsuit and degree of risk of loss of the legal action.

Contingent liabilities classified as possible loss are not recognized in the Financial Statements, and are required to be disclosed only in the explanatory notes, and those classified as remote do not require provision or disclosure.

The legal obligations (tax and social security) derive from tax obligations set forth in legislation, regardless of the probability of success of legal proceedings in progress, which amounts are fully recognized in the Financial Statements.

### ***Revenue Recognition***

Revenue and expenses are recorded on an accrual basis. Operations involving floating rates are recorded at the remeasured amount on a *pro rata* basis, based on the variation of the related indices negotiated, and the operations with fixed rates are recorded at the redemption amount, adjusted unappropriated revenue or expenses corresponding to a future period. The operations indexed to foreign currencies are readjusted up to the balance sheet date at current rates.

### ***Deferred Tax Assets***

As established by the CMN, the financial institutions and other institutions authorized to operate by the Central Bank must record the deferred tax assets resulting from income tax losses, negative social contribution basis on net income and temporary differences on a cumulative basis, provided that the following conditions apply:

- presentation of the history of taxable income or revenues for purposes of income tax and social contribution, as applicable, confirming that any of the situations described above took place during at least three of the past five years, which period must include the reference year; and
- in the event of expected generation of profits or future taxable income for purposes of income tax and social contribution, as applicable, in subsequent periods, based on the technical appraisal which would determine the probability of realization of future obligations with taxes and contributions which would allow the realization of deferred tax assets within 10 years.

The expectation of realization of deferred tax assets is based on a technical appraisal prepared at the end of each fiscal year, with the present value determined based on the average rate of the multiple bank funding.

### ***Long-Term Assets***

Long-term assets are recorded as noncurrent assets, and are classified as follows:

- Investment in associated companies and joint ventures – investments in associated companies and joint ventures are evaluated according to the accrual basis of accounting based on the shareholders' equity of the investment.
- Property and equipment in use – Property and equipment are stated at cost less depreciation, accumulated using the straight-line method and impairment losses. Fixed Assets in use – fixed assets are valued at acquisition cost, less related depreciation, which amount is calculated on a straight-line basis on an annual basis for buildings and improvements (4%), vehicles (20%), data processing systems (20%) and other items (10%).
- Goodwill and other intangible assets – Goodwill arising on the acquisition of equity investments is accounted for considering the valuation at fair value of identifiable assets and assumed liabilities acquired on the base date of purchase and in accordance with the applicable rules, it is not amortized. However, it is tested at least annually for purposes of reduction to impairment. After initial recognition, goodwill is measured at cost less any impairment loss or accumulated impairment.
- Intangible assets are recognized separately from goodwill when they are separable or arise from contractual or other legal rights, fair value can be measured reliably and it is probable that the expected future economic benefits will be transferred to the Bank. The cost of intangible assets acquired in a business combination is its fair value at the acquisition date. Intangible assets acquired separately are initially measured at cost.
- The useful life of intangible assets is considered definite or indefinite. Intangible assets with definite useful life are amortized over their estimated useful life. They are initially recorded at cost, less accumulated amortization and losses due to impairment. The period and method of amortization of intangible assets with definite useful life are reviewed at least annually. Changes in the expected useful life or proportion of expected use of future benefits embodied

in the asset are recognized via changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. Intangible assets with defined useful life refer basically to disbursements for the acquisition of rights for bank services rendering (payrolls acquisition), amortized in accordance with the agreement periods, and the acquisition/development of software, amortized on a straight-line basis at the rate of 20% per annum as from the date it is available for use and adjusted by reduction to recoverable value/impairment, when applicable. Intangible assets with defined useful life refer basically to disbursements for the acquisition of rights for bank services rendering (payrolls acquisition), amortized in accordance with the agreement periods, and the acquisition/development of software, amortized on a straight-line basis at the rate of 20% per annum as from the date it is available for use and adjusted by reduction to recoverable value/impairment, when applicable. Intangible assets with indefinite useful life are not amortized and are recorded at cost less any loss from impairment.

- Costs incurred with the acquisition, production and development of software are capitalized and recorded as intangible assets. Research expenses are accounted for as expenses. Personnel expenses that are capitalized refer to salaries, social charges and benefits of employees directly involved in software development.
- Deferred Assets are recorded at acquisition or formation cost, net of related accumulated amortization. They contemplate, mainly, expenditures restructuring the company and expenditures for third-party properties, made up to September 20, 2008, arising from installation of facilities and amortized by rates calculated based on the rental period, and with the acquisition and development of systems, amortized at the annual rate of 20%.

### ***Pension Plans***

Benefits to employees, related to short-term benefits for current employees, are recognized on an accrual basis in accordance with the services rendered. Post-employment benefits, comprising supplementary retirement benefits and medical assistance for which the Bank is responsible, are assessed according to the requirements established by CPC 33 (R1) - Employee benefits, approved by the CVM Resolution No. 695/2012 and by the CMN Resolution No. 4,877/2020. The evaluations are performed semiannually.

In the defined contribution plans, the actuarial and investment risks belong to the participants. Accordingly, the recording of costs is determined by the contribution amounts of each period that represent the Bank's obligation. As a consequence, no actuarial calculation is required to measure the obligation or the expense and there is no actuarial gain or loss.

In the defined benefit plans, the actuarial risk and the investments risk are fully or partially borne by the sponsor entity. Accordingly, the recording of costs requires the determination of the plan obligations and expenses, and there is the possibility of actuarial gains or losses, which may result in the recording of a liability when the actuarial obligations exceed the value of the plan's assets, or, of an asset when the value of the asset exceeds the amount of the plan obligations. In such event, the asset will only be recorded when there is evidence that this may effectively reduce the sponsor's contributions or that it will be reimbursable in the future.

The Bank recognizes the components of defined benefit cost in the period in which the actuarial valuation was performed, according to the requirements established by CPC 33 (R1), as follows:

- the current service cost and the net interest on the net defined benefit liability (asset) are recognized in profit or loss; and
- the remeasurements of the net defined benefit liability (asset) resulting from changes in actuarial assumptions are recognized in accumulated other comprehensive income in shareholders' equity, net of tax effects (and these effects recognized directly in equity should not be reclassified to the result in subsequent periods).

Contributions to be paid by the Bank to medical assistance plans in some cases will continue after the employee's retirement. Therefore, the Bank's obligations are evaluated by the present actuarial value of the

contributions to be paid over the expected period in which the plan participants and beneficiaries will be covered by the plan. Such obligations are evaluated and recognized under the same criteria used for defined benefit plans.

#### ***Criteria for Impairment Test of Assets***

The impairment value is recognized in the event the accounting value of an asset or its cash generation unit exceeds its recoverable value. The cash generating unit is the smaller group of assets generating cash, which assets are, most of the time, independent from the cash of other assets or groups of assets. Losses from impairment are recognized in the Bank's financial results for the period.

The impairment value is recognized in the event the accounting value of an asset or its cash generation unit exceeds its recoverable value. Considering the materiality and significance of the amounts involved, the main assets that have their recoverable values tested are recorded under the captions "Buildings," "Data Processing Systems (fixed assets)," and "Rights for Acquisition of Payrolls (intangible)" generated upon the entities' acquisition.

To determine the recoverable value of the items being examined the following assumptions are used: (i) to determine the recoverable value of buildings, the appraisal reports are used (for real estate of a significant amount) and estimates (for other real estate); (ii) in the case of data processing equipment (mainframes and self-service terminals), the market value and the value in use in the Bank's operations are considered, and the methodology used considers the projection of cash flows of the economic benefits arising from the use of each asset during its useful life, adjusted to present value; (iii) the appraisal model for loss from devaluation of the business relationship amount – VRN (Rights for Acquisition of Payrolls) is related to monitoring the performance of the agreements, and this model was prepared in accordance with the relationship contributing margins of individuals linked to each agreement; and (iv) the goodwill, arising from the acquisition of corporate interest, is supported by the economic financial evaluations that supported the purchase price of the businesses and by the interest acquired, which amortization is carried out based on the projections of annual results contained in the respective economic financial appraisals.

The impairment test methodology consists of verifying, every year, the expected results projected in those appraisals. In the case of goodwill in the acquisition of Banco Nossa Caixa, incorporated in November 2009, the methodology consisted of comparing the present value of the results projected by Banco do Brasil for the retail and corporate branches of the State of São Paulo (cash generating unit), and isolating the profitability compared with and without Banco Nossa Caixa. Given the difference, the amounts projected are based on the assumptions of a profitability increase for Banco do Brasil, discounted by the capital opportunity cost. If the present value is lower than that of the assets identified upon the Banco Nossa Caixa acquisition as recorded at the test base date, an impairment loss is recognized by the assessed difference.

#### ***Present value measurement***

Financial assets and liabilities are presented at present value due to the application of the accrual basis in the recognition of their interest income and expenses.

Non-contractual liabilities are primarily represented by provisions for lawsuit and legal obligations, for which the disbursement date is uncertain and is not under the Bank's control. They are measured at present value because they are initially recognized at estimated disbursement value on the valuation date and are updated monthly.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise available funds in local currency, foreign currency, securities purchased under resale agreements – guaranteed by securities not repledged/re-sold, interbank deposits and investments in foreign currencies, with high liquidity and insignificant risk of change in value, with maturity at time of acquisition not exceeding 90 days.

#### ***Securities***



The securities purchased for the Bank's portfolio are recorded at the actual amount paid, including brokerage charges and fees, and are classified based on management's intention, in one of three categories, according to Bacen Circular 3,068/2001:

- **Trading Securities:** these are securities purchased to be actively and frequently traded. They are adjusted monthly to fair value. The increases and decreases in value are recorded in income and expense accounts for the period;
- **Securities available for sale:** these are securities that may be traded at any time, but are not acquired to be actively and frequently traded. They are adjusted monthly to market value and their increases and decreases in value are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity; and
- **Securities held to maturity:** these are securities that the Bank owns and has the financial capacity and intent to hold to maturity. These securities are not adjusted to market value. The Bank's financial capacity to hold to maturity is supported by a cash flow projection that does not consider the possibility of sale of these securities.

The fair value methodology used for securities was established following consistent, verifiable criteria, which consider the average price of trading on the day of calculation or, if not available, the indicative price reported by Anbima (Brazilian Financial and Capital Markets Association), or relationship between the unit price and the latest business value in the last 30 days, or the net expected realizable value obtained through pricing models, using credit risk curves, expected credit losses, future values of interest rates, foreign exchange rates, price and currency indices and similar financial instruments.

Income accrued on the securities, irrespective of the category in which they are classified, is appropriated on a pro rata die basis on an accrual basis until the date of maturity or final sale, using the cumulative or straight-line method, based on the contractual remuneration and purchase price, and recorded directly in the statement of income for the period.

Impairment of securities classified as available for sale and held to maturity, if considered not to be temporary, are recorded directly in expense for the period and a new cost basis for the asset is determined.

Upon sale, the difference between the sale amount and the cost of purchase plus accrued income is considered as a result of the transaction and is recorded on the date of the transaction as a gain or loss on securities.

## Results of Operations

The financial information of the Bank discussed in this section is based on the consolidated financial results of operations of the Bank and its subsidiaries unless otherwise indicated.

### *Six month period ended June 30, 2021 compared to the six month period ended June 30, 2020*

The Bank's net income increased by 52% (R\$3,337 million) to R\$9,750 million for the six month period ended June 30, 2021 from R\$6,413 million for the six month period ended June 30, 2020, due to the factors described below.

#### *Income from financial intermediation*

The following table sets forth the principal components of the Bank's income from financial intermediation for the six month periods ended June 30, 2021 and 2020.

|                                       | <b>Six month period ended June 30,</b>          |             |                      |
|---------------------------------------|---|-------------|----------------------|
|                                       | <b>2021</b>                                     | <b>2020</b> | <b>Variation (%)</b> |
|                                       | <i>(in millions of R\$, except percentages)</i> |             |                      |
| Loan Portfolio .....                  | 36,955  | 51,467      | (28.2)               |
| Interbank investments.....            | 7,109   | 8,386       | (15.2)               |
| Securities .....                      | 4,582   | 12,217      | (62.5)               |
| Derivative financial instruments..... | (384)   | 3,964       | (109.7)              |
| Reserve requirement.....              | 613   | 804         | (23.8)               |
| Other financial assets.....           | (579)   | 260         | (322.7)              |

|  | Six month period ended June 30,                 |        |               |
|--|---|--------|---------------|
|  | 2021  | 2020   | Variation (%) |
|  | <i>(in millions of R\$, except percentages)</i> |        |               |
| Income from financial intermediation ..... | 48,296  | 77,098 | (37.4)        |

Income from financial intermediation decreased by 37.4% (R\$28,802 million) to R\$48,296 million for the six month period ended June 30, 2021 from R\$77,098 million for the six month period ended June 30, 2020, mainly due to the factors described below.

Income from loan portfolio decreased by 28.2% (R\$14,512 million) to R\$36,955 million for the six month period ended June 30, 2021 from R\$51,467 million for the six month period ended June 30, 2020. This decrease was mainly due to a R\$12,296 million decrease in income from the financing of transactions of the public sector, and a R\$2,319 million decrease of income from transaction linked to the Merchant Marine Fund (*Fundo da Marinha Mercante*), mainly due to the variation in the exchange rate of the real against the dollar (appreciation of 3.73% in the first half of 2021 against a devaluation of 35.86% in the same period in 2020). The Merchant Marine Fund is a source of fundraising supported by the Federal Government for investment in credit operations for the construction, modernization and renovation of vessels carried out in Brazilian shipyards and for the construction or modernization of facilities in the Brazilian naval industry (see “Related Party Transactions—The Government Market.”) In addition, there was also a decrease in rates and average balances distributed in other products.

Income from interbank investments decreased by 15.2% (R\$1,277 million) to R\$7,109 million for the six month period ended June 30, 2021, from R\$8,386 million for the six month period ended June 30, 2020. This decrease was mainly due to the decrease in the average rate of repurchase transactions entered into by the Bank, driven by a 27.2 decrease in the TMS, and to the decrease in income from investments in interbank deposits at branches abroad due to a devaluation in the *real* in the first half of 2020 as compared to the first half of 2021.

Income from securities decreased by 62.5% (R\$7,635 million) to R\$4,582 million for the six month period ended June 30, 2021 from R\$12,217 million for the six month period ended June 30, 2020. This decrease was mainly due to the negative impact of exchange rate fluctuations between the U.S. dollar and the *real* during the six month period ended June 30, 2021, partially offset by, among other factors, the increase in the average balance of the Bank’s securities portfolio.

The Bank enters into derivative financial instruments to manage its financial position and meets its clients’ needs. In the six month period ended June 30, 2021, these transactions recorded a negative result of R\$384 million compared to a positive result of R\$3,964 million for the six month period ended June 30, 2020, representing a decrease of R\$4,348 million negatively impacted mainly by the effect of the exchange rate variation.

Income from reserve requirements decreased by 23.8% (R\$191 million) to R\$613 million for the six month period ended June 30, 2021 from R\$804 million for the six month period ended June 30, 2020. This decrease was mainly due to a decrease in the average SELIC rate, the average interest rate for time deposits and the average balances of credits related to the Central Bank.

Income from other financial assets decreased by 322.7% (R\$839 million) to a negative result of R\$579 million for the six month period ended June 30, 2021 from a positive result of R\$260 million for the six month period ended June 30, 2020. This decrease was mainly due to a R\$722 million decrease in income from cash and cash equivalents in foreign currencies due to the devaluation of the *real*.

#### *Expenses from financial intermediation*

The following table sets forth the principal components of the Bank’s expenses from financial intermediation for the six month periods ended June 30, 2021 and 2020:

|                                       | Six month period ended June 30,                 |          |               |
|---------------------------------------|---|----------|---------------|
|                                       | 2021  | 2020     | Variation (%) |
|                                       | <i>(in millions of R\$, except percentages)</i> |          |               |
| Financial institutions resources..... | (6,278)   | (36,952) | (83.0)        |
| Customers resources.....              | (7,563)   | (8,415)  | (10.1)        |

|   | <b>Six month period ended June 30,</b>          |                 |                      |
|---|---|-----------------|----------------------|
|   | <b>2021</b>                                     | <b>2020</b>     | <b>Variation (%)</b> |
|   | <i>(in millions of R\$, except percentages)</i> |                 |                      |
| Funds from issuance of securities .....             | (3,230)   | (4,181)         | (22.7)               |
| Other funding expenses .....                        | (260)   | (2,383)         | (89.1)               |
| <b>Expenses from financial intermediation .....</b> | <b>(17,331)</b>                                 | <b>(51,931)</b> | <b>(66.6)</b>        |

Expenses from financial intermediation decreased by 66.6% (R\$34,600 million) to R\$17,331 million for the six month period ended June 30, 2021 from R\$51,931 million for the six month period ended June 30, 2020. This decrease was mainly due to the factors described below.

Expenses from customers resources decreased by 10.1% (R\$852 million) to R\$7,563 million for the six month period ended June 30, 2021 from R\$8,415 million for the six month period ended June 30, 2020. This decrease was mainly due to a decrease in the average interest rate for time deposits and term deposits in foreign currencies driven by exchange rate fluctuations occurring during the six month period ended June 30, 2021.

Expenses from funds from issuance of securities decreased by R\$951 million to expenses of R\$3,230 million for the six month period ended June 30, 2021 from expenses of R\$4,181 million for the six month period ended June 30, 2020. This decrease was mainly due to a decrease in the average SELIC rate and a decrease in expenses in connection with securities offerings in the international markets during the period, which in turn resulted in a decrease in expenses related to the issuance of debentures in the agribusiness sector (*letra de câmbio do agronegócio*) and letters of credit for real estate (*letra de crédito imobiliário*).

Expenses from other funding expenses decreased by 89.1% (R\$2,123 million) to R\$260 million for the six month period ended June 30, 2021 from R\$2,383 million for the six month period ended June 30, 2020. This decrease was mainly due to the positive effect that exchange rate fluctuations had on the Merchant Marine Fund's payment obligations during the six month period ended June 30, 2021.

The breakdown of expenses related to the allowance for loan losses associated with credit risk is set forth in the table below.

|                              | <b>Six month period ended June 30,</b>          |                 |                      |
|------------------------------|---|-----------------|----------------------|
|                              | <b>2021</b>                                     | <b>2020</b>     | <b>Variation (%)</b> |
|                              | <i>(in millions of R\$, except percentages)</i> |                 |                      |
| Loan portfolio .....         | (7,126)   | (12,418)        | (42.6)               |
| Other financial assets ..... | (343)   | (242)           | 41.7                 |
| <b>Total .....</b>           | <b>(7,471)</b>                                  | <b>(12,660)</b> | <b>(41)</b>          |

#### *Net income from financial intermediation*

As a result of factors described above, the Bank's net income from financial intermediation increased by 87.9% (R\$10,989 million) to R\$23,494 million for the six month period ended June 30, 2021 from R\$12,505 million for the six month period ended June 30, 2020.

#### *Other operating income (expenses)*

The following table sets forth the principal components of the Bank's other operating income (expenses) for the six month periods ended June 30, 2021 and 2020:

|  | <b>Six month period ended June 30,</b>          |                |                      |
|--|---|----------------|----------------------|
|  | <b>2021</b>                                     | <b>2020</b>    | <b>Variation (%)</b> |
|  | <i>(in millions of R\$, except percentages)</i> |                |                      |
| Service fee income .....                             | 14,084  | 14,032         | 0.4                  |
| Personnel expenses .....                             | (10,744)  | (9,927)        | 8.2                  |
| Other administrative expenses .....                  | (6,303)   | (6,398)        | (1.5)                |
| Tax expenses .....                                   | (2,896)   | (2,292)        | 26.4                 |
| Net gains from equity method investments .....       | 1,544   | 1,389          | 11.2                 |
| Other operating income/expenses .....                | (2,993)   | (1,807)        | 65.6                 |
| <b>Total other operating income (expenses) .....</b> | <b>(7,308)</b>                                  | <b>(5,003)</b> | <b>46.1</b>          |

Total other operating income (expenses) increased by 46.1% (R\$2,305 million) to an expense of R\$7,308 million for the six month period ended June 30, 2021 from an expense of R\$5,003 million for the six month period ended June 30, 2020 due to the factors described below.

Service fee income increased by 0.4% (R\$51 million) to R\$14,084 million for the six month period ended June 30, 2021 from R\$14,032 million for the six month period ended June 30, 2020. This increase was mainly due to the increase in revenue from, among others, (i) the Bank's operations in the insurance, pension plans and capitalization segments through BB Corretora de Seguros e Administração de Bens S.A. and the Bank as multiple bank seeking to increase its sale of insurance, pension plans and other products, and (ii) the Bank's consortium management services, which was driven by a 51% increase in the volume of sales and a 40% increase in the average volume of funds under management. These increases were partially offset by, among others, a decrease in current account revenues driven by a decrease of the Bank's fees for individual and corporate accountholders, which was driven by adjustments of the Bank's fees to customer's real demand, in compliance with Central Bank regulations, and due to the advent of the PIX payment platform.

Personnel expenses increased by 8.2% (R\$817 million) to R\$10,744 million for the six month period ended June 30, 2021 from R\$9,927 million for the six month period ended June 30, 2020. This increase was mainly due to an increase in, among others, the payment of severance and indemnities to employees who participated in the Bank's voluntary severance programs launched in January 2021. This increase was partially offset by a decrease in bonuses, paid leave and paid vacations.

Other administrative expenses decreased by 1.5% (R\$95 million) to R\$6,303 million for the six month period ended June 30, 2021 from R\$6,398 million for the six month period ended June 30, 2020. This decrease was mainly due to: a decrease in, among others, the Bank's expenses in transportation, network, marketing, public relations and public sector payroll, as well as a decrease in donations and contributions driven by the effects of the COVID-19 pandemic. These decreases were partially offset by an increase in the Bank's expenses related to its performance program (*Programa de Desempenho Gratificado*), other expenses related to the Bank's securities clearing services and, among others, in certain third-party services.

Tax expenses increased by 26.4% (R\$604 million) to R\$2,896 million for the six month period ended June 30, 2021 from R\$2,292 million for the six month period ended June 30, 2020. This increase was mainly due to (i) a 34.6% (R\$437 million) increase in the Contribution for the Financing of Social Security (Cofins) tax, and (ii) 34.1% (R\$74 million) increase in the Program of Social Integration (PIS) and Public Servants' Equity Program (Pasep) taxes, in each case because of an increase in net income driven by a decrease in 2021 of expenses in connection with loan obligations, onlendings and exchange due to the appreciation of the U.S. dollar in 2020.

Net gains from equity method investments increased by R\$155 million to income of R\$1,544 million for the six month period ended June 30, 2021, from an income of R\$1,389 million for the six month period ended June 30, 2020. This increase was mainly due to an increase in income of the following companies: (i) Banco Votorantim S.A. (a period-over-period increase of R\$190 million), mainly due to the improvement in their results of financial intermediation and lower expenses with provisions for credit risk, and (ii) BB Elo (a period-over-period increase of R\$140 million), due to the increase in results from Elo Participações S.A. (a period-over-period increase of R\$79 million), Cielo S.A. (a period-over-period increase of R\$47 million) and Cateno (a period-over-period increase of R\$14 million). These increases were partially offset by a period-over-period decrease of R\$206 million in the result of Grupo Seguridade, especially in Brasilprev Seguros e Previdência S.A. and BB Mapfre Participações S.A. primarily attributable to a decrease in the financial results of both companies.

The following table sets forth the principal components of the Bank's other operating income for the six month periods ended June 30, 2021 and 2020.

|  | <b>Six month period ended June 30,</b>            |             |                      |
|--|---|-------------|----------------------|
|  | <b>2021</b>                                       | <b>2020</b> | <b>Variation (%)</b> |
|  | <i>(in millions of Reais, except percentages)</i> |             |                      |
| Recovery of charges and expenses.....                      | 845   | 975         | (13.3)               |
| Clube de Benefícios BB.....                                | 245   | 36          | 580.6                |
| Update on deposits in guarantee .....                      | 361   | 634         | (43.1)               |
| Surplus allocation update – Previ Plan 1 (Note 26.f) ..... | 625   | 257         | 143.2                |
| Cards transactions.....                                    | 47  | 252         | (81.3)               |
| Defined benefit plan income.....                           | 239   | 6           | 3,883.3              |
| From non-financial subsidiaries.....                       | 30  | 36          | (16.7)               |

|  | <b>Six month period ended June 30,</b>            |              |                      |
|--|---|--------------|----------------------|
|  | <b>2021</b>                                       | <b>2020</b>  | <b>Variation (%)</b> |
|  | <i>(in millions of Reais, except percentages)</i> |              |                      |
| Reversal of provisions – other .....                                 | 92  | 51           | 80.4                 |
| Reversal of provisions – administrative and personnel expenses ..... | 51  | 89           | (42.7)               |
| Adjustment of recoverable tax .....                                  | 8   | 13           | (38.5)               |
| Receivables income .....   | 30  | 25           | 20                   |
| Convictions, costs and court settlements income .....                | 22  | 15           | 46.7                 |
| Dividends received .....   | 3   | 4            | (25)                 |
| Other.....   | 50  | 244          | (79.5)               |
| <b>Total.....</b>  | <b>2,648</b>                                      | <b>2,637</b> | <b>0.4</b>           |

Other operating income increased 0.4% (R\$11 million) to R\$2,648 million for the six month period ended June 30, 2021 from R\$2,637 million for the six month period ended June 30, 2020. This increase was mainly due to an increase in (i) the interest rate index for the pension fund for the Bank's employees (Previ Plan 1) driven by an increase in the Brazilian National Index for Consumer Prices (INPC) causing a R\$368 million increase in the fund's provisions, (ii) actuarial assets driven by a periodical revaluation carried out by the Bank, and (iii) the service fees of Clube de Benefícios BB. These increases were partially offset by, among others, the revaluation of judicial deposits and other deposits in escrow, a decrease in card transactions and a decrease in the recovery of charges and expenses.

The following table sets forth the principal components of the Bank's other operating expenses for the six month periods ended June 30, 2021 and 2020.

|   | <b>Six month period ended June 30,</b>            |                |                      |
|---|---|----------------|----------------------|
|   | <b>2021</b>                                       | <b>2020</b>    | <b>Variation (%)</b> |
|   | <i>(in millions of Reais, except percentages)</i> |                |                      |
| Impairment losses .....                                       | (959)   | -              |                      |
| Card transactions .....                                       | (871)   | (835)          | 4.3                  |
| Discounts granted on renegotiations .....                     | (713)   | (480)          | 48.5                 |
| Business relationship bonus .....                             | (629)   | (602)          | 4.5                  |
| Actuarial liabilities update .....                            | (588)   | (871)          | (32.5)               |
| Outsourced services .....                                     | (486)   | (409)          | 18.8                 |
| From non-financial subsidiaries.....                          | (257)   | (217)          | 18.4                 |
| ATM Network .....   | (169)   | (233)          | (27.5)               |
| Failures/frauds and other losses .....                        | (157)   | (61)           | 157.4                |
| Compensation for transactions of banking correspondents ..... | (136)   | (115)          | 18.3                 |
| INSS - Social Security .....                                  | (122)   | (126)          | (3.2)                |
| Life insurance premium - consumer credit .....                | (107)   | (90)           | 18.9                 |
| Other expenses - operational provisions .....                 | (32)  | (28)           | 14.3                 |
| Compliance bonus .....  | (7)   | (13)           | (46.2)               |
| Compensation for transactions of Banco Postal.....            | -   | (18)           | -                    |
| Other.....  | (407)   | (347)          | 17.3                 |
| <b>Total.....</b>   | <b>(5,640)</b>                                    | <b>(4,445)</b> | <b>26.9</b>          |

Other operating expenses increased by 26.9% (R\$1,195 million) to R\$5,640 million for the six month period ended June 30, 2021 from R\$4,445 million for the six month period ended June 30, 2020. This increase was mainly due to, among others, (i) a R\$959 million increase in the Bank's provisions for losses driven by an increase in the impairment of intangible assets as result of an intangible asset impairment test performed by the Bank, and (ii) a R\$233 million increase in business discounts granted by the Bank. These increases were partially offset by a \$280 million decrease in actuarial obligations driven by a revaluation by the Bank.

#### *Operating income*

Operating income increased by R\$6,858 million to R\$12,677 million for the six month period ended June 30, 2021 from R\$5,818 million for the six month period ended June 30, 2020, as a result of the factors described above.

#### *Non-operating income*

Non-operating income increased by 48.8% (R\$56 million) to R\$171 million for the six month period ended June 30, 2021 from R\$115 million for the six month period ended June 30, 2020. This increase was mainly

due to the sale of the Bank's shares of Kepler Weber, S.A. (a manufacturer of agricultural machinery), partially offset by a decrease in sales of real property not for own use by the Bank.

#### *Income tax and social contribution*

Income tax and social contribution expenses vary according to the Bank's activities. Variations in the results of the Bank, as well as the adjustments provided for in the Brazilian tax legislation, impact the calculation bases of these taxes. Income tax is calculated at the rate of 15% plus an additional rate (surtax) of 10%. The social contribution on net income for financial institutions is calculated at the rate of 20%. For private insurance, capitalization companies, securities distributors, brokerages, credit, financing and investment companies, real estate credit companies, card companies, leasing companies, credit cooperatives and savings and loan associations, it is 15%. Other companies are subject to a 9% rate. Law No. 14.183/2021 raised the social contribution rate of banks to 25% and private insurance, capitalization and other companies mentioned above to 20%, for the period from July to December 2021, but in 2022, these rates should be reduced to 20% and 15%, respectively.

Income tax and social contribution expenses were R\$1,127 million for the six month period ended June 30, 2021, a variation of R\$3,203 million, in relation to the R\$2,076 million (positive) calculated in the same period of 2020. Current tax expenses grew 14.2% during the six month period ended June 30, 2021, a R\$239 million increase in tax expenses compared to the same period in 2020.

#### *Profit sharing*

Expenses from profit sharing for the Bank's employees and board members increased by 51.5% (R\$427 million) to R\$1,256 million for the six month period ended June 30, 2021 from R\$829 million for the six month period ended June 30, 2020. This decrease was mainly due to 52.0% increase in net income.

#### *Net Income*

As a result of the factors described above, the Bank's net income increased by 52% (R\$3,336 million) to R\$9,750 million for the six month period ended June 30, 2021 from R\$6,413 million for the six month period ended June 30, 2020.

#### ***Year ended December 31, 2020 compared to the year ended December 31, 2019***

The COVID-19 pandemic had during most part of 2020, and continues to have a significant impact on the economies of those countries affected by the virus. Despite the measures that have been implemented to mitigate the impact of the pandemic until present days, the pandemic continues to impact the Bank's financial condition. For more information on the effects of the COVID-19 pandemic on the Brazilian and world economies, see "—Factors Affecting Financial Condition and Results of Operations Brazilian Macroeconomic Conditions—Brazilian economic conditions".

The Bank's net income decreased by 30.1% (R\$5,465 million) to R\$12,697 million for the year ended December 31, 2020 from R\$18,162 million for the year ended December 31, 2019, due to the factors described below.

#### *Income from financial intermediation*

The following table sets forth the principal components of the Bank's income from financial intermediation for the years ended December 31, 2020 and 2019.

|  | <b>Years ended December 31,</b>                 |                |                      |
|--|---|----------------|----------------------|
|  | <b>2020</b>                                     | <b>2019</b>    | <b>Variation (%)</b> |
|  | <i>(in millions of R\$, except percentages)</i> |                |                      |
| Loan portfolio.....                              | 87,190  | 82,577         | 5.6                  |
| Interbank investments.....                       | 13,815  | 28,511         | (51.5)               |
| Securities.....                                  | 15,528  | 13,138         | 18.2                 |
| Derivative financial instruments.....            | 3,407   | 640            | 432.2                |
| Reserve requirement.....                         | 1,324   | 2,372          | (44.2)               |
| Other financial assets.....                      | 1,073   | 1,396          | (23.1)               |
| <b>Income from financial intermediation.....</b> | <b>122,337</b>                                  | <b>128,634</b> | <b>(4.9)</b>         |

Income from financial intermediation decreased by 4.9% (R\$6,297 million) to R\$122,337 million for the year ended December 31, 2020 from R\$128,634 million for the year ended December 31, 2019, mainly due to the factors described below.

Income from loan portfolio increased by 5.6% (R\$4,613 million) to R\$87,190 million for the year ended December 31, 2020 from R\$82,577 million for the year ended December 31, 2019. This increase was mainly as a result of an increase in the income received from financing operations for the public sector, and from operations in connection with the Merchant Marine Fund, driven by exchange rate fluctuations of the *real vis-à-vis* the U.S. dollar. This increase was partially offset mainly by a decrease in income from export financing and debentures in the agribusiness sector (*letra de câmbio do agronegócio*) driven, in both cases, by exchange rate fluctuations.

Income from interbank investments decreased by 51.5% (R\$14,696 million) to R\$13,815 million for the year ended December 31, 2020 from R\$28,511 million for the year ended December 31, 2019. This decrease was mainly due to a decrease in the average rate of repo operations at Banco Múltiplo, driven by fluctuations in the TMS.

Income from securities increased by 18.2% (R\$2,390 million) to R\$15,528 million for the year ended December 31, 2020 from R\$13,138 million for the year ended December 31, 2019. This increase was mainly due to the positive effects of exchange rate fluctuations of the *real vis-à-vis* the U.S. dollar and to the increase in the average balance of operations of Banco Múltiplo.

The Bank enters into derivative financial instruments to manage its financial position and meets its clients' needs. In the year ended December 31, 2020, these transactions recorded a positive result of R\$3,407 million compared to a result of R\$640 million for the year ended December 31, 2019, representing an increase of R\$2,768 million in income to the Bank. This increase was mainly due to the positive effects of exchange rate fluctuations of the *real vis-à-vis* the U.S. dollar.

Income from reserve requirement decreased by 44.2% (R\$1,048 million) to R\$1,324 million for the year ended December 31, 2020 from R\$2,372 million for the year ended December 31, 2019 mainly due to a decrease in the average SELIC rate (2.76% compared to 5.96% for the year ended December 31, 2019) and in the average interest rate for time deposits (2.69% compared to 4.57% for the year ended December 31, 2019).

Income from other financial assets decreased by 23.1% (R\$322 million) to R\$1,073 million for the year ended December 31, 2020 from R\$1,396 million for the year ended December 31, 2019. This decrease was mainly due to a decrease in the results of foreign exchange operations, driven by, among other, fluctuations in the exchange rates.

#### *Expenses from financial intermediation*

The following table sets forth the principal components of the Bank's expenses from financial intermediation for the years ended December 31, 2020 and 2019:

|   | <b>Years ended December 31,</b>                 |                 |                      |
|---|---|-----------------|----------------------|
|   | <b>2020</b>                                     | <b>2019</b>     | <b>Variation (%)</b> |
|   | <i>(in millions of R\$, except percentages)</i> |                 |                      |
| Financial institutions resources .....              | (41,006)  | (36,574)        | 12.1                 |
| Customers resources.....                            | (15,103)  | (25,513)        | (40.8)               |
| Funds from issuance of securities.....              | (7,713)   | (10,213)        | (24.5)               |
| Other funding expenses .....                        | (2,657)   | (1,327)         | 100.2                |
| <b>Expenses from financial intermediation .....</b> | <b>(66,479)</b>                                 | <b>(73,627)</b> | <b>9.7</b>           |

Expenses from financial intermediation decreased by 9.7% (R\$7,148 million) to R\$66,479 million for the year ended December 31, 2020 from R\$73,627 million for the year ended December 31, 2019. This decrease was mainly due to the factors described below.

Expenses from financial institutions resources increased by 12.1% (R\$4,432 million) to R\$41,006 million for the year ended December 31, 2020 from R\$36,574 million for the year ended December 31, 2019. This increase was mainly due to among others, an increase in borrowing expenses driven by exchange rate

fluctuations. This increase was partially offset by a decrease in expenses from repurchase transactions driven by a decrease in the average interest rate and an increase in the average balance.

Expenses from customers resources decreased by R\$10,410 million (40.8%) to expenses of R\$15,103 million for the year ended December 31, 2020 from expenses of R\$25,513 million for the year ended December 31, 2019. This decrease was mainly due to a decrease in the average rate of savings deposits and time deposits driven by a decrease in expenses from judicial deposits.

Expenses from funds from issuance of securities increased by 24.5% (R\$2,500 million) to R\$7,713 million for the year ended December 31, 2020 from R\$10,213 million for the year ended December 31, 2019. This increase was mainly due to a decrease in expenses in connection with agribusiness credit bonds (*LCA*) and real estate credit bills (*LCI*), affected by the downward movement of the TMS, partially offset by the negative impact of the exchange variation on expenses with hybrid capital and debt instruments (IHCD) in branches of the Bank abroad.

Expenses from other funding expenses increased by 100.2% (R\$1,330 million) to R\$2,657 million for the year ended December 31, 2020 from R\$1,327 million for the year ended December 31, 2019. This increase was mainly due to the negative impact of the exchange rate variation on the result of the Marine Merchant Fund's obligations.

The following table sets forth the principal components of the Bank's allowance for losses associated with credit risk:

|  | Years ended December 31,                        |                 |               |
|--|---|-----------------|---------------|
|  | 2020  | 2019            | Variation (%) |
|  | <i>(in millions of R\$, except percentages)</i> |                 |               |
| Loan portfolio.....  | (25,561)  | (22,682)        | 12.7          |
| Other financial assets.....                                  | (516)   | 212             | (343.4)       |
| <b>Allowance for Losses Associated with Credit Risk.....</b> | <b>(26,077)</b>                                 | <b>(22,470)</b> | <b>16.1</b>   |

(1) Includes loans, leases and other receivables with characteristics of credit.

(2) Includes other receivables without characteristics of credit.

#### *Net income from financial intermediation*

As a result of factors described above, the Bank's net income from financial intermediation decreased by 8.5% (R\$2,756 million) to R\$29,781 million for the year ended December 31, 2020 from R\$32,537 million for the year ended December 31, 2019.

#### *Other operating income (expenses)*

The following table sets forth the principal components of the Bank's other operating income (expenses) for the years ended December 31, 2020 and 2019:

|   | Year ended December 31,                         |                |               |
|---|---|----------------|---------------|
|   | 2020  | 2019           | Variation (%) |
|   | <i>(in millions of R\$, except percentages)</i> |                |               |
| Service fee income.....                           | 28,702  | 29,209         | (1.7)         |
| Personnel expenses.....                           | (20,163)  | (20,451)       | (1.4)         |
| Other administrative expenses.....                | (13,053)  | (12,793)       | 2             |
| Tax expenses.....                                 | (5,129)   | (4,930)        | 4             |
| Net gains from equity method investments.....     | 3,110   | 4,049          | (23.2)        |
| Other operating income/expenses.....              | (3,932)   | (3,641)        | 8.0           |
| <b>Total other operating income/expenses.....</b> | <b>(10,465)</b>                                 | <b>(8,557)</b> | <b>22.3</b>   |

Total other operating income increased by 22.3% (R\$1,908 million) to an expense of R\$10,466 million for the year ended December 31, 2020 from an expense of R\$8,557 million for the year ended December 31, 2019 due to the factors described below.

Service fee income decreased by 1.7% (R\$507 million) to R\$28,702 million for the year ended December 31, 2020 from R\$29,209 million for the year ended December 31, 2019. This decrease was mainly due to, among others, (i) a R\$469 million in capital market income, mainly due to the termination of the Brasilcap and Brasilprev



portfolio management service agreement (R\$288 million; these agreements were entered into by BB BI to provide portfolio management services to Brasilcap and Brasilprev) and the reduction in income earned in the process of coordination, placement and distribution of fixed and variable income securities, due to the reduction in the volume of securities offered to the market and the number of transactions carried out (R\$172 million); (ii) a R\$267 million decrease in current account income mainly due to the migration of service package fees to the BB Benefits Club, as evidenced in Other Operating Income (R\$290 million), reduction in individual service packages (R\$141 million), in corporate fees (R\$53 million) and in certain specific service packages (R\$35 million), (iii) a R\$232 million decrease in income from services provided to related companies, and (iv) a R\$158 million decrease in income from credit and guarantee operations, mainly driven by reductions in the Bank's fees. This decrease was partially offset by, among others, a R\$460 million increase in income from fund management driven by an increase in the asset value of the funds under the Bank's management.

Personnel expenses decreased by 1.4% (R\$288 million) to R\$20,163 million for the year ended December 31, 2020 from R\$20,451 million for the year ended December 31, 2019. This decrease was mainly due to a R\$693 million decrease in expenses associated with administrative personnel, which was partially offset, among others, by benefits provided to Bank employees.

Other administrative expenses increased by 2.0% (R\$260 million) to R\$13,053 million for the year ended December 31, 2020 from R\$12,793 million for the year ended December 31, 2019. This increase was mainly due to among others, an increase in the Bank's expenses from (i) its performance program (*Programa de Desempenho Gratificado*) (R\$102 million), (ii) the Bank's securities clearing services (R\$55 million), (iii) depreciation of, among others, the Bank's data processing systems, furniture and equipment (R\$77 million), and (iv) third-party services (R\$71 million). These increases were partially offset by decreases in travel expenses, advertising, publicity, energy consumption and communication expenses, among others.

Tax expenses increased by 4.0% (R\$198 million) to R\$5,129 million for the year ended December 31, 2020 from R\$4,930 million for the year ended December 31, 2019. This increase was mainly due to (i) a 7.0% (R\$192 million) increase in Cofins tax expenses, (ii) 6.2% (R\$30 million) increase in PIS/Pasep tax expenses and (iii) 2.1% (R\$25 million) decrease in Tax on Services of Any Nature (ISSQN) tax expenses, in each case primarily due to the revision of the calculation bases for federal contributions effective in the 2019 fiscal year.

Net gains from equity method investments decreased by R\$939 million to income of R\$3,110 million for the year ended December 31, 2020, from an income of R\$4,049 million for the year ended December 31, 2019. This decrease was mainly due to decrease in the equity income of the following companies: (i) Brasilprev Seguros e Previdência S.A (a year-over-year decrease of R\$383 million) mainly driven by a decrease in its financial results, (ii) Cielo S.A. (a year-over-year decrease of R\$291 million) mainly driven by a decrease in its financial result and commission income, (iii) Banco Votorantim S.A. (a year-over-year decrease of R\$146 million) mainly driven by an increase in expenses with provisions for credit risk and the reduction in gross income from financial intermediation, and (iv) Neoenergia (a year-over-year decrease of R\$93 million) driven by the sale of the company's equity interest in June 2019.

The following table sets forth the principal components of the Bank's other operating income for the years ended December 31, 2020 and 2019.

|   | Year ended December 31,                           |       |               |
|---|---|-------|---------------|
|   | 2020  | 2019  | Variation (%) |
|   | <i>(in millions of Reais, except percentages)</i> |       |               |
| Recovery of charges and expenses.....                             | 1,795   | 2,113 | (15)          |
| Surplus allocation update - Previ Plan 1 (Note 29.f).....         | 962   | 893   | 7.7           |
| Update on deposits in guarantee .....                             | 937   | 1,856 | (49.5)        |
| Cards transactions  | 363   | 684   | (46.9)        |
| Clube de Benefícios BB.....                                       | 290   | -     |               |
| Reversal of provisions - administrative and personnel expenses... | 203   | 313   | (35.1)        |
| Reversal of provisions - other .....                              | 120   | 324   | (63)          |
| From non-financial subsidiaries.....                              | 62  | 168   | (63.1)        |
| Receivables income .....  | 52  | 104   | (50)          |
| Adjustment of recoverable tax .....                               | 28  | 238   | (88.2)        |
| Convictions, costs and court settlements income.....              | 28  | 90    | (68.9)        |
| Defined benefit plan income.....                                  | 14  | 187   | (92.5)        |
| Dividends received .....  | 7   | 9     | (22.2)        |
| Other.....  | 475   | 532   | (10.7)        |

|                    | Year ended December 31,                           |              |               |
|--------------------|---|--------------|---------------|
|                    | 2020  | 2019         | Variation (%) |
|                    | <i>(in millions of Reais, except percentages)</i> |              |               |
| <b>Total</b> ..... | <b>5,336</b>                                      | <b>7,511</b> | <b>(29)</b>   |

Other operating income decreased 29.0% (R\$2,175 million) to R\$5,336 million for the year ended December 31, 2020 from R\$7,511 million for the year ended December 31, 2019. This decrease was mainly due to, among others, a R\$919 million decrease in fluctuations in the value of deposits in escrow driven by exchange rate fluctuations, and a R\$321 million decrease in card transactions.

The following table sets forth the principal components of the Bank's other operating expenses for the years ended December 31, 2020 and 2019.

|   | Year ended December 31,                           |                 |               |
|---|---|-----------------|---------------|
|   | 2020  | 2019            | Variation (%) |
|   | <i>(in millions of Reais, except percentages)</i> |                 |               |
| Actuarial liabilities update .....                            | (1,708)   | (1,394)         | 22.5          |
| Card transactions .....                                       | (1,722)   | (1,771)         | (2.8)         |
| Business relationship bonus .....                             | (1,247)   | (1,656)         | (24.7)        |
| Discounts granted on renegotiations .....                     | (990)   | (1,068)         | (7.3)         |
| Outsourced services .....                                     | (903)   | (1,016)         | (11.1)        |
| From non-financial subsidiaries .....                         | (460)   | (467)           | (1.5)         |
| ATM Network .....   | (449)   | (228)           | 96.9          |
| INSS - Social Security .....                                  | (247)   | (233)           | 6             |
| Compensation for transactions of banking correspondents ..... | (226)   | (272)           | (16.9)        |
| Life insurance premium - consumer credit .....                | (189)   | (150)           | 26            |
| Failures/frauds and other losses .....                        | (184)   | (145)           | 26.9          |
| Compliance bonus .....  | (20)  | (126)           | (84.1)        |
| Compensation for transactions of Banco Postal .....           | (18)  | (143)           | (87.4)        |
| Other expenses - operational provisions .....                 | (113)   | (54)            | 109.3         |
| Impairment losses of rights to manage payroll .....           | -   | (983)           | -             |
| Other .....   | (793)   | (1,445)         | (45.1)        |
| <b>Total</b> .....  | <b>(9,269)</b>                                    | <b>(11,152)</b> | <b>(16.9)</b> |

Other operating expenses decreased by 16.9% (R\$1,882 million) to R\$9,269 million for the year ended December 31, 2020 from R\$11,152 million for the year ended December 31, 2019. This decrease was mainly due to, among other factors, a R\$983 million decrease in expenses driven by adjustments of payroll management rights contracted with some states and a R\$652 million decrease in expenses driven by the writing off in 2019 of certain receivables from the Bank's Salary Variation Compensation Fund.

#### *Operating income*

Operating income increased by R\$1,756 million to R\$14,235 million for the year ended December 31, 2020 from R\$12,479 million for the year ended December 31, 2019, as a result of the factors described above

#### *Non-operating income*

Non-operating income decreased by 95.7% (R\$3,487 million) to R\$155 million for the year ended December 31, 2020 from R\$3,642 million for the year ended December 31, 2019. This decrease was mainly due to the sale in July 2019 via a secondary public offering, by BB Seguros Participações S.A. (a company at the time indirectly controlled by the Bank through BB Seguridade Participações S.A.) of its 15.23% equity interest in IRB-Brasil Resseguros S.A., with the goal of optimizing the value of the strategic investments of the Bank's conglomerate.

#### *Income tax and social contribution*

Income tax and social contribution expenses were R\$1,453 million (positive) in 2020, a decrease of R\$5,408 million, compared to R\$6,861 million (positive) for the same period of 2019. This decrease was mainly due to a decrease in current tax expenses, which decreased 57.1% in 2020, a decrease of R\$7,334 million, driven by the increase in the CSLL rate from 15% to 20% in 2019 in accordance with article 32 of the Constitutional Amendment 103/2019.

### Profit sharing

Expenses from profit sharing for the Bank's employees and board members decreased by 32.9% (R\$769 million) to R\$1,569 million for the year ended December 31, 2020 from R\$2,338 million for the year ended December 31, 2019. This decrease was mainly due to a 30.1% decrease in the Bank's net income.

### Net Income

As a result of the factors described above, the Bank's net income decreased by 30.1% (R\$5,465 million) to R\$12,697 million for the year ended December 31, 2020 from R\$18,162 million for the year ended December 31, 2019.

## Liquidity and Capital Resources

### Overview

The Bank maintains capital levels within the acceptable levels of its market risk and liquidity policies. Among the tools that management uses to manage liquidity risks is the plan of liquidity contingencies (*Plano de Contingência de Liquidez*), which is designed to alert management to control liquidity risks when projections of short-term liquidity levels are below accepted minimum reserves. The Bank then increases levels of financial resources through its extensive branch network. The Bank believes it will be able to increase its financial resources through its branch network even in times of financial crisis. Therefore, the Bank believes it is unlikely that its capital levels will drop to a level that would require a Central Bank intervention.

In the event the Bank fails to comply with the minimum capital requirements established by the Basel II Accord or the Basel III Regulations, the Bank could be compelled to curtail its lending activities and change its capital strategy. For more information see "—Capital Adequacy Information."

### Sources and Uses of Funds

The table below shows indicators demonstrating the correlation between sources and uses of funds in Banco do Brasil and the backing of the credit portfolio by other sources of funding, in addition to deposits, such as onlendings from BNDES, funds from the financial and development funds, and foreign borrowings, among others.

| Sources and Uses - R\$ thousand                                  | As of June 30,     |                    | As of December 31, |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2021               | 2020               | 2020               | 2019               |
| <b>Sources (a)</b>   | <b>912,320,284</b> | <b>852,049,281</b> | <b>887,864,479</b> | <b>772,283,341</b> |
| <b>Commercial Funding</b>  | <b>779,985,968</b> | <b>684,147,090</b> | <b>727,994,593</b> | <b>619,963,160</b> |
| Time Deposits  | 317,924,290        | 273,683,674        | 283,819,600        | 232,749,707        |
| Savings Deposits   | 223,426,548        | 199,135,181        | 219,396,331        | 180,942,854        |
| Demand Deposits  | 119,621,693        | 81,998,204         | 98,307,410         | 71,066,575         |
| Interbank Deposits   | 24,641,031         | 30,511,292         | 25,686,889         | 29,128,475         |
| Letters of credit - Agribusiness                                 | 71,914,686         | 74,525,745         | 74,210,446         | 75,882,064         |
| Letters of credit - Real Estate                                  | 12,778,153         | 13,296,139         | 12,437,868         | 16,992,681         |
| Securities sold under Repurchase Agreements - Private Securities | 9,318,012          | 10,648,865         | 13,675,125         | 12,957,635         |
| Other Deposits   | 361,555            | 347,990            | 460,924            | 243,169            |
| <b>Sources - Overseas</b>  | <b>87,788,401</b>  | <b>111,934,949</b> | <b>97,019,342</b>  | <b>87,397,517</b>  |
| Issuance of Securities - Overseas                                | 35,724,674         | 40,951,270         | 37,740,442         | 31,473,534         |
| Perpetual bonds - Overseas                                       | 27,274,587         | 34,607,835         | 28,338,655         | 25,957,614         |
| Borrowings - Overseas  | 13,353,813         | 20,170,427         | 15,552,734         | 17,966,872         |
| Subordinated debt - Overseas                                     | 11,435,327         | 16,205,417         | 15,387,511         | 11,999,497         |
| Onlendings - Overseas  | --                 | --                 | --                 | --                 |
| <b>Onlendings</b>  | <b>54,853,667</b>  | <b>58,573,155</b>  | <b>58,331,324</b>  | <b>60,908,742</b>  |

|   |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
| Subordinated Debts  | 27,459,372  | 35,101,771  | 34,575,795  | 38,487,877  |
| Financial and Development Funds                           | 26,053,435  | 20,929,092  | 21,650,544  | 17,012,893  |
| Perpetual Bonds   | 8,170,560   | 8,142,738   | 8,221,320   | 8,334,618   |
| Other Funds from Issuance of Securities                   | 32,390      | 807,143     | 380,103     | 5,302,641   |
| Compulsory Deposits With Brazilian Central Bank           | -72,023,509 | -67,586,657 | -60,308,542 | -65,124,107 |
| Uses  | 912,320,284 | 852,049,281 | 887,864,479 | 772,283,341 |
| Available funds (a - b)                                   | 206,476,981 | 194,837,142 | 206,088,027 | 150,938,786 |
| Classified Loan Portfolio (b)                             | 705,843,303 | 657,212,139 | 681,776,452 | 621,344,555 |
| <b>Indicators (%)</b>                                     |             |             |             |             |
| Classified Loan Portfolio / Total deposits                | 102.9       | 112.2       | 108.6       | 120.9       |
| Classified Loan Portfolio / Commercial Funding            | 90.5        | 96.1        | 93.7        | 100.2       |
| Classified Loan Portfolio / Sources                       | 77.4        | 77.1        | 76.8        | 80.5        |
| <b>Adjusted Loan Portfolio - R\$ thousand</b>             |             |             |             |             |
| Domestic Onlending Loans (c)                              | 104,447,180 | 105,948,193 | 106,506,396 | 107,493,151 |
| Onlendings - Domestic                                     | 54,853,667  | 58,573,155  | 58,331,324  | 60,908,742  |
| Financial and Development Funds                           | 26,053,435  | 20,929,092  | 21,650,544  | 17,012,893  |
| FCO – Resources from Fundo Constitucional do Centro-Oeste | 23,469,518  | 26,403,208  | 26,403,208  | 29,336,898  |
| Domestic Instruments Eligible as Capital                  | 70,560      | 42,738      | 121,320     | 234,618     |
| Adjusted Loan Portfolio (b-c)                             | 601,396,123 | 551,263,946 | 575,270,056 | 513,851,404 |
| <b>Indicators (%)</b>                                     |             |             |             |             |
| Adjusted Loan Portfolio / Commercial Funding              | 77.1        | 80.6        | 79.0        | 82.9        |

The Bank's loan portfolio/sources ratio was 77.4% as of June 30, 2021 as compared to 77.1% as of June 30, 2020. The Bank's loan portfolio/sources ratio was 76.8% as of December 31, 2020 as compared to 80.5% as of December 31, 2019. Available funds, as measured by the difference between total uses and net loan portfolio, were R\$206,477 million as of June 30, 2021, as compared to R\$194,837 million as of June 30, 2020. Available funds, as measured by the difference between total uses and net loan portfolio, were R\$206,088 million as of December 31, 2020, as compared to R\$150,939 million as of December 31, 2019. As of June 30, 2021 and 2020, available funds accounted for 22.6% and 22.9% of the Bank's sources, respectively. As of December 31, 2020 and 2019, available funds accounted for 23.2% and 19.5% of the Bank's sources, respectively.

As of June 30, 2021, the Bank had a 6.0% increase in available funds, as compared to June 30, 2020. The 7.4% increase of the loan portfolio as of June 30, 2021, when compared to June 30, 2020, was accompanied by a 7.1% increase in total funding sources. As of December 31, 2020, the Bank had a 36.5% increase in available funds, as compared to December 31, 2019. The 9.7% increase of the loan portfolio as of December 31, 2020, when compared to December 31, 2019, was accompanied by a 15.0% increase in total funding sources.

#### *Sources of Funds*

The main sources of funding for the Bank's domestic lending operations in *reais* are demand and savings deposits, time deposits sold to individuals or non-financial institutional clients and interbank deposits sold to financial institutions. In addition, the Bank raises funds on the interbank market from time to time, as well as from short-term deposit operations received under security repurchase agreements that use the Bank's holding of government securities as guarantees.

As of June 30, 2021, commercial funding totaled R\$779,986 million, an increase of 14.0% as compared to June 30, 2020. As of December 31, 2020, commercial funding totaled R\$727,995 million, an increase of 17.4% as compared to December 31, 2019.

*Demand Deposits.* Demand deposits, which are credit balances in current accounts held with the Bank and where no interest is paid to the depositor, totaled R\$119,622 million as of June 30, 2021, compared to R\$81,998 million as of June 30, 2020, which accounted for 15.3% of the Bank's commercial funding by amount (compared to 12.0% as of June 30, 2020). Demand deposits totaled R\$98,307 million as of December 31, 2020, compared to R\$71,067 million as of December 31, 2019, which accounted for 13.5% of the Bank's total deposits by amount (compared to 11.5% as of December 31, 2019).

As of June 30, 2021, the Bank had approximately 39.7 million checking accounts, compared to 38.3 million as of June 30, 2020. As of December 31, 2020, the Bank had approximately 39.0 million checking accounts, compared to 37.7 million as of December 31, 2019.

The Central Bank requires all Brazilian banks to use funds obtained from demand deposits and other sources (such as float on taxes and other collections) for specific purposes. Accordingly, the Bank deposits 21% of its daily average balance of demand deposits in cash on a non-interest bearing basis. An additional 25% of such funds must be lent at reduced interest rates for agribusiness and 2.0% of such funds must be lent, also at reduced interest rates, to low income clients. Other banks are required to adopt the same percentage of their demand deposits to finance real estate loans. See "Regulation of the Brazilian Banking Industry—Regulations Affecting Liquidity in the Financial Market – Demand deposits".

*Savings deposits.* As of June 30, 2021, savings deposits totaled R\$223,427 million, compared to R\$199,135 million as of June 30, 2020, accounting for 28.6% of the commercial funding maintained at the Bank (compared to 29.1% as of June 30, 2020). As of December 31, 2020, savings deposits totaled R\$219,396 million, compared to R\$180,943 million as of December 31, 2019, accounting for 30.1% of the total deposits maintained at the Bank (compared to 29.2% as of December 31, 2019).

As of June 30, 2021, the Bank had approximately 39.7 million savings deposit accounts, compared to 41.1 million as of June 30, 2020. As of December 31, 2020, the Bank had approximately 40.7 million savings deposit accounts, compared to 38.0 million as of December 31, 2019.

The growth in savings deposits in recent years was mainly as a result of the Bank's continued implementation of its strategy to increase its savings client base.

The Central Bank requires all Brazilian banks to use funds obtained from saving deposits and other sources (such as float on taxes and other collections) for specific purposes. Accordingly, as of June 30, 2021, the Bank rural saving deposits have a reserve requirement of 59% for agribusiness and 41% for unmarked loans. See "Regulation of the Brazilian Banking Industry—Regulations Affecting Liquidity in the Financial Market – Saving deposits".

*Time deposits.* Time deposits totaled R\$317,924 million as of June 30, 2021, compared to R\$273,684 million as of June 30, 2020, accounting for 40.8% of the total deposits maintained at the Bank. Time deposits totaled R\$283,820 million as of December 31, 2020, compared to R\$232,750 million as of December 31, 2019, accounting for 39.0% of the total deposits maintained at the Bank.

The Central Bank requires all Brazilian banks to use funds obtained from time deposits and other sources (such as float on taxes and other collections) for specific purposes. Accordingly, the Bank deposits 17% of its daily average balance of time deposits in cash on a non-interest bearing basis. See "Regulation of the Brazilian Banking Industry—Regulations Affecting Liquidity in the Financial Market – Time deposits".

#### *Uses of funds*

The percentage of the Bank's assets represented by Federal Government securities was 13.0% as of June 30, 2021, compared to 12.7% as of June 30, 2020. The percentage of the Bank's assets represented by Federal Government securities was 14.2% as of December 31, 2020, compared to 10.3% as of December 31, 2019.

The following table provides a breakdown of the Bank's lending operations by type of financial product offered as of the dates indicated:

|  | As of June 30,              |                | As of December 31, |                |
|--|-----------------------------|----------------|--------------------|----------------|
|  | 2021                        | 2020           | 2020               | 2019           |
|  | <i>(in millions of R\$)</i> |                |                    |                |
| Loans and discounted credit rights ..... | 269,635                     | 236,097        | 260,105            | 214,294        |
| Financing <sup>(1)</sup> .....           | 126,838                     | 142,006        | 131,721            | 127,931        |
| Rural and agribusiness financing .....   | 197,131                     | 173,401        | 181,111            | 169,651        |
| Real estate financing .....              | 49,264                      | 52,982         | 51,222             | 54,426         |
| Loans sold under assignment .....        | 226                         | 295            | 259                | 331            |
| <b>Total</b> .....                       | <b>643,094</b>              | <b>604,781</b> | <b>624,416</b>     | <b>566,633</b> |

(1) The Bank distinguishes “financing” from “loans and discounted credit rights” by defining financing as borrowings earmarked for a specific project or program, and classifying all other borrowings for working capital or other purposes as “loans.”

The Bank applies the same lending criteria to the agricultural sector as it applies to other loans. Loans extended by the Bank are principally made to the agricultural sector due to the regulatory requirements imposed on Brazilian banks by the Central Bank. These regulations require 30.0% of all demand deposits and 60.0% of all savings account deposits to be lent to the agricultural sector or used to acquire Federal Government securities. In the case of funding sourced from savings deposits, the interest rates charged to agricultural borrowers are lower than the costs of obtaining such funds by the Bank. As a result, the Federal Government pays the Bank the difference between the cost of funds and the margin of interest charged on these loans. This arrangement is referred to as the “equalization of rates.” The criteria and amounts subject to this “equalization” are agreed in advance between the Bank and the Federal Government, allowing these transactions to generate revenues for the Bank comparable with the minimum return on equity established annually by the Bank’s Board of Directors. The equalization amount also must be allocated in the Federal Government’s annual budget.

### ***Indebtedness***

The Bank issues securities in the foreign and domestic capital markets by using both subordinated debt instruments and hybrid capital and debt instruments. The purpose is to raise funds for free use and strengthen the Bank’s regulatory capital value with funds eligible to be treated as capital. These issuances are targeted at institutional buyers, financial institutions and private banking clients.

Moreover, for purposes of the regulatory capital composition, the Bank classifies funds from the FCO as subordinated debt (CMN Vote No. 067/2001 and the Central Bank Official Letter—Direto No. 1.602/2001), which are eligible to be treated as capital due to the low level of requirements and long period of maintenance of these funds in the Bank. Accordingly, the Bank’s Tier 2 regulatory capital totaled R\$24,210 million as of June 30, 2021, as compared to R\$30,314 million as of June 30, 2020. The Bank’s Tier 2 regulatory capital totaled R\$29,676 million as of December 31, 2020, as compared to R\$35,770 million as of December 31, 2019.

In addition to those Tier 1 and Tier 2 obligations discussed above under “—Capital Adequacy”, the following includes a description of senior securities issued in the foreign capital markets.

On January 22, 2010, the Bank, acting through its Grand Cayman branch, issued US\$500,000,000 aggregate principal amount of 6.000% senior unsecured notes due 2020. As of June 30, 2021, US\$ 0,00 remains outstanding.

On October 10, 2012, the Bank, acting through its Grand Cayman branch, issued US\$1,925,000,000 aggregate principal amount of 3.875% senior notes due 2022 in reliance upon an exemption from registration with the U.S. Securities and Exchange Commission provided in Section 3(a)(2) of the Securities Act. The Notes were guaranteed by the Bank, acting through its Grand Cayman branch. As of June 30, 2021, US\$ 1,809,700,000 remains outstanding.

On December 20, 2013, the Bank issued senior unsecured notes in the amount of CHF 275,000,000. The notes have a term of five and a half years and an interest rate of 2.500% per year, and due June 20, 2019. As of June 30, 2021, an equivalent to CHF 0,00 remains outstanding.

On October 23, 2017, the Bank, acting through its Grand Cayman branch, issued US\$1,000,000,000 aggregate principal amount of 4.625% senior unsecured notes due 2025. As of June 30, 2021, the entire principal amount remained outstanding.

On November 28, 2017, the Bank, acting through its London branch, issued senior unsecured notes in the amount of R\$293,085,000. The notes have a term of ten years and an interest rate of 10.150% per year. As of June 30, 2021, the entire principal amount remained outstanding.

On April 19, 2018, the Bank, acting through its Grand Cayman branch, issued US\$750,000,000 aggregate principal amount of 4.875% senior unsecured notes due 2023. As of June 30, 2021, the entire principal amount remained outstanding.

On November 21, 2018, the Bank, acting through its London branch, issued Colombian Peso (COP) denominated senior unsecured notes due 2025 in the amount of COP160,000,000,000. The notes have a term of seven years and an interest rate of 8.510% per year. As of June 30, 2021, the entire principal amount remained outstanding.

On March 20, 2019, the Bank, acting through its Grand Cayman branch, issued US\$750,000,000 aggregate principal amount of 4.75% senior unsecured notes due March 20, 2024. As of June 30, 2021, the entire principal amount remained outstanding.

On April 30, 2019, the Bank, acting through its London branch, issued reais-denominated senior unsecured notes in the amount of R\$398,000,000. The notes have a term of seven years and an interest rate of 9.50% per year. As of June 30, 2021, the entire principal amount remained outstanding.

On July 29, 2019, the Bank, acting through its London branch, issued Mexican Peso (MXN) denominated senior unsecured notes due 2026 in the amount of MXN 1,900,000,000. The notes have a term of seven years and an interest rate of 8.50% per year. As of June 30, 2021, the entire principal amount remained outstanding.

On October 25, 2019, the Bank, acting through its London branch, issued Colombian Peso (COP) denominated senior unsecured notes due 2027 in the amount of COP520,000,000,000. The notes have a term of eight years and an interest rate of 6.50% per year. As of June 30, 2021, the entire principal amount remained outstanding.

#### *Indebtedness by type*

In terms of total loan debt obligations, the Bank's total indebtedness decreased by 12.0% (R\$20,983 million) to R\$153,236 million as of June 30, 2021, from R\$174,219 million as of June 30, 2020. The Bank's total indebtedness decreased by 3.9% (R\$6,810 million) to R\$168,391 million as of December 31, 2020, from R\$175,201 million as of December 31, 2019.

For more information regarding the Bank's agribusiness portfolio, including how it has recently increased and the mandatory level of loans the Bank is required by Brazilian regulations to maintain, see "Business—Description of Products and Services—Banking Services—Agribusiness Loans" and "Regulation of the Brazilian Banking Industry—Regulations Affecting Liquidity in the Financial Market—Rural Lending."

|   | <b>As of June 30,</b>       |             | <b>As of December 31,</b> |             |
|---|-----------------------------|-------------|---------------------------|-------------|
|   | <b>2021</b>                 | <b>2020</b> | <b>2020</b>               | <b>2019</b> |
|   | <i>(in millions of R\$)</i> |             |                           |             |
| <b>Loan Obligations</b>                                 |                             |             |                           |             |
| <b>Domestic</b>   |                             |             |                           |             |
| Agribusiness letters of credit.....                     | 71,915                      | 74,526      | 74,210                    | 75,882      |
| Financing letters.....                                  | 30                          | 803         | 378                       | 5,284       |
| Real estate letters of credit.....                      | 12,778                      | 13,296      | 12,438                    | 16,993      |
| Certificates of structured operations.....              | 2                           | 4           | 3                         | 19          |
| <b>Foreign</b>  |                             |             |                           |             |
| Notes issued pursuant to medium term notes program..... | 14,978                      | 16,480      | 15,851                    | 14,489      |
| Certificates of Deposit.....                            | 5,526                       | 7,481       | 5,748                     | 4,607       |
| Long term.....  | 579                         | 1,477       | 1,414                     | 498         |
| Short term.....   | 4,946                       | 6,004       | 4,334                     | 4,109       |
| Loan certificates.....                                  | -                           | 316         | 306                       | 88          |
| Seniors Notes.....                                      | 9,105                       | 9,945       | 9,449                     | 7,312       |

|                                     | As of June 30,              |                | As of December 31, |                |
|-------------------------------------|-----------------------------|----------------|--------------------|----------------|
|                                     | 2021                        | 2020           | 2020               | 2019           |
|                                     | <i>(in millions of R\$)</i> |                |                    |                |
| <b>Total</b> .....                  | <b>114,334</b>              | <b>122,851</b> | <b>118,382</b>     | <b>124,673</b> |
| <b>Subordinated Debt</b>            |                             |                |                    |                |
| <b>Domestic</b> .....               |                             |                |                    |                |
| FCO .....                           | 23,470                      | 26,403         | 26,403             | 29,337         |
| Subordinated CDBs .....             | -                           | -              | -                  | -              |
| Subordinated financing letters..... | 3,996                       | 8,759          | 8,218              | 9,191          |
| <b>Foreign</b>                      |                             |                |                    |                |
| Foreign subordinated debt.....      | 11,435                      | 16,205         | 15,388             | 11,999         |
| <b>Total</b> .....                  | <b>38,901</b>               | <b>51,367</b>  | <b>50,009</b>      | <b>50,528</b>  |

## Lending

The banking segment accounts for a significant portion of the Bank's results of operations and encompasses a broad range of products and services, including deposits, credit operations and services which clients can access through diverse channels of distribution located in Brazil and abroad.

The banking segment includes operations within the retail and wholesale markets and with the government through a specialized network and dedicated staff. The banking segment also engages in operations with micro entrepreneurs and through correspondent banks.

The table below shows a decrease in the Bank's credit portfolio in recent years. Domestic loans increased by 9% in the six month period ended June 30, 2021, compared to the same period in 2020, and 7% in 2020 compared to 2019. The business portfolio decreased by 8% and 20% in the same periods, respectively.

|                             | As of June 30,                                  |                | As of December 31, |                | Var. (%)              |                       |
|-----------------------------|---|----------------|--------------------|----------------|-----------------------|-----------------------|
|                             | 2021  | 2020           | 2020               | 2019           | June 30,<br>2021/2020 | Dec. 31,<br>2020/2019 |
|                             | <i>(in millions of R\$, except percentages)</i> |                |                    |                |                       |                       |
| <b>Brazil</b> .....         | <b>674,871</b>                                  | <b>618,745</b> | <b>650,819</b>     | <b>591,015</b> | <b>9</b>              | <b>10</b>             |
| Individuals .....           | 239,532   | 216,834        | 228,202            | 214,070        | 10                    | 7                     |
| Companies .....             | 237,233   | 219,518        | 236,409            | 197,523        | 8                     | 20                    |
| SME <sup>(1)</sup> .....    | 81,576  | 65,382         | 79,977             | 63,700         | 25                    | 26                    |
| Government .....            | 53,328  | 55,256         | 55,707             | 44,620         | (3)                   | 25                    |
| Corporate .....             | 102,328   | 98,880         | 100,725            | 89,202         | 3                     | 13                    |
| Agribusiness .....          | 198,106   | 182,393        | 186,208            | 179,423        | 9                     | 4                     |
| <b>Abroad</b> .....         | <b>30,973</b>                                   | <b>38,467</b>  | <b>30,957</b>      | <b>30,329</b>  | <b>(19)</b>           | <b>2</b>              |
| <b>Loan Portfolio</b> ..... | <b>705,843</b>                                  | <b>657,212</b> | <b>681,776</b>     | <b>621,345</b> | <b>7</b>              | <b>10</b>             |

(1) SME refers to companies with annual income up to R\$200 million.

Pursuant to CMN regulations, no Brazilian financial institution is authorized to lend more than 25% of its regulatory capital value (subject to certain adjustments) to one client or group of clients under the same control. In the case of the Bank, this limit excludes loans made by the Bank at the risk of the Federal Government or as the Federal Government's agent. The Bank's internal policy is more conservative than the regulatory requirements of the CMN, and the Bank's lending operations are limited to the following maximum percentages of the Bank's regulatory capital value:

- 1.0% per each individual (or group of individuals, acting either on his/her own or together with others, which represent a common economic interest);
- 15.0% per each Corporate Client or economic group;
- 15.0% per each other financial institution;
- 15.0% per each clearing system;
- 50.0% per each economic sector (Corporate Client), according to the internal classification of the Bank;



- 30.0% to all clearing systems in the aggregate; and
- 150.0% per each client or economic group whose total outstanding credit transactions exceed 2.0% of the Bank's regulatory capital value.

### **Loan Loss History**

Pursuant to Central Bank rules, financial institutions are required to classify corporate loan transactions in nine categories, ranging from AA to H, based on credit risk. Loan ratings are the responsibility of the financial institution extending the loan and must be assigned in accordance with the following factors set forth in CMN Resolution No. 2,682: (i) characteristics of the borrower and the guarantor, such as their respective economic and financial conditions, debt level, ability to generate profit, cash flows, management and internal control level, delinquency in payments, contingencies, economic industry and credit limits; and (ii) characteristics of the transaction, such as the nature and purpose, sufficiency of collateral, liquidity level and overall loan and collateral amount. For individual loans, the loan is classified based on the individual's income, net equity and credit history (as well as other personal information).

Regulations set out, for each loan category, a minimum allowance as follows:

| <b>Credit Rating</b> | <b>Minimum Allowance</b> |
|----------------------|--------------------------|
| AA.....              | 0.0%                     |
| A.....               | 0.5%                     |
| B.....               | 1.0%                     |
| C.....               | 3.0%                     |
| D.....               | 10.0%                    |
| E.....               | 30.0%                    |
| F.....               | 50.0%                    |
| G.....               | 70.0%                    |
| H.....               | 100.0%                   |

The Bank's allowance for loan losses totaled R\$42,803 million as of June 30, 2021, compared to R\$41,677 million as of June 30, 2020. As of June 30, 2021, the coverage ratio for more than 15 days, relation between allowance for loan losses and past due loans, was 172.5% and the coverage ratio for more than 60 days was 267.8%.

The Bank's allowance for loan losses totaled R\$45,170 million as of December 31, 2020, compared to R\$39,800 million as of December 31, 2019. As of December 31, 2020, the coverage ratio for more than 15 days was 197.2% and the coverage ratio for more than 60 days was 286.1%

The Bank makes incremental reserves for potential losses as permitted by CMN Resolution No. 2,682 for potential losses and recorded the following corresponding amounts for the periods indicated:

|                              | <b>As of June 30,</b>                           |               | <b>As of December 31,</b> |               |
|------------------------------|---|---------------|---------------------------|---------------|
|                              | <b>2021</b>                                     | <b>2020</b>   | <b>2020</b>               | <b>2019</b>   |
|                              | <i>(in millions of R\$, except percentages)</i> |               |                           |               |
| Minimum Allowance.....       | 39,416  | 39,417        | 41,625                    | 37,620        |
| Supplementary Allowance..... | 3,387   | 2,259         | 3,546                     | 2,180         |
| <b>Total Provision.....</b>  | <b>42,803</b>                                   | <b>41,677</b> | <b>45,170</b>             | <b>39,800</b> |

The average risk for the Bank's loan portfolio, when considering required allowances only, decreased to 6.1% as of June 30, 2021, from 6.3% as of June 30, 2020. These rates for the Bank were 6.1 percentage point and 6.8 percentage points less than the corresponding rates for the Brazilian Financial System as a whole for each of these periods, respectively

The average risk for the Bank's loan portfolio, when considering required allowances only, increased to 6.6% as of December 31, 2020, from 6.4% as of December 31, 2019. These rates for the Bank were 6.3 percentage point and 6.4 percentage points less than the corresponding rates for the Brazilian Financial System as a whole for each of these periods, respectively.

For more information regarding the risks associated with the Federal Government being the Bank's controlling shareholder, see "Risk Factors—Risks related to its direct or indirect controlling shareholder or control group—As controlling shareholder of the Bank, the Federal Government may adopt policies that could adversely affect the financial condition of the Bank and its results of operations, including damage to its reputation."

The table below sets forth the average risk for the Bank's loan portfolio and corresponding rates for the Brazilian Financial System as a whole as of the dates indicated:

|   | As of June 30, |      | As of December 31, |      |
|---|----------------|------|--------------------|------|
|   | 2021           | 2020 | 2020               | 2019 |
| Average Risk BB (%) <sup>(1)</sup> .....        | 6.1            | 6.3  | 6.6                | 6.4  |
| Average Risk Brazilian Financial System (%).... | 6.1            | 6.8  | 6.3                | 6.4  |

(1) Allowances for loan losses divided by loan portfolio.

Source: Central Bank and the Bank's Financial Statements

The portfolio volume overdue by more than 15 days totaled R\$24,814 million as of June 30, 2021, accounting for 3.5% of the total portfolio, compared to R\$28,756 million as of June 30, 2020, accounting for 4.4% of the total portfolio. The portion of the portfolio that was overdue by more than 60 days as of June 30, 2021, and as of June 30, 2020, accounted for 2.3% and 3.2% of the total portfolio, respectively. The portion of the portfolio that was overdue by more than 90 days as of June 30, 2021 accounted for 1.9% of the total portfolio, compared to 2.8% as of June 30, 2020.

The portfolio volume overdue by more than 15 days totaled R\$22,911 million as of December 31, 2020, accounting for 3.4% of the total portfolio, compared to R\$33,272 million as of December 31, 2019, accounting for 5.4% of the total portfolio. The portion of the portfolio that was overdue by more than 60 days as of December 31, 2020, and as of December 31, 2019, accounted for 2.3% and 3.7% of the total portfolio, respectively. The portion of the portfolio that was overdue by more than 90 days as of December 31, 2020 accounted for 1.9% of the total portfolio, compared to 3.3% as of December 31, 2019.

The table below sets forth information with respect to the default rates of the Bank's credit portfolio as of the dates indicated.

|  | As of June 30,  |                 | As of December 31, |                 |
|--|-----------------|-----------------|--------------------|-----------------|
|  | 2021            | 2020            | 2020               | 2019            |
| <i>(in millions of R\$, except percentage rates)</i>           |                 |                 |                    |                 |
| <b>Loan Portfolio</b> .....                                    | <b>705,843</b>  | <b>657,212</b>  | <b>681,776</b>     | <b>621,345</b>  |
| <b>Past Due Loans + 15 days</b> .....                          | <b>24,814</b>   | <b>28,756</b>   | <b>22,911</b>      | <b>33,272</b>   |
| Past Due Loans + 15 days/Loan portfolio .....                  | 3.4             | 4.4             | 3.4                | 5.4             |
| <b>Past Due Loans + 60 days</b> .....                          | <b>15,986</b>   | <b>21,169</b>   | <b>15,787</b>      | <b>23,289</b>   |
| Past Due Loans + 60 days/Loan portfolio .....                  | 2.3             | 3.2             | 2.3                | 3.7             |
| <b>Past Due Loans + 90 days</b> .....                          | <b>13,134</b>   | <b>18,645</b>   | <b>12,967</b>      | <b>20,293</b>   |
| Past Due Loans + 90 days/Loan portfolio .....                  | 1.9             | 2.8             | 1.9                | 3.3             |
| Write-offs for loss <sup>(1)</sup> .....                       | (9,448)         | (10,746)        | (20,374)           | (17,141)        |
| Recovery <sup>(1)</sup> .....                                  | 3,645           | 3,176           | 7,359              | 6,745           |
| <b>Loss balance</b> .....                                      | <b>(5,803)</b>  | <b>(7,570)</b>  | <b>(13,015)</b>    | <b>(10,396)</b> |
| Net Loss /Credit portfolio—% annualized .....                  | 1.6             | 2.3             | 1.9                | 1.7             |
| <b>Allowance (Minimum + Additional)</b> .....                  | <b>(42,803)</b> | <b>(41,677)</b> | <b>(45,170)</b>    | <b>(39,800)</b> |
| Allowance/Credit portfolio—% .....                             | 6.1             | 6.3             | 6.6                | 6.4             |
| Allowance /Overdue + 15 days—% .....                           | 172.5           | 144.9           | 197.2              | 119.6           |
| Allowance /Overdue + 60 days—% .....                           | 267.8           | 196.9           | 286.1              | 170.9           |
| Allowance /Overdue + 90 days—% .....                           | 325.9           | 234.5           | 348.3              | 196.1           |
| Banking Industry Past Due Loans + 90 days/Loan portfolio ..... | 2.3             | 2.9             | 2.1                | 2.9             |
| Banking Industry - Allowance/Overdue + 90 days—%.....          | 265.2           | 234.5           | 300.0              | 220.7           |

(1) Calculated using values of recovery or write-offs as explained in note 12.b and 12.f of the Financial Statements.

Total write-offs for losses for the six month period ended June 30, 2021 were R\$9,448 million, compared to R\$10,746 million for the six month period ended June 30, 2020. For the six month period ended June 30, 2021, the Bank's loss recovery was R\$3,645 million compared to R\$3,176 million for the six month period ended June

30, 2020. The Bank's recovery and loss ratio for the periods indicated is compared against the average recovery and loss ratio of the three largest banks in Brazil in the tables below.

Total write-offs for losses for the year ended December 31, 2020 were R\$20,374 million, compared to R\$17,141 million for the year ended December 31, 2019. For the year ended December 31, 2020, the Bank's loss recovery was R\$7,359 million compared to R\$6,745 million for the year ended December 31, 2019. The Bank's recovery and loss ratio for the periods indicated is compared against the average recovery and loss ratio of the three largest banks in Brazil in the tables below.

The table below sets forth the Bank's total loans (as presented in the balance sheet) denominated in reais, the percentage of allowances and the percentage of charge-offs, as of the dates indicated. Loans include all Brazilian currency denominated agricultural, industrial, and commercial and service sector loans.

|   | As of June 30,                                  |                 | As of December 31, |                 |
|---|---|-----------------|--------------------|-----------------|
|   | 2021  | 2020            | 2020               | 2019            |
|   | <i>(in millions of R\$, except percentages)</i> |                 |                    |                 |
| <b>Total loans<sup>(1)</sup></b> .....          | <b>705,843</b>                                  | <b>657,212</b>  | <b>681,776</b>     | <b>621,345</b>  |
| Private sector .....                            | 642,426   | 584,780         | 610,144            | 558,943         |
| Public sector .....                             | 63,417  | 72,432          | 71,632             | 62,402          |
| <b>Allowances<sup>(1)</sup></b> .....           | <b>(42,803)</b>                                 | <b>(41,677)</b> | <b>(45,170)</b>    | <b>(39,800)</b> |
| Allowance as a percentage of total loans .....  | 6.1%  | 6.3%            | 6.6%               | 6.4%            |
| <b>Write-offs<sup>(1)</sup></b> .....           | <b>(9,448)</b>                                  | <b>(10,746)</b> | <b>(20,374)</b>    | <b>(17,141)</b> |
| Write-offs as a percentage of total loans ..... | 1.3%  | 1.6%            | 3.0%               | 2.8%            |

(1) Excludes leasing and other receivables.

The tables below sets forth overdue and current loan portfolio by rating as of the dates indicated:

|   | <u>AA</u>      | <u>A</u>      | <u>B</u>       | <u>C</u>      | <u>D</u>      | <u>E</u>     | <u>F, G<br/>and H</u> | <u>Jun 30,<br/>2021</u> | <u>Jun 30,<br/>2020</u> |
|---|----------------|---------------|----------------|---------------|---------------|--------------|-----------------------|-------------------------|-------------------------|
| <b>Loans not Past Due (in millions R\$)</b> |                |               |                |               |               |              |                       |                         |                         |
| <b>Installments falling due</b>             |                |               |                |               |               |              |                       |                         |                         |
| 01 to 30                                    | 14,248         | 7,119         | 15,363         | 10,746        | 1,756         | 159          | 288                   | 49,679                  | 45,633                  |
| 31 to 60                                    | 10,633         | 3,445         | 5,616          | 3,777         | 278           | 127          | 191                   | 24,068                  | 23,497                  |
| 61 to 90                                    | 15,318         | 2,955         | 5,156          | 3,293         | 379           | 135          | 233                   | 27,469                  | 22,014                  |
| 91 to 180                                   | 30,769         | 8,323         | 12,112         | 8,097         | 810           | 705          | 800                   | 61,615                  | 55,581                  |
| 181 to 360                                  | 46,637         | 9,162         | 23,340         | 12,713        | 1,269         | 515          | 4,825                 | 98,461                  | 84,886                  |
| More than 360                               | 213,192        | 40,680        | 97,262         | 44,602        | 8,089         | 4,571        | 13,696                | 422,093                 | 399,309                 |
| <b>Installments overdue</b>                 |                |               |                |               |               |              |                       |                         |                         |
| Up to 14 days                               | 54             | 28            | 149            | 128           | 38            | 12           | 31                    | 441                     | 490                     |
| <b>Subtotal</b>                             | <b>330,852</b> | <b>71,711</b> | <b>158,998</b> | <b>83,356</b> | <b>12,619</b> | <b>6,226</b> | <b>20,065</b>         | <b>683,825</b>          | <b>631,410</b>          |
| <b>Loans Past Due (in millions R\$)</b>     |                |               |                |               |               |              |                       |                         |                         |
| <b>Installments falling due</b>             |                |               |                |               |               |              |                       |                         |                         |
| 01 to 30                                    | -              | -             | 32             | 242           | 142           | 64           | 280                   | 760                     | 638                     |
| 31 to 60                                    | -              | -             | 17             | 69            | 53            | 30           | 154                   | 324                     | 311                     |
| 61 to 90                                    | -              | -             | 15             | 62            | 50            | 28           | 153                   | 309                     | 306                     |
| 91 to 180                                   | -              | -             | 40             | 157           | 136           | 82           | 430                   | 846                     | 866                     |
| 181 to 360                                  | -              | -             | 89             | 268           | 248           | 130          | 781                   | 1,516                   | 1,761                   |
| More than 360                               | -              | -             | 1,027          | 1,756         | 1,460         | 877          | 7,052                 | 12,172                  | 14,292                  |
| <b>Installments overdue</b>                 |                |               |                |               |               |              |                       |                         |                         |
| 01 to 14                                    | --             | --            | 5              | 24            | 20            | 14           | 78                    | 141                     | 108                     |
| 15 to 30                                    | --             | --            | 104            | 182           | 87            | 20           | 153                   | 545                     | 694                     |
| 31 to 60                                    | --             | --            | 13             | 284           | 138           | 42           | 266                   | 743                     | 700                     |
| 61 to 90                                    | --             | --            | 0              | 21            | 333           | 46           | 237                   | 637                     | 711                     |
| 91 to 180                                   | --             | --            | 0              | 9             | 35            | 273          | 1,268                 | 1,585                   | 1,997                   |
| 181 to 360                                  | --             | --            | --             | 0             | 17            | 22           | 1,736                 | 1,775                   | 1,989                   |
| More than 360                               | --             | --            | 0              | 0             | 0             | 1            | 662                   | 664                     | 1,429                   |
| <b>Subtotal</b>                             | <b>-</b>       | <b>-</b>      | <b>1,343</b>   | <b>3,076</b>  | <b>2,719</b>  | <b>1,630</b> | <b>13,251</b>         | <b>22,018</b>           | <b>25,802</b>           |
| <b>Total Loans</b>                          | <b>330,852</b> | <b>71,711</b> | <b>160,341</b> | <b>86,432</b> | <b>15,338</b> | <b>7,855</b> | <b>33,315</b>         | <b>705,843</b>          | <b>657,212</b>          |

|   | <u>AA</u>      | <u>A</u>      | <u>B</u>       | <u>C</u>      | <u>D</u>      | <u>E</u>     | <u>F, G<br/>and H</u> | <u>Dec 31,<br/>2020</u> | <u>Dec 31,<br/>2019</u> |
|---|----------------|---------------|----------------|---------------|---------------|--------------|-----------------------|-------------------------|-------------------------|
| <b>Loans not Past Due (in millions R\$)</b> |                |               |                |               |               |              |                       |                         |                         |
| <b>Installments falling due</b>             |                |               |                |               |               |              |                       |                         |                         |
| 01 to 30                                    | 10,306         | 6,995         | 14,368         | 10,748        | 1,013         | 401          | 335                   | 44,165                  | 42,341                  |
| 31 to 60                                    | 8,270          | 2,836         | 4,842          | 4,078         | 313           | 132          | 393                   | 20,864                  | 20,514                  |
| 61 to 90                                    | 10,102         | 2,084         | 3,569          | 2,979         | 624           | 138          | 1,665                 | 21,161                  | 17,273                  |
| 91 to 180                                   | 26,003         | 6,971         | 12,908         | 8,903         | 1,231         | 490          | 899                   | 57,404                  | 56,114                  |
| 181 to 360                                  | 45,674         | 7,507         | 26,959         | 13,949        | 1,485         | 855          | 1,426                 | 97,856                  | 87,660                  |
| More than 360                               | 203,444        | 38,596        | 91,570         | 53,238        | 9,910         | 5,858        | 15,858                | 418,475                 | 365,898                 |
| <b>Installments overdue</b>                 |                |               |                |               |               |              |                       |                         |                         |
| Up to 14 days                               | <b>31</b>      | <b>38</b>     | <b>164</b>     | <b>116</b>    | <b>32</b>     | <b>50</b>    | <b>149</b>            | <b>580</b>              | <b>1,910</b>            |
| <b>Subtotal</b>                             | <b>303,830</b> | <b>65,027</b> | <b>154,380</b> | <b>94,011</b> | <b>14,608</b> | <b>7,924</b> | <b>20,725</b>         | <b>660,505</b>          | <b>591,710</b>          |
| <b>Loans Past Due (in millions R\$)</b>     |                |               |                |               |               |              |                       |                         |                         |
| <b>Installments falling due</b>             |                |               |                |               |               |              |                       |                         |                         |
| 01 to 30                                    | --             | --            | 22             | 154           | 75            | 20           | 238                   | 509                     | 645                     |
| 31 to 60                                    | --             | --            | 14             | 48            | 31            | 20           | 151                   | 264                     | 346                     |
| 61 to 90                                    | --             | --            | 11             | 34            | 25            | 16           | 144                   | 231                     | 326                     |
| 91 to 180                                   | --             | --            | 31             | 95            | 71            | 59           | 376                   | 632                     | 969                     |
| 181 to 360                                  | --             | --            | 87             | 194           | 158           | 113          | 741                   | 1,293                   | 2,032                   |
| More than 360                               | --             | --            | 1,999          | 1,408         | 922           | 756          | 6,883                 | 11,968                  | 18,013                  |

| <b>Installment overdue</b> |                |               |                |               |               |              |               |                |                |
|----------------------------|----------------|---------------|----------------|---------------|---------------|--------------|---------------|----------------|----------------|
| 01 to 14                   | --             | --            | 2              | 10            | 9             | 7            | 52            | 80             | 120            |
| 15 to 30                   | --             | --            | 140            | 119           | 50            | 15           | 144           | 467            | 518            |
| 31 to 60                   | --             | --            | 16             | 215           | 77            | 28           | 218           | 554            | 976            |
| 61 to 90                   | --             | --            | --             | 83            | 172           | 18           | 262           | 535            | 602            |
| 91 to 180                  | --             | --            | --             | 10            | 27            | 72           | 1,681         | 1,790          | 1,569          |
| 181 to 360                 | --             | --            | --             | --            | 0             | 19           | 2,111         | 2,129          | 2,524          |
| More than<br>360           | --             | --            | 0              | 0             | --            | 0            | 818           | 819            | 995            |
| <b>Subtotal</b>            | <b>--</b>      | <b>--</b>     | <b>2,322</b>   | <b>2,370</b>  | <b>1,617</b>  | <b>1,143</b> | <b>13,819</b> | <b>21,271</b>  | <b>29,635</b>  |
| <b>Total Loans</b>         | <b>303,830</b> | <b>65,027</b> | <b>156,702</b> | <b>96,381</b> | <b>16,225</b> | <b>9,067</b> | <b>34,544</b> | <b>681,776</b> | <b>621,345</b> |

The classifications set forth above are based upon a determination made by the Bank according to CMN Resolution No. 2,682 and may not necessarily be comparable with classifications made by other Brazilian banks.

The tables below set forth the total credit portfolio, as well as minimum required allowances in relation to the Bank's loans, leasing and other credits, and a general table for credit operations and other open credits and integral and partial recovery previously provisioned or charged off as loss and other adjustments as of June 30, 2021 and 2020, and as of December 31, 2020 and 2019, respectively:

| <b>As of June 30, 2021</b> |  |              |                       |
|----------------------------|--|--------------|-----------------------|
| <b>Risk level</b>          | <b>Minimum<br/>required<br/>allowance</b>      | <b>%</b>     | <b>Value of loans</b> |
|                            | <i>(in millions of R\$, except percentage)</i> |              |                       |
| AA .....                   | -  | 46.9         | 330,852               |
| A .....                    | 405  | 10.2         | 71,711                |
| B .....                    | 2,228  | 22.7         | 160,341               |
| C .....                    | 4,958  | 12.2         | 86,432                |
| D .....                    | 1,771  | 2.2          | 15,338                |
| E .....                    | 2,357  | 1.1          | 7,855                 |
| F .....                    | 1,289  | 0.4          | 2,578                 |
| G .....                    | 2,577  | 0.5          | 3,518                 |
| H .....                    | 27,218   | 3.9          | 27,218                |
| <b>Total .....</b>         | <b>42,803</b>                                  | <b>100.0</b> | <b>705,843</b>        |

| <b>As of June 30, 2020</b> |  |              |                       |
|----------------------------|--|--------------|-----------------------|
| <b>Risk level</b>          | <b>Minimum<br/>required<br/>allowance</b>      | <b>%</b>     | <b>Value of loans</b> |
|                            | <i>(in millions of R\$, except percentage)</i> |              |                       |
| AA .....                   | -  | 47.8         | 314,381               |
| A .....                    | 391  | 10.6         | 69,649                |
| B .....                    | 2,040  | 22.8         | 150,156               |
| C .....                    | 3,483  | 10.3         | 67,737                |
| D .....                    | 1,346  | 1.7          | 11,490                |
| E .....                    | 2,819  | 1.4          | 9,322                 |
| F .....                    | 1,592  | 0.5          | 3,171                 |
| G .....                    | 3,040  | 0.7          | 4,341                 |
| H .....                    | 26,965   | 4.1          | 26,965                |
| <b>Total .....</b>         | <b>41,677</b>                                  | <b>100.0</b> | <b>657,212</b>        |

| <b>As of December 31, 2020</b> |  |              |                       |
|--------------------------------|--|--------------|-----------------------|
| <b>Risk level</b>              | <b>Minimum required allowance</b>              | <b>%</b>     | <b>Value of loans</b> |
|                                | <i>(in millions of R\$, except percentage)</i> |              |                       |
| AA .....                       | -  | 44.6         | 303,830               |
| A .....                        | 367  | 9.5          | 65,027                |
| B .....                        | 2,192  | 23.0         | 156,702               |
| C .....                        | 5,562  | 14.1         | 96,381                |
| D .....                        | 1,830  | 2.4          | 16,225                |
| E .....                        | 2,720  | 1.3          | 9,067                 |
| F .....                        | 1,572  | 0.5          | 3,144                 |
| G .....                        | 1,105  | 0.2          | 1,579                 |
| H .....                        | 29,821   | 4.4          | 29,821                |
| <b>Total</b> .....             | <b>45,170</b>                                  | <b>100.0</b> | <b>681,776</b>        |

| <b>As of December 31, 2019</b> |  |              |                       |
|--------------------------------|--|--------------|-----------------------|
| <b>Risk level</b>              | <b>Minimum required allowance</b>              | <b>%</b>     | <b>Value of loans</b> |
|                                | <i>(in millions of R\$, except percentage)</i> |              |                       |
| AA .....                       | -  | 47.4         | 294,239               |
| A .....                        | 376  | 10.8         | 66,828                |
| B .....                        | 2,045  | 24.2         | 150,152               |
| C .....                        | 3,125  | 9.3          | 58,086                |
| D .....                        | 1,196  | 1.6          | 9,997                 |
| E .....                        | 2,055  | 1.1          | 6,820                 |
| F .....                        | 1,896  | 0.6          | 3,781                 |
| G .....                        | 5,451  | 1.3          | 7,786                 |
| H .....                        | 23,656   | 3.8          | 23,656                |
| <b>Total</b> .....             | <b>39,800</b>                                  | <b>100.0</b> | <b>621,345</b>        |

Loans with AA-C risk levels accounted for 92% of the Bank's total portfolio as of June 30, 2021, a increase of 0.4 basis points as compared to June 30, 2020. Loans with AA-C risk levels accounted for 91.2% of the Bank's total portfolio as of December 31, 2020, a decrease of 0.4 basis points as compared to December 31, 2019. The general improvement in the quality of the Bank's loan portfolio was mainly due to the growth strategy for the Bank's consumer lending business, which involved improvement in customer analysis and tools and focus on lower risk credit lines, such as mortgages, payroll, salary and auto loans.

The classifications set forth above are based upon a determination made by the Bank according to CMN Resolution No. 2,682 and may not necessarily be comparable with classifications made by other Brazilian banks.

### Capital Adequacy Information

On October 1, 2013, the Basel III Regulations were implemented in Brazil.

The Bank's regulatory capital beginning as of December 31, 2013 was calculated using the criteria established by the Basel III Regulations. Regulatory Capital and Minimum Required Referential Equity (MRRE) are calculated in relation to Risk-Weighted Assets (RWA), taking into consideration the equity method of accounting for Banco Votorantim, as established by the Central Bank.

The following table sets forth the regulatory capital amounts used to calculate capital to risk-weighted assets, minimum required capital, the capital to risk-weighted assets ratio, and excess regulatory capital as compared to the required minimum on a full consolidation basis as of the periods indicated:

|  | As of June 30,                                  |                | As of December 31, |                |
|--|---|----------------|--------------------|----------------|
|  | 2021  | 2020           | 2020               | 2019           |
|  | <i>(in millions of R\$, except percentages)</i> |                |                    |                |
| <b>RE - Referential Equity</b> .....   | <b>163,153</b>                                  | <b>142,668</b> | <b>161,924</b>     | <b>132,150</b> |
| <b>Tier 1</b> .....  | <b>138,943</b>                                  | <b>112,354</b> | <b>132,247</b>     | <b>96,380</b>  |
| <b>Common Equity Tier 1 (CET 1)</b> .....  | <b>112,037</b>                                  | <b>80,608</b>  | <b>104,315</b>     | <b>71,289</b>  |
| Shareholders' Equity .....   | 135,604   | 105,158        | 116,941            | 98,921         |
| Instrument qualifying as CET1 .....  | 8,100   | 8,100          | 8,100              | 8,100          |
| Regulatory Adjustments .....   | (31,668)  | (32,650)       | (20,726)           | (35,732)       |
| <b>Additional Tier 1 Capital</b> .....   | <b>26,907</b>                                   | <b>31,746</b>  | <b>27,932</b>      | <b>25,091</b>  |
| HCDC authorized by CMN<br>Resolution No. 4,192/2013 .....  | 26,887  | 29,433         | 27,932             | 21,665         |
| HCDC authorized by previous rules<br>to CMN Resolution No.<br>4,192/2013 <sup>(1)</sup> .....                      | 20  | 2,313          | -                  | 3,426          |
| <b>Tier 2</b> .....  | <b>24,210</b>                                   | <b>30,314</b>  | <b>29,677</b>      | <b>35,770</b>  |
| Subordinated debt qualifying as capital .....  | 24,210  | 30,314         | 29,677             | 35,796         |
| Subordinated debt authorized in<br>accordance with CMN Resolution<br>4,192/2013 - Financial bills .....            | -   | 751            | 187                | 1,744          |
| Subordinated Debt authorized in<br>accordance with regulations<br>preceding the CMN Resolution<br>4,192/2013 ..... | 24,210  | 29,563         | 29,490             | 34,053         |
| Funds obtained from the FCO <sup>(1)</sup> .....   | 23,470  | 26,403         | 26,403             | 29,337         |
| Funds raised in financial bills and CD <sup>(2)</sup><br>.....   | 740   | 3,160          | 3,087              | 4,716          |
| <b>Risk-Weighted Assets (RWA)</b> .....  | <b>830,491</b>                                  | <b>763,410</b> | <b>766,065</b>     | <b>711,402</b> |
| Credit Risk (RWACPAD) .....  | 705,828   | 663,333        | 677,256            | 612,630        |
| Market Risk (RWAMPAD) .....  | 20,885  | 16,163         | 21,125             | 21,392         |
| Operational Risk (RWAOPAD) .....   | 103,778   | 83,914         | 67,683             | <b>77,380</b>  |
| <b>Minimum referential equity<br/>  requirements</b> <sup>(3)</sup> .....  | <b>66,439</b>                                   | <b>61,073</b>  | <b>61,285</b>      | <b>56,912</b>  |
| <b>Margin on the minimum referential<br/>  equity required</b> <sup>(4)</sup> .....                                | <b>96,714</b>                                   | <b>81,595</b>  | <b>100,639</b>     | <b>75,238</b>  |
| <b>Tier I Ratio (Tier I/RWA)</b> <sup>(4)</sup> .....  | <b>16.73%</b>                                   | <b>14.72%</b>  | <b>17.26%</b>      | <b>13.55%</b>  |
| <b>Common Equity Tier 1 Capital Ratio<br/>  (CET1/RWA)</b> <sup>(4)</sup> .....                                    | <b>13.49%</b>                                   | <b>10.56%</b>  | <b>13.62%</b>      | <b>10.02%</b>  |
| <b>Capital Adequacy Ratio (RE/RWA)</b> <sup>(4)</sup><br>.....   | <b>19.65%</b>                                   | <b>18.69%</b>  | <b>21.14%</b>      | <b>18.58%</b>  |

(1) According to CMN Resolution 4,192/2013, the balance of FCO is limited to 80% of the amount that composed the Tier II of the RE on June 30, 2018.

(2) On June 30, 2021 it was considered the current value of subordinated debt instruments, applying on it the factor due to maturity date as determined by CMN Resolution 4,192/2013, in its 29th article.

(3) According to CMN Resolution 4,193/2013, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals 8%.

(4) Values from DLO (Operational Threshold Statement).

As of June 30, 2021 and 2020, the Bank's capital ratio calculated according to the Basel III Regulations was 19.65% and 18.69%, respectively. As of December 31, 2020 and 2019, the Bank's capital ratio calculated according to the Basel III Regulations was 21.14% and 18.58%, respectively. The increase in the Bank's capital ratio in both comparisons reflects the increase in retained earnings and in the Shareholders Equity.

### Interest rate and exchange rate sensitivity

In line with best market practices, the Bank actively manages risks by identifying, assessing, monitoring and controlling market risk exposures associated with its own positions. For this purpose, the Bank considers the risk limits established by the Strategic Committees, as well as possible loss scenarios, to timely reverse any adverse results.

In conformity with CMN Resolution No. 3,464 of June 26, 2007 ("CMN Resolution No. 3,464") and Central Bank Circular No. 3,354 of June 27, 2007 ("Circular No. 3,354"), and in order to enhance efficiency in management of market risks to which its operations are exposed, the Bank segregates its operations, including derivative financial instruments, as described below:

- (i) **Trading Book:** includes all securities held by the Bank for trading or hedging purposes, which are meant to be sold before maturity, under usual market conditions, and which have no trading restrictions.

- (ii) Banking Book: includes securities not classified in the Trading Book, the main characteristic of which is that they are meant to be held to maturity.

### ***Maturity Mismatch Profile***

The Bank recorded R\$1,604,454 million in average interest-earning assets and R\$1,404,724 million in average interest-bearing liabilities for the six month period ended June 30, 2021, compared to R\$1,401,458 million and R\$1,252,084 million for the six month period ended June 30, 2020, respectively. The Bank recorded R\$1,477,760 million in average interest-earning assets and R\$1,308,394 million in average interest-bearing liabilities for the year ended December 31, 2020, compared to R\$1,338,242 million and R\$1,207,955 million for the year ended December 31, 2019, respectively.

The Bank's assets most affected by interest rates are those with fixed rates, representing 56.7% of the total assets subject to interest as of June 30, 2021. Of these assets, 58.2% are instruments having fixed rates with a maturity of less than a month, which significantly reduces the Bank's risks due to possible interest rate variations. As of December 31, 2020, fixed rate assets was 53.0% of the total assets subject to interest. Of these assets, 59.2% are instruments having fixed rates with a maturity of less than a month.

As of June 30, 2021, fixed rate liabilities accounted for 41.9% of the total liabilities subject to interest; 78.5% of it with maturity of less than a month. At same date, CDI/TMS transactions accounted for 13.3% of the total liabilities. As of December 31, 2020, fixed rate liabilities accounted for 32.3% of the total liabilities subject to interest; 72.1% of of it with maturity of less than one month. At same date, CDI/TMS transactions accounted for 21.0% of the total liabilities.

The tables below set forth the inventory of transactions subject to interest rates and allocated by index and term, as of June 30, 2021:

|   | <u>&lt; 1 month</u>         | <u>1 &gt; 3 months</u> | <u>3 &gt; 6 months</u> | <u>6 &gt; 12 months</u> | <u>1 &gt; 3 years</u> | <u>&gt; 3 years</u> | <u>Total</u>     |
|---|-----------------------------|------------------------|------------------------|-------------------------|-----------------------|---------------------|------------------|
|   | <i>(in millions of R\$)</i> |                        |                        |                         |                       |                     |                  |
| <b>Assets</b>                                   |                             |                        |                        |                         |                       |                     |                  |
| Fixed.....                                      | 628,658                     | 33,679                 | 58,534                 | 63,811                  | 149,767               | 146,435             | 1,080,883        |
| CDI/TMS.....                                    | 13,504                      | 44,605                 | 3,929                  | 16,102                  | 122,039               | 139,687             | 339,866          |
| TR/TBF <sup>(1)</sup> /IRP <sup>(2)</sup> ..... | 9,559                       | 4,812                  | 1,642                  | 13,644                  | 22,919                | 89,368              | 141,944          |
| Price index.....                                | 54                          | 61                     | 136                    | 3,365                   | 9,096                 | 1,189               | 13,901           |
| TJLP/TLP.....                                   | 233                         | 452                    | 688                    | 1,130                   | 3,550                 | 11,603              | 17,655           |
| U.S. dollar/ME.....                             | 74,594                      | 22,946                 | 28,418                 | 17,516                  | 45,530                | 123,769             | 312,772          |
| <b>Total assets</b> .....                       | <u>726,601</u>              | <u>106,556</u>         | <u>93,346</u>          | <u>115,568</u>          | <u>352,901</u>        | <u>512,050</u>      | <u>1,907,022</u> |

(1) Base Financial Rate

(2) Savings Account Adjustment Index

|                                | <u>&lt; 1 month</u>         | <u>1 &gt; 3 months</u> | <u>3 &gt; 6 months</u> | <u>6 &gt; 12 months</u> | <u>1 &gt; 3 years</u> | <u>&gt; 3 years</u> | <u>Total</u>     |
|--------------------------------|-----------------------------|------------------------|------------------------|-------------------------|-----------------------|---------------------|------------------|
|                                | <i>(in millions of R\$)</i> |                        |                        |                         |                       |                     |                  |
| <b>Liabilities</b>             |                             |                        |                        |                         |                       |                     |                  |
| Fixed.....                     | 579,762                     | 8,503                  | 10,993                 | 11,895                  | 38,890                | 88,329              | 738,373          |
| CDI/TMS.....                   | 55,392                      | 33,455                 | 8,941                  | 31,164                  | 102,738               | 1,769               | 233,458          |
| TR/TBF/IRP.....                | 28,297                      | 6,655                  | 7,306                  | 15,454                  | 103,041               | 285,627             | 446,379          |
| Price index.....               | 42                          | -                      | 0                      | 3,999                   | 83                    | 57                  | 4,181            |
| TJLP/TLP.....                  | 156                         | 292                    | 489                    | 807                     | 2,478                 | 20,323              | 24,546           |
| U.S. dollar/ME.....            | 64,615                      | 16,938                 | 22,404                 | 35,910                  | 71,230                | 102,917             | 314,015          |
| <b>Total liabilities</b> ..... | <u>728,263</u>              | <u>65,843</u>          | <u>50,133</u>          | <u>99,229</u>           | <u>318,460</u>        | <u>499,022</u>      | <u>1,760,952</u> |
| Gap.....                       | (1,662)                     | 40,712                 | 43,213                 | 16,339                  | 34,440                | 13,028              | 146,070          |
| Cumulative gap.....            | (1,662)                     | 39,050                 | 82,263                 | 98,602                  | 133,042               | 146,070             | -                |



The tables below set forth the inventory of transactions subject to interest rates and allocated by index and term, as of December 31, 2020:

|   | < 1 month                   | 1 > 3 months   | 3 > 6 months  | 6 > 12 months  | 1 > 3 years    | > 3 years      | Total            |
|---|-----------------------------|----------------|---------------|----------------|----------------|----------------|------------------|
|   | <i>(in millions of R\$)</i> |                |               |                |                |                |                  |
| <b>Assets</b>                                   |                             |                |               |                |                |                |                  |
| Fixed.....                                      | 572,587                     | 30,139         | 42,206        | 51,975         | 139,142        | 130,599        | 966,648          |
| CDI/TMS.....                                    | 31,480                      | 20,351         | 8,881         | 23,421         | 121,833        | 137,142        | 343,108          |
| TR/TBF <sup>(1)</sup> /IRP <sup>(2)</sup> ..... | 9,431                       | 5,296          | 1,928         | 14,561         | 23,295         | 89,355         | 143,866          |
| Price Index.....                                | 34                          | 23             | 141           | 3,209          | 8,950          | 441            | 12,799           |
| TJLP/TLP.....                                   | 323                         | 565            | 749           | 1,280          | 3,473          | 11,627         | 18,018           |
| USS/ME.....                                     | 51,036                      | 50,717         | 38,643        | 13,984         | 41,625         | 144,092        | 340,097          |
| <b>Total assets.....</b>                        | <b>664,892</b>              | <b>107,092</b> | <b>92,547</b> | <b>108,430</b> | <b>338,319</b> | <b>513,256</b> | <b>1,824,536</b> |

(1) Base Financial Rate

(2) Savings Account Adjustment Index

|                               | < 1 month                   | 1 > 3 months  | 3 > 6 months  | 6 > 12 months | 1 > 3 years    | > 3 years      | Total            |
|-------------------------------|-----------------------------|---------------|---------------|---------------|----------------|----------------|------------------|
|                               | <i>(in millions of R\$)</i> |               |               |               |                |                |                  |
| <b>Liabilities</b>            |                             |               |               |               |                |                |                  |
| Fixed.....                    | 394,271                     | 10,950        | 12,709        | 19,003        | 81,852         | 28,223         | 547,008          |
| CDI/TMS.....                  | 142,322                     | 37,716        | 20,149        | 44,211        | 103,024        | 8,514          | 355,935          |
| TR/TBF/IRP.....               | 54,006                      | 5,812         | 6,350         | 13,504        | 94,687         | 242,631        | 416,989          |
| Price Index.....              | 29                          | 0             | 0             | 8             | 1,106          | 17             | 1,160            |
| TJLP/TLP.....                 | 256                         | 346           | 522           | 1,025         | 3,051          | 23,787         | 28,987           |
| USS/ME.....                   | 73,840                      | 25,967        | 28,423        | 22,106        | 66,019         | 127,461        | 343,817          |
| <b>Total liabilities.....</b> | <b>664,724</b>              | <b>80,791</b> | <b>68,153</b> | <b>99,856</b> | <b>349,739</b> | <b>430,633</b> | <b>1,693,896</b> |
| Gap.....                      | 168                         | 26,301        | 24,394        | 8,574         | (11,419)       | 82,623         | 130,640          |
| Cumulative gap.....           | 168                         | 26,469        | 50,863        | 59,436        | 48,017         | 130,640        | -                |

The Bank actively manages risks by identifying, assessing, monitoring and controlling market risk exposures associated with its own positions. The main market risk categories the Bank considers relevant are listed below:

- (i) interest rate;
- (ii) exchange rate;
- (iii) price of shares; and
- (iv) price of commodities.

The interest rate risk includes fixed interest rate risk, interest payments in foreign currencies, price index coupons and other coupons. Currently the share price and commodity price exposures are not relevant to the Bank's consideration. See "—Interest rate and exchange rate sensitivity" for further information.

Pursuant to the considerations presented above, the table below shows details of the Bank's market risk exposures, which are monitored by the Bank's senior management:

| Risk factor                                      | Assets                      |              | Liabilities    |              | Net mismatch   |          |
|--|-----------------------------|--------------|----------------|--------------|----------------|----------|
|  | As of June 30,              |              | As of June 30, |              | As of June 30, |          |
|  | 2021                        | 2020         | 2021           | 2020         | 2021           | 2020     |
|  | <i>(in billions of R\$)</i> |              |                |              |                |          |
| Fixed.....                                       | 1,081                       | 958          | 738            | 552          | 343            | 407      |
| CDI/TMS/FACP.....                                | 340                         | 298          | 233            | 325          | 106            | (28)     |
| IRP/TBF/TR.....                                  | 142                         | 148          | 446            | 397          | (304)          | (249)    |
| Price index.....                                 | 14                          | 12           | 4              | 1            | 10             | 11       |
| TJLP/TLP.....                                    | 18                          | 17           | 25             | 27           | (7)            | (10)     |
| Dollar and other foreign exchange currencies.... | 313                         | 378          | 314            | 387          | (1)            | (9)      |
| No index.....                                    | 127                         | 104          | 273            | 225          | (146)          | (121)    |
| <b>Total.....</b>                                | <b>2,034</b>                | <b>1,915</b> | <b>2,034</b>   | <b>1,915</b> | <b>-</b>       | <b>-</b> |

| Risk factor   | Assets             |              | Liabilities                 |              | Net mismatch       |          |
|---|--------------------|--------------|-----------------------------|--------------|--------------------|----------|
|   | As of December 31, |              | As of December 31,          |              | As of December 31, |          |
|   | 2020               | 2019         | 2020                        | 2019         | 2020               | 2019     |
|   |                    |              | <i>(in billions of R\$)</i> |              |                    |          |
| Fixed.....  | 967                | 848          | 547                         | 425          | 420                | 423      |
| CDI/TMS/FACP.....                                   | 343                | 244          | 356                         | 308          | (13)               | (64)     |
| IRP/TBF/TR.....                                     | 144                | 145          | 417                         | 368          | (273)              | (223)    |
| Price index.....                                    | 13                 | 12           | 1                           | 2            | 12                 | 11       |
| TJLP/TLP.....                                       | 18                 | 15           | 29                          | 29           | (11)               | (14)     |
| Dollar and other foreign<br>exchange currencies.... | 340                | 279          | 344                         | 289          | (4)                | (9)      |
| No index.....                                       | 104                | 97           | 235                         | 220          | (131)              | (123)    |
| <b>Total.....</b>                                   | <b>1,929</b>       | <b>1,641</b> | <b>1,929</b>                | <b>1,641</b> | <b>-</b>           | <b>-</b> |

The increase in fixed rate assets and liabilities with TR coupon, when analyzed together, represent a natural hedge, reducing possible effects arising from changes in the interest rates, in view of the low variation of the TR rate.

With respect to the foreign exchange risk, the Bank adopted, as set forth in Central Bank Circular No. 3,389 of June 25, 2008, the strategy to assume a sell position in foreign exchange currency through an inflow of external funds, due to tax effects resulting from exchange variations with respect to investments abroad.

#### **Foreign exchange exposure**

It is the Bank's practice to manage foreign exchange risk to minimize any effect foreign exchange transactions may have on consolidated financial results.

Below is a statement of assets, liabilities and derivatives of the Bank, expressed in foreign currencies. The total net position as of June 30, 2021 was a liability of R\$233,927 million, which reflects the Bank's tax hedging strategy, compared to R\$285,043 million as of June 30, 2020. The total net position as of December 31, 2020 was a liability of R\$261,878 million, which reflects the Bank's tax hedging strategy, compared to R\$211,454 million as of December 31, 2019.

The tax hedging strategy consists of reducing volatility in income, after taxes, since exchange gains from investments abroad are not taxed and losses do not trigger any deduction from the tax base. As a result, any change in the exchange rate will produce an effect on the account in which the exchange liability is recorded, which is opposite to the effect on the investment account. In effect, the exchange variation effect will be null, in line with the policy adopted by the Bank.

|                          | As of June 30, 2021         |                |
|--------------------------|-----------------------------|----------------|
|                          | Balance sheet accounts      |                |
|                          | Assets                      | Liabilities    |
|                          | <i>(in millions of R\$)</i> |                |
| <b>Currency</b>          |                             |                |
| U.S. dollar.....         | 187,305                     | 204,394        |
| Euro.....                | 17,234                      | 10,092         |
| Pound.....               | 237                         | 224            |
| Yen.....                 | 1,878                       | 1,763          |
| Swiss franc.....         | 10                          | 13             |
| Canadian dollar.....     | 10                          | 9              |
| Gold.....                | 26                          | -              |
| Other.....               | 18,306                      | 17,432         |
| <b>Total.....</b>        | <b>225,006</b>              | <b>233,927</b> |
| <b>Net position.....</b> |                             | <b>(8,921)</b> |

|  | <b>As of June 30, 2021</b>  |                |
|--|---|----------------|
|  | <b>Derivatives</b>  |                |
|  | <b>Long</b>   | <b>Short</b>   |
|  | <i>(in millions of R\$ at their fair market value in accordance with management's valuations)</i> |                |
| U.S. dollar.....                                 | 41,024  | 28,441         |
| Euro .....                                       | 1,520   | 7,549          |
| Pound.....                                       | 14  | 707            |
| Yen .....  | -   | 545            |
| Swiss franc .....                                | 13  | 1              |
| Canadian dollar.....                             | 10  | 4              |
| Other.....                                       | 1,575   | -              |
| <b>Total</b> .....                               | <b>44,156</b>   | <b>37,247</b>  |
| <b>Net position</b> .....                        | <b>6,909</b>  |                |
| <b>Total balance sheet and derivatives</b> ..... | <b>269,162</b>  | <b>271,174</b> |
| <b>Total net position</b> .....                  | <b>-</b>  | <b>(2,012)</b> |
| <b>Total net position in U.S. dollar</b> .....   | <b>-</b>  | <b>(402)</b>   |

|                           | <b>As of December 31, 2020</b> |                    |
|---------------------------|--------------------------------|--------------------|
|                           | <b>Balance sheet accounts</b>  |                    |
|                           | <b>Assets</b>                  | <b>Liabilities</b> |
|                           | <i>(in millions of R\$)</i>    |                    |
| <b>Currency</b>           |                                |                    |
| U.S. dollar.....          | 198,711                        | 226,973            |
| Euro .....                | 17,139                         | 16,845             |
| Pound.....                | 165                            | 240                |
| Yen .....                 | 3,348                          | 2,177              |
| Swiss franc .....         | 38                             | 17                 |
| Canadian dollar.....      | 18                             | 13                 |
| Gold.....                 | 28                             | -                  |
| Other.....                | 16,114                         | 15,613             |
| <b>Total</b> .....        | <b>235,561</b>                 | <b>261,878</b>     |
| <b>Net position</b> ..... | <b>-</b>                       | <b>(26,317)</b>    |

|  | <b>As of December 31, 2020</b>  |                |
|--|---|----------------|
|  | <b>Derivatives</b>  |                |
|  | <b>Long</b>   | <b>Short</b>   |
|  | <i>(in millions of R\$ at their fair market value in accordance with management's valuations)</i> |                |
| U.S. dollar.....                                 | 59,946  | 38,390         |
| Euro .....                                       | 2,694   | 3,153          |
| Pound.....                                       | 43  | 1,326          |
| Yen .....  | -   | 2,657          |
| Swiss franc .....                                | -   | -              |
| Canadian dollar.....                             | 6   | -              |
| Other.....                                       | 1,880   | -              |
| <b>Total</b> .....                               | <b>64,569</b>   | <b>45,526</b>  |
| <b>Net position</b> .....                        | <b>19,043</b>   |                |
| <b>Total balance sheet and derivatives</b> ..... | <b>300,130</b>  | <b>307,404</b> |
| <b>Total net position</b> .....                  | <b>-</b>  | <b>(7,274)</b> |
| <b>Total net position in U.S. dollar</b> .....   | <b>-</b>  | <b>(1,400)</b> |

## **Off-Balance Sheet Transactions**

The Bank does not have material assets or liabilities that are not recorded on its balance sheet, or statement of income or discussed in the explanatory notes to the Financial Statements.

## **Derivative Financial Instruments**

Derivative financial instruments are stated at market value on the Bank's balance sheet. Valuations and devaluations are recorded in the revenue and expense items of the respective instruments. The marked-to-market methodology for derivative financial instruments was established according to consistent and controlled criteria that consider the average trading price on the calculation date or, if this is not available, pricing models which represent the probable realizable net value.

Derivative financial instruments are used to hedge against, in whole or in part, risks from exposures to variations in the market value of financing assets or liabilities and are classified as follows:

- (i) Market Risk Hedges – valuations and devaluations of these instruments and the underlying items they hedge are recorded in accounts of the period's result.
- (ii) Cash Flow Hedge – effective portion of the valuations and devaluations are recorded, net of tax effects, as adjustments for equity valuations in the net shareholders' equity account. The effective portion means the portion in which the variation in the underlying risk is compensated by the variation in the financial instrument used for hedging, considering the accrued effect of the operation. The other variations of these instruments are directly recognized in the period's result.

## **Guarantee agreements**

The Bank provides guarantees to individuals and companies, including other financial institutions authorized to operate through the Central Bank, with respect to collecting fees and guarantees from beneficiaries, in domestic and foreign currencies, in Brazil and abroad. The guarantees mainly include, when provided in Brazil, sureties, pledges and guarantee letters. When provided abroad, guarantees include bid bonds, performance bonds, repurchase agreements, international sureties, international pledges and standby letters of credit.

Guarantees provided to third parties totaled R\$8,771 million as of June 30, 2021 and R\$10,628 million as of June 30, 2020. Guarantees provided to third parties totaled R\$9,569 million as of December 31, 2020 and R\$7,994 million as of December 31, 2019.

Upon default by beneficiaries, guarantees may be honored by the Bank. If that happens, amounts paid for guarantees honored are recorded as assets under receivables, in accordance with the rules of the CMN, and are considered past-due loans.

## **Investments**

The Bank makes substantial investments in its branch network, infrastructure and technology to improve the quality and efficiency of its operations. The Bank views these investments as essential to its competitiveness with private sector retail and commercial banks. In the six month period ended June 30, 2021, the Bank invested R\$0.4 billion in expanding its branches, technology and infrastructure, compared to R\$0.7 billion in the six month period ended June 30, 2020. In the year ended December 31, 2020, the Bank invested R\$1.7 billion in expanding its branches, technology and infrastructure, compared to R\$1.8 billion in the year ended December 31, 2019.

## **The Bank's Reserves with the Central Bank**

The Bank's reserves deposited with the Central Bank totaled R\$72,024 million as of June 30, 2021, compared to R\$67,587 million as of June 30, 2020, representing compulsory deposits and other accounts sources. The Bank's reserves deposited with the Central Bank totaled R\$60,309 million as of December 31, 2020, compared to R\$65,124 million as of December 31, 2019, representing compulsory deposits and other accounts sources. For a discussion of the Central Bank's requirements for compulsory deposits, see "Regulation of the Brazilian Banking Industry—Capital Adequacy Guidelines."

## **Credit and risk control**

Our risk management structure is designed to identify, measure, evaluate, monitor, report, control and mitigate risks, in addition to ensuring the continuous improvement of the Bank's management. Our Risk Appetite Statement ("RAS") guides the Bank in its strategic planning, policies and guidelines related to activities that involve the assumption of risk, directing budget and capital towards sustainable and optimized allocations.

During the first half of 2021, the Bank relied on and intensified the use of platforms combining analytical tools with big data environments, a matrix work model and the use of agile methodologies for the development of the Bank's risk management models.

During the same period, the Bank sought to make advances in its risk management practices: it performed a review of and made modifications on its risk management frameworks, its internal interest rate risk model in the banking portfolio, its short-term liquidity projection model, its operational risk management methodologies, its processes for the management of operational losses and the calculation methodologies for economic capital for risk coverage. In addition, the Bank developed a climate risk sensitivity indicator for the portfolio of rural producers and legal entities.

### ***Management policy of risk factors***

The Bank has a comprehensive set of policies and its subsidiaries, associated companies and interests can take their direction from these guidelines, taking into account the specific needs and legal and regulatory issues to which they are subject.

Specific policies pertain to:

- Market Risks;
- Liquidity Risk;
- Use of Derivative Financial Instruments;
- Anti-Money-Laundering, Corruption and Terrorism Financing;
- Credit;
- Business Continuity Management;
- Bank's Relationship with Suppliers;
- Operating Risk;
- Information Security;
- Capital Management;
- Legal Risk;
- Social and Environmental Responsibility;
- Disclosure of Risk and Capital Management Information;
- Interest Rate Risk of Banking Portfolio;
- Model Risk
- Strategy Risk;
- Reputation Risk;

- Risk of Complementary Pension Plans and Operators of Private Health Plans to Employees (EFPPS); and
- Contagion Risk.

#### ***Approval competency level***

The approval of the policy is assigned to the Board of Directors, pursuant to article 21, item I, of the bylaws of the company.

#### ***Review periodicity***

Some specific policies are reviewed annually by regulatory force, and the assessment of those policies by the Board of Directors must take place by November or, exceptionally, in December of the current year. In the case of specific policies without a review schedule defined by regulatory force, a review should take place at least once every three years.

#### ***Risks for which protection is sought***

The Bank has processes to identify risks that will make up inventory and define a relevant set of corporate risks, which are reviewed annually, considering those incurred in several business segments BB or its subsidiaries operate in.

The risks listed below comprise the relevant set of corporate risks to the Bank:

- *Market risk* – the possibility of financial or economic losses arising from the variation in the market values of positions held by the Bank.
- *Liquidity risk* – the occurrence of imbalances between tradable assets and liabilities due – “mismatching” between payments and receipts - which may affect the payment capacity of the Bank, taking into consideration the different currencies and winding-up terms of their rights and obligations.
- *Banking Book Interest rate risk* – this arises from exposures subject to changes in interest rates of transactions not classified in the trading book.
- *Credit risk* – the possibility of incurring losses associated with a loan taker or a counterparty’s failure to fulfill their respective financial obligations under the agreed-upon conditions, and losses associated with devaluation of a credit due to deterioration of the loan taker’s risk classification, reduction in gains or compensations, advantages granted in renegotiations and loan recovery costs.
- *Counterparty credit risk* – the possibility that a customer’s given counterparty will not fulfill its obligations related to the settlement of transactions involving the trading of financial assets, including those related to the settlement of derivatives, which creates a risk for the Bank.
- *Credit concentration risk* – the possibility of credit losses arising from significant exposure to a counterparty, a risk factor or groups of related counterparties by means of common characteristics.
- *Operating risk* – the possibility of losses resulting from failure, weakness or inadequacy of internal processes, people and systems or external events. This includes the possibility of losses arising from legal risk.
- *Legal risk* – the loss resulting from inadequacy or deficiency of contracts signed by the Bank, as well as penalties due to noncompliance with legal provisions as well as compensation for damages to third parties arising from activities performed by the Bank.

- *Strategy risk* – the possibility of losses arising from adverse changes in the business environment, and the use of inappropriate assumptions in decision-making.
- *Reputational risk* – the possibility of losses due to the negative perception of the Bank by customers, counterparties, shareholders, investors, government agencies, the community or supervisors, which may adversely affect the business sustainability.
- *Social and Environmental risk* – the possibility of losses resulting from exposure to environmental damage caused by the activities of the Bank.
- *Compliance risk* – the possibility of financial or reputational losses resulting from failure to comply with laws, regulations, internal standards, codes of conduct and guidelines established for the business and activities of the organization.
- *Closed Complementary Pension Funds and Providers of Private Health Insurance Assistance Plans risk* – the possible negative impact of the mismatch between actuarial liabilities and the assets of a closed complementary pension fund and providers of private health insurance assistance plans.
- *Model risk* – the possibility of losses arising from the development or use of inappropriate models due to the inaccuracy or inadequacy of data or the incorrect formulation in its construction.
- *Contagion risk* – the possibility of negative impact on the capital resulting from adverse events in the prudential conglomerate equity interest.
- *Climate risk* - the possibility of losses from the impacts of climate change, which may arise from the transition of business to a low-carbon economy, from extreme weather events or events that will have long-term consequences and from the assignment of climate-related liability for damages or losses to third parties.
- *Cyber risk* – the possibility of losses arising from cyber-attacks against IT infrastructure or corporate systems, affecting integrity, confidentiality, and availability.
- *IT risk* – the possibility of losses arising from inadequacies or failures in the delivery and support of technology solutions and services, involving infrastructure, construction, operation.
- *Conduct risk* - possibility of losses arising from misconduct by the Bank or inappropriate acts in the conduct of its activities by senior management, employees, staff members, and those who act on behalf of or provide services to the Bank.
- *Supplier risk* - possibility of financial losses arising from the process of supply of goods and/or provision of services by suppliers.
- *Security risk* - possibility of losses arising from failures in the Bank's security processes, causing damage to property, personal injury, or appropriation of physical or financial assets of both the Bank and third parties.

### ***Market liquidity and interest rate risk***

The Bank has established policies and strategies for the management of market and liquidity risks and the management of derivative financial instruments, which are determined in the operational guidelines of the Bank for the process management of these risks.

In the process management of market and liquidity risk, mechanisms are used, expressed in a regulatory system, detailing the procedures required for the implementation of organizational decisions relative to the business and activities of the Bank, in order to ensure that the legal and regulatory requirements of regulatory and inspection agencies are met.

Systems that ensure the assessment, monitoring, and control of positions recorded in trading and non-trading as well as compliance operations with established hedging purposes, are used in the management of market and liquidity risk.

### ***Credit risk***

The management of the Bank's credit risk is carried out based on market best practices and follows banking supervision guidelines and regulations. The management of the Bank's credit risk involves the Credit Policy, the Declaration of Appetite and Risk Tolerance, strategies, processes, procedures and credit risk management systems.

The use of instruments that mitigate credit risk is declared in the Bank's Credit Specific Policy, present in all strategic decisions and formalized in the credit standards, reaches all levels of the organization and covers all stages of the management of credit risk.

The measurement of credit risk is determined by various indicators, such as defaults, delays, portfolio quality, allowance for loan losses, concentration, regulatory capital requirements, and stress tests, among others, which reflect the Bank's risk mitigation policy.

### ***Operating risk***

The operating risk policy provides guidelines to the areas of the Bank that ensure the effectiveness of the operational risk management model. The Bank also has other policies associated with operational risk management, such as: Prevention and Combat of Money Laundering, Corruption and Terrorism Financing; Business Continuity Management; the Bank's Relationship with Suppliers; Management of Legal Risk; and Management of Information Security.

The Bank performs the operational risk management, segregating the risk and business management functions, aligned with best practices in risk management, and the appropriate banking supervision guidelines and regulations.

### ***Strategy risk***

In the formulation of corporate strategy, the Bank has a policy of analysis of macroeconomic scenarios and the financial industry in order to better assess the opportunities and threats of the market and mitigate the risks of erroneous strategic decisions.

The Bank's strategy of risk management considers the possibility of loss arising from adverse changes in the business environment or the use of inappropriate assumptions in strategic decision-making.

### ***Reputation risk***

The management structure of reputational risk segregates the risk management process from the business processes of brand management, highlighting the responsibility of the areas involved, to ensure sustainable return to shareholders, in risk conditions. The quality of communications related to indicators is monitored, as well as those indicators related to the brand on social networks, rankings of Central Bank, complaints to the Ombudsman, external ratings, and market analyst reports.

### ***Climate Risk***

The Bank uses tools such as the Agricultural Climate Risk Zoning (Zarc), published by the Ministry of Agriculture, Livestock, and Supply of Brazil, and the Agricultural Technical Referential System (RTA), developed internally, to mitigate risks of its agribusiness portfolio. The Zarc tool identifies the municipalities in Brazil with climate and soil suitability for certain crops. In turn, the RTA maintains information on production costs, historical prices and productivity by crop and municipality.

In 2020, the Bank sought to improve its management of climate risk by the adoption of its Climate Risk Management Policy, which policy establishes guidelines and principles to address the effects of climate change.



### ***Cyber risk***

The Bank manages cyber risks in an integrated manner, with the active participation of several directors and business units. The Bank seeks to permanently assess risk exposure and proactively and reactively mitigate risks. To this end, the Bank continually invests in updating and modernizing the safety of its infrastructures, in information technology systems and in improving its processes. In addition, the Bank carries out continuous training of its teams to ensure the protection of customers' operations, business and information.

Under its Cyber Incident Prevention and Response Plan, the Bank performs scenario analysis and impact assessment on an ongoing basis. These assessment seek to mitigate the risks associated with the digital strategy, as well to comply with regulatory requirements.

In 2020, the Bank adopted the following measures in connection with the management of its cyber risk: adoption of a cyber risk management framework, approval of new stress testing methodology, elaboration of various cyber risk metrics and the implementation of the losses and indicators panel.

### ***IT Risk***

In 2020, the Bank undertook the following measures in connection with the management of its IT risk: adoption of the IT risk management framework, publication of the IT risk identification, the publicaito of analysis and assessment manual and implementation of the losses and indicators panel.

### ***Supplier Risk***

In 2020, the Bank adopted the following measures in connection with the management of its supplier risk: adoption of the framework for supplier risk management, definition of structures for risk management at the Bank's Office of Shared Resources and Services (*Diretoria de Suprimentos e Serviços Compartilhados*, or DISEC) and Risk Management Office (*Diretoria de Gestão de Riscos*, or DIRIS) and review of the Bank's specific supplier relationship policy.

### ***Social and environmental risk***

The risk management framework operates by assessing and controlling environmental risk events, including the granting of credit transactions, the separation of the environmental risk events from the process of operating losses, the definition of processes of corporate strategy and brand management, purchasing, hiring, and management of logistics resources, consumption of water and electric power, to the prospecting for new acquisitions and strategic partnerships.

### ***Closed Pension Plans Entities and Employee Health Operators risk***

The Bank bases Closed Pension Plans Entities and Employee Health Operators risk (the "EFPPS risk") management on the negative impact of the "mismatch" between actuarial liabilities and assets of closed complementary pension funds and providers of private health insurance assistance plans.

BB manages this risk as a sponsor of pension plans and health care plans to assess the consolidated negative impact on the shareholders' equity of the Bank and the economic, financial, and actuarial balance defined benefit retirement plan and health plans it sponsors.

### ***Ownership interest***

In line with the current regulation, the Bank assesses the risk management of the connected entities, issuing guidelines for adequacy of companies, and the management of risks and their alignment with the practices adopted by the Bank.

### ***The organizational structure of risk management***

The risk governance model adopted by the Bank involves a superior executive committee structure, with the participation of various areas, and includes the following aspects:

- (a) segregation of duties: business risk;
- (b) specific structure of risk management;
- (c) defined management process;
- (d) decisions at various hierarchical levels;
- (e) clear rules and structures of authority; and
- (f) benchmark for the best management practices.

In the following, the configuration of risk management related committees is presented:

- (a) Executive Committee on Credit Risk (CERC);
- (b) Market and Liquidity Risk Executive Committee (CERML);
- (c) Executive Committee on Internal Controls and Operational Risk Controls (CERO); and
- (d) Global Risk Superior Committee (CSRG).

All decisions related to risk management are taken in a collegial way and in accordance with the guidelines and standards of the Bank.

The Bank's risk governance is centralized at the Global Risk Superior Committee (CSRG), composed of members of the Management Board (CD), with the main purpose of establishing the strategies for risk management, the general limits to risk exposure, and the capital allocation associated with the risks.

The Risk Management Directorship (Diris) is responsible for the management of relevant risks, operational and legal risks,. These structures are subordinated to the Vice President of Internal Controls and Risk Management (Vicri).

The Bank has also established an Executive Committee of Capital Management (CEGC), whose powers are concentrated in capital planning based on risk and business strategy, supporting the CSRG in related matters. The institution responsible for capital management is the Controllership Director (DIRCO).

Decisions are communicated between areas by documents that objectively express the position taken by the Management, ensuring application at all levels of the Bank.

***The adequacy of the operational structure and internal controls to verify the effectiveness of the policy adopted***

The responsibilities for the management of internal controls of the Bank are clearly established and require an integration and coordination of resources.

To assist the management and implementation of control activities, a reference model based on the concept of lines of defense has been adopted. For this model, the areas that develop and sell products and services must implement and maintain effective controls and ensure compliance with business policies, internal and external standards.

Monitoring the effectiveness of the procedures established by these areas is carried out independently by the Executive Board of internal controls, including a consolidated assessment of the Bank's governance and its interests, by qualitative and quantitative analysis of the Bank's processes.

Finally, Internal Audit works independently, undertaking a wide independent assessment of the Internal Control System of the Bank and its risk management structures.

### ***Main measures adopted for market risks***

Market risk policies and use of derivative financial instruments, approved by the Board of Directors on November 16, 2015 and revised and updated on September 18, 2017, make up part of the strategic documents related to the management of market risk at the Bank.

These documents establish the guidelines to be followed in business decisions. They involve the assessment of market risk, dealing with quantitative aspects, such as the metrics to be used, and qualitative aspects, such as the hedging policy, the scope of management and the segregation of duties.

### ***Market risks for which protection is sought***

When the Bank considers market risks to which it is subject, the following risk factors apply:

- I. interest rate;
- II. foreign exchange rate;
- III. share price; and
- IV. commodity prices (commodities).

The risk exposure to interest rates (item "I") covers the risks of fluctuations in fixed interest rates, coupons in foreign currencies, coupons and price indexes and coupons of other interest rates; the risk of exposure to foreign exchange rates (item "II") is the risk of changes in exchange rates prevailing in the market; the risk of share price exposure (item "III") is the risk of changes in stock prices prevailing in the market; and the risk of exposure to commodity prices (commodities) (item "IV") is the risk of changes in commodity prices prevailing in the market.

The Bank manages the exposure to exchange rate risk in order to minimize its effect on results.

### ***Equity protection strategy (hedge)***

The Bank's management policy of market risk aims to map, control and mitigate the calculated risks and mismatches. In this context, the Risk Management Directorship is responsible for the mapping and calculation of market risks and mismatched maturities, currencies, and indexes between the asset and liability positions of the Bank. From this survey, the Risk Management Directorship informs the Finance Directorship of the established corporate limits and the calculated values.

The Finance Directorship, through the Capital Structure and Mismatches of Assets and Liabilities Administration, is responsible for the management of established mismatches and, as such, analyzes the information received in conjunction with the current economic situation and myriad scenarios, and suggests any strategic directions or protections (hedges) that may be necessary.

### ***Instruments used for equity protection (hedge)***

The Bank operates derivative financial instruments for the management of its own positions and to service the needs of its clients. Operations with derivative financial instruments are used in order to offset – in whole or in part – the risks arising from exposure to variations in the market value of financial assets or liabilities. Hedging instruments (hedge), are segregated from non-dedicated hedges both with limits and goals.

Operations with derivative financial instruments for hedging are classified according to their nature:

Market risk - financial instruments classified as follows, as well as of the item hedged, are recorded in income and expense accounts for the year;

Cash flow - the effective amount of the increases or decreases in the value of the financial instruments classified in this category is recorded, net of tax effects, in a separate shareholders' equity account.

Derivative financial instruments used by the Bank are compatible with the defined objectives by observing the relation of risk and return and considering the economic scenario, the main ones being:

- I. Interest rate futures and options, commodities, indexes, stocks and exchange traded at B3;
- II. Exchange futures contracts and commodities traded on the Chicago Mercantile Exchange Group – CME;
- III. Commodities futures contracts traded on the NYBOT/ICE exchange;
- IV. Currency Term Contracts – Non-Deliverable Forward (NDF); and
- V. Swap contracts of interest rates and foreign exchange rates.

#### ***Parameters used to manage these risks***

The Bank uses statistical and simulation methodologies to measure market risks. Among the metrics resulting from the application of these methods are:

- I. Value at Risk (VaR);
- II. Sensitivity analysis; and
- III. Stress testing.

#### ***Value at Risk (VaR)***

The VaR is a measure used to estimate the maximum potential loss, under routine market conditions, presented daily in monetary terms, considering a determined confidence interval and time horizon.

To measure VaR, the Bank adopts the Historical Simulation technique with the following parameters:

- I. entailed 99% confidence interval;
- II. 252 retrospective scenarios of daily shock factors; and
- III. a time horizon of 10 business days.

The performance of the VaR metric is assessed monthly by applying a back testing process. This assessment is separated from the development process and use of the VaR.

The purpose of monthly back testing is to evaluate the accuracy of the market risk model (VaR). This assessment is separated from the development process and use of the VaR.

The methodology used by the Bank is to verify whether the number of extrapolations (number of times that negative returns exceed the losses estimated by VaR) is consistent with that predicted by the model (from a statistical point of view), as well as occurring independently over time.

In a complementary manner, the aim is to offer a comparison between models and carry out an assessment of the magnitude of extreme values and the order of the VaR models.

#### ***Sensitivity analysis***

By using sensitivity metrics, the effects on the values of exposures resulting from changes in market risk factors are simulated.

Sensitivity analysis is used as a method to test the application of parallel shocks on market curves from the most relevant risk factors, assessing the impact of the fluctuation of a single factor of market risk at a given time, by applying positive and negative shocks (from 0% to 100%) on the risk factors.

The purpose of this method is to simulate effects on Bank income in view of possible scenarios, which consider possible fluctuations in market interest rates.

The application of parallel shocks to the market curves assumes that high or low movements to interest rates occur identically, in both the short and long term. Given that the market does not always present such behavior, this method could result in small deviations in the simulated amounts.

### ***Stress testing***

The Bank uses stress measures resulting from simulations of their exposures subject to market risks under extreme conditions, such as financial crises and economic shocks. The purpose of these tests is to determine the impact of plausible events, but with low probabilities of occurrence, on the economic and regulatory capital. Stress Tests cover simulations of exposure, on a retrospective basis, based on a historical series of shocks on factors of market risks, when prospective in character, based on projections of economic and financial scenarios.

The retrospective stress test method estimates the percentage of variation in the market value of exposures, by applying shocks compatible with specific scenarios capable of reproducing historical periods of market stress or major losses by the Bank, with the following parameters taken into consideration:

- I. Metrics: minimum (worst loss) and maximum (highest gains) of the series of daily returns of the trading book;
- II. Extension of the series: from January 4, 2000, until the base date;
- III. Maintenance period (holding period): one month (21 days); and
- IV. Test frequency: weekly.

The control, monitoring and daily follow-up of the stress limits, for Banco do Brasil's trading portfolio and for groups and books, are performed based on prospective stress-testing measures.

The method of prospective stress test estimates variation percentage of the market value of exposures subject to the risk factors underlying the capital requirement for market risk coverage by applying shocks to the factors of market risks, as estimated from stress scenarios generated by the Brand Strategy Directorship (Direm) and the Finance Directorship (Difin), taking the following parameters into consideration:

- I. Metrics: worst loss and highest gain estimates for the trading portfolio returns during the period;
- II. Extension of series: prospects for accumulated returns for 21 business days;
- III. Maintenance period (holding period): one month (21 days); and
- IV. Test frequency: weekly.

The prospective stress tests aim to simulate, prospectively, adversities based on the characteristics of the Bank's portfolio and the macroeconomic environment, under severe and plausible conditions.

Banco do Brasil also uses derivative financial instruments in developing intentional position strategies in order to seize market opportunities, taking into consideration the market risk limits previously established by the Global Risk Superior Committee (CSRG).

### ***The organizational structure of market risks management control***

In accordance with Resolution No. 3,464, issued by the National Monetary Council and published by the Central Bank on June 26, 2007, the structure and process of managing market risks has the objective of identifying, assessing, monitoring and controlling risks associated with each institution individually and for the Bank, as well as identifying and monitoring the risks associated with other companies in the conglomerate.

The Bank has a structure for the management of market risks, represented by the Risk Management Directorship, which is compatible with the characteristics of the Bank's operations and segregated from the

business units and the Internal Audit unit. Among the responsibilities of the Risk Management Directorship regarding market risks are: the proposal of policies, guidelines, methodologies and market risk limits, identification, assessment, monitoring and control of market risks of the Financial Conglomerate. In the market risk management process, the Bank segregates within the organizational structure decision-making, implementation, and control. It is worth highlighting the work of the Executive Committee for Market and Liquidity Risk and the Global Risk Superior Committee that were set up to decentralize the decision-making process of the Bank, guaranteeing the quality and speed of decisions, both with their own internal regulations.

#### ***Market and Liquidity Risk Executive Committee***

The competencies of Market and Liquidity Risk Executive Committee (the “**CERML**”) include: To approve:

- I. Models, methods, criteria and parameters for market risk management, of liquidity and actuarial;
- II. Specific limits of exposure to market risks and actuarial risks; and
- III. Contingency plans referring to market risk management, liquidity risk management and actuarial risk management.

To analyze and propose:

- I. The overall limits of exposure to market risks and actuarial risks;
- II. The minimum reserve and overall limits of liquidity risk;
- III. Liquidity contingency plans; and
- IV. The strategy for managing market risk, liquidity risk and actuarial risk.

#### ***Global Risk Superior Committee***

The Global Risk Superior Committee (the “**GRSC**”) must decide, under the scope of the Bank, including foreign branches, and the companies in the financial conglomerate, except those in which the Bank does not hold shareholding control, on:

- I. Strategy for market, liquidity, credit and operational risk management;
- II. Limits of overall exposure to risks;
- III. Minimum liquidity reserves and liquidity contingency plans;
- IV. The risk factors that will comprise the documents and reports to be submitted to publication; and
- V. Methodologies, criteria and parameters for calculation provisions for contingent claims.

#### ***The adequacy of the operational structure and internal controls to verify the effectiveness of the policy adopted***

The organizational structure of the Bank has defined and established governance duties with the participation of the Bank’s Management, which makes it compatible with the complexity of products, the nature of operations and the size of exposure it has to market risk. Furthermore, it is segregated from the business area.

The structure proved to be adequate for the implementation of policies and activities related to the management of market risk, considering it adhered to the existing regulations and market best practices.

These processes and tools enable the Bank to comply with its market risk policies, in addition to making the identification, evaluation, measurement, monitoring, and control of its exposures possible. Also possible is compliance with the definitions and requirements of regulators and the Bank’s Management.

Thus, these processes and tools are considered compatible with the nature of the Bank's operations, as well as the complexity of its products, and services and the extent of exposure to market risk, allowing for the correct management of these risks.

## BANKING INDUSTRY OVERVIEW

### Evolution of the Brazilian Banking Industry

The Brazilian banking industry has experienced a major structural change, evolving from operating in a high-inflation environment in the 1980s and early 1990s, to operating in a low-inflation environment combined with more macroeconomic and monetary stability as of 1994, when the *real* was introduced as Brazil's currency.

The monetary stability achieved in 1994 led to sustained growth in credit demand in Brazil. This growth, combined with the loss of inflationary profits, caused the banking industry to improve its efficiency ratios and increase revenues from services. As a result, the banking industry entered a period of rationalization and consolidation. The Federal Government has been monitoring this process closely, creating programs aimed at protecting the economic circumstances of every-day Brazilians, including measures to ensure the solvency of institutions and increase competition among private banks. The Federal Government also reduced entry restrictions to foreign banks in the Brazilian market.

In recent years, in particular since middle 2008, the global banking industry was seriously affected by the financial crisis, which contributed significantly to the reduction of assets in this industry. The effects of the crisis in Brazil were relatively moderate in comparison with the effects in the United States and Europe. While liquidity in the Brazilian banking sector was, in a certain manner, affected by the financial global crisis, the Central Bank took steps to assure availability of enough liquidity in the Brazilian market during this period, mainly in the fourth quarter of 2008.

Despite the fact that Brazil still has a low penetration ratio in terms of persons utilizing banking products when compared with more developed countries, such penetration has been increasing significantly over the last few years. According to the Locomotiva Institute, approximately 16.3 million Brazilians have no access to banking services, as of April 28, 2021.

The table below shows the evolution of the volume of loans within the Brazilian financial system which are granted by financial institutions with funds not required to be used for any particular purpose under applicable regulation (“Free Funds”).

| As of                  | Consumer loans <sup>(1)</sup>                   |                    | Corporate loans |                    | Total   |
|------------------------|---|--------------------|-----------------|--------------------|---------|
|                        | <i>(in billions of R\$, except percentages)</i> |                    |                 |                    |         |
|                        | Amount  | (%) of total loans | Amount          | (%) of total loans | Amount  |
| December 31, 2001..... | 82.7  | 37.4               | 138.2           | 62.6               | 220.9   |
| December 31, 2002..... | 90.5  | 37.7               | 149.7           | 62.3               | 240.2   |
| December 31, 2003..... | 101.0   | 39.5               | 154.6           | 60.5               | 255.6   |
| December 31, 2004..... | 138.6   | 43.6               | 179.4           | 56.4               | 317.9   |
| December 31, 2005..... | 190.7   | 47.2               | 213.0           | 52.8               | 403.7   |
| December 31, 2006..... | 238.0   | 47.8               | 260.4           | 52.2               | 498.3   |
| December 31, 2007..... | 317.6   | 48.1               | 343.3           | 51.9               | 660.8   |
| December 31, 2008..... | 394.3   | 45.3               | 476.9           | 54.7               | 871.2   |
| December 31, 2009..... | 469.9   | 49.2               | 484.7           | 50.8               | 954.6   |
| December 31, 2010..... | 560.0   | 50.2               | 556.1           | 49.8               | 1,116.1 |
| December 31, 2011..... | 651.1   | 52.4               | 592.0           | 47.6               | 1,243.0 |
| December 31, 2012..... | 724.3   | 51.3               | 688.8           | 48.7               | 1,413.1 |
| December 31, 2013..... | 745.2   | 49.4               | 762.9           | 50.6               | 1,508.1 |
| December 31, 2014..... | 785.9   | 48.2               | 792.9           | 50.2               | 1,578.8 |
| December 31, 2015..... | 805.3   | 49.2               | 832.0           | 50.8               | 1,637.3 |
| December 31, 2016..... | 808.8   | 52.0               | 747.1           | 48.0               | 1,556.0 |
| December 31, 2017..... | 851.4   | 53.7               | 733.4           | 46.3               | 1,584.8 |
| December 31, 2018..... | 947.5   | 53.7               | 815.3           | 46.3               | 1,762.8 |
| December 31, 2019..... | 1,113.2   | 55.3               | 900.6           | 44.7               | 2,013.8 |
| June 30, 2020.....     | 1,090.6   | 47.0               | 1,229.2         | 53.0               | 2,319.9 |
| December 31, 2020..... | 1,107.1   | 52.4               | 1,007.5         | 47.6               | 2,114.6 |
| June 30, 2021.....     | 1,151.3   | 46.6               | 1,320.1         | 53.4               | 2,471.4 |

(1) Overdraft loan, consumer credit, real estate loans, loans for acquiring goods, credit cards and others.



## **Main Financial Institutions**

### ***Brazilian financial system (Sistema financeiro nacional)***

The Brazilian financial system is subject to several regulatory and supervisory authorities, including the CMN, the Central Bank, the CVM, the SUSEP, the Complementary Pension Secretariat (*Secretaria de Previdência Complementar*) and the National Superintendence of Complementary Pension (*Superintendência Nacional de Previdência Complementar*), which are subordinated to several entities and institutions.

### ***Private Sector***

The private financial sector of the Brazilian financial system includes, among other entities, multiple-service banks, commercial banks, investment banks, credit, finance and investment companies, securities dealers, stock brokerage firms, *real* estate financing companies, leasing companies and factoring companies.

According to the information available on the Central Bank's website, updated as of July 31, 2021, there were 1636 financial institutions regulated and supervised by the Central Bank, including:

- 157 commercial and multiple-service financial institutions authorized to engage in financial activities pursuant to applicable laws and regulations governing each type of activity, such as commercial, investment and credit transactions. Multiple-service banks are authorized to provide a full range of commercial and investment banking services (including securities underwriting and trading), leasing and other services, such as real estate loans and fund management;
- 872 credit unions, which provide credit to its members as well as other financial services pursuant to applicable laws and regulations; and
- 607 investment banks, development banks and other financial institutions specializing in medium- and long-term loans, asset management services and consortium management services. These banks do not hold demand deposits and their main sources of funding are time deposits or foreign loans for local lending. Their main lending transactions are working capital and loans for fixed capital, securities underwriting and trading, interbank deposits and lending of foreign loans.

### ***Public Sector***

Despite privatization both at federal and state levels, the Federal Government and several state governments still control many major commercial banks and financial institutions, with the purpose of encouraging the development of the Brazilian economy, primarily with respect to the agricultural, industrial and housing sectors. Such institutions hold a substantial portion of deposits and assets in the financial system and play a major role in relation to savings accounts, mortgage notes and agricultural loans. In addition, development banks act as regional development agencies.

In addition to the Bank itself, the most important Federal Government-controlled banks are:

- Banco Nacional de Desenvolvimento Econômico e Social—BNDES: the main agent of the Federal Government's investment policy, providing long-term financing for Brazil's development and to strengthen domestic companies; and
- Caixa Econômica Federal (“CEF”): the main agent of the Federal Government's housing policy. CEF accepts demand and savings deposits and provides housing finance and participates in urban infrastructure projects and consumer lending.

In addition to the institutions described above, the following are also considered part of the public sector of the Brazilian financial system: (i) state and regional development banks; (ii) state savings banks; and (iii) federal and state-controlled commercial and multiple-service banks.

## The Main Markets of the Bank

According to the Central Bank, the total amount of credit transactions to consumers increased 6% between January 1, 2021 and June 30, 2021, reaching R\$2,398 billion as of June 30, 2021. The total amount of credit transactions to consumers increased 23% between December 2019 and June 2021, reaching R\$2,238 billion as of December 31, 2020.

The table below shows the growth of consumer lending outstanding in Brazil by product:

|  | For the six month period<br>ended June, 30 |          | For the year<br>ended December 31, |         |
|--|--|----------|------------------------------------|---------|
|  | 2021                                       | 2020     | 2020                               | 2019    |
| Overdraft facilities.....                    | 12.30%                                     | (16.00%) | (30.60%)                           | (0.30%) |
| Consumer credit .....                        | 9.30%                                      | 2.60%    | 12.50%                             | 13.20%  |
| Financing for vehicles and other goods ..... | 4.00%                                      | (1.30%)  | 7.20%                              | 16.80%  |
| Credit card financing .....                  | 10.90%                                     | (15.20%) | 3.30%                              | 17.60%  |

### *Overdraft facilities*

Overdraft facilities have higher interest rates than other financing alternatives. The overdraft contract is renewed on a monthly basis and the overdue interest is incorporated into the principal amount of the loan, if not paid by the due date.

### *Consumer credit*

Consumer credit is frequently used by consumers who have limited access to credit facilities and is characterized by high interest rates due to high default rates. Credit is made available in a lump sum to the consumer who repays the loan in monthly installments.

### *Financing for vehicles*

The vehicle financing market is dominated by the large retail banks, which have gradually taken over the position that was held in the past by the financial companies of vehicle manufacturers. Interest rates in this market are highly competitive. Smaller institutions primarily focus on the used car market. Default rates are relatively low and loans are secured by the financed asset, which can be repossessed and publicly auctioned in the event of default. According to the Febraban reports derived from Central Bank data, total amounts of consumer credit were R\$239.5 billion and R\$216.8 billion as of June 30, 2021 and June 30, 2020, respectively. Total amounts of consumer credit were R\$186.2 billion and R\$179.4 billion as of December 31, 2020 and December 31, 2019, respectively.

### *Credit card financings*

The large retail banks are the major players in the credit card financing market. Credit card financings have high rates of default and, consequently, interest rates for consumers are high.

### *Market for payroll-deduction loans*

Payroll-deduction loans have increased with the demand for alternative sources of credit. Historically, traditional credit facilities have been expensive for consumers for different reasons, including competition dynamics within the banking industry, the legal and institutional structure of the industry and the nature of underlying credit risks. According to Febraban reports derived from Central Bank statistics, as of June 30, 2021, Brazilian retail banks charged average interest rates of 126% per year on overdraft facilities, and 33% per year on consumer credit facilities (excluding the payroll-deduction loans), 22% per year for vehicle financings and 19% per year for payroll-deduction loans. As of June 30, 2021, interest rates for overdraft facilities, consumer credit facilities (excluding payroll-deduction loans), vehicle financing and payroll-deduction loans were 126%, 33%, 22% and 19%, respectively, compared with interest rates of 113%, 34%, 19% and 21%, respectively as of June 30, 2020.

The table below shows the payroll-deduction loans borrowed by public- and private-sector employees and retirees in the specified periods.

|   | <b>Public sector &amp;<br/>Social Security<br/>retirees</b> | <b>Private sector</b> | <b>Total credit</b> | <b>Share of<br/>payroll<br/>deduction in<br/>total<br/>consumer<br/>financing<br/>segment</b> |
|---|---|-----------------------|---------------------|---|
|   | <i>(in millions of R\$)</i>                                 |                       |                     | <i>(%)</i>  |
| Year ended December 31, 2019 .....        | 195,017   | 3,282.01              | 3,477.12            | 11.0  |
| Year ended December 31, 2020 .....        | 222,437   | 3,798.51              | 4,020.94            | 10.9  |
| Six month period ended June 30, 2020..... | 217,878   | 3,405.98              | 3,623.86            | 11.0  |
| Six month period ended June 30, 2021..... | 200,188   | 4,015.24              | 4,215.43            | 11.3  |

Sources: Central Bank.

Payroll-deduction loans have been the fastest-growing form of consumer financing over the last few years. According to information published by the Central Bank, its percentage of total financing to consumers is 11.3% on 4,215. Payroll-deduction loans are made available to a segment of the Brazilian population without access to a regular bank account or traditional banking distribution channels.

### ***Agricultural Credit Market***

Agribusiness plays a strategic role in the Brazilian economy, primarily by generating funds for the country's trade balance from exports. The agricultural credit market is subject to current regulations and legislation and to the rules set forth by the Rural Credit Manual ("**Manual**"). Rural credit operations are considered to be those in which National Rural Credit System institutions supply funds for the purposes specified in the Manual and in accordance with its provisions.

The main objectives of agricultural credit are to: (i) foster agricultural investments in the production, storage, processing and industrialization of agricultural and livestock farming products; (ii) favor the timely and appropriate funding of agricultural and livestock farming production and commercialization; (iii) strengthen the agricultural sector; and (iv) encourage the introduction of rational methods in the production system, aiming at increasing productivity, improving the standard of living of agricultural communities and adequately protecting the soil.

Rural credit can be used for the following purposes: (i) funding; (ii) investment; and (iii) commercialization. Funding credit is used for covering normal production cycle expenses. Investment loans are used for investing in goods or services, the benefits of which are reflected over various production cycles. Commercialization loans are to cover expenses during the post-production phase or to convert into cash the receivables coming from the sale or delivery of products by the producers or their cooperatives.

The funds earmarked for the agricultural sector are divided into regulated and non-regulated funds. Operations secured by regulated funds are subject to the CMN's normal financial charges, in accordance with the underlying goods to which the loans refer.

The regulated agricultural credit funds include: (i) mandatory funds, calculated on demand deposits and subject to the mandatory payments made by financial institutions; (ii) official credit operations, monitored by the Ministry of Finance; (iii) the rural savings account, the worker protection fund and the "**extra-market**" investment fund, when in connection with operations subsidized by the Federal Government in the form of equalization of rates; and (iv) other funds that may be specified by the CMN.

Financial charges on operations covered by non-regulated agricultural credit funds can be freely negotiated between the borrower and the lender.

During the 2020-2021 harvest, the Bank's loan disbursements in the Brazilian agribusiness sector reached R\$115 billion, a 23.1% growth compared to the previous harvest. In July 2021, the Bank announced its plans to expand its agribusiness loan portfolio to R\$135 billion in available funds.

## REGULATION OF THE BRAZILIAN BANKING INDUSTRY

### General

The basic structure of the Brazilian Financial System (*Sistema Financeiro Nacional*, or the “**Brazilian Financial System**”) is set out in: (i) Law No. 4,595/1964 (the “**Brazilian Financial System Law**”), which establishes the CMN and grants the Central Bank, among other things, the powers to issue money and control credit, as well as Law No. 6,385/1976 (regulating the securities sector), (ii) Law No. 12,154/2009 (regulating the pension funds sector), and (iii) Decree-Law No. 73/1966 (regulating the private insurance sector).

### Main Regulatory Agencies

The Brazilian Financial System consists of the following regulatory and fiscal bodies:

- the National Monetary Council (*Conselho Monetário Nacional* or “**CMN**”);
- the Central Bank;
- the Brazilian Securities Exchange Commission (*Comissão de Valores Mobiliários* or “**CVM**”);
- the Brazilian Council for Private Insurance (*Conselho Nacional de Seguros Privados*, or the “**CNSP**”);
- the Private Insurance Superintendence (*Superintendência de Seguros Privados*, or the “**SUSEP**”);
- the Brazilian Council for Complementary Pension (*Conselho Nacional de Previdência Complementar*, or the “**CNPC**”); and
- the Complementary Pensions Secretary (*Superintendência Nacional de Previdência Complementar*, or the “**PREVIC**”).

The CMN and the Central Bank regulate the Brazilian banking sector. The CVM is responsible for the policies of the Brazilian securities and capital markets. Below is a summary of the main attributes and powers of each of the regulatory bodies listed above.

#### *The CMN*

Currently, the CMN is the highest authority in the Brazilian Financial System and is responsible for Brazilian monetary and financial policy and for the overall formulation and supervision of monetary, credit, budgetary, fiscal and public debt policies. Additionally, the CMN:

- directs the investment of funds of financial institutions, public or private, taking into account different regions of the country and favorable conditions for stable development of the national economy;
- supervises Brazil’s reserves of gold and foreign exchange;
- facilitates the improvement of resources for financial institutions and instruments;
- monitors the liquidity and solvency of financial institutions;
- coordinates monetary, credit, budgetary, fiscal and public debt policies; and
- establishes policy used in the organization and operation of the Brazilian securities market.

The Minister of Economy serves as the Chairman of the CMN; the board also includes the Special Secretary of Finance of the Ministry of Economy and the President of the Central Bank.

#### *The Central Bank*

The Brazilian Financial System Law grants the Central Bank the powers to implement the monetary and credit policies established by the CMN, to supervise public and private sector financial institutions and to apply

penalties provided for under the law when necessary. According to the Brazilian Financial System Law, the Central Bank is also responsible for, among other activities: (i) controlling credit and foreign capital, (ii) receiving mandatory payments and voluntary demand deposits from financial institutions, (iii) carrying out rediscount operations and providing loans to banking institutions, and (iv) functioning as the depository for official gold and foreign currency reserves. The Central Bank is also responsible for controlling and approving the operations, the transfer of ownership, the corporate reorganization of financial institutions, the establishment of transfers of principal places of business or branches (whether in Brazil or abroad) and the required submission of periodical and annual financial statements by financial institutions.

### ***The CVM***

The CVM is a government agency under the Ministry of Economy with jurisdiction over the entire Brazilian territory. Pursuant to Law No. 6,385 the agency has authority to: (i) implement the CMN's policy in relation to securities and the capital markets, (ii) approve, suspend or cancel the registration of publicly-held companies, (iii) approve, suspend or cancel public offerings of securities, (iv) regulate, supervise and inspect the activities of public companies, organized over-the-counter (OTC) markets, exchange markets and commodities and futures markets and the members of the securities distribution system, (v) disclose information or issue recommendations providing guidance to the market and (vi) prohibit market participants from engaging in activities deemed detrimental to the operation of the market and its investors. Pursuant to Law No. 10,198/2001, as amended, and Law No. 10,303/2001, the regulation and supervision of both mutual funds and variable income funds and of transactions involving derivatives now fall under the CVM's purview. The amendment to the Brazilian Civil Code by Law No. 13,874 on September 20, 2019 consolidated the CVM's powers to supervise investment funds.

### ***The CNSP***

The CNSP is a joint committee created by Decree-Law No. 73/1966 and is responsible for establishing the guidelines and rules of private insurance policies, prescribing the criteria for the incorporation of insurance companies and disciplining insurance brokerage and the profession of insurance broker.

### ***The SUSEP***

SUSEP is an authority created by Decree-Law No. 73/1966 and is responsible for the execution of the policies outlined by the CNSP, as well as control and supervision of the insurance, private pension, premium bonds, and reinsurance markets in Brazil.

### ***The CNPC***

The CNPC is a joint committee created by Law No. 12,154/2009 that regulates the complementary pension fund regime operated by closed supplementary pension fund entities.

### ***The PREVIC***

The PREVIC is an authority created by Law No. 12,154/2009 which acts as an entity for inspection of the closed supplementary pension entities and for execution of the policies for the respective supplementary pension regime.

## **Legal Reform of the Brazilian Financial System — Amendment to the Brazilian Constitution**

Former Article 192, paragraph 3, of the Brazilian Constitution, enacted in 1988, caps bank loan interest rates at 12% per year. Since the enactment of the Brazilian Constitution, however, such rates have not been enforced, as the regulation of such provision has been pending. Several attempts have been made to regulate limitations on bank loan interest rates, but none have been implemented.

In May 2003, Constitutional Amendment (*Emenda Constitucional*) 40/03 (“**EC 40/03**”) revoked all subsections and paragraphs of Article 192 of the Brazilian Constitution and established a general permission to regulate the Brazilian Financial System through specific laws. With EC 40/03, the Brazilian Congress may now vote on bills dealing with the regulation of the Brazilian Financial System.

Interest rates charged by financial institutions in Brazil are subject to the specific provisions issued by the CMN pursuant to the Brazilian Financial System Law and are not subject to the general provisions set forth in the Brazilian Civil Code. Except for certain transactions involving directed resources, such as rural credit, real

estate credit, microcredit, and resources from BNDES, interest rates charged by financial institutions are not capped by CMN regulation but are subject to judicial review in certain situations deemed abusive to consumers.

As a reference, under the Brazilian Civil Code, loans entered into for economic purposes are capped by the rate applied by the National Treasury Office (*Fazenda Nacional*) in overdue taxes. However, there is uncertainty as to whether such rate is 1% per month, as set forth by Law No. 5,172 (Brazilian Tax Code), or by the SELIC rate pursuant to other certain tax regulations.

In addition, STJ has issued the binding interpretation (*súmula vinculante*) No. 539 which allows the monthly capitalization of agreed rates in bank credit certificates, in rural, commercial and industrial notes (based on applicable law), and in standard loan agreements entered into beginning March 30, 2000 (based on the interpretation of Article 5 of the Provisional Measure No. 2,170-36 of August 23, 2001, originally in Provisional Measure No. 1,963-17 of March 30, 2000), as long as such capitalization is expressly provided for in these agreements. The Direct Action of Unconstitutionality No. 2,316, pending trial before the Brazilian Federal Supreme Court (the “STF”), claims that such provision is unconstitutional. If the lawsuit succeeds, the prohibition of capitalization of interest rates on a monthly basis under standard loan agreements could be restated.

### **Financial Bills (*Letras Financeiras*)**

Law No. 12,249/2010, as amended, among other items, creates a long-term debt security (“LF”), forming a new category of fundraising by Brazilian financial institutions and other institutions authorized for operation by the Central Bank. It sets forth that Brazilian banks are allowed to issue subordinated LFs, which may be treated for accounting purposes as part of the regulatory capital, subject to conditions specified by the CMN.

CMN Resolution No. 4,733/2019 (“**CMN Resolution No. 4,733**”), establishes a minimum denomination of R\$50,000 for LFs without a subordination clause.

More recently, CMN Resolution No. 4,733 was amended by CMN Resolution No. 4,788/2020 and by CMN Resolution No. 4,795/2020. Following its amendment, CMN Resolution No. 4,733 provides that: (i) the 24-month minimum term for financial bills with the Central Bank issued to meet the liquidity no longer applies and the term of the bill will instead be established in accordance with the regulation applicable to such transaction; (ii) the financial bills issued under the terms on item (i) above may be repurchased by the issuer at any time, subject to certain requirements; and (iii) the previous limit of repurchase of 5% of the book value of financial bills issued without a subordination clause is no longer applicable to repurchases transacted between March 23, 2020 and April 30, 2020 by issuers of S1 (as defined below), in which case such limit is 20%.

### **Structured Transaction Certificates (*Certificados de Operações Estruturadas*)**

Law No. 12,249 also establishes the Structured Transaction Certificates (*Certificados de Operações Estruturadas*, or “COE”), further regulated by CMN Resolution No. 4,263/2013, as amended. COE is a certificate issued with respect to an initial loan, representative of a single and indivisible set of rights and obligations, with a profitability structure that has the characteristics of derivative financial instruments. Only multiple-service banks, commercial banks, investment banks, BNDES, and savings banks are authorized to issue COEs, which must be issued exclusively in book-entry form, through registration in an asset registry and financial settlement system authorized by the Central Bank or the CVM. A COE may be referenced in price indices, bond indices, securities indices, interest rates, exchange rates, securities, and other underlying assets, including those disclosed or traded in international markets, subject to the same requirements for assets in Brazil, including regarding exchanges and over-the-counter markets regulated by the competent foreign authorities.

### **Derivatives**

Derivatives are financial assets whose value is derived in whole or in part from the value of another financial asset or commodity. The Bank uses derivatives to hedge its positions against price fluctuations, whether assumed by Banco do Brasil in its transactions with clients or to protect against structural mismatches of the Bank. Considering that the Bank must comply with the provisions of CMN Resolution No. 4,662, of May 25, 2018 (“**CMN Resolution 4,662/2018**”), all derivative transactions carried out with counterparties are backed by collateral, except for (i) FX forwards with physical settlement, (ii) FX swaps with physical settlement, (iii) derivatives carried out between financial institutions of the same prudential conglomerate, and (iv) derivatives included in the Guaranteed Real Estate Bill (*Letra Imobiliária Garantida*) asset portfolio, which must be covered by initial variation collateral that, among other restrictions, cannot be reused for any other purposes. The derivatives market is regulated through, among others, CMN Resolution No. 3,505/2007, CMN Resolution No.

3,568/2008, Law No. 11,033/2004, RFB Normative Instruction No. 1,585/2015, and CMN Resolution No. 2,873/2001, as amended.

### **Principal Limitations and Restrictions on Financial Institutions**

The activities carried out by financial institutions are subject to several limitations and restrictions. In general terms, such limitations and restrictions are related to credit grants, risk concentration, investments, sales under repurchase commitments, loans in, and trades with, foreign currency, investment funds management, microcredit and payroll deductible credit.

#### ***Restrictions on Loans and Advances***

Pursuant to CMN Resolution No. 4,693/2018, financial institutions must take certain measures in order to perform loan activities with: (i) its controllers, individuals and legal entities, under art. 116 of the Brazilian Corporate Law; (ii) its officers and members of corporate or contractual bodies; (iii) any spouse, cohabitant and/or relative, by consanguinity or affinity (up to the second degree), of the individuals mentioned in items (i) and (ii); (iv) individuals with an equity interest in the financial institution that is greater than or equal to 15.0% and (v) corporate entities (a) with an equity interest in the financial institution greater than or equal to 15.0%; (b) in whose capital, directly or indirectly, there is an interest percentage in the corporate capital equal or greater than 15.0%; (c) in which there is effective operational control or preponderance in the deliberations, regardless of the equity interest; or (d) who have an executive officer or member of a Board of Directors in common with the financial institution. The total balance of loans and advances granted to related parties may not exceed 10.0% of the value related to the adjusted net equity less the amount of the participation held in institutions authorized by the Central Bank and financial institutions abroad, considering the limits of: (i) 1.0% for individuals and (ii) 5.0% for entities. Further, when entering into loans with related parties, financial institutions must implement the same conditions they would apply for non-related clients. CMN Resolution No. 4,589/2017, as amended, provides that the amount of loan transactions of each financial institution and other institutions authorized to operate by the Central Bank with public bodies and agencies must not exceed 45% of their regulatory capital (*patrimônio de referência*).

Furthermore, due to the COVID-19 pandemic the Central Bank may, for a limited period of time, grant loans to financial institutions under the terms of CMN Resolution No. 4,786/2020 and CMN Resolution No. 4,795/2020, in the following modalities, respectively: Special Temporary Liquidity Credit Line (*Linha Temporária Especial de Liquidez*, or “**LTEL**”) and Special Temporary Liquidity Credit Line for the acquisition of Financial Bills secured by financial assets or securities (*Linha Temporária Especial de Liquidez para aquisição de Letra Financeira com garantia em ativos financeiros ou valores mobiliários*, or “**LTEL-LFG**”). Both LTEL and LTEL-LFG will be secured by a basket of securities granted by the lender and are subject to the terms and conditions set forth in CMN Resolution No. 4,786/2020 and CMN Resolution No. 4,795/2020. Moreover, LTEL-LFG is subject to the guidelines provided by the Central Bank’s Normative Instruction BCB No. 45 of November 16, 2020. For more information, please refer to “—The Temporary Measures taken by the Government to mitigate the effects of COVID-19—Loans granted by the Central Bank” below.

#### ***Transactions with fixed income securities***

Transactions with fixed income securities are those whose yield is known in advance (i.e., with pre-fixed interest) or that depend on a post-fixed remuneration index (e.g., inflation, interest rate, etc.). Trading in government securities consists of the purchase and sale of securities issued by the Federal Government that are registered in the SELIC, pursuant to Central Bank Resolution No. 55, of December 16, 2020. Decree No. 9,292/2018 establishes the characteristics of federal public debt securities, and there is a wide variety of securities, each with its own characteristics as to terms (maturities) and profitability.

#### ***Repurchase Transactions***

Repurchase transactions (*operações compromissadas*) are transactions involving assets that are sold or purchased subject to the occurrence of certain conditions. Upon the occurrence of any such condition, and depending on the terms of the particular agreement, the seller or the buyer may be required to repurchase or resell the assets, as the case may be. Conditions triggering the repurchase or resale obligation vary from one transaction to the other but typically must occur within a particular timeframe. Repurchase transactions executed in Brazil are subject to operational capital limits, based on the financial institution’s shareholders’ equity, as adjusted in accordance with Central Bank regulations. A financial institution may only hold repurchase transactions in an amount up to 30 times its regulatory capital. Within this limit, repurchase transactions involving private securities may not exceed five times the amount of regulatory capital. Limits on repurchase transactions involving securities

backed by Brazilian governmental authorities vary in accordance with the type of security involved in the transaction and the perceived risk of the issuer (as established by the Central Bank).

### ***Foreign Currency Loans***

Upon registering with the Central Bank, financial institutions may borrow foreign currency-denominated funds in the international markets without the prior written consent of the Central Bank, including lending such funds in Brazil to Brazilian corporations and other financial institutions. The banks execute such transactions through loans payable in Brazilian currency and denominated in the foreign currency. The terms of the onlending must mirror the exact terms and conditions of the original transaction. The interest rate charged on the underlying foreign loan must also conform to international market practices. In addition to the original cost of the transaction, the financial institution may only charge an onlending commission.

The Central Bank may establish limitations on the term, interest rate and general conditions of foreign-currency loans. It frequently changes these limitations in accordance with the economic environment and the monetary policy of the Federal Government.

All foreign credit transactions are substantially subject to registration with the electronic system of the Central Bank, through the RDE-ROF Module. Failure to correctly inform the Central Bank of the terms of such foreign credit transaction may lead to warnings and fines.

### ***Regulation of the Administration of Securities Portfolios***

The Bank operates in the investment fund segment through its wholly owned subsidiary BB DTVM, which is governed by Law No. 13,303, of June 30, 2016 (“**Law 13,303/2016**”) and Decree No. 8,945, of December 27, 2016 (“**Decree 8,945/2016**”), in addition to bodies such as the CVM and Sest (“*Secretaria de Coordenação e Governança das Empresas Estatais*”). Securities portfolio management activities are regulated jointly by the Central Bank and the CVM. Pursuant to Law No. 10,198, of February 14, 2001, as amended, and Law No. 10,303, of October 31, 2001, as amended, the regulation and supervision of both fixed income funds and variable income funds are under the purview of the CVM. On July 5, 2002, the CVM and the Central Bank signed a memorandum of understanding in which they agreed to transfer such activities to the CVM. Additionally, fund management activities are self-regulated by the Brazilian Association of Capital Market and Financial Entities (“**ANBIMA**”), which issues rules and policies, particularly with respect to marketing and advertising of its members.

Pursuant to Instruction No. 558 issued by the CVM on March 26, 2015, as amended, individuals and companies authorized by the CVM may act as securities portfolio managers. Financial institutions are advised to segregate this activity from other activities and must appoint a director responsible for trusteeship and oversight of the assets managed. The Central Bank, except in very specific circumstances, prohibits financial institutions that manage third-party funds, as well as their affiliated companies, from investing in fixed-income funds managed by them. However, the CVM allows investments in equity funds. There are specific rules on diversification and composition of fixed income investment fund portfolios, which are aimed at reducing certain risks. On December 17, 2014, the CVM issued Instruction No. 555, as amended, which consolidates the rules applicable to investment funds (except for structured investment funds, which are regulated by other rules).

### ***Overdraft Facilities in Checking Accounts***

On November 27, 2019, the CMN issued Resolution No. 4,765 (“**CMN Resolution No. 4,765**”) providing for new rules on overdrafts granted by financial institutions for checking accounts held by individuals and individual micro entrepreneurs (“**MEIs**”).

CMN Resolution No. 4,765 limits interest rates of the overdraft facilities in checking accounts to a maximum of 8% per month, less any fees already charged by the financial institution in that month. In addition, CMN Resolution No. 4,765 establishes that the overdraft-secured check must be compatible with the customer’s risk profile. On February 6, 2020, the Central Bank issued Circular No. 3,981, as amended by Central Bank Resolution No. 27, dated October 23, 2020, setting forth information requirements regarding overdraft facilities for individuals and MEIs.

### ***Asset Management Regulation***

Asset management was previously regulated by the Central Bank and the CVM. Pursuant to Law No. 10,198 of February 14, 2001, and Law No. 10,303, the regulation and supervision of both mutual funds and variable income funds have been transferred to the CVM. On July 5, 2002, the CVM and the Central Bank entered



into a memorandum of understanding under which they agreed on the general terms and conditions for the transfer of such duties to the CVM. The amendment to the Brazilian Civil Code by Law No. 13,874 of September 20, 2019, as amended, consolidates the CVM's disciplinary and supervisory functions regarding investment funds.

According to CVM Instruction No. 21 of February 25, 2021, only individuals or entities authorized by the CVM may act as managers of third-party assets. Financial institutions must segregate the management of third-party assets from all other activities and appoint a statutory officer as the agent responsible for the management and supervision of such assets, as well as a specialized technical department to perform asset management activities.

The CVM allows investments in equity funds. There are specific rules regarding mutual fund portfolio diversification and composition, which aim to reduce exposure to certain types of risk. Fund managers are required to mark their fixed-income securities to market and account for results of such fund's portfolio assets at their fair market value.

On December 17, 2014, the CVM enacted Instruction No. 555, as amended, which consolidates the rules applicable to investment funds.

The asset management industry is also self-regulated by ANBIMA, which enacts additional rules and policies, primarily with respect to marketing and advertising.

### **Microcredit Regulation**

The Federal Government has taken several measures intended to encourage lower-income individuals to have greater access to the Brazilian Financial System. Such measures include the required provision of credit allocation, the simplification of banking procedures and the liberalization of credit union (*cooperativas de crédito*) regulations.

Starting in 2003, commercial banks, full service banks licensed to provide commercial banking services, and *Caixa Econômica Federal* (“**CEF**”) are required to allocate 2% of their cash deposits to low-interest-rate loan transactions designated for lower-income individuals, small companies and informal entrepreneurs, following a specific methodology. According to CMN Resolution No. 4,854, dated September 24, 2020, which revoked CMN Resolution No. 4,713, dated March 28, 2019, microcredit transactions should observe the following conditions: (i) the effective interest rate is limited to 4% per month, (ii) the total outstanding amount of all transactions entered by the same lender does not exceed R\$21,000.00; (iii) the credit opening fee does not exceed 3% of the total amount of the loan, with the collection of any other fees or expenses being strictly prohibited, (iv) the repayment term is not less than 120 days, except in specific circumstances, (v) the sum of the amount granted to the borrower, in the same financial institution, does not exceed R\$21,000 for individuals, and (vi) the sum of the amount granted, in the framework of the Brazilian Financial System, does not exceed R\$80,000, unless it involves a habitational credit transaction.

In addition, CMN Resolution No. 4,861, dated as of October 23, 2020 revoked CMN Resolution No. 4,050, dated January 26, 2012, CMN Resolution No. 4,310, dated February 10, 2014, CMN Resolution No. 4,326, dated April 25, 2014, and Resolution CMN No. 4,713; it now requires financial institutions to request a declaration of the beneficiary of loans related to the acquisition of goods and services intended to aid disabled persons.

### **Regulation of the Main Credit Lines to Individuals**

Vehicle financing agreements between the Bank and its borrowers, in general, are regulated by the laws applicable to all commercial transactions and by the Civil Code (Law No. 10,406/2002), mainly by articles 1,361 to 1,368-A, within the title on property rights, which deals with fiduciary sales of personal property. In addition to the Civil Code, the Consumer Protection Code (Law No. 8,078/1990) and Law No. 10,931/2004, which provide for the Banco do Brasil's Credit Bill, apply to vehicle financing agreements.

The Bank grants credit for payroll loans in accordance with specific laws and regulations, such as Federal Law No. 10,820/2003, as amended, regulated by Decree No. 4,840/2003, which disciplines grants of payroll loans to employees under the Consolidated Labor Laws regime; article 45 of Law No. 8,112/1990, regulated by Decree No. 8,690/2016, which disciplines credit grants to federal public servants; and INSS/PRES Normative Instruction No. 28/2008, which disciplines credit grants to retirees and pensioners of the National Social Security Institute.

With respect to mortgage loans, the Central Bank authorized, the creation of a mortgage loan portfolio in the Bank, in accordance with the guidelines of Law No. 4,380/1964. In 2018, the guidelines were updated with

the publication of CMN Resolution No. 4,676/2018, which provides for the members of SBPE, the Housing Finance System (SFH), and the Real Estate Financing System (SFI), the general conditions and criteria for contracting real estate financing by financial institutions and other institutions authorized to operate by the Central Bank and disciplines the direction of funds raised in savings deposits. Specifically regarding the Minha Casa Minha Vida Program, the regulations for granting credit follow Law No. 11,977/2009, and subsequent amendments, regulated by Decree No. 7,499/2011.

### **Regulation of the Main Credit Lines to Companies**

Supplementary Law No. 26, of September 11, 1975 established the regulation of the Social Integration Program (“PIS”) and the Public Servants' Equity Program (“PASEP”). The Bank, in the capacity of administrator of the PASEP units, invests funds from the FUND/PASEP for the purpose of granting working capital credit to micro and small companies and to individual entrepreneurs. Supplementary Law No. 26, of September 11, 1975, as amended by Law No. 13,677 of June 13, 2018, provides for the handling of the PASEP account, notably as to the conditions for withdrawal of balances by PIS-PASEP participants. The granting of working capital loans with funding from the PIS-PASEP Participation Fund depends on the availability of funds to the Bank, under the Central Bank's Resolution No. 2,655, of October 5, 1999, which establishes the conditions for investing funds from the PIS-PASEP Participation Fund.

Provisional Presidential Decree No. 946, of April 7, 2020, among other purposes, extinguished the PIS-PASEP Fund, established by Supplementary Law No. 26, of September 11, 1975, and transferred its assets to the Guarantee Fund for Length of Service. The funds in the PIS-PASEP Fund invested in loan transactions were replaced by funds from other available sources (funding substitution), which were remunerated by the same criteria established in CNM Resolution 2,655, of October 5, 1999. Instituted by Law No. 7,827, of September 27, 1989 (“Law 7,827/1989”), pursuant to the provisions of the Federal Constitution, the Midwest Constitutional Fund (FCO) is a fund aimed at contributing to economic and regional development. As provided by Law No. 7,827/1989, its main sources of funds are transfers from the National Treasury, the collection of the Income Tax and the IPI, the returns and results of its investments, and the result of the remuneration of the funds not currently invested.

Law No. 13,682, on June 19, 2018, changed the methodology for calculating financial charges levied on non rural credit transactions, as well as remuneration systematics of the respective managing banks. Its publication revoked provisions of Law No. 9,126/1995 (application of the *taxa de juros de longo prazo* (the Long-Term Interest Rate, or “TJLP,” as calculated and published by the CMN) on loans granted with funds from Constitutional Funds) and of Provisional Measure No. 2,199-14/2001, as amended, which replaced income tax legislation with regard to tax incentives in the form of exemptions and reduction, Provisional Measures No. 2,156-5/2001 and 2,157-5/2001, and Supplementary Law No. 129/2009. Law No. 7,827, of September 27, 1989, as amended, regulates the Constitutional Funds, establishing the applicability of the Tax on Credit, Exchange and Insurance Operations or on Securities (*Imposto sobre Operações Financeiras* or “IOF”) on credit transactions carried out with FCO funds for the period between January 1, 2021, and December 31, 2025.

### **Public Sector Credit Regulation**

The contingency of credit to the Public Sector, regulated by the CMN, through Resolution No. 4,589/2017, establishes the rules that financial institutions and other institutions authorized to operate by the Central Bank must observe in order to perform credit transactions with these clients, and establishes that the CMN will define, annually, the global value of transactions to be contracted by public entities.

The CMN has also defined, through Resolution No. 3,751/2009, safeguard procedures for financial institutions, as well as procedures regarding evidence of compliance with limits and conditions applicable to contracting credit transactions with the country's states, the Federal District, and the municipalities.

To public entities, Supplementary Law No. 101/2000, called the Fiscal Responsibility Law (LRF), establishes the borrower's obligation to submit credit transactions, prior to contracting, to the Verification of Limits and Conditions by the Ministry of the Economy, carried out by the National Treasury Bureau (“*Secretaria do Tesouro Nacional*” or “STN”), an agency thereunder, or by the financial institution itself, according to the conditions established in Ordinance No. 501/2017 of the Ministry of the Economy.

The credit transactions of the Bank's portfolio are submitted for verification of these limits and conditions and are contracted after obtaining authorization from the National Treasury Bureau.

## **BB Consórcios**

On September 2003, Law No. 10,738 authorized the Bank to create a consortium administrator, in the form of a wholly owned subsidiary. On October 8, 2008, Law No. 11,795 was enacted, providing solely and exclusively for the operation of the consortium system. This law entered into force in February of 2009. As a wholly owned subsidiary of the Bank, BB Administradora de Consórcios is supervised by Sest, which is linked to the Ministry of the Economy. BB Administradora de Consórcios S.A. is also governed by Law No. 13,303/2016 and Decree No. 8,945/2016.

## **Regulations Aimed at Ensuring the Strength of the Brazilian Financial System**

### ***Segmentation of Brazilian Financial Institutions***

On January 30, 2017, the CMN enacted Resolution No. 4,553, that established the following classification for financial institutions according to their exposure as a percentage of Brazilian GDP and international activity:

- (i) Segment 1 (“**S1**”) consists of full service banks, commercial banks, investment banks, foreign exchange banks, and saving banks with an exposure greater than or equal to 10.0% of Brazilian GDP or that, regardless of their exposure, maintain relevant international activity;
- (ii) Segment 2 (“**S2**”) consists of full service banks, commercial banks, investment banks, foreign exchange banks, saving banks, and other institutions with an exposure greater than or equal to 1.0% and less than 10.0% of Brazilian GDP and by the other institutions with an exposure greater than or equal to 1% of Brazilian GDP;
- (iii) Segment 3 (“**S3**”) consists of institutions with an exposure greater than or equal to 0.1% and less than 1.0% of Brazilian GDP;
- (iv) Segment 4 (“**S4**”) consists of institutions with an exposure of less than 0.1% of Brazilian GDP; and
- (v) Segment 5 (“**S5**”) consists of institutions with an exposure of less than 0.1% of Brazilian GDP that use a simplified facultative methodology for regulatory capital, Level I and Principal Capital except for full-service banks, commercial banks, investment banks, foreign exchange banks, and saving banks.

### ***Restrictions on Risk Concentration***

Brazilian law prohibits financial institutions from concentrating risk in only one person or group of related persons. The law also prohibits a financial institution from extending credit to any person or group of related persons in an aggregate amount equivalent to 25% or more of the financial institution’s regulatory capital. This limitation applies to any transaction involving the extension of credit, including:

- loans and advances;
- guarantees; and
- the underwriting, purchase, and renegotiation of securities.

On July 31, 2018, the CMN enacted Resolution No. 4,677, as amended, which improves the rules of maximum exposure limits by the client and maximum exposure limits concentrated within the scope of the Brazilian Financial System. These rules were previously regulated by CMN Resolution No. 2,844, as a result of the Public Hearing No. 59/2018. The changes brought in by Resolution No. 4,677 reflect recommendations to the supervisory framework for measuring and controlling large exposures and were published by the Basel Committee on Bank Supervision (*Comitê de Basileia para Supervisão Bancária* or “**BIS**”) in April 2014.

### ***Restrictions on Investment***

Financial institutions may not:

- hold, on a consolidated basis, permanent assets that exceed 50% of their reference shareholders’ equity;

- acquire equity investments in Brazil or other financial institutions abroad, without prior approval by the Central Bank;
- carry out transactions that fail to comply with the principles of selectivity, collateral, liquidity, and risk;
- engage in diversification; or
- grant loans or advances without appropriate documentation evidencing the related debt.

### ***Internal Compliance Procedures***

All financial institutions must establish internal policies and procedures to control their:

- banking activities;
- financial, operational, and management information systems; and
- compliance with all applicable regulations.

The Board of Executive Officers of a financial institution is responsible for implementing an effective structure of internal controls by defining responsibilities and control procedures and establishing corresponding goals at all levels of the institution. The Board of Executive Officers is also responsible for verifying compliance with internal procedures.

An internal audit department, which reports directly to the company's Board of Directors, must be responsible for monitoring the internal control system.

The financial institutions must designate a technically qualified senior manager to be responsible for compliance with all regulations regarding financial statements and auditing.

According to CMN Resolution No. 4,595, dated August 28, 2017, which regulates the compliance policy (*política de conformidade*) applicable to financial institutions, both financial institutions and other institutions authorized to operate by the Central Bank must implement and maintain a compliance policy to conform with its nature, size, complexity, structure, risk profile, and business model, in order to ensure the effective management of its compliance risk. Such policy must be approved by the board of directors of the respective financial institution.

### **Independent Auditors, Audit Committee and Internal Audit**

#### ***Independent Auditors***

Resolution No. 3,198, issued by the CMN on May 27, 2004, as amended (“**CMN Resolution No. 3,198**”) establishes certain requirements in respect of financial institutions' independent auditors and the requirement of financial institutions to have an audit committee.

Independent auditors must audit the financial statements of all financial institutions. Independent auditors may only be hired if they are registered with the CVM, are certified in specialized banking analysis by *Instituto dos Auditores Independentes do Brasil* (the “**IBRACON**”) and meet several requirements assuring their independence. Moreover, financial institutions must replace the person, officer, manager, supervisor or any other member responsible for their independent accounting at least once every five consecutive years (as required by CMN Resolution No. 3,606, enacted on September 11, 2008, amending CMN Resolution No. 3,198). Former accountants may be reassigned to the audit team only after three complete years have passed since their prior service.

Pursuant to CMN Resolution No. 3,198, all financial institutions (i) maintaining a regulatory capital or a consolidated regulatory capital equal to or greater than R\$1 billion, (ii) managing third party assets in the amount equal to or greater than R\$1 billion or (iii) managing third party assets and deposits in the aggregate amount equal to or greater than R\$5 billion must create an internal audit committee within one year from indicating in its financial statements that any such parameter has been reached. The audit committee must be created pursuant to the financial institution's bylaws and must include, at a minimum, three individuals, at least one of whom is an

expert in accounting and auditing. The audit committee reports directly to the board of directors of the financial institution.

The independent auditors, in the course of their audit or review procedures, and the audit committee are responsible for notifying the Central Bank of any evidence of error or fraud within three business days of finding such evidence, which may appear as:

- noncompliance with legal and regulatory norms that place the continuity of the audited entity at risk;
- fraud of any amount perpetrated by the administration of the institution;
- relevant fraud perpetrated by entity employees or third parties; or
- errors that result in significant issues or errors in the accounting records of the entity.

In addition, CMN Resolution No. 4,747 of August, 2019, applicable as of January 1, 2021, establishes criteria for the recognition and measurement of non-financial assets held for sale and financial institutions. According to this resolution, a non-financial asset held for sale is an asset that is not financial in nature and (i) is available for immediate sale in its current condition, with such sale being highly probable within one year or (ii) has been received by an institution in liquidation of financial instruments of difficult or doubtful solution (i.e., is not intended for the financial institution's own use).

CMN Resolution No. 4,818, dated of May 29, 2020, which revokes articles 1 to 9 of CMN Resolution No. 4,776, establishes that financial institutions (i) constituted in the form of a publicly-held company that are leaders of a prudential conglomerate within segments S1, S2 or S3 or (ii) are incorporated as a closed corporation that leads an economic group integrated by an institution constituted as a publicly-held company and/or (iii) lead an economic group that meets the criteria set forth in specific regulations for classification in segments S1, S2 and S3, must prepare its consolidated annual financial statements using international accounting standards, in accordance with the guidelines of the International Accounting Standards Board ("IASB"). Institutions that were not obligated to elaborate and disclose consolidated financial statement in compliance with IASB on January 1, 2020, must use the referred accounting international standard as of January 1, 2022.

Furthermore, CMN Resolution No. 4,877, dated of December 23, 2020, establishes the general criteria for measuring and recognizing social and labor obligations by financial institutions. The resolution requires that financial institutions comply with Technical Pronouncement CPC 33(R1) ("Benefits of Employees from the CPC") in measuring, recognizing and disclosing employee benefits.

### ***Audit Committee***

Audit committees of financial institutions without shares traded on a stock exchange and which are controlled by the Federal Government may consist either (i) of members (a) who are not, and have not been in the previous twelve months, officers, employees, or members of the fiscal council of the financial institution or any of its affiliates, or supervisors of the team involved in the auditing tasks of the financial institution, (b) who are not and have not been spouses or relatives of any officer, employee or member of the fiscal council of the financial institution in the previous twelve months and (c) who do not receive any compensation from the financial institution or its affiliates other than as a result of their position as member of the audit committee; or (ii) of members who are officers of the financial institution holding at least one year in such position, provided that up to three members may fulfil the requirements of item (i) above.

In the event an audit committee member of the institution is also a member of the board of directors or board of executive officers of the institution or its affiliates, compensation may be paid for one position only. The audit committee should report to the board of directors as needed. Its main duties are:

- nominating the independent auditor to be elected by the board of directors;
- supervising the work of the independent auditors;
- requesting that the independent auditor be substituted whenever deemed necessary;
- revising the financial records for each half-year period as well as the administrative and auditing reports;

- supervising accounting and auditing, including compliance with in-house procedures and applicable regulations;
- evaluating the compliance of the financial institution's administration with the guidelines provided by the independent auditor;
- establishing procedures for receiving and disclosing information in the event of any non-compliance with in-house procedures or applicable regulations;
- offering guidance to officers and directors with regard to in-house controls and procedures to be adopted; and
- meeting at least once every three months with officers and directors, independent auditors and in-house accountants to verify compliance with its guidelines.

Brazilian regulations also permit the creation of a single audit committee for an entire group of companies. In this particular case, the audit committee should be responsible for any and all financial institutions belonging to the same group.

#### ***New Regulation for Audit Committees and Independent Auditors as of January 1, 2022***

As of January 1, 2022, CMN Resolutions No. 3,198, 3,606 and 4,776 will be revoked by Resolution No. 4,910, issued by CMN on May 27, 2020 ("**CMN Resolution 4,910**"). CMN Resolution 4,910 will include the following changed requirements and provisions, among others:

- (i) Certain credit companies, micro-entrepreneurs and small businesses, capital and loan credit cooperatives and singular credit cooperatives will no longer need to audit their financial statements.
- (ii) Independent auditors will need to observe regulations issued only by CVM and by the Federal Accounting Council.
- (iii) Any financial institutions that (a) is registered as a publicly-held company, (b) is a leader of a prudential conglomerate as classified in segments S1, S2 or S3, according to specific regulations, or (c) meets the criteria provided for in the specific regulations for classification in S1, S2 and S3, must institute an audit committee.
- (iv) Members of such audit committee must (a) observe the various requirements for exercising positions in statutory bodies of institutions authorized to operate by the Central Bank, according to specific regulations, (b) not be and not have been in the last twelve months, a director, employee or member of the fiscal council of the financial institution, any parent company or any affiliate, controlled or jointly controlled, directly or indirectly; or technical manager, director, manager, supervisor or any other member with a management function of the team involved in the audit work at the financial institution; (c) not be a spouse, partner, or relative in a straight line, in a collateral line or by affinity, up to the second degree of any director or member of the fiscal council, (d) not receive any other type of remuneration from the financial institution, its parent company or its affiliates, controlled or jointly controlled, directly or indirectly, that is not related to their role as a member of the audit committee, and (e) not occupy any position in advisory, administrative or fiscal councils in companies that may be considered competitors in the market to the financial institution or to the extent that such positions may create a conflict of interest.
- (v) Members of the audit committee of financial institutions controlled by the local or federal government must not hold (or have held over the previous twelve months) an effective position in the respective government.

#### ***Internal Audit***

According to CMN Resolution 4,879 of December 23, 2020, financial institutions authorized to operate by the Central Bank (except as otherwise defined by specific regulations, such as for consortium administrators, payment institutions and credit unions classified as S5) must implement and maintain internal audit activity compatible with the nature, size, complexity, structure, risk profile and business model of the financial institution and must make the necessary arrangements in order to make an independent, autonomous and impartial

assessment of the quality and effectiveness of the financial institution's internal control, risk management and corporate governance systems and processes.

In most cases, the activity must be carried out by the audit unit of the financial institution, which will adopt rules regulating internal audit activity. Such rules must be approved by the board of directors and the audit committee, if applicable, and should provide for (i) the object and scope of the work, (ii) the hierarchy of the internal audit unit in the corporate structure, (iii) the essential attributes of the unit, (iv) the attributes, prohibitions and remuneration policies applicable to the members of the audit team, (v) the obligations, form and organizational components for reporting the results of the performance of their respective positions, (vi) the responsibilities of the person in charge of the internal audit activity, (vii) the requirement to comply with recognized internal audit standards and (viii) the procedures for coordinating internal audit activity with the independent audit.

### **Risk Committee**

In accordance with CMN Resolution No. 4,557, as amended, Brazilian financial institutions must have a risk committee, which must be composed of at least three members. The risk committee's responsibilities comprise: (i) proposing recommendations to the board in regards to risk and capital management, at least annually, (ii) assessing the risk appetite levels documented in the Risk Appetite Statement (RAS), as well as strategies for its management, considering risks both individually and on an integrated basis, (iii) overseeing the Chief Risk Officer's conduct and performance, (iv) overseeing the senior management's compliance with the terms of the RAS, (v) assessing the adherence of the risk management processes to the established risk policies and (vi) keeping records of its own meetings and decisions.

### **Financial Reporting Requirements**

Brazilian law requires financial institutions to prepare their financial statements in accordance with certain standards established by the Brazilian Corporate Law and other applicable regulations. As a financial institution, we are required to have our financial statements audited every six months. Quarterly financial information, as required by CVM regulations, is subject to review by independent auditors.

### **CMN Regulation for Credit Assignment**

CMN Resolution No. 3,533, dated January 31, 2008 ("**CMN Resolution No. 3,533**"), provides changes to the manner in which assigned credit rights are to be treated in our books (pursuant to CMN Resolution No. 3,809 of October 28, 2009). In accordance with CMN Resolution No. 3,533, if the assignor substantially retains the risks and benefits of the assigned credits, such credits may not be recorded as off-balance sheet loans. This provision is applicable to: (i) assignments with repurchase commitments; (ii) assignments in which the assignor undertakes the obligation to compensate the assignee for losses; and (iii) assignments made jointly with the acquisition (or subscription) of subordinated shares in *Fundo de Investimento em Direitos Creditórios* ("**FIDCs**") by the assignor.

### **Capital Adequacy Guidelines**

Brazilian financial institutions must comply with guidelines established by the Central Bank and the CMN that are similar to those of Basel III, in replacement of Basel II on risk-based capital adequacy, which is being implemented as of the date of this Base Prospectus. The banks must provide the Central Bank with the information necessary for it to perform its supervisory functions, which include supervising the solvency, or capital adequacy, of banks.

As implemented in Brazil, the main principle of Basel III, which was inherited from Basel II, is that a bank's resources (its own or a third party's, under certain circumstances) must cover its principal risks, including credit risk, market risk and operational risk.

On September 12, 2010, the Group of Governors and Heads of Supervision, the oversight body of the Basel Committee, announced a substantial strengthening of existing capital requirements and fully endorsed previous agreements on the overall design of the capital and liquidity reform package, the Basel III Accord, which was endorsed at the Seoul G20 Leaders summit in November 2010. The Basel III Accord recommendations aim to improve the ability of financial institutions to withstand shocks to the financial sector and to other sectors of the economy, to maintain overall financial stability and to promote sustainable economic growth.

On March 1, 2013, the CMN and the Central Bank issued several resolutions and circulars in order to implement in Brazil the recommendations of Basel III, notably CMN Resolutions No. 4,192 and 4,193 (the "**Basel**

**III Regulations**”). These regulations follow the terms of the Public Hearing No. 40, disclosed on February 17, 2012, but with some substantial changes.

Under Basel III definitions, regulatory capital is composed by two tiers: Tier I and Tier II. Tier I capital has a 6.0% minimum requirement to the Risk Weighted Assets (*Ativos Ponderados pelo Risco* or “**RWA**”) amount (from January 1, 2015), divided into two portions: common equity tier I or capital principal and additional Tier I capital or *capital complementar*.

- Common Equity Tier I capital is represented by the net shareholders’ equity plus the balance of positive income accounts and of deposits in the linked account to make up for capital deficiency, less the amounts corresponding to the balances of negative income accounts, revaluation reserves, contingency reserves, and special profit reserves concerning mandatory dividends not distributed, preferred shares issued with redemption clauses and preferred shares with cumulative dividends, and prudential adjustments, as determined by CMN Resolution No. 4,192 (for instance, deferred tax assets, intangible assets, and others).
- Additional Tier I capital is composed of hybrid debt capital instruments authorized by the Central Bank, with certain deductions.
- Tier II capital is composed of subordinated debt instruments authorized by the Central Bank, with certain deductions.
- Hybrid instruments and subordinated debt issued prior to Basel III implementation and approved by the Central Bank as additional capital or Tier II capital are maintained as such if they also comply with Basel III Regulations, including the mandatory conversions into equity as directed by the Basel Committee. If such instruments did not comply with Basel III Regulations, they have been subject to a yearly deduction of 10.0% on their nominal value, starting October 1, 2013 (90.0%) and continuing on an annual basis from January 1, 2014 (80.0%) thereafter, until 0.0% or January 1, 2022.

One of the most important changes applicable to non-common Tier I or Tier II instruments under Basel III is that, to be qualified as additional Tier I or Tier II capital, as the case may be, the Basel III Regulations require an instrument to have a provision that requires such instruments to either be written off or converted into common equity upon a “trigger event.” A “trigger event” includes: (1) common equity being lower than a certain percentage of the risk-weighted asset of the issuer and (2) the decision to make an injection of capital, or equivalent support as determined by the relevant authority, temporary intervention of the Central Bank or determination by the Central Bank, at its discretion, to write off or convert the instrument, without which the bank would become non-viable. The Basel III Regulations define the criteria for calculation of various elements of a financial institution’s riskweighted assets and also address which instruments would qualify as regulatory capital, introducing the possibility of composing regulatory capital with debt securities that may be written off or that are convertible into equity under certain circumstances.

Basel III requires banks to maintain: (i) a minimum common equity Tier I capital adequacy ratio of 4.5% to the RWA amount; (ii) a minimum Tier I capital adequacy ratio of 6.0% to the RWA amount (from January 1, 2015); and (iii) a minimum total regulatory capital adequacy ratio of 8.0% (from January 1, 2019). In addition to the minimum capital requirements, the Basel III Regulations require an additional core capital corresponding to the sum of the “conservative capital buffer,” and the preserved *análise de componentes principais* (“**Preserved ACP**”) installment has a fixed value, resulting from the application of the following percentage rates to the RWA amount: (i) zero until 2015; (ii) 0.625% in 2016; (iii) 1.25% in 2017; (iv) 1.875% in 2018; and (v) 2.5% from 2019; provided that, between April 1, 2020 and March 31, 2022 (inclusive), the following percentages of the RWA amount apply, according to CMN Resolution No. 4,783, enacted on March 16, 2020 in the context of the global COVID-19 pandemic: (i) 1.25% from April 1, 2020 to March 31, 2021; (ii) 1.625% from April 1, 2021 to September 30, 2021; and (iii) 2.0% from October 1, 2021 to March 31, 2022 (inclusive). The countercycle *análise de componentes principais* (“**Countercyclical ACP**”) and the *análise de componentes principais* of systemic importance (“**ACP of Systemic Importance**”), in contrast, depend on calculation methodologies that consider variable factors. The value of the Countercyclical ACP depends on the phase of the economic-financial cycle; however, it is limited by the following maximum percentage amounts in regards to the RWA amount: (i) zero until 2015; (ii) 0.625% in 2016; (iii) 1.25% in 2017; (iv) 1.875% in 2018; and (v) 2.5% from 2019. The value of the ACP of Systemic Importance is bound to the systemic importance of each financial institution, being limited by the following maximum percentage amounts in regards to the RWA amount: (i) zero until 2016; (ii) 0.5% in 2017; (iii) 1.0% in 2018; and (iv) 2.0% from 2019. The additional core capital buffers would restrict certain



discretionary distributions (such as bonus to management, dividends, reduction of capital and repurchase of shares). The three basic minimum requirements were phased in first, beginning on October 1, 2013.

The following table presents the implementation schedule of the main changes related to capital adequacy and leverage expected with respect to Basel III Regulations:

| <b>Parameters</b>       | <b>2014</b> | <b>2015</b> | <b>2016</b>  | <b>2017</b> | <b>2018</b>  | <b>From 2019</b> |
|-------------------------|-------------|-------------|--------------|-------------|--------------|------------------|
| Common Equity           |             |             |              |             |              |                  |
| Tier 1 Capital          | 4.5%        | 4.5%        | 4.5%         | 4.5%        | 4.5%         | 4.5%             |
| Tier 1                  | 5.5%        | 6.0%        | 6.0%         | 6.0%        | 6.0%         | 6.0%             |
| Regulatory Capital      | 11.0%       | 11.0%       | 9.9%         | 9.3%        | 8.5%         | 8.0%             |
| Conservative Capital    | -           | -           | 0.625%       | 1.25%       | 1.875%       | 2.5%             |
| Countercyclical Capital | -           | -           | Up to 0.625% | Up to 1.25% | Up to 1.875% | Up to 2.5%       |
| Systemic Capital        | -           | -           | -            | Up to 0.5%  | Up to 1.0%   | Up to 2.0%       |

However, between April 1, 2020 and March 31, 2022 (inclusive), the following percentages of the RWA amount apply, as per Resolution No. 4,783 in the context of the COVID-19 pandemic: (i) 1.25% from April 1, 2020 to March 31, 2021; (ii) 1.625% from April 1, 2021 to September 30, 2021; and (iii) 2.0% from October 1, 2021 to March 31, 2022 (inclusive).

The verification of regulatory capital and new minimum capital requirements will be applicable to entities belonging to a prudential conglomerate (*conglomerado prudencial*). Since January 1, 2015, the prudential conglomerate have included the financial institutions authorized to operate by the Central Bank, as well as similar entities controlled by those financial institutions and investment funds in which financial institutions retain relevant risks and benefits.

### **The Role of the Public Sector in the Brazilian Banking System**

In light of the global financial crisis, on October 6, 2008, the Brazilian president enacted provisional regulations related to the use of internal reserves of foreign currencies by the Central Bank in order to provide financial institutions with liquidity by means of rediscount and loan transactions. Furthermore, on October 21, 2008, the Brazilian president enacted Provisional Measure No. 443 increasing the role of the public-sector in the Brazilian banking system. These regulations authorize: (i) Banco do Brasil and CEF to directly or indirectly acquire controlling and non-controlling participations in private and public financial institutions in Brazil, including insurance companies, social welfare institutions and capitalization companies; (ii) the creation of Caixa Banco de Investimentos S.A., a wholly-owned subsidiary of CEF, whose purpose is to conduct investment banking activities; and (iii) the Central Bank's execution of currency swap transactions with the central banks of other countries. Such provisional measure was converted into Law No. 11,908 and enacted on March 3, 2009.

On May 23, 2013, the CMN, with Resolution No. 4,222 amended the bylaws of the Credit Guarantee Fund (*Fundo Garantidor de Crédito* or "FGC"), maintaining the rule that FGC may invest up to 50.0% of its net worth in: (i) the acquisition of credit rights of financial institutions and leasing companies; (ii) fixed-income bonds issued by associated institutions, provided that secured by credit rights created or to be created with funds of the respective applications; and (iii) linked transactions (*operações ativas vinculadas*), pursuant to CMN Resolution No. 2,921 of January 17, 2002. The FGC may sell any assets acquired in transactions described in items (i), (ii) and (iii) of this paragraph.

On January 4, 2018, Supplementary Law No. 161 was enacted, amending the Supplementary Law No. 130/2009, making it possible for credit unions to raise funds from municipalities, their agencies or entities, and companies controlled by them, and, further, establishing that the raising of these funds, in an amount greater than the limit assured by the guarantee funds, shall comply with the prudential requirements to be established by the CMN. Central Bank Resolution No. 4,659 of April 26, 2018, established rules for raising credit by credit unions, funds from municipalities, their agencies or entities, and companies controlled by them, and on the corresponding

calculation of the guarantee provided by guarantor funds. The rules provide that the cooperative must hold federal government bonds in the amount of funds raised that exceed the guarantee provided by the Credit Union Guarantee Fund (FGCoop). This requirement may be met directly by the union, or by applying to the central credit union. In addition, the standard establishes corporate governance requirements for unions that raise municipal funds, and governs the calculation of the guarantee provided by FGCoop. In order to initiate the withdrawal from each municipality, the union must fully meet the prudential requirements.

### Corporate Structure

Except for the cases set forth in the law, financial institutions must be organized as corporations (*sociedades por ações*) and be subject to the provisions of the Brazilian Corporate Law and the regulations issued by the Central Bank, and to inspections by the CVM if they are registered as publicly listed corporations.

The capital stock of financial institutions may be divided into voting and non-voting shares, provided that non-voting shares may not exceed 50.0% of the total capital stock, pursuant to the Article 15 of the Brazilian Corporate Law.

### Classification of Credit and Allowance for Loan Losses

Under Central Bank regulations, financial institutions are required to classify their loan transactions with companies into nine categories, ranging from AA to H, in accordance with their risks. Risk assessment includes evaluations of the borrower, the guarantor and the relevant loans. Credit classifications are determined in accordance with Central Bank criteria relating to:

- characteristics of the debtor and the guarantor, such as their economic and financial situation, level of indebtedness, capacity for generating profits, cash flow, delay in payments, contingencies and credit limits; and
- characteristics of the transaction, such as its nature and purpose, the sufficiency of the collateral, the level of liquidity and the total amount of the loan.

The regulations specify, for each loan category, a minimum loss provision as follows:

| <b>Loan category</b>   | <b>Minimum provision</b> |
|------------------------|--------------------------|
| AA .....               | 0.0%                     |
| A .....                | 0.5%                     |
| B .....                | 1.0%                     |
| C .....                | 3.0%                     |
| D .....                | 10.0%                    |
| E.....                 | 30.0%                    |
| F.....                 | 50.0%                    |
| G .....                | 70.0%                    |
| H <sup>(1)</sup> ..... | 100.0%                   |

Note:

(1) Banks must write off any loan within six months after it is ranked H.

In general, banks must review their loan classifications annually. However, except for loans totalling less than R\$50,000, banks must review loans:

- semi-annually, in any case where the aggregate amount of loans extended to a single borrower or economic group exceeds 5.0% of the bank's reference shareholders' equity; and
- monthly, in case the loans become overdue.

A loan may be upgraded if it has credit support or downgraded if it is in default. In case of loan transactions with individuals, the loan is graded based on data including the individual's income, net worth and credit history (as well as other personal data).

For loans that are past due, the regulations establish maximum risk classifications, as follows:

| <b>Number of Days Past Due<sup>(1)</sup></b> | <b>Maximum Classification</b> |
|--|-------------------------------|
| 1 to 14 days .....                           | A                             |
| 15 to 30 days .....                          | B                             |
| 31 to 60 days .....                          | C                             |
| 61 to 90 days .....                          | D                             |
| 91 to 120 days .....                         | E                             |
| 121 to 150 days .....                        | F                             |
| 151 to 180 days .....                        | G                             |
| More than 180 days.....                      | H                             |

Note:

(1) The period may be doubled in the case of loans with maturity in excess of 36 months.

Financial institutions are required to determine, on a monthly basis, whether any loans must be reclassified as a result of these maximum risk classifications; if so, they must adjust their loss provisions in accordance with the regulations relating to minimum provisions described above.

In addition, financial institutions are required to make their lending and loan ranking policies available to the Central Bank and to their independent auditors. They must also provide information relating to their loan portfolio along with their financial statements, including:

- a breakdown of lending activities and the nature of the borrower;
- maturity of the loans;
- amounts of rolled-over, written-off and recovered loans;
- loan portfolio diversification, in accordance with the risk classification; and
- overdue loans, divided between those up to fifteen days overdue and those that are more than fifteen days overdue.

### **Central Bank Credit Risk System**

Financial institutions are required to provide information to the Central Bank concerning the extension of credit and guarantees rendered to clients. The information is used to:

- strengthen the Central Bank’s supervisory capacity;
- make information concerning debtors available to other financial institutions (however, other institutions may only access information upon the client’s authorization); and
- prepare macro-economic analyses.

The financial institution and other institutions mentioned in CMN Resolution 4,571/2017 must provide the Central Bank with information related to its credit transactions, which are registered in a database called the Credit Information System of the Central Bank (“**SCR**”). The SCR is a registry managed by the Central Bank and is regularly updated by financial institutions, providing:

- the identity of the client; and
- a breakdown of the client’s transactions, including any guarantees rendered by the bank with respect to the client’s obligations.

CMN Resolution No. 4,557/2017, as amended, provides standards related to the internal credit risk management structure of financial institutions. On March 4, 2013, the Central Bank enacted Circular No. 3,648, which establishes the minimum requirements for the use of internal credit risk classification systems in the calculation of required regulatory capital (as set forth in CMN Resolution No. 4,193), capital management

structure and information disclosure policy. CMN Resolution No. 4,745 requires a policy of prudential information disclosure.

In addition, Central Bank Circular No. 3,979/2020 (“**Circular 3,979**”) and Central Bank Normative Instruction BCB No. 33, dated October 29, 2020, as amended (“**IN No. 33**”), establish the requirements for the creation and maintenance of a database of operational risk and the information requirements related to operational risk events. The Circular 3,979 and IN No. 33 require that S1 and S2 financial institutions and other institutions authorized to operate by the Central Bank create a database of operational risk, which must be submitted for analysis to the Central Bank.

### **Anti-Money Laundering Law**

Law No. 9,613/1998, as amended, (the “**Anti-Money Laundering Law**”), plays a major role for those engaged in banking and financial activities in Brazil. The Anti-Money Laundering Law sets forth the definition and the penalties to be incurred by persons involved in activities that comprise the “laundering” or concealing of property, rights and assets, as well as a prohibition on using the financial system for such illicit acts.

On January 23, 2020, the Central Bank published the new regulation on anti-money laundering and combating the financing of terrorism, which consolidated the requirements for main procedures and internal controls. Central Bank Circular No. 3,978 of January 23, 2020, as amended (“**Circular No. 3,978**”), establishes a model that is less rigid than the previous rule (Circular 3,461) and introduces a risk-based approach. When this new rule entered into force on October 1, 2020, revoking Central Bank Circular No. 3,461/09, regulated institutions became obliged to determine, with discretion, which procedures would be adopted for each client, based on the internal risk assessment concerning crimes relating to money laundering and terrorism financing that were latent in the bank’s business.

Pursuant to Circular 3,978, financial institutions authorized to operate by the Central Bank must keep a record of all transactions carried out, products and services contracted, including withdrawals, deposits, contributions, payments, receipts and transfers of funds, and such record must contain certain minimal information about each transaction, as set forth in the Circular.

Additionally, Circular No. 3,978 establishes requirements for institutions relating to: (i) policies to money laundering and terrorist financing consistent with the profile of clients, institution, operations and partners, (ii) internal risk valuation, (iii) “know your client” procedures, (iv) procedures for monitoring, selecting and analyzing suspicious operations and situations, (v) procedures and conditions to report suspicious operations and events to COAF (as defined below) and (vi) procedures to “know your partner.”

In addition, the Anti-Money Laundering Law established the Financial Activity Control Council (“**COAF**”). The main role of COAF is to promote cooperation among the Brazilian governmental bodies responsible for implementing national anti-money laundering policies, in order to stem the performance of illegal and fraudulent acts. Their activities also include imposing administrative fines and examining and identifying suspected illegal activities pursuant to the Anti-Money Laundering Law.

On January 29, 2020, the Central Bank enacted Circular-Letter No. 4,001, as amended by Central Bank’s Circular-Letter 4,037 of April 27, 2020, that revoked Circular-Letter No. 3,542, dated as of March 12, 2012, which disclosed a list of transactions and situations that may indicate the occurrence of money laundering, concealment of assets, rights and values, and/or financing of terrorism and should be communicated to COAF.

As of March 12, 2012, the Central Bank also amended the rules applicable to procedures that must be adopted by financial institutions against money laundering and the financing of terrorism, as a response to the recommendations of the Financial Action Task Force. The main measure includes the enactment of Central Bank Circular No. 3,978 as of October 1, 2020, which revoked Central Bank Circular No. 3,583 of March 12, 2012, and provides that financial institutions (a) may not initiate any relationship with clients, or proceed with existing relationships, if it is not possible to fully identify, qualify and classify such clients and their final beneficiary, except in specific cases, (b) must monitor, select and analyze suspicious operations and situations, (c) must report suspicious operations and situations and (d) must be able to fully identify their partners, employees and service providers.

### **Clean Company Law**

Law No. 12,846/2013, or the “clean company law,” provides for strict liability for companies involved in corrupt practices, and forbids conduct such as bribery, fraud in public procurement, bid rigging (and any other

conduct that aims to restrict competition in public bids), fraud in contracts signed with public authorities, impairment of a public officer's investigation, influencing or financing others to engage in illegal acts against the government, manipulating the economic-financial equilibrium of a public contract, and acquiring any type of advantage from amendments or extensions of public contracts.

### **Regulation on Cybersecurity**

On February 26, 2021, the CMN issued Resolution No. 4,893 related to cybersecurity and cloud storage policies applicable to institutions authorized by the Central Bank (except payment institutions, which observe specific other regulations issued by the Central Bank). According to this rule, institutions authorized by the Central Bank must follow cyber risk management and cloud outsourcing requirements regarding how such entities must design or adapt their internal controls which seek to ensure the security of sensitive information, especially for the prevention and handling of incidents and the traceability of information.

### **Data Protection Regulation**

On August 14, 2018, Law No. 13,709/2018 (“**LGPD**”) was enacted in an increasingly data-driven business environment to create a significantly more robust legal landscape for personal data processing in Brazil. This area is currently subject to sectorial rules set out in different statutes that strengthen the rights for protection of personal data.

The LGPD was amended by Law No. 13,853/2019 which also created the National Data Protection Authority (“**ANPD**”). The ANPD is tasked with (i) ensuring the protection of personal data, in accordance with the law, (ii) deliberating, at an administrative level upon the interpretation of the LGPD, (iii) supervising compliance with, and assess penalties in the event of data processing performed in violation of the LGPD, (iv) implementing simplified mechanisms for recording complaints about the processing of personal data in violation of the LGPD and (v) informing the relevant authorities the criminal offenses of which it becomes aware. Law No. 13,853 also provides authority for the ANPD to assess penalties provided for by the LGPD. The authority of the ANPD prevails over any related authority of other public entities in respect of the protection of personal data.

In addition, the legal basis for sharing personal data from the public-sector's databases to private entities has been extended to include, among others, transfers supported by legal provisions or agreements, or to prevent fraud and irregularities.

### **Regulation on Fintechs**

On April 26, 2018, the CMN approved resolution No. 4,656, as amended, which regulates the operation of financial technology companies that operate in the credit market, referred to as “fintechs.” With this new regulation, these start-ups, which currently operate as banking correspondents in the credit market, may grant credit without the intermediation of a bank. The new rules are applicable immediately to these entities and allow interested companies to start the authorization process.

Accordingly, to the approved regulation, fintechs could be structured as (i) direct credit companies (*sociedade de crédito direto*), which will carry out transactions with their own resources through an electronic platform or (ii) interpersonal loans company (*sociedade de empréstimo entre pessoas*), focused on financial intermediation (peer-to-peer). On October 29, 2018, the Federal Government enacted Decree No. 9,544 authorizing the foreign investment of up to 100.0% in the capital stock of direct credit companies or interpersonal loans companies. In addition to this authorization, CMN Resolution No. 4,792, enacted on March 26, 2020, allowed foreign investment funds to have corporate control over direct credit companies and interpersonal loans companies, provided that it is exercised indirectly through a Brazilian legal entity with the exclusive corporate object of equity interest in financial institutions and in institutions regulated by the Central Bank.

### **Open Banking**

On April 25, 2019, the Central Bank announced the initial guidelines for Open Banking regulations in Brazil through Communication No. 33,455. Open Banking is the sharing of data, products and services by financial institutions and other institutions authorized to operate by the Central Bank, upon a customer's authorization and via integration of information systems. The Central Bank has looked at Open Banking as an important tool for innovation in the financial market, making the banking industry more efficient and competitive. Joint Resolution No. 1/2020, as amended, and Central Bank Circular No. 4,015, both enacted on May 4, 2020, alongside Central Bank Circular No. 4,032, dated as of June 23, 2020, and Central Bank Resolution BCB No. 32, dated as of October 29, 2020, as amended (jointly, the “**Open Banking Regulation**”) provide the scope of data,

implementation procedures and services of the Open Banking. Additionally, according to Communication No. 33,455, the Brazilian Open Banking model will include financial institutions, payment institutions and other institutions authorized to operate by the Central Bank, making it possible to share, upon authorization from the client, (i) the data on products and services, (ii) the customer's record data and (iii) the customer's transaction data. Open Banking will eventually cover the provision of payment services, the criteria and specifications of which are yet to be announced. The implementation of Open Banking is taking place in stages, and is expected to be completed in December 2021. In addition, as established by the Open Banking Regulation, the data transmission financial institution must inform the date and time of the last update of the shared data, as well as the date and time when the data sharing occurred.

Participation in Open Banking is mandatory in the instances described below, subject to the dates of implementation provided for in Open Banking Regulation:

**Type of sharing**

Sharing of data on (i) service channels related to own facilities, correspondents in the country, electronic channels and other channels available to customers, (ii) products and services related to deposit accounts, savings accounts, prepaid payment accounts, postpaid payment accounts, credit operations, foreign exchange operations, accreditation services in payment arrangements, time deposit accounts and other products of an investment, insurance and open private pension nature, (iii) records of customers and their representatives and (iv) customer transactions related to deposit accounts, savings accounts, prepaid payment accounts, postpaid payment accounts, credit operations, registration and control account referred to in Resolution No. 3,402 of September 6, 2006, foreign exchange operations, accreditation services in payment arrangements, time deposit accounts and other products of an investment nature, insurance and open supplementary pension

**Mandatory participation**

Institutions classified in as S1 and S2, according to Resolution No. 4,553 of January 30, 2017.

Sharing of the payment transaction initiation service

Account holders and initiators of payment transactions.

Sharing of Credit proposal forwarding service

Financial institutions that have signed a correspondent contract in Brazil, whose object includes the service activity provided for in Art. 8, item V, of Resolution No. 3,954, dated February 24, 2011. Articles 1 to 19, including the abovementioned Art. 8 of Resolution No. 3,954 will be revoked as of February 1, 2022 under CMN Resolution No. 4,935 of July 29, 2021; however, the activity established by such article will still be subject to the mandatory participation on Open Banking.

In addition to the Open Banking Regulation, the participating financial institutions produced a set of rules of autoregulation ("**Convention**"), subject to the Central Bank approval. The Convention was approved and published by the Central Bank on October 29, 2020, through the issuance of five manuals. These five manuals were later replaced by updated versions and released on July 22, 2021.

Further, the Central Bank enacted Resolution No. 109 on June 24, 2021, as amended, establishes that the content of the Convention must be submitted to the approval of Central Bank according to the following deadlines: (i) September 30, 2021, in relation to the sharing of data on products and services; (ii) November 16, 2021, in relation to the payment transaction initiation service; (iii) December 17, 2021, in relation to the sharing of the credit operation proposal forwarding service; (iv) February 24, 2022, in relation to the sharing of customer transaction data; (v) March 31, 2022, in relation to the sharing of the payment transaction initiation service; and (vi) June 30, 2022, in relation to the sharing of payment transaction initiation services. Nevertheless, in relation

to the implementation of the provisions established by the Convention and approved by the Central Bank, the institutions participating in Open Banking must also observe the following deadlines for implementation: (i) August 13, 2021, to (a) the mechanisms for handling and resolving disputes between the participating institutions; and (b) the sharing of registration and transactional data; (ii) October 29, 2021, for sharing the PIX payment transaction initiation service; (iii) December 15, 2021, for the sharing of data on products and services; (iv) February 15, 2022, for sharing the transfer payment transaction initiation service between accounts in the institution itself and the Available Electronic Transfer (TED); (v) until March 30, 2022, for sharing the service of forwarding a proposal for a credit operation; (vi) May 31, 2022, for the sharing of customer transaction data; (vii) June 30, 2022, for sharing the service of initiation of payment slip payment transactions; and (viii) September 30, 2022, for sharing the service of initiation of a debit payment transaction.

Under the Open Banking Regulation partnerships with other financial institutions not regulated by the Central Bank are allowed for the sharing of (i) clients and representative enrollments, (ii) admissible client transactions and (iii) any other data or Open Banking service. However, such sharing should be previously approved by the client. Such institutions are required to adopt the procedures of corporate governance, risk assessment, and compliance with the Open Banking Regulation. Partnerships should be preceded by a favorable report from the statutory director.

### **Regulatory Sandbox**

In October 26, 2020, the Central Bank enacted CMN Resolution No. 4,865, establishing the main rules to the operation of the Controlled Testing Environment for Financial and Payment Innovation Regulatory Sandbox, which is an environment in which entities are authorized to operate by the Central Bank to test, for a specified period, an innovative project (product, service, or experimental business model within the Brazilian Banking Industry or the Brazilian Payments System), observing a specific set of regulatory provisions that support the controlled and limited performance of their activities. Each sandbox experiment cycle will begin with a call for applications issued by the Central Bank containing specific rules concerning the following issues: (i) duration of the cycle, (ii) maximum number of participants, (iii) thematic concentration area of the projects, (iv) documentation required for registration, and (v) a schedule of the cycle phases.

### **Instant Payments**

Instant payments are electronic money transfers in which the transmission of the payment order and the availability of funds to the receiving user occurs in real time and whose service is available 24 hours a day, seven days a week, and on every day of the year. Transfers occur directly from the paying user's account to the receiving user's account, without the need for intermediaries, which provides lower transaction costs. In addition to increasing the speed at which payments or transfers are made and received, this system has the potential to boost market competitiveness and efficiency, lower costs, increase security, and enhance client experience, as well as to promote financial inclusion and to fill a number of gaps in the basket of payment instruments currently available to the population. This model is in line with ongoing technological changes and enables innovation and the emergence of new business models and the reduction of the social costs related to the use of paper-based instruments.

#### **Politically-Exposed Individuals**

According to Circular No. 3,978 of January 23, 2020, as amended, financial institutions and other institutions authorized to operate by the Central Bank must take certain actions to establish business relationships with, and to follow up on financial transactions of, clients who are deemed to be "politically-exposed". Politically-exposed individuals include public agents as well as their immediate family members, including spouses, life partners, stepchildren and close associates.

Under such regulation, a public agent is defined as a person who occupies or has occupied a relevant public office or position over the past five years in Brazil or another country, territories or foreign jurisdictions. The five-year term runs retroactively from date when the client is no longer considered a politically-exposed individual. Such institutions must also adopt reinforced and continuous surveillance with regard to business relationships with politically-exposed individuals and immediate family members, spouses, life partners, children (including stepchildren) and close associates, paying special attention to proposed relationships and transactions of such individuals originating from countries with which Brazil has a large volume of financial and commercial transactions, common borders or ethnic, language or political proximity.

Circular No. 3,978, which revoked Circular No. 3,461 of October 2020, establishes new policies, procedures (including, without limitation, "know your client"), and internal controls that must be adopted by institutions authorized to operate by the Central Bank, aiming to prevent the use of the Brazilian Financial System

for the practice of crimes of money laundering, concealment of assets, rights and values, and/or financing of terrorism. The terms of the Circular No. 3,978 entered into force on October 1, 2020.

### **Anti-tax Evasion Law**

Generally, information protected by banking secrecy laws may only be furnished in compliance with a court order or an order by a Federal Congressional Inquiry Committee (*Comissão Parlamentar de Inquérito*). However, the Central Bank is authorized to require financial institutions to provide information generally protected by banking secrecy without judicial authorization within the performance of its supervisory powers, as long as they have strong circumstantial evidence that a client has engaged in tax evasion. Such evidence may be represented by, among others:

- declarations by the client of transactions with a value lower than their market value;
- loans acquired from sources outside the Brazilian Financial System;
- transactions involving “tax havens”;
- expenses or investments which exceed the declared available income;
- overseas currency remittances through non-resident accounts in amounts which exceed the declared available income; and
- legal entities that have their registration with the General Taxpayers Registry cancelled or declared invalid.

Additionally, in accordance with Administrative Ruling No. 1,571/2015 of the Brazilian Internal Revenue Service (Receita Federal do Brasil or “**RFB**”), financial institutions must report certain information relating to transactions carried out in Brazil, such as payments and deposits, among others. As per Decree No. 3,724 of January 10, 2001, as amended by Decree No. 8,303 of September 4, 2014, pursuant to tax information exchange agreements entered into between Brazil and other countries, tax authorities may also examine information relating to third parties in documents, books and records of financial institutions and related entities, including those related to deposit accounts and investments.

### **Regulations Affecting Liquidity in the Financial Market**

The Central Bank currently imposes compulsory deposit and other related requirements upon Brazilian financial institutions from time to time. The Central Bank uses reserve requirements on demand deposits, savings deposits and time deposits as a mechanism to control the liquidity of the Brazilian financial system. Historically, those imposed reserves have accounted for substantially all amounts required to be deposited with the Central Bank. Below are some of the current types of reserves.

#### ***Demand Deposits***

Pursuant to Central Bank Circular No. 3,917, banks and other financial institutions are generally required to maintain a mandatory reserve of 21.0% of the average daily balance above the amounts on their demand, time deposits and other amounts, after a deduction of R\$500 million. If the applicable reserve requirement for a financial institution is less than or equal to R\$0.5 million, the financial institution will be exempt from setting aside reserve requirements as set forth by Central Bank Circular No. 3,917; however, it must provide information to the Central Bank regarding the demand deposits that it holds. Amounts subject to this reserve requirement must be deposited as cash in a specific account. Part of such deposits will bear no interest. At the moment of calculation of the daily balance of bank reserve account, the balance of such account must be equivalent to at least 65.0% of the reserve requirement for the respective calculation period, which begins on Monday of a given week and ends on Friday of the following week. Central Bank Circular No. 3,823/2017 provides for reduced mandatory deposit requirements applicable to all Brazilian financial institutions. In addition, financial institutions must keep invested a portion of the funds raised through demand deposits as follows: at least 27.5% in rural credit transactions, according to Central Bank Resolution 4,901 of March 25, 2021, and at least 2.0% in oriented productive microcredit transactions, according to Central Bank Resolution 4,854 of September 24, 2020.



### ***Savings Deposits***

CMN Resolution No. 3,549 of March 27, 2008 enables financial institutions offering agribusiness savings accounts to carry deposits in the Brazilian Savings and Loans System (*Sistema Brasileiro de Poupança e Empréstimo*, or “**SBPE**”) of up to 10.0% of the total amount on deposit on the prior day.

At Banco do Brasil, savings funds are directed to rural credit. The targeting requirement for rural credit transactions corresponded to 74.0% for Rural Savings funds as of July 7, 2017. Central Bank Resolution No. 4,579 of June 7, 2017, amended the Rural Credit Manual (“**MCR**”) by increasing this percentage to 65.0% up to November 29, 2017. Central Bank Resolution No. 4,614 of November 30, 2017, amended the MCR and reduced the percentage of the mandatory targeting to 60.0%. Central Bank Resolution No. 4,829/2020 amended the MCR again, reducing the percentage of the targeting of rural savings funds to 59.0%. Central Bank Circular No. 3,975, as amended, (revoking Circular No. 3,093/2002) establishes reserve requirements on saving deposits received by multiple banks with real estate credit portfolio, commercial banks and other institutions authorized by the Central Bank to receive saving deposits, correspondent to an amount in cash equivalent to 20.0% of the average aggregate balance of savings accounts during the prior week. In addition, under CMN Resolution 4,676/2018, as amended, a minimum of 65.0% of the total amount of deposits in saving accounts must be used to finance the real estate sector, being that 80.0% of that number must be allocated in the transactions provided for in article 16 of CMN Resolution No. 4,676/2018 and the remaining must be allocated in the transactions of the Article 17 of CMN Resolution 4,676/2018. On June 24, 2020, Central Bank Circular No. 3,975 was amended by Circular 4,033, thereby establishing deductions from the enforceability of the balance of credit transactions for working capital financing and the balance of investments in Time Deposits with a Special Guarantee of institutions not belonging to the same conglomerate.

### ***Time Deposits***

In accordance with Central Bank Circular No. 3,916 of November 22, 2018, as amended, banks are subject to the following mandatory reserve of (i) 17.0%, applied from the calculation period started on March 16, 2020 and (ii) 20.0% in the calculation period starting on November 29, 2021 of the average daily balance of time deposits and other amounts, after a deduction of R\$30 million, in the amount exceeding: (i) R\$3.6 billion, for financial institutions with Tier I component of the regulatory capital below R\$3 billion; (ii) R\$2.4 billion, for financial institutions with Tier I component of the regulatory capital equal or higher than R\$3 billion and below R\$10 billion; (iii) R\$1.2 billion, for financial institutions with Tier I component of the regulatory capital equal or higher than R\$10 billion and below R\$15 billion; and (iv) zero, for financial institutions, such as Banco do Brasil, with Tier I component of regulatory capital higher than R\$15 billion. If the applicable reserve requirement of a financial institution is below R\$0.5 million, such financial institution will be exempt from the reserve requirements set forth by Central Bank Circular No. 3,916, although it must provide information to the Central Bank on time deposits it holds. Amounts subject to this reserve requirement must be deposited in cash on a specific account and part of such deposits will bear interest at a SELIC-based rate. At the end of each day, deposited amounts must be equivalent to 100.0% of the applicable reserve requirement. In addition, Circular 3,997 of April 6, 2020, also establishes a deduction from the compulsory collection requirement in an amount equivalent to fifteen percent (15.0%) of the updated outstanding balance of financing granted within the scope of the Emergency Program for Supporting Jobs, introduced by Executive Order No. 944/2020 (later converted into Law No. 14,043 of 2020) and provided for in CMN Resolution No. 4,846 of August 24, 2020.

### ***Foreign Currency and Gold Exposure***

Pursuant to CMN Resolution No. 3,488/2007, as amended by CMN Resolutions No. 4,388/2014 and 4,606/2017, the total consolidated exposure of a financial institution in foreign currencies and gold may not exceed 30.0% of its reference shareholders' equity.

### ***Rural Lending***

According to the Manual of Rural Lending, as published by the Central Bank, financial institutions are required to maintain, as of July 1, 2021, a daily average balance of rural lending not less than 25.0% of the daily balance of all accounts subject to compulsory reserve requirements. A financial institution that does not comply with this requirement will be subject to fines, which are calculated by determining the daily difference between the requirement and the portion actually used for rural lending, plus a pecuniary penalty or, at the financial institution's discretion, an obligation to deposit the unused amount until the last business day of the subsequent month into a non-interest-bearing account maintained with the Central Bank.

## **Liquidity Financial Lines (*Linhas Financeiras de Liquidez*)**

Further, the Central Bank enacted Resolution No. 110 on July 1, 2021 (“**Resolution BCB no. 110**”) establishing loan operations granted by Central Bank called the Liquidity Financial Lines (“**LFL**”). Such financial lines will only be available to such financial institutions as of November 8, 2021. The LFL constitute from two modalities: (a) Immediate Liquidity Line (“**LLI**”), focused on managing short-term cash flow mismatches, covering operations for a period of up to five business days, through an automatic procedure for requesting, approving and granting; and (b) Forward Liquidity Line (“**LLT**”), focused on meeting liquidity needs arising from mismatches between asset and liability transactions of financial institutions, covering transactions for a period of up to 359 consecutive days.

In order to qualify for the LFL, in general, the financial institution must (i) be participants in the Reserves Transfer System (“**STR**”); (ii) comply with the requirements established by Resolution BCB no. 110; and (iii) pass homologation tests, demonstrating that they are able to carry out the operating procedures established by the Central Bank. Further, the following financial institutions are eligible for access to LFL: (a) in the LLI modality, multiple banks, commercial banks, investment banks, savings banks, credit, financing and investment societies and individual credit cooperatives, with the exception of cooperatives classified in the capital and loan category; and (b) in the LLT modality, the financial institutions referred to in item (a), development banks, exchange banks, securities brokerage companies, securities distributing companies, credit cooperatives classified in capital and loan category, real estate credit companies, mortgage companies, savings and loan associations, micro-entrepreneur credit companies, direct credit companies and loan companies between persons.

## **Taxation of Financial Transactions**

Financial transactions in Brazil are generally subject to income tax and to financial transactions tax (IOF). The income tax assessed on the income received on financial transactions by Brazilian tax residents generally depends on: (i) the type of investment (fixed or variable income, as defined by Brazilian law; variable income investments usually being treated more favorably); and (ii) the term of the investment (long-term investments usually have a more favorable treatment). The income tax assessed on income deriving from financial transactions and charged by means of withholding is (a) for Brazilian legal entities, a prepayment of its corporate income tax and (b) exclusive for individuals who are Brazilian tax residents. Investments in Brazilian financial and capital markets by individuals or legal entities resident or domiciled abroad are generally subject to the same taxation rules applicable to Brazilian residents, except for foreign investments made in accordance with the rules set forth by the CMN (CMN Resolution No. 4,373), which may benefit from certain favorable tax benefits, such as income tax exemption on capital gains realized on the sale of publicly traded stock.

### ***IOF***

IOF is a tax levied on foreign exchange, securities/bonds, credit and insurance transactions. The IOF rate may be changed by an executive decree (rather than a law) and does not need to abide by the *ex post facto* principle, meaning it may be in effect on the publication date of the executive decree which provided for the change in the IOF rate.

### ***IOF on Foreign Exchange Transactions***

Pursuant to Decree No. 6,306 of December 14, 2007, as amended (“**Decree No. 6,306**”), foreign exchange transactions are subject to IOF (“**IOF/FX**”). Under the IOF regulations currently in force, the executive branch of the Federal Government may establish the applicable IOF rate according to the objectives of monetary, exchange and tax policies. Such IOF rate may be increased at any time up to a rate of 25.0%. Decree No. 6,306 sets out that the current general IOF rate is 0.38%, although there are some exceptions, depending on the specific transaction.

The following are some examples among the specific transactions:

- (1) foreign exchange transactions for the inflow of proceeds into Brazil, including simultaneous exchange transactions, regarding external loans, subject to registration before the Central Bank, with minimum average terms lower than 180 days, in which case the IOF rate of 6.0% is applicable, including (i) notes with a put/call provision with a term less than or equal to 180 days; (ii) foreign loans or notes with an average term of more than 180 days which are partially or fully redeemed in a period of 180 days or less from their date of issuance; and (iii) nominal exchange agreements (for an amount fixed in the agreement and at the date of the agreement) required due to an amendment

in the loan agreement for a period of less than or equal to 180 days from the previous exchange agreement are also subject to the IOF at the rate of 6.0% plus applicable fines and interest. Currently (since June 4, 2014) the average term for the application of the 6.0% rate is 180 days, but such term may be changed in the future (as happened before); and

- (2) foreign exchange transactions for the inflow and outflow of funds related to external credits, excluding the transactions mentioned in item 1 above, in which case the rate is 0%;

### ***IOF on Securities Transactions***

Pursuant to Article 25 of the IOF Regulations, IOF tax may also be levied on transactions involving bonds or securities, including transactions carried out on Brazilian stock, futures or commodities exchanges, as well as Brazilian over-the-counter markets (“**IOF/Securities**”). The rate of IOF/Securities tax with respect to many securities transactions is currently 0%, although certain transactions may be subject to specific rates. The executive branch, based on the objectives of monetary, exchange and tax policies, has the legal authority to increase the rate to a maximum of 1.5% per day of the amount of the taxed transaction, during the period in which the investor holds the securities, up to the amount equal to the gain made on the transaction and only from the date of its increase or creation. Pursuant to Executive Decree No. 8,027/13, effective as of June 13, 2013, the IOF/Securities assessed on the notional adjusted value of financial derivatives signed in Brazil which, individually, result in an increase of the exchange exposure purchased or in a reduction of the exchange exposure sold, had its rate reduced from 1.0% to 0.0%.

In addition, in general, IOF/Securities is assessed on transactions with terms of less than thirty days, consisting in the case of the sale, assignment, repurchase or renewal of fixed-income investments, redemption of shares of mutual funds or investment pools, or transactions related to repurchase commitments, carried out by financial institutions and other institutions authorized to operate by the Central Bank, with debentures issued by the same institutions. The maximum rate of IOF/Securities payable in such cases is 1.0% per day, up to the amount equal to the gain made on the transaction, and decreases with the duration of the transaction, and for transactions with maturities of at least thirty days, the rate will be 0%, except the rate for certain types of transactions.

### ***IOF on Credit Transactions***

IOF also applies to credit transactions (“**IOF/Credit**”), except for foreign credit (where the Brazilian company is the borrower and a foreign party is the lender). The IOF levied on credit transactions granted to legal entities is generally assessed at a daily rate of 0.0041% and if the loan agreement establishes the loan amount, the IOF rate is limited to 1.5%. The IOF levied on credit transactions granted to individuals is generally assessed at a daily rate of 0.0082% and if the loan agreement establishes the loan amount, the IOF rate is limited to 3.0%. Additionally, an IOF surtax of 0.38% is currently applicable to most credit transactions, resulting in a maximum 1.88% rate when the credit is granted to legal entities or 3.38% when the credit is granted to individuals; in both scenarios the loan agreement establishes the loan amount. However, pursuant to Decrees Nos. 10,414/2020, 10,504/2020, 10,551/2020 and 10,572/2020, IOF/Credit rates, including the IOF surtax of 0.38%, was reduced to 0.0% for credit transactions executed from April 3, 2020 to November 26, 2020, and from December 15 to December 31, 2020.

### ***IOF on Insurance Transactions***

In addition, IOF tax is levied on insurance transactions. Such IOF rate may be increased at any time by the executive branch up to a maximum rate of 25.0%. Currently the IOF insurance is levied at the rate of: (i) 0.0% in reinsurance transactions relating to export credits or to the international transport of goods and in transactions in which the premiums are allocated to the financing of life insurance plans with coverage for survival, among others; (ii) 0.38% of premiums related to life insurance plans without coverage for survival, among others; (iii) 2.38% of premiums paid in the case of health insurance; and (iv) 7.38% of premiums paid in the case of other types of insurance. Rural insurance, among certain other specific insurance transactions, is exempt from IOF.

### ***Taxation of Brazilian Corporations***

Brazilian corporate income tax is made up of two separate taxes: Corporate Income Tax (“**IRPJ**”) and Social Contribution on Net Income (“**CSLL**”). The IRPJ is assessed at a combined rate of up to 25.0% of adjusted net income (the typical rate for Brazilian legal entities is 15.0% plus 10.0% for annual profits exceeding R\$240,000 or R\$20,000, multiplied by the number of months in the tax period). CSLL is currently assessed at a rate of 9.0% for non-financial institutions, while it is assessed, for banks, which are necessarily subject to the

income tax based on the Actual Profit Regime (*lucro real*), at a rate of 25.0% (this rate should be reduced to 20.0% in 2022). Other financial institutions are currently subject to CSLL at a 20.0% rate, which should be reduced to 15% in 2022).

Companies are taxed based on their worldwide income rather than on income produced solely in Brazil. Therefore, profits, capital gains and other income obtained abroad by Brazilian entities are computed in the determination of their income. In addition, profits, capital gains and other income obtained by foreign branches or income obtained from subsidiaries or foreign corporations controlled by a Brazilian entity will also be computed in the calculation of such entity's profits, in proportion to its participation in such foreign companies' capital (the "CFC rules").

Law No. 12,973/14, dated May 13, 2014 ("Law No. 12,973"), introduced a new set of CFC rules applicable to foreign controlled and affiliated companies. As per the new CFC regime, the investment in controlled companies, directly and indirectly held, must be adjusted on a yearly basis to reflect changes in the investment value. Such changes are to be recognized by the Brazilian investing company in proportion of the investment held in the controlled entity's equity. Positive results relating to profits earned must be subject to IRPJ and CSLL on December 31 of the year they are accrued. As per Law No. 12,973, in the case of affiliated companies, the rules on taxation of foreign profits focus on distributed profits, which are characterized differently under the legislation. In this case, profits distributed throughout the year are subject to taxation on December 31 of each year.

Subject to certain restrictions, the Brazilian corporate entity is allowed to deduct any income tax paid abroad, up to the amount of Brazilian income taxes imposed on such income. The new legislation also allows, in certain cases, the consolidation of foreign entity results for tax purposes.

As a general rule, dividends deriving from profits generated as of January 1, 1996 are not subject to withholding income tax when distributed, nor to IRPJ, CSLL or individual income tax assessed on the person receiving the dividend. In addition to dividends, Brazilian entities are allowed to pay its shareholders "interest on net equity" (*juros sobre o capital próprio*, or "JCP"), which is the notional interest calculated on certain net equity accounts of the entity.

Law No. 9,249 of December 26, 1995 allows a corporation to deduct from its net income for tax purposes any interest paid to shareholders as remuneration of the shareholders' equity called "interest on net equity" or "interest on shareholders' capital." Distributions may be paid in cash. The interest is calculated on the net equity accounts capital, capital reserves, profit reserves, treasury stock and accumulated losses in accordance with the daily pro rata variation of the TJLP, as determined by the Central Bank from time to time, and cannot exceed the greater of:

- 50.0% of the net income after CSLL and (before the IRPJ provision and the deduction of the interest amount attributable to shareholders) related to the period in respect of which the payment is made; or
- 50.0% of the sum of retained profits and profits reserves as of the date of the beginning of the period in respect of which the payment is made.

Any payment of interest to shareholders is subject to withholding income tax at the rate of 15.0%, or 25.0% in the case of a shareholder who is domiciled in a tax haven jurisdiction. These payments may be qualified, at their net value, as part of any mandatory dividend.

Tax losses carried forward are available for offsetting up to 30.0% of the annual taxable income for IRPJ and CSLL purposes. No time limit is currently imposed on the application of tax losses to offset future taxable income.

Recently, the Federal Government presented a tax reform proposal containing a provision setting forth the taxation of profits and dividends. Such tax reform proposal may also restrict the ability of paying JCP to shareholders.

Two federal contributions are imposed on the gross revenues of corporate entities: the PIS/PASEP and COFINS. PIS/PASEP and COFINS are imposed on financial institutions' gross revenues at a combined rate of 4.65% (instead of the standard 3.65% for other non-financial companies), but some specific costs, such as funding costs, are authorized to be deducted from the PIS/PASEP and COFINS tax bases. The COFINS and PIS/PASEP rates for some non-financial companies are 7.6% and 1.65%, respectively, resulting in a combined rate of 9.25%.

although certain deductions for expenses are authorized (non-cumulative PIS/PASEP and COFINS regime). Pursuant to Section 1 of Decree No. 8,426 of April 1, 2015, the financial revenues earned by legal entities (nonfinancial institutions) under the non-cumulative PIS/PASEP and COFINS regime are subject to PIS/PASEP and COFINS at the combined rate of 4.65%.

In 2020, the Federal Government presented to the Brazilian Congress a proposal providing for the replacement of the PIS/COFINS by the Contribution on Goods and Services. This bill is still pending analysis by the Brazilian Congress.

***Law No. 12,249 of June 11, 2010 in respect of thin capitalization rules***

The Federal Government introduced thin capitalization provisions, effective as of January 1, 2010, through the enactment of Provisional Measure (*Medida Provisória*) No. 472, enacted by the Federal Government on December 15, 2009 and later converted into Law No. 12,249 of June 11, 2010 (“**Law No. 12,249**”). As a general rule, thin capitalization provisions are intended to limit the tax deductibility of interest payments made by a Brazilian company to: (i) related parties, as set forth in the Brazilian transfer pricing rules; or (ii) a beneficiary that is domiciled or incorporated in a tax haven jurisdiction or that benefits from a privileged tax regime. Thin capitalization rules are applicable to transactions with a foreign related party. Hence, the interest paid or credited to a foreign related party is deductible for IRPJ and CSLL purposes if, concurrently:

- (i) in the case of indebtedness to a related party that holds a direct equity stake in the Brazilian entity, the relevant indebtedness of the Brazilian legal entity, on the interest accrual date, does not exceed twice the value of the stake held by the related party in the net worth of the Brazilian legal entity (individual limit) (i.e., a 2:1 debt-to-equity ratio);
- (ii) in the case of indebtedness to a related party that does not hold a direct equity stake in the Brazilian entity the relevant indebtedness of the Brazilian legal entity, on the interest accrual date, does not exceed twice the value of the net worth of the Brazilian legal entity (individual limit) (i.e., a 2:1 debt-to-equity ratio); and
- (iii) in either (i) or (ii) above, the sum of the indebtedness of the Brazilian legal entity to all related parties, on the interest accrual date, does not exceed twice the aggregate value of the stakes of all related parties in the net worth of the Brazilian legal entity (collective limit). However, pursuant to Law No. 12,249, this item (iii) does not apply in the event of indebtedness exclusively to foreign related parties which do not hold direct equity stakes in the Brazilian entity, in which case the total indebtedness cannot exceed twice the value of the net worth of the Brazilian legal entity. In cases where the lender is located in a tax haven jurisdiction or benefits from a privileged tax regime, the interest paid or credited to a lender (entity or individual) resident or domiciled in a tax haven jurisdiction or that benefits from a privileged tax regime is deductible for IRPJ and CSLL purposes, if the total indebtedness of the Brazilian legal entity to residents located in tax haven jurisdictions or that benefit from privileged tax regimes does not exceed 30% of the net worth of the Brazilian legal entity (i.e., a 3:1 debt-to-equity ratio).

Moreover, pursuant to Law No. 12,249, interest payments or credits to an entity or individual resident or domiciled in a tax haven jurisdiction or that benefits from a privileged tax regime will not be deductible unless the following requirements are fulfilled, concurrently: (i) identification of the actual beneficiary abroad; (ii) evidence of the operational capacity of the foreign entity or individual which performs the transaction; and (iii) documentary evidence of payment of the respective price or receipt of the assets and rights or use of the service. For such purposes, the actual beneficiary is deemed to be: (i) the individual or the legal entity that is not incorporated with the sole or main purpose of achieving tax savings and/or (ii) the individual or the legal entity which receives such payments on its own account (rather than on behalf of a third party, as an agent or fiduciary manager, etc.). Since the introduction of Law No. 12,249 is recent, it is unclear how tax authorities will interpret and apply its provisions. These new regulations may have an impact on the transactions performed by any Brazilian company.

***Law No. 9,430 of December 27, 1996 in respect of transfer pricing rules***

The Brazilian transfer pricing rules on the deductibility of interest paid on foreign loans to related parties abroad or parties domiciled in tax havens/privileged tax regimes were amended by Law No. 12,715 of September 17, 2012 and Law No. 12,766 of December 28, 2012. Under Law No. 9,430/1996, and amendments, the interest paid or credited to a related party abroad, regarding loans executed as of January 1, 2013, are deductible for IRPJ

and Social Contribution on Net Equity purposes up to an amount which does not exceed the sum of the applicable “Reference Rate” plus a “Spread” that must be established annually by the Brazilian Ministry of Finance based on the average market rate. As per Ordinance MF No. 427/13 the spread related to active interest was 0.0% between January 1, 2013 and August 2, 2013, and was increased to 2.5% after this date. In case of passive interest the referred spread has been 3.5% since January 1, 2013.

The “Reference Rate” depends on the currency of the transaction:

- in the case of transactions in U.S. dollars with prefixed rates, the Reference Rate will be the market rate for Brazilian sovereign bonds issued in the external market in U.S. dollars;
- in the case of transactions in reais with prefixed rates, the Reference Rate will be the market rate for Brazilian sovereign bonds issued in the external market in reais; and
- in all other cases, the Reference Rate will be the LIBOR for a six-month period, of the currency in which the transaction is contracted, or LIBOR for a six-month period for U.S. dollars if there is no LIBOR for the specific currency of the transaction.

Loans executed before January 1, 2013 are not subject the above-referred Brazilian transfer pricing rules and are regarded as in compliance with such rules provided that they are registered with the Central Bank and that no further renegotiation or novation of the agreement is carried out. Law No. 12,766 expressly provides that products of novation and renegotiation are considered new contracts, which will result in the application of the new interest tax deductibility limitations to the “new” agreements.

### **Regulations Affecting the Bank’s Relationship with its Clients**

The relationship between financial institutions and their clients is regulated in general by laws applicable to all commercial transactions, and by the Brazilian Civil Code in particular. However, regulations established by the CMN and the Central Bank address specific issues relating to banking activity and contracts, complementing general regulation.

#### ***The Consumer Defense Code and the Banking Client Defense Code***

In 1990, the Brazilian Consumer Defense Code (*Código de Defesa do Consumidor* or the “**Consumer Defense Code**”) was enacted to govern the relationships between products, service providers and consumers and to protect consumers. In September 2004, the Brazilian Supreme Court of Justice ruled that the Consumer Defense Code also applies to transactions between financial institutions and their clients. Financial institutions are also subject to specific regulations of the CMN that regulate relationships between financial institutions and their clients. CMN Resolution No. 3,694, dated March 26, 2009, as amended, CMN Resolution No. 3,919, dated November 25, 2010, as amended, CMN Resolution No. 4,283, dated November 4, 2013, CMN Resolution No. 4,479, dated April 25, 2016, CMN Resolution No. 4,746, dated August 29, 2019, and Joint Resolution No. 1, dated May 04, 2020 establish procedures with respect to the settlement of financial transactions and to services provided by financial institutions to clients and the public in general, aiming to improve the relationship between market participants by fostering additional transparency, discipline, competition and reliability on the part of the financial institutions. The regulation consolidates all previously enacted related rules. The main changes introduced by the Consumer Defense Code are described below:

- Financial institutions must ensure that clients are fully aware of all contractual clauses, including responsibilities and penalties applicable to both parties, in order to protect the counterparties against abusive practices. All queries, consultations or complaints regarding agreements or the publicity of clauses must be promptly answered, and fees, commissions or any other forms of service or operational remuneration may not be increased unless reasonably justified, and in any event may not be higher than limits established by the Central Bank;
- Financial institutions are prohibited from transferring funds from their clients’ various accounts without prior authorization;
- Financial institutions may not require that transactions linked to one another be carried out by the same institution. If the transaction is dependent on another transaction, the client is free to enter into the latter with any financial institution;

- Financial institutions are prohibited from releasing misleading or abusive publicity or information about contracts or services. Financial institutions are liable for any damages caused to their clients by their misrepresentations;
- Interest charges in connection with personal credit and consumer directed credit must be proportionally reduced in case of anticipated settlement of debts;
- Clients have the right to withdraw up to R\$5,000 upon request. For higher amounts, clients are required to give the financial institution at least 24 hours' prior notice;
- There must be adequate treatment for the elderly and physically disabled;
- Financial institutions cannot deny, refuse or make difficult access to personal services in their facilities, even if the service is available through other channels.

### **Ombudsman**

The Bank's ombudsman (*ouvidoria*) complies with the regulatory requirements of CMN Resolution No. 4,860 of October 23, 2020, which revoked CMN Resolution No. 4,433 of July 23, 2015. The ombudsman is responsible for (i) serving, in last instance, clients requirements not resolved through primary channels; (ii) acting as a communication channel between clients and Bank management; and (iii) informing its activities to the Bank's Board of Directors. A report containing detailed information on the activities of the Bank's ombudsman is made available semi-annually. According to Central Bank rankings, the Bank has the second-best ombudsman in the Brazilian banking system.

### **Banking Secrecy**

Financial institutions must maintain a level of confidentiality regarding banking operations and services provided to clients. The duty of maintaining confidentiality is extended to the Central Bank in relation to the operations that it carries out and regarding the information that it obtains in the exercise of its attributions. According to Supplementary Law No. 105 of January 10, 2001 ("**Supplementary Law No. 105**") the only circumstances in which information about clients, services or operations of Brazilian financial institutions or credit card companies may be disclosed to third parties are the following: (i) disclosure of information with the express consent of the interested parties; (ii) sharing of information on credit history between financial institutions for record purposes; (iii) supplying to credit reference agencies of information based on data from the records of subscribers of checks drawn on accounts without sufficient funds and defaulting debtors; (iv) evidence or suspicion that criminal or administrative illegal activities have occurred and (v) provision of financial and payment data regarding credit transactions and payment obligations fulfilled or ongoing of individuals or legal entities to database managers for the formation of a credit history. Supplementary Law No. 105 also allows the Central Bank or the CVM to exchange information with foreign governmental authorities, provided that a specific treaty in that respect has been previously executed.

Auditors of the RFB may also inspect an institution's documents, books and financial registry in certain circumstances, provided that it obtains permission from the client or by a court order.

### **Bank Failure**

#### ***Intervention, Administrative Liquidation and Bankruptcy***

Financial institutions are subject to the proceedings established by Law No. 6,024/1974, as amended, and Decree-Law No. 2,321/ 1987, as amended, which establishes the applicable provisions in the event of intervention, temporary administration or extra-judicial liquidation by the Central Bank, as well as bankruptcy proceedings.

Intervention and extra-judicial liquidation occur when a financial institution is in a precarious financial condition or upon the occurrence of events that may impact the creditors' rights. Such measures are imposed by the Central Bank in order to avoid the bankruptcy of the entity.

### ***Administrative Liquidation***

An administrative liquidation of any financial institution (except for public financial institutions controlled by the Brazilian government, such as the Bank) may be carried out by the Central Bank if it can be established that:

- the debts of the financial institution are not being paid when due;
- the financial institution is deemed insolvent;
- the financial institution has incurred losses that could abnormally increase the exposure of the unsecured creditors;
- management of the relevant financial institution has materially violated Brazilian banking laws or regulations; or
- upon cancellation of its operating authorization, a financial institution's ordinary liquidation proceedings are not carried out within ninety days or are carried out with delay representing a risk to its creditors, at the Central Bank's discretion.

Liquidation proceedings may otherwise be requested, on reasonable grounds, by the financial institution's officers or by the intervener appointed by the Central Bank in the intervention proceeding.

Administrative liquidation proceedings may cease at the discretion of the Central Bank, in the following instances:

- full payment of the unsecured creditors;
- change in the corporate purpose of the financial institution to a line of business that is not part of the Brazilian banking industry;
- transfer of the financial institution's corporate control;
- conversion into ordinary liquidation;
- depletion of the financial institution's assets, when full payment of the creditors has not occurred; or
- liquidity shortage or a difficulty in liquidating assets remaining in the financial institution, as recognized by the Central Bank.

Administrative liquidation proceedings will also cease with the declaration of bankruptcy of the institution.

### ***Temporary Special Administration Regime***

In addition to the intervention procedures described above, the Central Bank may also establish the Temporary Special Administration Regime (*Regime de Administração Especial Temporária* or "**RAET**") which is a less restrictive form of intervention by the Central Bank in private and non-federal public financial institutions. A RAET also allows troubled institutions to continue to operate their activities in the ordinary course.

The RAET may be imposed by the Central Bank in the following circumstances:

- continuous practice of transactions contrary to the economic and financial policies established by federal law;
- the institution fails to comply with the compulsory reserves rules;
- the institution has operations or circumstances which call for an intervention;
- reckless or fraudulent management;
- the institution faces a shortage of assets; and



- the occurrence of any of the events described above that may result in a declaration of intervention.

The main objective of the RAET is to assist the troubled institution under special administration to recover and avoid intervention and/or liquidation. Therefore, the RAET does not affect the day-to-day business operations, liabilities or rights of the financial institution, which continues to operate in its ordinary course. The RAET also immediately results in the terminations of the institution's administrators and members of the Audit Committee.

There is no minimum term for a RAET, which may cease upon the occurrence of any of the following events: (a) the Federal Government takes control of the institution, (b) a corporate conversion, merger, amalgamation, spin-off or transfer of controlling interest of the financial institution occurs, (c) the financial institution's situation normalizes, or (d) an extra-judicial liquidation of the financial institution is declared.

### ***Repayment of Creditors in Liquidation***

According to Law No. 11,101/2005, as amended by Law 14,112 of December 24, 2020, in case of bankruptcy or liquidation of a financial institution, certain credits, such as credits for salaries up to 150 minimum wages (*salários mínimos*) per labor creditor, among others, will have preference over any other credits.

The FGC is a deposit insurance system which guarantees a maximum amount of R\$250,000 of deposits and credit instruments held by an individual against a financial institution (or against financial institutions of the same financial group). In addition, the FGC provides a special guarantee for institutions authorized by the Central Bank in an amount of R\$20 million. The FGC is funded principally by mandatory contributions from all Brazilian financial institutions that work with client deposits. The payment of unsecured credit and client deposits not payable under the FGC is subject to the prior payment of all secured credits and other credits to which specific laws may grant special privileges.

In addition, two laws affect the priority of repayment of creditors of Brazilian banks in the event of their insolvency, bankruptcy or similar proceedings. First, Law No. 9,069 of June 29, 1995 affects the priority of repayment of creditors of Brazilian banks in the event of insolvency, bankruptcy or similar proceedings. Such law confers immunity from attachment on compulsory deposits maintained by financial institutions with the Central Bank. Such deposits may not be attached in actions by a bank's general creditors for the repayment of debts. Second, Law No. 9,450 of March 14, 1997 requires that the assets of any insolvent bank funded by loans made by foreign banks under trade finance lines be used to repay amounts owing under such lines in preference to those amounts owing to the general creditors of such insolvent bank.

### ***Cancellation of Banking License***

Law No. 13,506/2017, together with specific regulations consolidated by Resolution no. 131 issued by the Central Bank on August 1, 2021 ("**Resolution BCB 131**"), provides penalties that may be imposed upon financial institutions in certain situations. For example, a financial institution may be subject to the cancellation of its license to operate and/or perform certain activities or modalities of operations, such as exchange transactions, in case of serious offense.

The Brazilian Financial System Law, together with Resolution BCB 131, provides that some penalties may be imposed upon financial institutions in certain situations. Among them, a financial institution may be subject to the cancellation of its license to operate and/or to perform exchange transactions. Such penalties are applicable under certain circumstances established by the Central Bank as, for instance, in case of repeated: (a) violation of the Central Bank regulations by the management of the financial institution, or (b) negligence of the financial institution in obtaining adequate banking practices concerning its exchange activities.

In addition, Central Bank may, according to CMN Resolution No. 4,122/2012, as amended, cancel the bank's authority to operate if one or more of the following situations occur at any time: (i) a lack of customary performance of transactions deemed essential, pursuant to the applicable rules; (ii) operational inactivity; (iii) the institution is not located at the address as provided to the Central Bank; (iv) the unjustified interruption of required disclosures to the Central Bank under prevailing regulation for over four months; and (v) noncompliance with the financial institution's established business plan. A banking license may only be cancelled following administrative proceedings carried out by the Central Bank.

Decree-Law No. 2,321/1987, which regulates the RAET, provides that if such provisional system is decreed, the individuals or legal entities that have a control relationship with the administered institution must be held jointly liable with the former management for the obligations assumed thereby, irrespective of good or bad

faith thereunder. Such joint liability is limited to the overall uncovered liabilities of the institution according to a statement of financial position prepared as of the date that the provisional administration system is ordered.

### **Brazilian Payment System**

In December 1999 the Federal Government released new rules for the settlement of payments in Brazil, based on guidelines adopted by the Bank for international settlements. After a period of tests and gradual implementation, the Brazilian Payment and Settlement System (*Sistema de Pagamentos Brasileiro* or “**SPB**”), began operating in April 2002 and comprises the entities, systems and procedures related to the processing and settlement of funds transfer operations, transactions with foreign currency or financial assets and securities.

The following entities are members of the SPB: check clearing services, clearing and settlement of electronic orders of debit and credit, money transfer and other financial assets, clearing and settlement of transactions with securities, clearing and liquidation of transactions carried out on commodities and futures exchanges, and others, collectively referred to as Financial Market Infrastructure (“**IMF**”) operators. Beginning in October 2013, with the enactment of Law No. 12,865, the arrangements and payment institutions also became part of the SPB. In addition, all of these must comply with requirements specified under the law and submit to the Central Bank a request for authorization to operate. In 2018, Central Bank Circulars No. 3,886 and 3,887 and Circular Letter No. 3,872 introduced relevant changes to the operation of payment arrangements and established the ceilings for the interchange fee. Also in 2018, the publication of CMN Resolution No. 4,655 changed the method for collection of charges due to late payment or settlement of credit card invoices. In the last quarter of 2018, Central Bank Resolution No. 4,692, established guidelines on the change in credit limits (when not made at the client's initiative).

The Central Bank and CVM have the power to regulate and supervise this system. Pursuant to these rules, new clearing houses may be created and all clearing houses are required to adopt procedures designed to reduce the possibility of systemic crises and to reduce the risks currently borne by the Central Bank. The most important principles of the SPB are:

- the existence of two main payment and settlement systems: real-time gross settlements, using the reserves deposited with the Central Bank; and deferred net settlements, through the clearing houses;
- the clearing houses, with some exceptions, will be liable for the payment orders they accept; and
- bankruptcy laws do not affect the payment orders made through the credits of clearing houses, nor the collateral granted to secure those orders. However, clearing houses have ordinary credits against any participant under bankruptcy laws.

SPB presents a high degree of automation, with increasing use of electronic media for transfers of funds and settlement of obligations, to replace paper-based instruments. Up until the mid-1990s, changes in the SPB were driven by the need to deal with high inflation rates and, therefore, the technological progress achieved was mainly aimed at increasing the processing speed of financial transactions.

In the remodeling conducted by the Central Bank in 2002, the focus was redirected to risk management. The entry into operation of the STR, in April 2002, as established by Central Bank Circular No. 3,100 of March 28, 2002, as amended, marked the beginning of a new phase of SPB and, on June 9, 2021, the Central Bank issued the Resolution no. 105 which updated STR and issued regulations regarding bank reserve accounts and settlement accounts.

The STR, managed and operated by the Central Bank, is a real-time gross settlement system for funds transfers in Brazil. The STR is the core system of the SPB, as it settles transactions in the monetary, foreign exchange and capital markets between the financial institutions that hold accounts at the Central Bank. The funds transfers are settled by the STR in the accounts held at the Central Bank. Also, in addition to these financial flows, the net positions of the clearing and settlement systems are settled through the STR. The STR's direct participants may issue funds transfer orders on their own behalf or on behalf of a third party. The receiver may be another STR's direct participants or their clients. Funds transfers are final, that is, irrevocable and unconditional; it is only possible to undo a transaction through another transaction in the opposite direction. In addition, in order to guarantee the stability of the system, the STR funds transfers are conditioned on the existence of enough assets in the account of the transferring participant.

The Central Bank and the institutions they authorize to operate, the IMF operators, such as the B3, and the National Treasury Secretariat, are participants of the STR.

With this system, Brazil became part of the group of countries in which transfers of interbank funds may be settled in real time, irrevocably and unconditionally. In order to ensure liquidity and hence better functioning of the payment system in a real-time settlement environment, two aspects are especially important:

- banks usage of the reserve requirement balances throughout the day for bond settlement purposes, since the verification of compliance is based on end of day balances; and
- activation by the Central Bank of a routine to optimize the process of settlement of transfer orders of funds held in queues within the STR.

The systems consisting of the Brazilian clearing systems are responsible for creating safety mechanisms and rules for controlling risks and contingencies for loss sharing among market participants and for direct execution of participants' positions, performance of their agreements and foreclosure of collateral held under custody. In addition, clearing houses and settlement services providers that are considered important to the system are obligated to set aside a portion of their assets as an additional guarantee for the settlement of transactions.

Under these rules, responsibility for the settlement of a transaction is assigned to the clearing houses and settlement service providers. Once a financial transaction has been submitted for clearing and settlement, it generally becomes the obligation of the relevant clearing house and/or settlement services provider to clear and settle the transaction, meaning that it is no longer subject to the risk of bankruptcy or insolvency on the part of the market participant that has submitted it for such clearing and settlement.

Financial institutions and other institutions chartered by the Central Bank are also required under these rules to create mechanisms to identify and avoid liquidity risks, in accordance with certain procedures established by the Central Bank, such as CMN Resolution No. 4,557, issued by CMN on February 23, 2017, as amended. Under these procedures, institutions are required to implement:

- policies and strategies for risk management, clearly documented, which establish limits and procedures to maintain risk exposure;
- effective processes of tracking and timely reporting of exceptions to risk management policies, limits and levels of risk appetite;
- systems, routines and procedures for risk management;
- periodic evaluation of the adequacy of the systems, routines and procedures mentioned in the items above;
- policies, processes and controls to ensure the identification of risks;
- roles and responsibilities for risk management purposes, clearly documented, that assign responsibilities to the staff of the institution at its various levels, including outsourced service providers;
- a stress testing program;
- continuous evaluation of the effectiveness of the risk mitigation strategies used, considering, among other aspects, the results of the stress tests;
- clearly documented policies and strategies for the management of business continuity;
- timely management reports for the institution's board of directors, risk committee and executive board; and
- policies, procedures and controls to ensure information disclosure regarding risk management, identification of risks, liquidity indicators, leverage ratio and executive remuneration policy.

## ***Instant Payment System***

On June 12, 2020 Central Bank published Circular No. 4,027, as amended by Central Bank Resolution No. 40 of November 13, 2020, constituting the Brazilian Instant Payments System (*Sistema de Pagamentos* or “**SPI**”) and the Instant Payments Account (“**PI Account**”) and established the regulation for their operation and, jointly with Central Bank Normative Instruction No. 47, dated November 24, 2020, the procedures for participation in the SPI and PI Account, through which the instant payments must be carried out by the financial institutions.

Likewise, on August 12, 2020, the Central Bank published Resolution BCB No. 1, as amended, that revoked Circular No. 3,985, dated February 18, 2020, which sets out the regulation for implementation procedures and participation criteria for the SPI, through an application named PIX (“**PIX**”), and the Central Bank’s instant payments arrangement. Resolution BCB No. 1 determines that all financial and payment institutions with a license to operate and with more than 500,000 active client accounts (including checking, savings and payment accounts) will mandatorily participate in the SPI and in the Central Bank’s instant payments arrangement. PIX has been available to the public since November 2020. Like other kinds of transfer, according to Central Bank Normative Instruction No. 20 (“**IN No. 20**”), dated September 25, 2020, institutions are free to define limit values for the operations carried out by PIX; however, the client may request to alter such limits, depending on the institution and client register. According to IN No. 20, it is at the institution’s discretion to accept requests to increase the transaction limit—though requests to reduce the limit must be accepted.

Such payments and transfers may be made by (i) scanning a Quick Response code (a “**QR code**”) made available by PIX, which QR code may be dynamic, for exclusive use for each payment or transfer transaction, or static, using the same QR code for multiple transactions, (ii) filling in certain details of the recipient of the payment or transfer, (iii) inserting an address key, or (iv) through payment transaction initiation services, in which cases the participant has all the information of the receiving user.

PIX participants must also comply with Central Bank Normative Instruction No. 32, dated October 26, 2020 (“**IN No. 32**”) as amended, that establishes the form, period and information related to PIX that must be provided to Central Bank. This includes (but is not limited to) monthly reports to the Central Bank with information regarding (i) transactions, (ii) restitutions settled within the same institution, (iii) revenue from transaction fees.

The PIX platform uses the new single settlement infrastructure organized and maintained by the Central Bank and the SPI, which guarantees the security of transactions carried out under the PIX. Resolution BCB No. 1 and Central Bank Normative Instruction No. 129 were prepared based on the fundamental requirements for the Brazilian instant payments ecosystem established in Central Bank Communication No. 32,927 of December 21, 2018. Among other provisions, it defines the modalities of participation, the SPI’s operational ecosystem, as well as cases in which the participation of financial and payment institutions in the SPI will be mandatory.

## **Acquisition of Companies by Financial Institutions**

On March 29, 2012, the CMN enacted Resolution No. 4,062 (“**CMN Resolution No. 4,062**”), which amended the lead paragraph of Article 8 of CMN Resolution No. 2,723 of May 31, 2000. Under the previous regulation in force, financial institutions were required to inform the Central Bank of their interest in the capital of any other company headquartered in Brazil and the partial or total disposal of their interest in such companies. The new rule, however, requires financial institutions, such as the Bank, and other institutions authorized to operate by the Central Bank, to request prior authorization from the Central Bank to have direct or indirect interest in the corporate capital of any companies headquartered in Brazil or abroad, except (i) equity interests typically held in the investment portfolios of investment banks, development banks, development agencies (*agências de fomento*) and full-service banks with investment or development portfolios and (ii) temporary equity interests not registered as permanent assets of the financial institution. CMN Resolution No. 4,062 also establishes that the Central Bank will only allow interests in companies which carry out activities that are complementary or subsidiary to the activities of the financial institution.

On April 26, 2012, the Central Bank enacted Circular No. 3,590, as amended, which sets forth that the Central Bank will examine certain corporate reorganizations and other acts involving two or more financial institutions not only considering their potential effects on the financial institutions and financial system and its stability but also any potential impacts regarding market concentration and competition. Pursuant to Circular No. 3,590, such acts will be subject to the Central Bank’s analysis, except in the case of transactions involving institutions of the same economic group, credit assignments which do not involve a business transfer or

transactions involving only consortium administrators or payment institutions. The methodology and parameters used in the market concentration analysis of such activity will be included in the Guide for Analysis of Monopolistic Activity in the Financial System, which is published by the Central Bank. Upon approval of the transaction, the Central Bank may establish certain restrictions thereon and require that the financial institutions execute a market share agreement to set forth how resources will be shared.

## **Foreign Investment and the Brazilian Constitution**

### ***Foreign Banks***

No financial, banking or credit institution may operate in Brazil without the prior approval of the Central Bank. In addition, foreign financial institutions must be expressly authorized to operate in Brazil by presidential decree as stipulated in article 52 of the Transitory Constitutional Provisions of the Brazilian Constitution (*Ato das Disposições Constitucionais Transitórias*). A foreign financial institution duly authorized to operate in Brazil through a branch or a subsidiary is subject to the same rules, regulations and requirements that are applicable to any Brazilian financial institution. Following the enactment of Decree No. 10,029, the Central Bank published, on January 22, 2020, Circular No. 3,977 recognizing as an interest of the Federal Government the foreign holding of equity or increase in equity interest of financial institutions headquartered in Brazil, as well as the opening of local branches of foreign financial institutions. Such foreign equity interest is still subject to the same requirements and procedures applicable to the any acquisition of equity in Brazilian financial institution, but a specific presidential decree is no longer required.

### ***Foreign Investment in Brazilian Financial Institutions***

The Brazilian Constitution permits foreign individuals or companies to invest in the voting shares of Brazilian financial institutions only if they have specific authorization from the Federal Government, based on national interest or reciprocity.

However, on September 26, 2019 the Federal Government issued Decree No. 10,029, establishing that the Central Bank may recognize as interest of the Federal Government (i) the establishment of new branches of foreign financial institutions in Brazil and (ii) the increase in the equity interest in Brazilian financial institutions of foreign individuals or legal entities. Accordingly, on January 22, 2020, the Central Bank issued Circular No. 3,977, which recognizes as interest of the Federal Government the participation in the capital of financial institutions headquartered in Brazil of natural or legal persons residing or domiciled abroad. It also establishes that foreign investors must observe the requirements and procedures usually applicable for the constitution, authorization, changes in control and corporate reorganization of financial institutions.

Notwithstanding the above, foreign investors may acquire publicly-traded non-voting shares of Brazilian financial institutions negotiated on a stock exchange, or depositary receipts offered abroad representing non-voting shares without specific authorization.

## **Social-Environmental Policy**

All financial institutions are exposed to environmental or social risks, through their clients, whether they are credit borrowers or resource investors. The CMN has enacted the Resolution No. 4,327/2014 which requires that financial institutions authorized to operate by the Central Bank establish and implement social environmental responsibility policies (*política de responsabilidade socioambiental*).

## **The Temporary Measures taken by the Government to mitigate the effects of COVID-19**

The Federal Government, through its agencies (including the CMN, the Central Bank and the CVM), have adopted several measures to reduce the negative economic impacts resulting from the COVID-19 pandemic and to maintain the National Financial System, notably the following regulations:

### ***Loans granted by the Central Bank***

Resolution No. 4,795 of April 2, 2020, a Special Temporary Liquidity Line was established for the issuance of financial bills secured by financial assets or securities LTEL-LFG, through which financial institutions may issue financial bills to be subscribed by the Central Bank during 2020. Financial bills issued under this resolution will have a term of thirty to 359 days, with payment of principal and interest at maturity (but redeemable at any time by the financial institution) and interest corresponding to the SELIC rate, plus a spread of 0.60% p.a. Credit transactions represented by financial bills have to include at least one of the following guarantees, in an

amount equivalent to 120.0% to 170.0% of the credit, comprising (a) credit transactions; (b) leasing transactions; (c) other transactions with credit-granting characteristics; (d) debentures that do not have subordination or conversion clauses and that are not issued by financial companies or by companies directly or indirectly controlled by financial institutions or controlling financial institutions; and/or (e) commercial notes that are not issued by financial companies or by companies directly or indirectly controlled by financial institutions or financial institution controllers. LTEL-LFG was available until December 31, 2020.

Also, the issuance of financial bills for financial institutions of the same group may not exceed, at the moment of the calculation of the total financial limit, 100.0% of their reference equity (determined by reference to CMN Resolution No. 4,192), and the issuance of financial bills by multiple and commercial banks enrolled in the cooperative system of credit cannot exceed 100.0% of adjusted net equity determined by the combined balance of the cooperative system of credit (established by the CMN Resolution No. 4,151/12). The total financial limit over the transaction described is calculated accordingly to the pool of guarantees chosen by the financial institution. In case the loan is granted by the Central Bank in favor of the above-mentioned institutions, the financial bills' issuance value limitation must comply with the following schedule for operations requested from:

- (i) April 27, 2020 to April 30, 2020: the limitation of issuance is reduced to 50.0% of their reference equity or adjusted net equity, depending on the institution;
- (ii) May 18, 2020 to May 28, 2020, June 22, 2020 to June 26, 2020 and July, 20, 2020 to July 31, 2020: the limitation of issuance is reduced to 25.0% of their reference equity or adjusted net equity, depending on the institution;
- (iii) August 24, 2020 to August 27, 2020, September 21, 2020 to September 24, 2020, October 26, 2020 to October 29, 2020 and November 23, 2020 and November 26, 2020: the limitation of issuance is reduced to 10.0% of their reference equity or adjusted net equity, depending on the institution; and
- (iv) December 17, 2020 to December 21, 2020: the limitation of issuance is reduced to 50.0% of their reference equity or adjusted net equity, depending on the institution.

***Capital Adequacy Guidelines: Reduction of Preserved ACP***

The Central Bank enacted the CMN Resolution No. 4,783 of March 16, 2020, which determines the reduction of the percentages applicable for calculating the Preserved ACP, applying the following percentages to the RWA amount during the period between April 1, 2020 and March 31, 2022: (i) 1.25% from April 1, 2020 to March 31, 2021; (ii) 1.625% from April 1, 2021 to September 30, 2021; and (iii) 2.0% from October 1, 2021 to March 31, 2022 (inclusive).

***Deductions Applicable to Mandatory Reserves of Time Deposits***

CMN Circular No 4,001/2020 and CMN Resolution No. 4,786/2020 require that a deduction must be applied accordingly to the amount of the financial institution's issued financial bills duly repurchased by the issuer, limited to 15.0% of the demand over mandatory reserves. This deduction must be valid until the final term for the repurchase of the LF, and it is limited to the total amount gathered on the last day of the calculation period established in CMN Resolution No. 4,786/2020, as amended. The deduction must be progressively reduced from the calculation period of June 21, 2021, until its extinction. Financial bills repurchased by a financial institution of the same corporate group are not eligible for this deduction.

***Smaller financial institutions will have lower capital requirements temporarily***

The CMN temporarily reduced, through CMN Resolution No. 4,813 of April 30, 2020, the capital requirement for Segment 5 institutions, which are smaller in size and have a simplified risk profile. The measure aims to release funds from the regulatory capital requirement of Segment 5 institutions in order to increase the capacity of institutions in this segment going through the crisis caused by the COVID- 19 pandemic and maintain a flow of credit to the economy.

## REGULATION OF THE CAYMAN ISLANDS BANKING INDUSTRY

Banks in the Cayman Islands must be licensed under the Banks and Trust Companies Act (as amended) (the “**Cayman Banking Law**”). Licenses are granted by, and licensed banks are regulated by, the Cayman Islands Monetary Authority (“**CIMA**”).

Under the Cayman Banking Law there are two basic categories of banking license: (i) a class “A” banking license, which permits unrestricted domestic and offshore business; and (ii) a class “B” banking license, which permits only offshore business.

The holder of a class “B” banking license may have an office in the Cayman Islands and conduct business with other licensees and offshore companies but, except in limited circumstances, may not do business locally with the public or residents in the Cayman Islands. The Bank’s Grand Cayman Branch is the holder of a class “B” banking license.

Branches of foreign banks operating in the Cayman Islands, such as the Bank’s Grand Cayman Branch, are not subject to separate capital adequacy requirements, but must maintain the minimum capital adequacy requirements required by their home jurisdictions.

CIMA’s enforcement powers under the Cayman Banking Law include the imposition of conditions (or further conditions) on a bank’s license, revocation of a license, appointing an adviser to advise a bank on the proper conduct of its affairs, appointing a controller to assume control of a bank’s affairs, and petitioning for a bank to be wound up by the court. These powers are exercisable if: (i) a bank is or appears likely to become unable to pay its obligations as they fall due; (ii) a bank is carrying on business that is, or is likely to be, detrimental to the public interest or the interests of depositors or other creditors; (iii) a bank contravenes the regulatory laws or regulations of the Cayman Islands; (iv) a bank fails to comply with a condition of its license, or any rule imposed by CIMA; (v) the direction and management of a bank’s business has not been conducted in a fit and proper manner; (vi) a director, manager or officer of the bank’s business is not a fit and proper person to hold his/her respective position; or (vii) a person acquiring control or ownership of the bank in accordance with the law is not a fit and proper person to have such control or ownership.

### **Winding up**

Since it is registered under Part IX of the Companies Act, as amended (the “**Companies Act**”), the Bank is capable of being wound up in the Cayman Islands by the Cayman Islands’ Court on the grounds, among others, that it is unable to pay its debts, or that the Court is of the opinion that it is just and equitable that it should be wound up.

A petition seeking the winding up of the Bank may be presented by any shareholder or creditor of the Bank. In addition, CIMA has the ability to present such a winding-up petition in its capacity as regulator under the Cayman Banking Law. Any winding-up order made by the Cayman Islands’ Court would relate only to the Bank’s Grand Cayman Branch.

On a winding-up of the Bank in the Cayman Islands, effect is required to be given to any agreement between the Bank and any creditors that the claims of those creditors shall be subordinated or otherwise deferred to the claims of any other creditors. See “Risks Relating to the Bank and the Brazilian Banking Industry—The ability to institute bankruptcy or liquidation proceedings against the Bank in Brazil may be limited by Brazilian law.”

### **Anti-Money Laundering**

The Bank’s Grand Cayman Branch is subject to the Cayman Islands Proceeds of Crime Act (as amended), which defines offenses relating to acquiring, disguising, concealing or otherwise dealing with criminal property, and failing to disclose criminal conduct.

The Bank’s Grand Cayman Branch is required by, and in accordance with, the Anti-Money Laundering Regulations (as amended) and Guidance Notes issued thereunder to establish and maintain, among other things,

identification and record-keeping procedures, internal reporting procedures and internal controls and communication procedures for the purpose of preventing money laundering.



## **BANK REGULATION AND SUPERVISION IN THE UNITED STATES**

The Bank controls Banco do Brasil Americas (formerly, EuroBank), Miami, Florida, operates branches in New York, New York, and Miami, Florida, and wholly owns indirectly BB Money Transfers, Inc., a licensed money transmitter. The Bank also maintains a securities broker-dealer subsidiary in New York, New York, Banco do Brasil Securities LLC. The Bank is a foreign banking organization under the U.S. International Banking Act of 1978 and a bank holding company under the U.S. Bank Holding Company Act and, as such, is supervised and regulated by the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”). In addition, the Bank’s U.S. offices and U.S. subsidiaries are supervised and regulated by various U.S. federal and state banking and securities regulatory authorities, including the Federal Deposit Insurance Corporation, the State of New York Department of Financial Services, the Florida Office of Financial Regulation, and the Securities and Exchange Commission.

As a result of its U.S. operations the Bank is subject to, and must ensure compliance with, various U.S. laws and regulations, including certain enhanced prudential regulatory requirements recently implemented by the U.S. Federal Reserve pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Failure to comply with applicable U.S. laws and regulations to which the Bank and its affiliates are subject could result in civil and/or criminal sanctions.

## DESCRIPTION OF THE BANK

### General Overview

Founded on October 12, 1808, Banco do Brasil was the first banking institution of Brazil and was also the first entity to make a public stock offering in the Brazilian capital markets, in 1817. The Bank is a multiple-service bank with headquarters in Brasília and a significant presence throughout Brazil. In addition, the Bank conducts operations in key global economic and financial centers. The Bank is a publicly held, government-controlled corporation, with the Federal Government as its controlling shareholder. The Bank is one of the largest financial conglomerates in Brazil in terms of assets with 18.6% market share June 30, 2021, according to the latest data released by the Central Bank. Based on the same data, the Bank is also the largest bank in asset management, with 23.9% market share, in agribusiness loans, with 54.4%, in payroll loans, with 21.0%, and in loans, with 16.0% as of June 30, 2021. Throughout its history, the Bank has mainly focused on retail banking.

The Bank seeks sustainable results with a focus on asset quality and operational efficiency, and the use of innovative technology to maintain and increase its large client base. The Bank uses advanced methodologies to calculate credit risk before approving any credit. These methodologies were developed by the Bank and seek to follow risk management best practices.

Such practices include credit risk assessments that assume the possibility of defaults up to 12 months after the assessment is made; and measure client risk by relying on external information as well as internal information based upon the existing relationship the client has with the Bank. The Bank has sought to improve its operational efficiency and productivity while maintaining strict control of its administrative, personnel and operational expenses. These have been carried out in levels which reflect that the entire organization is committed to controlling expenses and using new technologies to improve efficiency.

From 2015 to June 30, 2021, the Bank invested approximately R\$22.3 billion in technology seeking to improve operational efficiency, reduce operational losses, expand business and improve customer service.

Recent technological changes and changes in customers' behavior require increasingly electronic operations. The Bank innovates in the area of electronic experiences by using tools such as the CRM (Customer Relationship Model), big data integration, cloud solutions and artificial intelligence. The Bank is seeking to offer more proactive, assertive and timely financial and insurance solutions to its clients. By understanding the customers' particular consumption patterns and unique circumstances, the Bank can use electronic solutions to offer the optimal product at the right time. The Bank's goals are:

- (i) making its electronic platforms the main channel for transactions and relationships;
- (ii) increasing the digitalization of its processes;
- (iii) adopting a business model for open banking, as described below; and
- (iv) increasing customer participation in digital channels of business.

Launched on June 12, 2017, the Bank's open banking platform has allowed the Bank to create new business and electronic environments allowing the Bank's customers to choose to access their own banking information through certain third-party applications approved by the Bank. With this permitted access through third-party applications, other companies, developers, startups and fintechs are able to create new solutions, applications and services to improve the interaction between clients and the Bank. As of June 30, 2021, the Bank has developed 16 business APIs for many of its services and solutions. An API is a set of digital protocols and tools that allows third-party applications to integrate functionalities and data from the Bank into their own functions. As of June 30, 2021, 1,332 of the Bank's business partners have integrated the Bank's services and solutions to their own platforms using the Bank's APIs.

The Bank continues to expand and upgrade its technological and digital processes, products and channels to make them simpler and more agile, innovative, integrated and customer service-oriented. The Bank's recent activities in electronic technology have included the following:

- i. Investments in intelligent process automation. In 2021, the Bank implemented a large-scale image recognition program that recognizes and extracts information from client documents as a means of digital onboarding. Artificial intelligence has become an important tool for the Bank's operations since 2016, by initially offering customer service solutions via chatbot on Facebook and, soon after, WhatsApp. Since 2019, the Bank has been incorporating the processing of voice, photo and video, in particular through Google Assistant. The Bank's mobile application uses facial recognition technology.
- ii. Development and upgrade of the Bank's Robot Advisor, a platform for the automation of business advice related to large-scale investments, and which as of June 30, 2021, has raised more than R\$2.13 billion. Robot Advisor's predecessor, the Investment Simulator, launched in 2017 and remains available on the Bank's mobile application.
- iii. Creation of the Digital Service Center – CAD BB, which is responsible for programming chatbots and "training" virtual assistants. Telephone services now incorporate Cognitive URA, an automated service capable of understanding the native language of the customer. Additionally, the Bank's Acceleration Center, Research and Innovation in Artificial Intelligence allows employees and contractors alike to directly participate in the evolution of intelligent solutions for the Bank's client base.
- iv. Launch of Corporate Digital Account "PJ Digital", a digital platform which allows small companies to open bank accounts directly from their mobile devices, without the need to go to a branch location.
- v. Launch of BB Blog, a blog addressing culture, sports, technology and sustainability as important drivers for content, with videos and a podcast "BB Technology and Innovation," available on the main podcast platforms.
- vi. Implementation of the measures to carry out immediate deliveries of credit and debit cards at branches, reducing costs, providing reliability and speedy delivery for the customer. There are 1,055 branches served by this delivery solution.
- vii. With the goal of fostering and exploring the videogaming industry, the creation of "Stream Battle BB," a gaming contest seeking to provide six micro and small videogame online streamers, with the opportunity to join the "BB Squad," the Bank's team of content creators. The Bank launched the BB Ações Games BDR level 1 fund, which invests in companies that produce videogames around the world. From the date of its launch in April 2021 through to July 31, 2021, the fund had raised more than R\$15 million, with more than 3,000 participants.
- viii. Launch of the Broto website, the Bank's agro platform together with BB Seguros, which connects rural producers, service providers, resellers and providers in agrobusiness. In its first year of operation starting July 1, 2020, it generated more than R\$756 million in revenues. During that period, the website was accessed approximately 200 thousand times.
- ix. Integration of PIX, an instant payment system created by the Central Bank, to the Bank's technological platform to allow for speedy online transfers and payments allow for speedy online transfers and payments, available 24 hours a day, seven days a week. PIX aims to reduce the manufacturing of paper money and the issuance of payment slips and transfer charges. According to the Central Bank, of the total volume of domestic transfers via PIX since its launch on November 16, 2020 through to July 1, 2021, 30.4% passed through Banco do Brasil. As of June 30, 2021, the Bank had 15.6 million registered keys. Mobile has become the preferred channel for our individual customers, who make 99% of all PIX transactions using mobile devices.
- x. Implementation of phase 2 of the Bank's open banking platform started on August 13, 2021. This platform aims to expand the range of products and services available to current and future customers by, with the consent of customers, sharing available registration and transactional data of such customers with third-party channels. Implementation of phase 2 of the platform was the result of a system-wide mandate by the Central Bank.

- xi. Creation of Super App project in order to expand and diversify the offering of non-financial services through its digital platforms to deepen the Bank's relationship with its customer base and to increase business opportunities. As part of this project, at the end of 2020, the Bank began selling rechargeable gift cards which serve as online prepaid credits for specific services and products redeemable at locations that accept this payment method. During the second quarter of 2021, the Bank sold approximately 420,000 giftcards.
- xii. Launch of the Virtual Assistant for Debt Renegotiation over WhatsApp, which allows for the renegotiation of the customer's loans directly through this service channel.
- xiii. Launch of other virtual assistants and chatbots, which have been integrated into customer service solutions on various platforms, including WhatsApp, Google Assistant, Facebook, Twitter and BB Portfolio. Voice assistants, which are available on WhatsApp and Google Assistant, assist customers with Open Banking using audio files. Customer service through the use of artificial intelligence streamlines banking processes like bill payments and slips, account transfers and even debt renegotiation.

### *Digital training*

To ensure that the Bank's employees keep up with, and help implement the Bank's technological goals, the Bank launched the "EvoluTion Movement" at Banco do Brasil Corporate University – UniBB, a digital transformation and cultural action for professional retraining, with a curriculum of 1,200 online courses on several topics aimed at the digital and cultural development of the Bank's employees. The course topics include data science, DevOps, UX design, mobile banking, digital innovation and management, programming and front-end training. Additional courses are available at the Bank's Corporate University.

The EvoluTion Movement has the goal of keeping the Bank moving forward in its technological evolution, focusing on the development of digital skills which are not limited to the technical knowledge of information technology, and promoting the development of relationship skills, empathy, resilience, collaboration, innovation and a customer- and solutions-oriented mindset. Through the EvonluTion Movement, the Bank seeks to encourage its employee to stay committed to their self-development.

### **Operations of the Bank**

In addition, the Bank acts as an agent of the Federal Government to implement its policies and programs related to the agribusiness sector, very small and small businesses and foreign trade, and in the development of solutions that simplify the operations and services that cater to these economic sectors.

With over 200 years of operations and strong brand recognition, the Bank's principal strength is in the Brazilian retail banking market and its business can be grouped into six areas: (i) banking services; (ii) investments; (iii) fund management; (iv) insurance, pension and capitalization; (v) payment methods; and (vi) other businesses. The main activities of each segment are as follows:

- (i) banking services: includes a wide range of banking products and services offered to the Bank's customers, such as deposits, loans and other financial services;
- (ii) investments: includes domestic capital markets operations, such as a brokerage, debt (in the primary and secondary markets) and equity investments and other financial services;
- (iii) fund management: includes buying, selling and custody of marketable securities, management of third-party portfolios and the establishment, organization and administration of investment funds;
- (iv) insurance, pension and capitalization: includes the sale of products and services related to life, property and automobile insurance, private pension and capitalization plans offered by the Bank's subsidiary BB Seguridade S.A.;
- (v) payment methods: includes the tracking, transmission, processing and settlement of electronic transactions (credit and debit cards); and

- (vi) other businesses: includes the management of consortia and the development, sale, leasing and integration of digital electronic equipment, peripherals, computer programs and supplies.

As of June 30, 2021, the Bank had over 75.3 million clients, 39.7 million checking accounts and one of the largest retail networks in Brazil, with approximately 51,820 points of service, including 57,938 ATMs (which includes over 24,180 shared network points from partnerships with other networks) and the Bank's MaisBB Network with 15,872 banking correspondents present in almost all municipalities in Brazil across its 3,977 branches. This compares to over 72.4 million clients, 38.3 million checking accounts, 60,210 points of service, including 59,657 ATMs (which includes over 38,095 shared network points from partnerships with other networks) and 8,915 banking correspondents present in almost all municipalities in Brazil across its 4,367 branches as of June 30, 2020. The Bank had 91,673 employees as of December 31, 2020. The MaisBB Network provides access to banking products and services to a large number of customers across Brazil, which in turn has served the Bank to broaden its distribution capacity.

In order to offer customized solutions and strengthen its relationships with its clients, the Bank provides banking services through two customer segments: companies and individuals, as reflected below.

| <u>Companies</u>               | <u>Individuals</u>   |
|--------------------------------|----------------------|
| Large Corporate                | Private              |
| Corporate                      | Estilo / Estilo Agro |
| Upper Middle Market Businesses | Personal/Exclusive   |
| Middle Market Businesses       | Retail               |
| Businesses                     | Emerging Markets     |
| Small Businesses               |                      |
| Micro Businesses               |                      |
| Entrepreneur                   |                      |

The Bank's foreign service network consists of 22 subsidiaries located in 14 countries. In addition to this structure, the Bank has an agreement with others financial institutions abroad to service its customers. There were 675 banks acting as correspondents of the Bank in 91 countries as of June 30, 2021. With respect to the Bank's activities outside Brazil, in April 2010, the Bank acquired Banco Patagonia, and received regulatory approval in the United States to expand its banking business there, and in April 2011, the Bank acquired Eurobank (which was renamed Banco do Brasil Americas) in Florida, furthering its expansion into the United States.

The Bank's objective is to be a profitable and competitive bank, with a focus on the public interest, jointly with the interests of clients, shareholders and Brazilian society more broadly. The Bank's vision is to be the most reliable and relevant bank for the lives of clients and employees, as well as for the development of Brazil. By reconciling public and private interests, the Bank aims to generate consistent returns for shareholders and achieve benefits for Brazilian society. To achieve its operational goals, the Bank prioritizes the continuous strengthening of its corporate governance policies by seeking to adopt best market practices and standards. The Bank is committed to the principles of transparency, accountability, equity and corporate responsibility.

The Bank's shares are listed on the *Novo Mercado* segment of B3, a market operated under the highest corporate governance standards in Brazil, and the Bank has issued Level 1 ADRs in the United States in order to increase the liquidity of its securities for its Brazilian and foreign investors. In addition, the Bank has been certified by B3 under the corporate governance standard for state-controlled entities (*Programa Destaque em Governança de Estatais* (State-Owned Enterprise Governance Program) – PDGE), which requires implementation of a number of policies and procedures covering related party transactions, compliance, internal controls, and creation of internal committees on risks and remuneration, among other policies and procedures. For more information see “—High standards of corporate governance” below. The program, which is voluntary, was launched by B3 in September 2015 with the objective of encouraging state-owned enterprises to improve their corporate governance practices, and was discontinued in December 2020.

The table below shows certain of the Bank's GAAP and non-GAAP selected financial and operating data as of and for the years ended December 31, 2020 and 2019, and as of, and for the six month periods ended June 30, 2021 and 2020:

|  | As of, and for the six<br>month period ended June<br>30, |                  | As of and for the<br>year ended December 31, |                  |
|--|--|------------------|--|------------------|
|  | 2021   | 2020             | 2020   | 2019             |
|  | <i>(in millions of R\$, except percentages)</i>          |                  |  |                  |
| <b>Total assets</b> .....  | <b>1,859,955</b>   | <b>1,710,234</b> | <b>1,725,672</b>                             | <b>1,481,095</b> |
| Loan portfolio.....  | 705,843  | 657,212          | 681,776                                      | 621,345          |
| Total deposits .....   | 661,334  | 555,165          | 601,984                                      | 485,002          |
| Shareholders' equity.....  | 145,807  | 114,836          | 126,971                                      | 108,565          |
| Capital Adequacy Ratio (%) <sup>(1)</sup> .....                                  | 19.65  | 18.69            | 21.14  | 18.58            |
| Net income .....   | 9,750  | 6,413            | 12,697                                       | 18,162           |
| Return on average equity - (ROE) <sup>(2)</sup> (%)...                           | 14.6   | 11.7             | 11.0   | 17.6             |
| Return on average total assets - (ROA) <sup>(3)</sup><br>(%) .....               | 1.1  | 0.8              | 0.8  | 1.2              |
| <b>Common Equity Tier 1 (CET 1 or<br/>Principal Capital)</b> .....               | <b>138,943</b>   | <b>112,354</b>   | <b>132,248</b>                               | <b>96,380</b>    |
| <b>Risk-Weighted Assets (RWA)</b> .....  | <b>830,491</b>   | <b>763,410</b>   | <b>766,065</b>                               | <b>711,402</b>   |
| <b>Common Equity Tier 1 Capital Ratio<br/>(CET 1/RWA)(%)<sup>(4)</sup> .....</b> | <b>13.49%</b>  | <b>10.56%</b>    | <b>13.62%</b>                                | <b>10.02%</b>    |

(1) For more detail regarding the Bank's Tier 1 and Tier 2 components of its Basel index, see "Selected Statistical and Other Information—Capital Requirements."

(2) ROE is calculated as net income attributable to controlling shareholders divided by average adjusted shareholders' equity (consolidated shareholders' equity minus non-controlling interest). Average adjusted shareholders' equity are calculated by taking the average of adjusted shareholders' equity at the beginning and at the end of the applicable accounting period, excluding minority interests in controlled companies and remeasurements of defined benefit plans.

(3) ROA is calculated as net income divided by average total assets attributable to controlling shareholders divided by average total assets. Average total assets is calculated by taking the average of total assets at the beginning and at the end of the applicable accounting period.

(4) Methodology used as of October 1, 2013, according to CMN Resolution No. 4,192 and CMN Resolution No. 4,193.

## The Bank's Strengths

The Bank believes its principal strengths are: (i) a focus on profitability and sustainability; (ii) a modern platform with state of the art technology; (iii) high standards of corporate governance; (iv) a strategic relationship with the Federal and State and Municipal governments of Brazil; and (v) highly dedicated and experienced management.

### *Focus on profitability and sustainability*

#### *Profitability*

The Bank believes it is well-positioned to increase the return on its products and services given the quality of its credit portfolio in a sustainable manner, leadership in third-party asset management, payroll deduction loans and agribusiness loans, and a renewed focus on operational efficiencies and cost controls.

The Bank seeks to maintain a solid financial position and adopts conservative credit and investment policies. To minimize liquidity risks, the Bank seeks to avoid mismatches between its loan portfolio and its funding sources by diversifying and extending the maturities of its funding.

As of June 30, 2021, 79.8% of the Bank's loans (gross of allowance for loan losses) were rated by the Central Bank's rating system as "AA," "A" and "B" (the highest categories), and 3.9% were rated as "H" (the lowest category). The Bank's loan approval process benefits from the information available in the Bank's internal database, which information and records began being compiled over the Bank's 200 years of operation. The Bank believes that its rigorous quality control systems, together with its conservative credit management policy, allow it to sustainably minimize its credit risk exposure.

In addition, in November 2016, the Bank began a structural reorganization, to make the Bank even more dynamic, agile, competitive, and to strengthen its business sustainability. The goal of the reorganization was to continuously improve customer experience, generate efficiency in the processes and obtain profitability compatible with the Bank's market peers.

Among the measures taken were the downsizing of the Bank's organizational structure and reorganization at all levels: strategic (Head Office); tactical (Superintendence); operations and support (regional offices); and service network (branches and points of sale). As of the date of this Base Prospectus, the reorganization is complete.

The Bank's downsizing was aimed at optimizing its structure by closing overlapping branches, offering voluntary retirement plans (which has led to a reduction in payroll expenses) offering flexible working hours for qualified employees and adopting new expense management practices by reviewing its third party expenses, including expenses related to property ownership and leasing, travel and securities transfers.

From June 2016 to June 2021, a total 1,451 branches of the Bank were closed as a result of this optimization process, and the correspondents of the Bank increased by 7,910. Since the Bank announced this reorganization in November 2016, the number of officers of the Bank decreased from 109,615 as of June 30, 2016 to 85,518 as of June 30, 2021. During that period, the Bank is not aware of labor strikes or labor lawsuits of its employees and former employees resulting from this reorganization.

Increased access to electronic technology, information and social media have made bank customers better informed and more demanding and fostered a more competitive environment in the financial services industry. As a result, the Bank has been proactive to respond to these challenges by seeking to improve customer service through specialization in terms of customer net worth and consumption patterns and by providing an integrated experience between face-to-face and electronic channels.

Additionally, in June 2016 the Bank implemented project Tecban 2020 to replace the Bank's ATM network with ATMs in the Banco24Horas network. The project sought to combine quality service and customer convenience with a reduction in the Bank's costs in providing ATMs to its customers. By June 2021, the Bank had deactivated 8,493 ATM terminals from its network and added 4,643 ATMs operated by Banco24Horas.

### *Sustainability*

On the sustainability side, one of the Bank's goals is to continue improving on the Bank's social and environmental responsibility. In 2020, the Bank was given "AA" ratings by Morgan Stanley Capital International ESG Rating, for being among the companies leading in sustainability. In the same year, the Bank won first place in sustainability in the banking sector in the *Época 360° 2020 Yearbook*. In January 2021, the Bank was recognized as one of the most sustainable bank on the planet by Corporate Knights in their ranking of the 100 Most Sustainable Corporations in the World 2021, Global 100. In addition, in February 2021, the Bank received the Bronze Class award in the *Sustainability Yearbook 2021*. Furthermore, The Bank has also been listed on the FTS4Good indexes of the London Stock Exchange since 2016, the Carbon Efficient Index (ICO2) from the B3 Stock Exchange since 2010, the ISE B3 index since 2005, and the Dow Jones Sustainability Indices.

To achieve its sustainability goals, the Bank has expressed its commitment to the adoption and implementation of the ESG best practices, which in turn better positions the Bank to anticipate and manage risks and opportunities. The Bank's Sustainability Plan – Agenda 30 BB contains 40 actions and 110 indicators for the period 2021-2023, and also 10 Long-Term Commitments to Sustainability with goals by 2030 in line with global priorities and society's demands divided in three blocks: Sustainable Businesses, Responsible Investment and ESG Management.

1. **Sustainable Businesses:** Commitment with sustainable businesses. The Bank's goals are to invest (a) R\$15 billion in renewable energy by 2025 (R\$6.1 billion already invested as of June 30, 2021), (b) R\$125 billion in sustainable agriculture by 2025 (R\$102.5 billion already invested as of June 30, 2021), (c) R\$1 million in entrepreneurship projects by 2025 (R\$857 thousand already invested as of June 30, 2021) and R\$20 billion in state and municipal efficiency projects by 2025 (R\$1.4 billion already invested as of June 30, 2021).
2. **Responsible Investment:** The Bank's goal are (a) to perform ESG evaluation for 100% of its assets under management by 2022 (93% already achieved as of June 30, 2021), (b) to invest R\$20 billion in ESG projects until 2025 (R\$4.3 billion already invested as of June 30, 2021) and (c) to invest R\$30 billion in sustainable resources by 2030 (R\$3.2 billion already invested as of June 30, 2021).

3. **ESG Management:** Regarding direct emission of GHG, the Bank's goal is to offset 100% of emissions starting in 2021 (a 54% offset has already been achieved as of June 30, 2021), reduce 30% of emissions by 2030 (a 4% reduction has already been reached as of June 30, 2021) and achieve 90% of renewable energy use by 2024 (88% accomplished as of June 30, 2021). Regarding the diversity in leadership positions, the goal of the Bank is to achieve a diversity in management positions of 23% people of color and 30% women by 2025 (20.4% and 21.8%, respectively, already achieved as of July 2021). Also, the Bank's aims to reach 17 million digital users by 2025 (currently at 7.4 million as of July 2021) and R\$1 billion invested in education, environment, socio-productive inclusion, volunteering and social technologies by Fundação BB (R\$35 million already invested as of June 30, 2021).

Moreover, the Bank has adopted best practices that allow it to manage socio-environmental risks, impacts and opportunities, carry out increasingly sustainable business and create value for its customers, shareholders, employees and society at large.

As of June 30, 2021, the Bank has provided R\$257.9 billion in sustainable credit operations, which represents a 14% increase compared to June 30, 2020, with emphasis on sustainable agribusiness (39.8%) and social business (47.8%). The disbursements also include R\$886.5 million in credit for solar panels and energy efficient equipment. To continue assisting our customers in the transition to a more sustainable portfolio, one of the Bank's goals is to increase its renewable energy-related credit portfolio to R\$15 billion by 2025. To further create awareness towards this goal, the Bank launched an initiative to make May of every year the month for the fostering of renewable energy. In addition, the Bank launched the BB Credit Renewable Energy credit line, a credit line dedicated to renewable energy-related ventures. From May to July 2021 this credit line disbursed R\$50 million in new loans. In connection with this project, the Bank launched a lending program to encourage efficiency in the use of natural resources and low carbon emissions, which takes into account the ESG profile of the business strategy of the group of lenders that become part of the program, which group has been called the "Grupo Verde." In its first month of operations, (May and June 2021), the "Grupo Verde" disbursed more than R\$702 million.

Through its asset management arm BB DTVM, the Bank has continued expanding its ESG portfolio through investment funds with assets selected according to ESG criteria. As of June 30, 2021, the Bank had 12 ESG funds, with a net worth of R\$4.3 billion, an increase of 229.5% compared to June 30, 2020.

The Bank has achieved a 100% offset of its greenhouse power emissions by purchasing traceable international renewable energy certificates known as I-RECs (International Renewable Energy Certificate) and by consuming solar energy for the Bank's operations. I-REC certificates represent transferrable proof of a particular amount of generated electricity was produced from renewable energy sources and added to an electrical grid. Purchasing an I-REC allows the buyer to claim consumption of one MWh of renewable energy. In addition, the Bank's power consumption in 27 of its administrative buildings comes from renewable sources, which in turn has generated accumulated savings in overhead costs for the Bank. Moreover, the Bank has implemented digital mechanisms to monitor and regulate its main sources of power and water consumption during its daily operations, improving efficiency and environmental impact and reducing costs. The Bank's goal by the end of 2023 is to increase its use of renewable energy to 22% of its total power consumption. Moreover, the Bank has invested in 29 solar and biomass plants, of which two are in operation, eight are under construction and 19 are still have not yet started construction.

With 35 years of history, Fundação Banco do Brasil has sought to contribute to the social transformation of Brazilians and the country's sustainable development, focusing on serving the most vulnerable segments of society. As of December 31, 2020, the Fundação Banco do Brasil has sponsored, in the north of Brazil, 472 projects for the benefit of 198 thousand people, in the south, 909 projects for the benefit of 271 thousand people, in the northeast, 2,127 projects for the benefit of 1.4 million people, in the mid-west, 766 projects for the benefit of 1.1 million people, and in the southeast, 1,295 projects for the benefit of 820 thousand people. Over the last 10 years, the Fundação do Brasil has invested R\$2.7 billion in social projects for the benefit of an estimated more than 3.6 million people.



### ***Modern platform with state-of-the-art technology***

The Bank's investments over the last decade have placed it in a prominent position with respect to banking information technology in the domestic and international markets. The Bank was the first retail bank in the Americas and the Southern Hemisphere and the tenth in the world to obtain ISO 20000 certification, according to data from the IT Service Management Forum. As of June 30, 2021 and June 30, 2020, mobile and internet channels accounted for 89.9% and 88.1% of all transactions, respectively. The Bank's investment in information technology for the year ended December 31, 2020 was R\$3.6 billion, compared to R\$3.5 billion for the year ended December 31, 2019. The Bank's investment in information technology for the six month period ended June 30, 2021 was R\$1.6 billion, compared to R\$1.6 billion for the six month period ended June 30, 2020.

The Bank's investment in technology and innovation has shown positive results for individual customers, companies, and agribusiness clients, as summarized below with respect to the customers' digital experience and the Bank's business innovations. The Bank's investments in technology since 2015 amount to approximately R\$22.3 billion. The Bank's digital systems and platforms are constantly monitored by the Bank's security team focusing on cybersecurity and internal controls.

In 2019, the Bank developed Robot Advisor, a platform for the automation of business advice related to large-scale investments, and which as of June 30, 2021, has raised more than R\$2.13 billion. Robot Advisor's predecessor, the Investment Simulator, was launched in 2017 and remains available on the Bank's mobile application.

In 2020 and 2021, the Bank launched the following platforms and digital solutions:

- Corporate Digital Account "PJ Digital," a digital platform which allows small companies to open bank accounts directly from their mobile devices, without the need to go to a branch location.
- BB Blog, a blog addressing culture, sports, technology and sustainability as important drivers for content, with videos and a podcast "BB Technology and Innovation," available on the main podcast platforms.
- The Broto website, the Bank's agro platform together with BB Seguros, which connects rural producers, service providers, resellers and providers in agrobusiness. In its first year of operation starting July 1, 2020, it generated more than R\$756 million in revenues. During that period, the website was accessed approximately 200 thousand times.
- PIX, an instant payment system created by the Central Bank, to the Bank's technological platform to allow for speedy online transfers and payments allow for speedy online transfers and payments, available 24 hours a day, seven days a week. PIX aims to reduce the manufacturing of paper money and the issuance of payment slips and transfer charges. According to the Central Bank, of the total volume of domestic transfers via PIX since its launch on November 16, 2020 through to July 1, 2021, 30.4% passed through Banco do Brasil. As of June 30, 2021, the Bank had 15.6 million registered keys. Mobile has become the preferred channel for our individual customers, who make 99% of all PIX transactions using mobile devices.
- Mobile is the preferred channel for our individual customers, who make 99% of PIX transactions through this channel.
- The launch of the the Virtual Assistant for Debt Renegotiation over WhatsApp, which allows for the renegotiation of the customer's loans directly through this service channel.
- Virtual assistants and chatbots, which have been integrated into customer service solutions on various platforms, including WhatsApp, Google Assistant, Facebook, Twitter and BB Portfolio. Voice assistants, which are available on WhatsApp and Google Assistant, assist customers with Open Banking using audio files. Customer service through the use of artificial intelligence streamlines banking processes like bill payments and slips, account transfers and even debt renegotiation.

Banco do Brasil began using artificial intelligence in 2016, initially offering customer service solutions via chatbot on Facebook and, soon after, WhatsApp. Since 2019, the Bank has been incorporating the processing of voice, photo and video, in particular through Google Assistant. The Bank's mobile application uses facial recognition technology. Additionally, the Bank has invested in intelligent process automation. In 2021, the Bank implemented a large-scale image recognition program that recognizes and extracts information from client documents as a means of digital onboarding.

The Bank created the Digital Service Center – CAD BB, which is responsible for programming chatbots and “training” virtual assistants. Telephone services now have Cognitive URA, an automated service capable of understanding the native language of the customer. Additionally, the Bank's Acceleration Center, Research and Innovation in Artificial Intelligence allows employees and contractors alike to directly participate in the evolution of intelligent solutions for the Bank's client base.

### ***Agribusiness***

During the 2020-2021 harvest, the Bank's loan disbursements in the Brazilian agribusiness sector reached R\$114 billion, a 23.1% growth compared to the previous harvest. In July 2021, the Bank announced its plans to expand its agribusiness loan portfolio to R\$135 billion in available funds—a 20% increase in amounts disbursed from the current crop cycle—to support Brazilian agriculture.

### ***High standards of corporate governance***

The Bank seeks to apply high corporate governance standards in its businesses. The Bank's shares are listed on the *Novo Mercado* segment of B3, the highest corporate governance standards in Brazil. On August 9, 2017, the Bank was certified by the best practices corporate governance program for state-controlled companies created by B3 called “*Programa Destaque em Governança de Estatais*”. In order to obtain this certification, the Bank had to adopt a number of measures, including the creation and enhancement of the following policies and procedures: (i) transparency – release of an annual letter to investors and the general public to describe its policies and procedures (*Carta Anual de Governança Corporativa*) and improved disclosure in its public filings (including the *Formulário de Referência* that is filed with the CVM); (ii) related party transactions – creation of a related party transactions policy; (iii) nomination of officers – creation of a nomination of officers policy; (iv) remuneration – creation of remuneration of directors and officers policy; (v) review of bylaws – the Bank revised its bylaws to reflect new policies and procedures; (vi) code of ethics – review of its code of ethics and standards of conduct to reflect new policies and procedures; and (vii) risk and capital – improvement of the risk and capital committee. While some of these policies, such as the risk and capital committee, were previously in place at the Bank, the certification by B3 has resulted in the Bank reviewing its existing policies to make them more thorough by, for example, requiring involvement from higher levels of Bank management than previously.

The Bank has sought to maintain a collegiate decision model whereby all decisions are made with the involvement of representatives of the relevant units of the Bank's management, and the support of executive committees in defining strategies and approving business proposals. In addition, the Bank's management structure is based on the separation of functions and the promotion and use of specialized committees allowing for the decentralization and specialization of the Bank's decision-making processes.

Our corporate governance structure is composed of the Shareholders' General Meeting, the Board of Directors and its advisory committees (Audit Committee, Persons Committee, Compensation and Eligibility Committee, Risks and Capital Committee and Technology, Strategy and Innovation Committee), the Executive Board and the Fiscal Council. See “Management”.

As required by law and as further expanded on in the Bank's bylaws, the Bank's Board of Directors has strategic, guiding, elective and supervisory responsibilities. At least 30% of the eight members of the Bank's Board of Directors must be independent directors as defined under Brazilian law and in the rules of B3 Novo Mercado. As of the date of this Base Prospectus four of the eight members of our Board of Directors are independent directors, with two being representatives of the minority shareholders. The Advisory Committees for the Board of Directors are composed mostly of independent members. See “Management”.

### ***Strategic relationship with the Federal, State and Municipal governments of Brazil***

As a financial agent of the National Treasury the Bank provides the Federal Government services related to financial administration, receipt of resources for the National Treasury's account and onlendings to other government entities. Acting for other government entities, the Bank's specific activities mainly include financing government funds and programs, tax collection, payment of benefits and issuing refunds.

The Bank maintains a relationship with municipalities throughout Brazil, offering specific solutions to city governments in the areas of tax administration, financing, managing and optimizing financial resources, payable accounts, human resources and pensions and generating employment and income.

The Bank's close ties to Brazilian federal, state and municipal governmental entities equip it with the necessary expertise and know-how, to provide products and services specifically tailored to meet those entities' needs.

### ***Highly dedicated and experienced management***

The Bank believes the high quality of its professional management personnel and their commitment to positive performance are key factors in ensuring strategic success for the Bank's business. The Bank seeks to retain management personnel who are both highly experienced and qualified and who are committed to the Bank's goals. The Bank selects its managers using technical criteria. The Board of Executive Officers is composed of a professional staff with vast experience in numerous executive areas of the Banco do Brasil conglomerate and with a comprehensive knowledge of the finance and banking industry.

### **Principal Strategies and Strengths**

In recent years, the financial industry has been affected by the more connected and competitive economy. As challenges and complexities increase with respect to the business environment, the need for organizations to develop a culture of innovation that guides strategic planning has also increased. Given these dynamic industry conditions, the Bank seeks to continuously update its corporate strategy to address the challenges present in the financial industry.

Its vision is to be the bank that provides the best customer experience and to promote the development of society in an innovative, efficient and sustainable way. The implementation of this vision is guided by the five following perspectives:

- Financial:** objective is on profitability and revenue growth through services, the improvement of operational efficiency, sustainability of capital and a reduction in operational costs and credit losses.
- Customers:** objective is to provide valuable customer experience that meets their expectation in all relationship channels, prioritizing actions that favor attracting new customers, retaining existing customers and improving customer satisfaction.
- Processes:** focus on digital transformation and the improvement of processes, products and service channels to make them simpler, more innovative and efficient, and with a greater focus on customer experience.
- People:** focus on developing the strategic skills needed to meet challenges, namely: entrepreneurship, customer relationships, innovation, digital business, leadership and efficiency. The Bank will continue to be guided by a strategy of performance based promotion policy, the recognition of talent and diversity efforts.
- Sustainability:** complements and encompasses the other perspectives; the focus is to improve the Bank's performance in sustainability with respect to economic, social and environmental matters, to foster long-term benefits.

With the guidance of the five perspectives described above, the Bank's corporate strategy is focused on becoming the most reliable and relevant bank for its clients, employees and Brazilian development. In pursuing

this goal, the Bank will focus on the following areas: (i) profitability, risk and capital management; (ii) customer experience; (iii) digital transformation; (iv) people management and knowledge management; (v) increasing business through strategic partnerships; and (vi) strengthen the Bank's presence in foreign markets.

### ***Profitability, risk and capital management***

The Bank seeks to maintain a highly competitive level of profitability and business model by seeking solutions that create value for its clients. The Bank has grown sustainably and seeks to continue to grow in that manner by reinvesting profits, prioritizing markets and businesses with high rates of return to risk profiles, such as agribusiness, payroll loans, mortgage loans and loans to SME.

The Bank seeks to improve its levels of operational efficiency in conducting business, mainly by controlling its administrative expenses through the following strategies: (i) downsizing the organizational structure of the Bank; (ii) investing in energy efficient sources; (iii) participating in public bids with providers of telephone and internet services; and (iv) renting buildings instead of acquiring them.

The Bank's goals are:

- sustainable results and improvements in the return on capital;
- prioritization of performance in markets and businesses with improved risk-adjusted profitability , such as: (i) real estate credit; (ii) payroll deduction credit; (iii) agribusiness credit; (iv) working capital with receivables; and (v) credit to state and municipal governments;
- an increase in revenues from services such as: (i) consulting in infrastructure projects; (ii) insurance consulting; (iii) capitalization and pension plans; and (iv) investment funds and investment products with fees based on performance ratios;
- the reduction of operational expenses and credit losses;
- to improve customer experience with Bank's digital innovations, generating efficiency in the processes and, consequently, reaching profitability metrics compatible with its market peers;
- an adequate level of regulatory capital according to Basel III and Central Bank capital regulations; and
- use of capital to cover credit risk at rates consistent with organic generation of capital.

The Bank will continue to service its traditional client base and offer services within its portfolio by emphasizing increased efficiency and modernization of the Bank's technological tools such as mobile access and internet-based platforms. Besides the banking business, the Bank will continue to enhance its presence in the insurance industry sector (indirectly through its subsidiary BB Seguridade) and in the payment markets, offering credit and diversifying revenues with a focus on increasing profitability.

The Bank intends to continue to combine and automate processes and to invest in information technology efficiencies over the coming years to improve cost controls and profitability. As such, the Bank has been implementing solutions such as streamlining its sales processes, reducing the number of branches, revising its operational support model and implementing integrated logistics systems, which it believes will result in a streamlining of its overall operations and reduce costs.

The Bank also seeks to conservatively grow its individual credit portfolio, preventing an excessive increase in the individual borrower's debt, in light of recent changes in laws and regulations. The Bank has sought to improve its credit risk analysis in order to grant adequate credit to meet customers' needs, without compromising a borrower's ability to pay.

The Bank also anticipates upcoming changes in laws and regulations related to payroll loans and has been in contact with the relevant regulators in order to take action to mitigate the impact of these changes if and when they occur. The Bank has remained a leader in the payroll loan segment with a strategy of offering

competitive business conditions, automation investment, improvement of credit analysis tools, an updated database and the offering of alternative credit lines in order to minimize risk.

### ***Customer experience to retain and expand client base***

As of June 30, 2021, the Bank had a customer base of more than 75.3 million clients. Through its business practices and acquisitions, the Bank intends to increase its profit margins by taking advantage of the significant profit potential that this large customer base represents.

Regarding customer experience, the Bank's focus is on providing high value experiences and prioritizing actions that improve customer satisfaction so that the Bank retains and expands its client base.

The Bank's goals are:

- to improve the customer's experience and service quality in all the Bank's service channels; and
- to be recognized as the most reliable and relevant bank in its markets.

To this end, the Bank has redirected its focus to "customer orientation and customer relationships." Accordingly, the Bank has reviewed its classification and segmentation models and invested in improved quality of service by investing in training, information systems, customer relationship management (CRM), new products and new functionalities, with the goal of increasing customer satisfaction and solidifying business opportunities through more assertive customer relations programs.

Seeking to adapt to client's changing demands, the Bank also relies on its state-of-the-art technology to foster client loyalty. For the six month period ended June 30, 2021, approximately 21.6 million clients used the Bank's mobile services, an increase of 15.2% over the same period in 2020, with 6.6 million customers having started their relationship with the Bank through digital channels (an increase of 27.9% over the same period in 2020). On June 30, 2021 the Bank reached a daily peak of 8.7 million users in the Bank's mobile application, an increase of 17.6% over June 30, 2020,

As of June 30, 2021, the digital maturity of the Bank's clients was 62.7%, compared to 54.1% as of June 30, 2020.

### ***Open Banking***

The Bank uses Open Banking to offer its own products and services via third-party channels, with a focus on expanding digital accessibility and enhancing the customer experience through customized financial solutions. Open Banking also meets certain regulatory requirements that set forth data-sharing procedures, products and services. The Bank maintains a active development to expand the range of products and services available to current and future customers using Open Banking.

### ***Digital transformation***

For its digital transformation, the Bank has continued expanding and upgrading its processes, products and channels, to make them simpler, and more agile, innovative, integrated and customer experience-oriented. The Bank's digital transformation goals are to reduce costs, increase efficiencies and be more proactive with its current clients.

The Bank seeks to innovate digital experiences that make its products and services more reliable and relevant, bringing greater convenience and ease to its customers.

The Bank's goals are:

- to make electronic channels the main means of transactions and relationships by offering improved and more reliable electronic solutions that allow the client to have more autonomy in the relationship with the Bank;
- the digitalization of all the Bank's processes;

- to develop a business model for Open Banking; and
- to increase the participation of existing customers in the Bank's digital channels.

The Bank's investments in technology since 2015 amount to approximately R\$22.3 billion. The Bank's digital systems and platforms are constantly monitored by the Bank's security team focusing on cybersecurity and internal controls. See "—General overview" and "—Modern platform with state of the art technology" for more information on the Bank's integration of technologies in its operations.

### ***People management and knowledge management***

With respect to people management, the Bank will continue to invest in professional skills improvement for leadership and the digital transformation. Also, the Bank will improve succession and talent recognition programs.

The Bank recognizes employees' talents and continually seek to improve their work environment.

The Bank's goals are:

- to improve the effectiveness of the "Programa Sucessório" (a training program for managers and executives to plan for succession within the Bank) and the Bank's talent recognition program; and
- the development of professional skills to exercise leadership through trainings, external empowerment, increased autonomy for decision-making and more frequent behavioral and technical assessments.

In respect of knowledge management, the Bank's priority is to strengthen the Bank's strategic knowledge acquisition and certification. As the Bank hires new talent, and as voluntary retirement plans go into effect, the Bank recognizes the need to create a strong base of institutional knowledge to be passed on to new hires and rising talent. The Bank intends to achieve this goal by placing more of an emphasis on sharing experiences between new and existing employees and acquiring knowledge within the Bank.

The Bank launched the EvoluTion Movement at Banco do Brasil Corporate University – UniBB, a digital learning platform for professional retraining, with 1,200 online courses available to the Bank's employees. The course topics include data science, DevOps, UX design, mobile banking, digital innovation and management, programming and front-end training. Additional courses are available at the Bank's Corporate University. See "—General overview" for more on the Bank's EvoluTion Movement.

To promote gender equality, the Bank created the Women's Leadership Space, which, in addition to creating the space for conversation on this topic, promotes the professional development of the Bank's employees. Focused on promoting career advancement within the Bank, the Bank launched the internal career advancement program for the selection and development of potential executive managers and administrators abroad.

Also launched in June 2021, the Empreende MPE Training Program trained around 4,000 employees who work directly or indirectly with the corporate retail public. The goal of this training program was to give our employees the tools to better know and understand our customers' businesses and improve their ability to provide assistance to small and micro businesses, including through the use of the business solutions offered by the Bank.

### ***Increase business through strategic partnerships***

In November 2019, the Bank (through BB-Banco de Investimento S.A. (BB-BI)) and UBS formed a strategic partnership combining the Bank's large network and strong distribution capacity in Brazil with UBS's expertise and strong distribution capacity globally, and allowing the Bank to increase its activities in the investment banking and securities brokerage segments in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. The partnership became operational on September 30, 2020.

In addition, the Bank has invested in corporate venture capital endeavors, connecting with various strategic partners, including startup companies through commercial, supply or investment agreements. The Bank also seeks to foster an environment of innovation and learning through programs such as its Scale-Up Acceleration

Program Endeavor, which has selected startup companies to develop certain solutions for “smart cities”, Open Innovation, which aims to improve the customer experience and accelerate the digital transformation, and Corporate Venture Capital (CVC), which complements the Bank’s internal research, development and innovation efforts.

### ***Strengthen the Bank’s presence in foreign markets***

The Bank’s main international markets are corporate banking, private banking, capital markets and the interbank market.

Historically, the Bank has implemented its international expansion by raising funds abroad in foreign currency to support the Brazilian foreign trade operations of multinational companies doing business in Brazil. The Bank, through its domestic units, also focuses on serving foreign companies within Brazil and in the Brazilian trade in foreign markets by offering credit for import and export operations, insurance for foreign operations, exchange operations, securities transfer services and guarantees.

### **The Bank’s Presence in Foreign Markets**

The Bank’s presence outside Brazil aims to provide services for Brazilian companies and individuals in international markets.

The Bank’s foreign service network consists of 22 subsidiaries located in 14 countries. In addition to this structure, the Bank has an agreement with others financial institutions abroad to service its customers. There were 675 banks acting as correspondents of the Bank in 91 countries as of June 30, 2021.

The Bank’s presence and goals by region are:

#### *South America*

The Bank acts in Argentina through Banco Patagonia.

#### *United States*

The Bank acquired BB Americas (formerly Eurobank) in 2010, and currently offers retail service for the Brazilian and Latin American community. Financial services offered by BB Americas include personal and business checking, savings, prepaid cards, and money market accounts; domestic and international fund transfers, and a full line of residential and commercial loans. The branches are located at Aventura, Boca Raton, Miami, Orlando and Lighthouse Point in Florida.

Banco do Brasil Securities was created in 2005 to complement the services offered by other units of the Bank abroad by offering fixed income securities to U.S. investors, and increasing the Bank’s ability to place bonds in that market. BB Securities Ltd. provides capital markets and securities trading services, offering in-depth credit analysis, private banking, deal-sourcing, fund structuring, and financing services. Its products include sovereign and corporate bonds, structured notes, and certificate of deposits. The brokerage firm also provides services for its own portfolios and to individual clients abroad, clients of the Bank’s branches in Miami and New York. The Bank’s New York Branch serves Brazilian companies with business in the United States, while the Bank’s Miami Branch operates in the private banking and high income markets, particularly serving non-US clients.

#### *Europe*

In Europe, the Bank is represented through BB AG, which is a proprietary bank, and a wholly-owned subsidiary of the Bank. BB AG is headquartered in Austria and is present in four more countries in Europe: Spain, France, Portugal and Italy. The Frankfurt branch was integrated into BB AG during 2017.

BB AG is focused on promoting cross-border business and it has a team of foreign trade experts that are dedicated to meeting the needs of companies with ties to Brazil.

## *London*

Created in 1992, BB Securities aims to facilitate the Bank's access to the international capital markets in London. The brokerage firm also provides custody and settlement services in asset purchase and sale transactions, and is responsible for the settlement of the euro in Brazil (custody and settlement of transactions of the National Treasury repurchase program).

## *Asia*

The Bank's main operations in Asia are in Japan, where the Bank focuses on Brazilian and foreign clients in the corporate segment, interested in investments in reais. The Bank's service structure in Tokyo is made up of a retail agency, close to the Brazilian consulate, and a corporate agency. In addition, the Bank has other branches in cities that have a large Brazilian population, as well as a mobile office, seeking to fulfill the Bank's institutional commitment to be close to its customers.

In China, through the Shanghai agency, the Bank seeks business opportunities in the wholesale segment, mainly meeting the demands for products and services of Brazilian companies that have business with China and Chinese companies doing business with Brazil, in addition to local banks, and major business partners of the Bank.

BB Securities Asia was established in 2011 and started operations in January 2012. The Bank's new brokerage, based in Singapore, reinforces the Bank's securities operations already established in London and New York and focuses on increasing the institutional investor base in Asia and the offer of Brazilian-risk assets such as bonds, stocks and investment funds managed by BB DTVM.

To strengthen its operations in the international market, the Bank intends to increase its foreign business by entering into strategic partnerships and developing products and services for companies that conduct business in those countries.

## **Brief History**

Banco do Brasil was founded on October 12, 1808. It was the first bank to operate in Brazil and was also the first entity to make a public stock offering in the Brazilian capital markets, in 1817. In 1819, the first Brazilian stock exchange, in the city of Rio de Janeiro, is built with financing from the Bank. With more than 200 years of operating history, the Bank has played an active role in Brazil's development. The Banco do Brasil brand conveys trust, credibility and dependability.

Since becoming a full-service bank in 2001, the Bank has consistently improved its performance. As a full-service bank with a sustainable business model, Banco do Brasil remains competitive and profitable in the financial markets and has continued to act as an agent for economic and social development.

In 2006, on the centennial of the Bank's listing on the Brazilian stock exchange, the Bank joined the *Novo Mercado*, the B3 listing segment that requires the highest Brazilian corporate governance standards. The Novo Mercado Regulation requires entities to maintain a free float of 25%. As of June 30, 2021, Banco do Brasil's free float was 49.80%.

The Bank announced in April 2007 that it was considering acquiring BESC, a bank owned by the State of Santa Catarina. This event marked the beginning of a period of growth for the Bank.

The global financial crisis in 2008 triggered a liquidity crisis in Brazil. Investors were in search of a safe harbor for their capital, and Banco do Brasil benefited from its sound financial position. The Bank's deposit portfolio grew 24.6% from December 2008 to December 2009. In 2008, Banco do Brasil was also authorized under Provisional Measure No. 443/08 (signed into Law No. 11,908 on March 3, 2009) to acquire other financial institutions, and Banco do Brasil followed by announcing its acquisition of BESC, BESCRI and BEP, and a controlling interest in Banco Nossa Caixa, all state-owned banks in Brazil.

In 2009, the Bank completed two significant strategic transactions. *First*, Banco do Brasil completed a tender offer for the common shares of Banco Nossa Caixa held by minority shareholders, followed by the completion of the acquisition. *Second*, it acquired a 50.0% stake in Banco Votorantim (49.99% of the voting capital and 50.01% of the non-voting capital). Banco do Brasil expects to achieve synergies of costs and revenues



through these recent transactions, strengthening, for example, its position in the strategic market of the State of São Paulo through the Banco Nossa Caixa acquisition and in the vehicle financing segment through Banco Votorantim. Further, the acquisition of Banco Nossa Caixa provides access to a broad base of deposits, and the partnership with Banco Votorantim gives access to a large network of non-financial agents for the sale of products and services.

Also in 2009, despite uncertainties generated by the global financial crisis, Banco do Brasil reclaimed its leading position in the Brazilian financial sector in terms of total assets, with a balance of R\$709 billion at year-end 2009. As of December 31, 2009, Banco do Brasil was the largest bank in Brazil and Latin America in terms of assets, according to the consulting firm *Economática*. One factor that has contributed to the Bank's positive performance was the growth of its credit portfolio, with a year-end balance of R\$300.8 billion in 2009, up 33.8% from 2008. The growth was driven by growth in the Bank's business activities in addition to the acquisitions of Banco Nossa Caixa and 50% of Banco Votorantim.

Further, the Bank underwent a corporate restructuring in October 2009, forming two wholly-owned subsidiaries, BB Seguros and BB Aliança, which represented a continuation of the restructuring of the insurance division that began in August 2008 with the acquisition of Aliança do Brasil shares held by Aliança da Bahia. Banco do Brasil also announced a series of business goals and plans related to the restructuring, with the objective of increasing the share of the insurance, private pension and financing segments in the Bank's results of operations.

On November 10, 2009, the Bank issued Level I ADRs, to be traded on the OTC market. The Bank of New York Mellon has been appointed as depositary for the Level I ADRs. The Bank had already obtained approval from the Central Bank and CVM for the issue, and began issuing Level I ADRs on December 2, 2009. Each Level I ADR represents one common share of the Bank. As of December 31, 2018 and December 31, 2017, 33.5 million and 30.2 million ADRs, respectively, had been issued under the Bank's Level I ADR program.

On April 13, 2010, Banco do Brasil received financial holding company status from the Board of Governors of the Federal Reserve System (the "**FED**"). This status was granted after strict analysis of important factors set forth in U.S. banking legislation, including the Bank's level of capitalization, management quality and the level of banking supervision exercised by the Central Bank on a comprehensive and consolidated basis. The FED authorization allows Banco do Brasil, at its own discretion, directly or through its subsidiaries, to engage in banking activities in the United States, in conformity with applicable legislation.

On December 29, 2016, the Bank approved a remote voting system for its shareholder meetings, which was implemented in 2017.

On June 8, 2017, BB Banco de Investimentos SA, a subsidiary of Banco do Brasil with an 11.99% equity interest in Neoenergia SA ("**Neoenergia**"), entered into an association agreement with other shareholders of Neoenergia, including the Pension Plan of Banco do Brasil's Employees ("**Previ**") and Iberdrola Energia S.A. ("**Iberdrola Energia**"), to merge Elektro Holding S.A. ("**Elektro Holding**") into Neoenergia. Iberdrola Energia holds 99.99% of the share capital of Elektro Holding, which operates in the electricity distribution sector in the states of São Paulo and Mato Grosso do Sul and in the generation of renewable energy. On August 24, 2017, Banco do Brasil informed the market that the merger of Elektro Holding S.A. into Neoenergia was completed. With this deal, BB Banco de Investimentos S.A. holds approximately 9.3% of Neoenergia's share capital. In addition, this merger resulted in a positive one-off earnings of approximately R\$182.9 million net of taxes in the third quarter of 2017.

On August 31, 2017, the Board of Directors of Banco do Brasil authorized the sale of the shares issued by Neoenergia and held by its subsidiary BB Banco de Investimentos S.A, through an Initial Public Offering. Neoenergia filed a request with the CVM for the registration of primary and secondary public shares to be held in Brazil, in the over-the-counter market, and also with placement efforts abroad, in accordance with the legislation in force in the country of each investor. On December 14, 2017, the Bank informed the market that Neoenergia had cancelled its registration request previously filed with the CVM, which would have allowed for a primary and secondary offering of Neoenergia's shares.

On July 28, 2017, the Bank, as the controlling shareholder of BB Seguridade Participações S.A., which owns all of its interests in IRB Brasil Resseguros S.A. through its wholly owned subsidiary BB Seguros Participações S.A., was informed that, as a result of the closing of the bookbuilding process of IRB Brasil

Resseguros S.A.'s Secondary Public Offering of Shares, there was an impact of R\$173 million (net of taxes and not accounting for the offering distribution costs) on the Bank's earnings for the third quarter of 2017.

In January of 2019, the partial spin-off of BB-Banco de Investimento S.A.'s (BB-BI) equity interest in Cielo S.A. ("**Cielo**") and the transfer of the spun-off portion to BB Elo Cartões Participações S.A. (BB Elo) were approved by the Bank. This operation helped the Bank further centralize its holdings in companies dedicated to the payment methods segment under a single holding company, BB Elo, in line with the Bank's strategy to simplify its corporate organization.

In April of 2019, the Board of Directors of Banco do Brasil authorized the sale, as part of an initial public offering, of the shares issued by Neoenergia S.A. ("**Neoenergia**"), held by its controlled company, BB-Banco de Investimento S.A.'s (BB-BI). The full disposal of BB-Banco de Investimento S.A.'s (BB-BI)'s 9.35% stake in Neoenergia amounted to approximately R\$1.8 billion.

In July of 2019, BB Seguridade sold 15.23% of the shares it held in IRB-Brasil Resseguros S.A., through an approximately R\$4.2 billion public offering.

In October of 2019, Banco do Brasil held a secondary public offering of its common shares held in treasury. The proceeds from the sale of shares were used to strengthen the Bank's liquidity and core capital. The proceeds of the offering reached R\$2.8 billion.

In November 2019, the Bank (through BB - Banco de Investimento S.A. (BB-BI)) and UBS formed a strategic partnership combining the Bank's large network and strong distribution capacity in Brazil with UBS's expertise and strong distribution capacity globally, and allowing the Bank to increase its activities in the investment banking and securities brokerage segments in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. The partnership became operational on September 30, 2020.

In May 2020, the Bank entered into a loan agreement (4691/OC-BR) with the Inter-American Development Bank in the amount of US\$600 million, for a total term of twenty-five (25) years, including five years of grace period for the principal. The purpose of the loan is for Banco do Brasil to grant financing to Brazilian municipalities with a population of up to 500,000 inhabitants in the areas of road infrastructure and urban mobility, public lighting, and energy efficiency and sanitation (reduction of water loss in distribution), with more advantageous conditions than those usually provided. A financial structure was used that allows the Bank to lend in reais, without exposing the municipality to exchange rate risk, which is fully absorbed by the conglomerate. The first disbursement in the amount of US\$100 million was made in December 2020. The balance will be disbursed, as needed, in several instalments until May of 2025.

As part of the Bank's goal of fomenting a work environment that promotes talent and values diversity in leadership roles, at its annual general shareholder's meeting held on April 28, 2021, for the first time in the Bank's history a woman (Ms. Iêda Aparecida de Moura Cagni) was elected to occupy the position Chairman of the Board, which now comprises 37.5% female boardmembers. Additionally, in May 2021, the first woman was elected to a presidential position. Added to the other active directors, 20% of management roles are currently occupied by women.

In February of 2021, BB - Banco de Investimento S.A. (BB-BI), a wholly-owned subsidiary of Banco do Brasil, reduced its equity interest in Kepler Weber S.A. by partially disposing of the shares it owned.

In March 2021, the Bank was recognized for the second consecutive year as one of the 100 most innovative companies in the world at the US CIO 100 Awards 2021, hosted by IDG. In June 2021, the Bank was recognized as the best institution in Latin America in the category of Digital Portfolio Management at the PWM Wealth Tech Awards 2021, a global ceremony organized by Professional Wealth Management, a member of the Financial Times international group.

### **Recent Material Acquisitions, Partnerships and Other Corporate Activity**

Generally, government-owned financial institutions, such as the Bank, are subject to a higher degree of regulation when compared to private banks of business practices aimed at achieving growth. In light of recent changes in the global economy, the Central Bank and Brazilian legislative authorities have enacted regulations

increasing the role of the public sector in the Brazilian banking system. On October 21, 2008, a provisional measure was enacted (later converted into Law No. 11,908, on March 3, 2009) that authorized the Bank to directly or indirectly acquire controlling and non-controlling interests in private and public financial institutions in Brazil, including insurance companies, social welfare institutions and capitalization companies, contributing to the increase in the Bank's market share. Since then, the Bank has made certain acquisitions with the aim of consolidating its leadership position among Brazilian banks.

### ***Share Repurchase Program***

Pursuant to paragraph 4 of Article 157 of the Brazilian Corporations Law, to CVM Instruction No. 358 and to CVM Regulation No. 10, at a meeting held on June 6, 2014, the Bank's Board of Directors approved the closure of the Share Repurchase Program which began on June 13, 2013, and the beginning of a new Share Purchase Program with the following characteristics:

- Objective: acquisition of shares to be held in treasury for sale or cancellation in the future, without reducing the social capital, aiming to generate value to the shareholders;
- Amount of shares to be acquired: up to 50 million shares;
- Term of the operation: up to 365 days, starting on June 6, 2014;
- Amount of shares outstanding: 1,411,929,905; and
- Intermediate financial institutions (brokers): Votorantim CTVM Ltda.

However, on May 18, 2015, the Board of Directors approved the closure of the Share Purchase Program which began on June 6, 2014, and the beginning of a new Share Repurchase Program with the following characteristics:

- Objective: acquisition of shares to be held in treasury for sale or cancellation in the future, without reducing the social capital, aiming to generate value to the shareholders;
- Amount of shares to be acquired/disposal: up to 50 million shares;
- Term of the operation: up to 365 days, starting on May 18, 2015;
- Amount of shares outstanding: 1,411,929,905; and
- Intermediate financial institutions (brokers): Votorantim CTVM Ltda.

The Bank has not approved any share repurchase plans in the fiscal years ended December 31, 2018, 2019, and 2020, or in the current fiscal year and, thus, has not carried out any transactions for the acquisition of its own shares pursuant to a repurchase plan during those periods.

### **Distribution Network**

The Bank's distribution network is divided into two types of points of service, in addition to its branches:

- Service Posts – which include advanced service points, banking service points and collection and payment points. Advanced service points correspond to a point of service targeted at municipalities without banking services; they have reduced staff and automated services. Banking service points are located inside companies or governmental agencies; they have one employee and automated services. Collection and payment points are mainly located in governmental facilities, such as city halls, and have employees and self-service terminals.
- Automated Service Posts – which include automatic service points and self-service rooms. Automatic service points are a service structure that is completely automated. Self-service rooms are completely automated service facilities installed in the main area of the branches.

|                                     | <b>As of June 30,</b> |               | <b>As of December 31,</b> |               |
|-------------------------------------|-----------------------|---------------|---------------------------|---------------|
|                                     | <b>2021</b>           | <b>2020</b>   | <b>2020</b>               | <b>2019</b>   |
| Branches.....                       | 3,977                 | 4,367         | 4,368                     | 4,356         |
| Service Posts .....                 | 1,782                 | 1,815         | 1,696                     | 1,874         |
| Automated Service Posts (PAE) ..... | 6,009                 | 7,018         | 6,019                     | 7,044         |
| <b>Total</b> .....                  | <b>11,768</b>         | <b>13,200</b> | <b>12,083</b>             | <b>13,274</b> |

The Bank carries out its banking activities through the following segments: retail, wholesale, and government, and separates its client base according to profile and relationship in order to develop strategies and distribution networks that are adequate for each segment.

The retail distribution network, responsible for relationships with individual clients and small and micro-sized companies, had 3,977 branches as of June 30, 2021, of which 42.8% were located in the Southeast of Brazil, 20.6% in the Northeast, 20.3% in the South, 9.9% in the Midwest and 6.4% in the North.

The Bank continues to develop digital and specialized branches, as well as in-person offices called “Leve,” for a new type of customer relationship with the bank tailored to customers with digital proficiency. As of June 30, 2021, there were 1.4 million clients classified under this relationship model, 797 digital and specialized branches and 16 Leve offices.

Moreover, the Bank offers services through the Banco do Brasil Customer Service Center (“CABB”), as well as services such as withdrawal and payment of vouchers via a network of bank correspondents, which totaled 51,820 and 49,248 points of service as of June 30, 2021 and December 31, 2020, respectively.

As for the wholesale market, the service network consists of a small number of branches classified based on annual revenues and operating sector.

The government market, consisting of direct administration agencies, instrumentalities, foundations and public companies (the “**Government Market**”), has a small number of branches focused on the relationship with each level of government in order to provide adequate solutions for each of the segments.

### ***International Distribution Network***

In April 2010, the acquisition of Banco Patagonia added points of service in Argentina to the Bank’s distribution network. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations of the Bank—Operations of the Bank.”

In the spring of 2012, the Bank set out to expand its model as well as assist its clients worldwide by acquiring Eurobank in Florida, which was renamed Banco do Brasil Americas. The transition from Eurobank to Banco do Brasil Americas is complete and five branches are currently open in Aventura, Miami, Boca Raton, Lighthouse Point and Orlando. Financial transactions and services include checking accounts, savings accounts, time deposits, debit and credit cards and domestic and international funds transfers. Additionally, Internet banking and online bill payment options are available.

The Bank’s foreign service network consists of 22 subsidiaries located in 14 countries. In addition to this structure, Banco do Brasil has an agreement with others financial institutions abroad to service its customers. There were 675 banks acting as correspondents of the Bank in 91 countries as of June 30, 2021.

### ***Alternative Channels***

The Bank’s automated network represents an efficient alternative and offers clients a broad range of services at low cost. The table below sets forth the number of ATMs of the Bank as of the indicated dates.

|           | <b>As of June 30,</b> |             | <b>As of December 31,</b> |             |
|-----------|-----------------------|-------------|---------------------------|-------------|
|           | <b>2021</b>           | <b>2020</b> | <b>2020</b>               | <b>2019</b> |
| ATMs..... | 57,938                | 59,657      | 58,317                    | 60,773      |

*Sources: Bank’s operating systems.*

In addition to cashiers and ATMs located in the branches, Banco do Brasil offers a variety of other options for accessing banking services, Internet, Internet banking for companies, credit and debit card machines for commercial establishments, telephone, fax and mobile banking among them. As of June 30, 2021 and 2020, and as of December 31, 2020 and 2019, automated channels accounted for 99.6%, 99.4%, 99.3 % and 98.3% of total operations, respectively.

### The Bank's Activities

Banco do Brasil operates in all financial market segments and offers its clients both financial and non-financial solutions. According to CVM Resolution No. 582 of July 31, 2009, Banco do Brasil's operations are classified into the following segments:

- Banking Services;
- Investments;
- Fund Management;
- Insurance, Pension and Capitalization;
- Payment Methods; and
- Other Businesses.

Information by segment has been prepared in accordance with criteria used by the Bank's management for assessing segment performance, deciding allocation of funds for investments and other purposes and considering regulatory framework and similarities between products and services.

In addition to these specific segments, the Bank is also engaged in other economic activities, such as consortia and operational support.

Segments transactions are conducted under normal market conditions, substantially in accordance with the terms and conditions for comparable transactions, including interest rates and guarantees. Such transactions do not involve unusual collection risks.

The table below sets out each segment's revenue and its share of the Bank's net revenue, and each segment's income or loss and its share of the Bank's net income.

|   | For the six month period ended June 30, <sup>(1)</sup> |                           |                             |                           |
|---|--|---------------------------|-----------------------------|---------------------------|
|   | 2021   |                           | 2020                        |                           |
|   | <i>(in millions of R\$)</i>                            | <i>(Relative Share %)</i> | <i>(in millions of R\$)</i> | <i>(Relative Share %)</i> |
| <b>Total income from financial intermediation</b>   | <b>48,296</b>  | <b>100</b>                | <b>77,098</b>               | <b>100</b>                |
| Banking .....                                       | 48,234   | 99.9                      | 76,934                      | 99.8                      |
| Investments .....                                   | 27   | 0.1                       | 121                         | 0.2                       |
| Fund management .....                               | 23   | 0.0                       | 20                          | 0.0                       |
| Insurance, pension and capitalization .....         | 8  | 0.0                       | 8                           | 0.0                       |
| Payment methods .....                               | 45   | 0.1                       | 65                          | 0.1                       |
| Other segments .....                                | 83   | 0.2                       | 103                         | 0.1                       |
| Intersegment transactions .....                     | (125)  | (0.3)                     | (152)                       | (0.2)                     |
| <b>Total expenses from financial intermediation</b> | <b>(17,331)</b>  | <b>100</b>                | <b>(51,931)</b>             | <b>100</b>                |
| Banking .....                                       | (17,380)   | 100.3                     | (52,018)                    | 100.2                     |
| Investments .....                                   | (18)   | 0.1                       | (31)                        | 0.1                       |
| Fund management .....                               | -  | -                         | -                           | -                         |
| Insurance, pension and capitalization .....         | -  | -                         | -                           | -                         |
| Payment methods .....                               | -  | -                         | -                           | -                         |
| Other segments .....                                | (96)   | 0.6                       | (121)                       | 0.2                       |
| Intersegment transactions .....                     | 162  | (0.9)                     | 239                         | (0.5)                     |
| <b>Total net income</b>                             | <b>9,750</b>   | <b>100</b>                | <b>6,413</b>                | <b>100</b>                |
| Banking .....                                       | 6,629  | 68.0                      | 3,542                       | 55.2                      |
| Investments .....                                   | 141  | 1.4                       | 96                          | 1.5                       |
| Fund management .....                               | 768  | 7.9                       | 780                         | 12.2                      |
| Insurance, pension and capitalization .....         | 1,153  | 11.8                      | 1,224                       | 19.1                      |
| Payment methods .....                               | 485  | 5.0                       | 344                         | 5.4                       |
| Other segments .....                                | 574  | 5.9                       | 427                         | 6.7                       |

|                                 | <b>For the six month period ended June 30,<sup>(1)</sup></b> |                           |                             |                           |
|---------------------------------|--|---------------------------|-----------------------------|---------------------------|
|                                 | <b>2021</b>  |                           | <b>2020</b>                 |                           |
|                                 | <i>(in millions of R\$)</i>                                  | <i>(Relative Share %)</i> | <i>(in millions of R\$)</i> | <i>(Relative Share %)</i> |
| Intersegment transactions ..... | -  | -                         | -                           | -                         |

(1) Financial information included in this Base Prospectus as of and for the six month period ended June 30, 2021 and 2020 has been prepared in accordance with Bacen GAAP.

|   | <b>For the year ended December 31,<sup>(1)</sup></b> |                           |                             |                           |
|---|--|---------------------------|-----------------------------|---------------------------|
|   | <b>2020</b>  |                           | <b>2019</b>                 |                           |
|   | <i>(in millions of R\$)</i>                          | <i>(Relative Share %)</i> | <i>(in millions of R\$)</i> | <i>(Relative Share %)</i> |
| <b>Total income from financial intermediation</b>   | <b>122,337</b>                                       | <b>100</b>                | <b>128,634</b>              | <b>100</b>                |
| Banking .....                                       | 121,984  | 99.7                      | 134,223                     | 104.3                     |
| Investments .....                                   | 286  | 0.2                       | 37                          | 0.0                       |
| Fund management .....                               | 37   | 0.0                       | 62                          | 0.0                       |
| Insurance, pension and capitalization .....         | 12   | 0.0                       | 4,079                       | 3.2                       |
| Payment methods .....                               | 101  | 0.1                       | 426                         | 0.3                       |
| Other segments .....                                | 188  | 0.2                       | 215                         | 0.2                       |
| Intersegment transactions .....                     | (270)  | (0.2)                     | (277)                       | (0.2)                     |
| Consolidation Adjustments .....                     | -  | -                         | <b>(10,130)</b>             | <b>(7.9)</b>              |
| <b>Total expenses from financial intermediation</b> | <b>(66,479)</b>                                      | <b>100</b>                | <b>(73,626)</b>             | <b>100</b>                |
| Banking .....                                       | (66,588)   | 100.2                     | (76,425)                    | 103.8                     |
| Investments .....                                   | (49)   | 0.1                       | (150)                       | 0.2                       |
| Fund management .....                               | -  | -                         | -                           | -                         |
| Insurance, pension and capitalization .....         | -  | -                         | (3,146)                     | 4.3                       |
| Payment methods .....                               | -  | -                         | (69)                        | 0.1                       |
| Other segments .....                                | (225)  | 0.3                       | (207)                       | 0.3                       |
| Intersegment transactions .....                     | 384  | (0.6)                     | 704                         | (1.0)                     |
| Consolidation Adjustments .....                     | -  | -                         | 5,667                       | (7.7)                     |
| <b>Total net income</b>                             | <b>12,697</b>  | <b>100</b>                | <b>18,162</b>               | <b>100</b>                |
| Banking .....                                       | 6,671  | 52.5                      | 10,060                      | 55.4                      |
| Investments .....                                   | 268  | 2.1                       | 437                         | 2.4                       |
| Fund management .....                               | 1,545  | 12.2                      | 1,377                       | 7.6                       |
| Insurance, pension and capitalization .....         | 2,562  | 20.2                      | 4,293                       | 23.6                      |
| Payment methods .....                               | 882  | 6.9                       | 1,145                       | 6.3                       |
| Other segments .....                                | 771  | 6.1                       | 849                         | 4.7                       |
| Intersegment transactions .....                     | -  | -                         | -                           | -                         |

(1) Financial information included in this Base Prospectus as of and for the years ended December 31, 2020 and 2019 has been prepared in accordance with Bacen GAAP.

## Description of Products and Services

The characteristics of the Bank's main products and services are described below.

### Banking Services

The banking segment accounts for a significant portion of the Bank's results of operations, primarily in Brazil, and encompasses a broad range of products and services, including deposits, credit operations and services which clients can access through diverse channels of distribution located in Brazil and abroad.

The banking segment includes operations within the retail and wholesale markets and with the government through a specialized network and dedicated staff. The banking segment also engages in operations with micro entrepreneurs and through correspondent banks.

The tables below show considerable growth in the Bank's total credit and credit like portfolio in recent years.

|   | <b>As of June 30,</b>                           |             |                |             | <b>Var. %<br/>2021/2020</b> |
|---|---|-------------|----------------|-------------|-----------------------------|
|   | <b>2021</b>                                     | <b>%</b>    | <b>2020</b>    | <b>%</b>    |                             |
|   | <i>(in millions of R\$, except percentages)</i> |             |                |             |                             |
| Domestic .....                                | 674,871   | 96%         | 618,745        | 94%         | 9.1%                        |
| Corporate .....                               | 237,233   | 34%         | 219,518        | 33%         | 8.1%                        |
| Consumer ...                                  | 239,532   | 34%         | 216,834        | 33%         | 10.5%                       |
| Agribusiness                                  | 198,106   | 28%         | 182,393        | 28%         | 8.6%                        |
| Abroad .....                                  | 30,973  | 4%          | 38,467         | 6%          | (19.5%)                     |
| <b>Total credit and credit like portfolio</b> | <b>705,843</b>                                  | <b>100%</b> | <b>657,212</b> | <b>100%</b> | <b>7.4%-</b>                |

|   | As of December 31,                              |             |                |             | Var. %     |
|---|---|-------------|----------------|-------------|------------|
|   | 2020  | %           | 2019           | %           | 2020/2019  |
|   | <i>(in millions of R\$, except percentages)</i> |             |                |             |            |
| Domestic .....                                | 650,819   | 95%         | 591,015        | 95%         | 10.1%      |
| Corporate.....                                | 236,409   | 35%         | 197,523        | 32%         | 19.7%      |
| Consumer ....                                 | 228,202   | 33%         | 214,070        | 34%         | 6.6        |
| Agribusiness                                  | 186,208   | 27%         | 179,423        | 29%         | 3.8        |
| Abroad.....                                   | 30,957  | 5%          | 30,239         | 5%          | 2.1%       |
| <b>Total credit and credit like portfolio</b> | <b>681,776</b>                                  | <b>100%</b> | <b>621,345</b> | <b>100%</b> | <b>9.7</b> |

Corporate credit increased by 19.7% from 2019 to 2020 and increased by 8.1 % during the six month period ended June 30, 2021. Consumer credit increased by 6.6 % from 2019 to 2020 and increased by 10.5 % during the six month period ended June 30, 2021. The Bank's agribusiness portfolio increased by 3.8% from 2019 to 2020 and by 8.6 % during the six month period ended June 30, 2021. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Lending."

#### Corporate Credit

In the corporate credit segment, the Bank's portfolio totaled R\$237,233 million as of June 30, 2021, R\$219,518 million as of June 30, 2020. The corporate credit portfolio accounted for 34.7% and 33.6 % of the Bank's total domestic loan portfolio as of June 30, 2021 and as of June 30, 2020, respectively.

In the corporate credit segment, the Bank's portfolio totaled R\$236,409 million as of December 31, 2020, and R\$197,523 million as of December 31, 2019. The corporate credit portfolio accounted for 34.7 % and 31.8 % of the Bank's total domestic loan portfolio as of December 31, 2020 and as of December 31, 2019, respectively.

The tables below set forth the breakdown of this portfolio as of the dates indicated.

|                          | As of June 30,                                       |                | Var. %      |
|--------------------------|--|----------------|-------------|
|                          | 2021   | 2020           | 2021/2020   |
|                          | <i>(in millions of R\$, except percentage rates)</i> |                |             |
| Working Capital .....    | 133,423  | 120,431        | 10.8%       |
| Investments.....         | 50,206   | 50,598         | -0.8%       |
| Receivables.....         | 12,333   | 8,939          | 38.0%       |
| Pre-Approved Credit..... | 1,084  | 2,816          | -61.5%      |
| ACC/ACE.....             | 16,329   | 15,621         | 4.5%        |
| Credit card .....        | 3,440  | 2,981          | 15.4%       |
| Overdraft accounts.....  | 438  | 330            | 32.9%       |
| Mortgages .....          | 757  | 2,495          | -69.7%      |
| Renegotiated.....        | 16,476   | 13,310         | 23.8%       |
| Other.....               | 2,747  | 1,997          | 37.6%       |
| <b>Total</b>             | <b>237,233</b>                                       | <b>219,518</b> | <b>8.1%</b> |

|                          | As of December 31,                                   |                | Var. %       |
|--------------------------|--|----------------|--------------|
|                          | 2020   | 2019           | 2020/2019    |
|                          | <i>(in millions of R\$, except percentage rates)</i> |                |              |
| Working Capital .....    | 136,408  | 99,007         | 37.8%        |
| Investments.....         | 51,205   | 49,885         | 2.6%         |
| Receivables.....         | 10,185   | 13,077         | -22.1%       |
| Pre-Approved Credit..... | 972  | 1,879          | -48.3%       |
| ACC/ACE.....             | 13,385   | 12,180         | 9.9%         |
| Credit card .....        | 2,686  | 2,809          | -4.4%        |
| Overdraft accounts.....  | 277  | 359            | -22.8%       |
| Mortgages.....           | 1,860  | 3,490          | -46.7%       |
| Renegotiated.....        | 16,977   | 12,735         | 33.3%        |
| Other.....               | 2,454  | 2,101          | 16.8%        |
| <b>Total.....</b>        | <b>236,409</b>                                       | <b>197,523</b> | <b>19.7%</b> |

The Bank's portfolio increased as a result of business activities, independent of acquired portfolios, with working capital totaling R\$133,423 and R\$120,431 million as of June 30, 2020 and 2019, accounting for 56.2 % and 54.9 % of the total corporate credit portfolio, respectively.

The Bank's portfolio increased as a result of business activities, independent of acquired portfolios, with working capital totaling R\$136,408 and R\$99,007 million as of December 31, 2020 and 2019, accounting for 57.7 % and 50.1 % of the total corporate credit portfolio, respectively.

Corporate credits are classified into three groups: (i) credit to very small and small companies; (ii) commercial credit; and (iii) foreign trade credit.

#### *Corporate Credit to Micro, Small and Medium-sized Enterprises (SME)*

The Bank classifies as SMEs companies with annual revenues of up to R\$200 million for both the industrial sector and the commercial and service sector.

For the six month period ended June 30, 2021, loans to SMEs, were R\$81,576 million and R\$65,382 million as of June 30, 2020, accounting for 34.4% and 29.8% of the total corporate credit portfolio, respectively.

The Bank's portfolio for SMEs increased as a result of business activities totaling R\$79,977 and R\$63,700 million as of December 31, 2020 and 2019, accounting for 33.8% and 32.2 % of the total corporate credit portfolio, respectively.

#### *Corporate Credit to Large Companies*

The Bank classifies as large companies enterprises with annual revenues greater than R\$200 million. For the six month period ended June 30, 2021, loans to large companies were R\$102,328 million and R\$98,880 million as of June 30, 2020, accounting for 43.1% and 45.0% of the total corporate credit portfolio, respectively.

The Bank's portfolio for large companies increased as a result of business activities totaling R\$100,725 and R\$89,202 million as of December 31, 2020 and 2019, accounting for 42.6% and 45.2 % of the total corporate credit portfolio, respectively.

#### *Corporate Credit for Foreign Trade*

The foreign trade credit portfolio aims to provide support and financing to import and export operations. The main foreign trade credit products are: (i) ACC (advances on foreign exchange contracts) and ACE (advances on export contracts); (ii) indirect ACC; (iii) export working capital; (iv) BNDES - EXIM; (v) external working capital; (vi) direct loans; (vii) import financing and onlending; (viii) international leases; (ix) overdrafts; (x) export prepayments; (xi) Forfeit discount; and (xii) import documentary credits.

The Bank's foreign loan portfolio decreased by 19.5 % to R\$30,973 million as of June 30, 2021 from R\$38,467 million as of June 30, 2020, accounting for 4.4% and 5.9% of the total credit portfolio, respectively.

The Bank's foreign loan portfolio increased by 2.1% totaling R\$30,957 and R\$30,329 million as of December 31, 2020 and 2019, accounting for 4.5% and 4.9 % of the total credit portfolio, respectively.

#### *Consumer Credit*

Consumer credit increased by 10.5 % to R\$239,532 million as of June 30, 2021, from R\$216,834 million as of June 30, 2020. Consumer credit increased by 6.6 % to R\$228,202 million as of December 31, 2020, from R\$214,070 million as of December 31, 2019. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Lending."

The Bank's portfolio of payroll loans grew by 16.4% for the six month period ended June 30, 2021, reaching R\$100.2 billion. This accounts for 41.6% of the individual loans portfolio as of June 30, 2021, as compared to 39.5% as of June 30, 2020. The Bank's portfolio of payroll loans grew by 15.2% in 2020, accounting for 41.0 % of the individual loans portfolio as of December 31, 2020, as compared to 37.8 % as of December 31, 2019.



The Bank's vehicle financing portfolio totaled R\$11,221 million as of June 30, 2021, compared to R\$12,177 million as of June 30, 2020. The Bank's vehicle financing portfolio totaled R\$10,158 million as of December 31, 2020, compared to R\$8,681 million as of December 31, 2019.

The Bank's portfolio balance of mortgage decreased by 3.4 % to R\$46,314 million as of June 30, 2021, from R\$47,939 million as of June 30, 2020. The Bank's portfolio balance of mortgage decreased by 4.6 % to R\$46,982 million as of December 31, 2020, from R\$49,234 million as of December 31, 2019.

Under Brazilian Financials System regulations, 59% of the Bank's savings deposits are required to be allocated towards rural credits. However, CMN Resolution No. 3,549, dated March 27, 2008, allows financial institutions with rural savings deposits, including the Bank, to use up to 10% of their total balance in savings deposits for financing real estate credit transactions.

The table below shows the outstanding amounts of the main consumer credit portfolio products of the Bank.

|                         | As of June 30,                                       |                | Var. %       |
|-------------------------|--|----------------|--------------|
|                         | 2021   | 2020           | 2021/2020    |
|                         | <i>(in millions of R\$, except percentage rates)</i> |                |              |
| Payroll Loan .....      | 100,171  | 86,057         | 16.4%        |
| Salary Loans .....      | 19,563   | 19,555         | 0.0%         |
| Consumer Finance .....  | 13,590   | 11,259         | 20.7%        |
| Auto Loans .....        | 11,221   | 12,177         | (7.9%)       |
| Mortgage .....          | 46,314   | 47,939         | (3.4%)       |
| Credit Card .....       | 34,350   | 25,659         | 33.9%        |
| Overdraft Account ..... | 1,489  | 1,422          | 4.7%         |
| Other .....             | 12,834   | 12,765         | 0.5%         |
| <b>Total .....</b>      | <b>239,532</b>                                       | <b>216,834</b> | <b>10.5%</b> |
|                         | As of December 31,                                   |                | Var. %       |
|                         | 2020   | 2019           | 2020/2019    |
|                         | <i>(in millions of R\$, except percentage rates)</i> |                |              |
| Payroll Loan .....      | 93,489   | 81,199         | 15.1%        |
| Salary Loans .....      | 18,210   | 18,812         | (3.2%)       |
| Consumer Finance .....  | 11,298   | 10,640         | 6.2%         |
| Auto Loans .....        | 10,158   | 8,681          | 17.0%        |
| Mortgage .....          | 46,982   | 49,234         | (4.6%)       |
| Credit Card .....       | 33,597   | 32,302         | (4.0%)       |
| Overdraft Account ..... | 1,283  | 1,573          | (18.4%)      |
| Other .....             | 13,185   | 11,628         | (14.4%)      |
| <b>Total .....</b>      | <b>228,202</b>                                       | <b>214,070</b> | <b>6.6%</b>  |

#### Agribusiness Loans

The agribusiness portfolio, totaled R\$198,106 million as of June 30, 2021 and R\$182,393 million as of June 30, 2020 and represented 28.1 % and 27.8%, respectively, of the Bank's credit operations. The agribusiness portfolio, totaled R\$186,208 million as of December 31, 2020 and R\$179,423 million as of December 31, 2019 and represented 27.3% and 28.9 %, respectively, of the Bank's credit operations.

The table below sets forth the breakdown of this portfolio as of the dates indicated:

|  | As of June 30,                                       |         | Var. %    |
|--|--|---------|-----------|
|  | 2021   | 2020    | 2021/2020 |
|  | <i>(in millions of R\$, except percentage rates)</i> |         |           |
| Rural Loans .....                      | 193,807  | 169,976 | 14.0%     |
| Pronaf .....                           | 46,457   | 44,496  | 4.4%      |
| Work. Capital for Input Purchase ..... | 50,506   | 39,115  | 29.1%     |
| Pronamp .....                          | 19,781   | 21,145  | -6.5%     |
| BNDES/Finame Rural .....               | 5,526  | 6,231   | -11.3%    |
| FCO Rural .....                        | 23,815   | 20,824  | 14.4%     |
| Agricultural Investment .....          | 28,177   | 19,682  | 43.2%     |
| Low Carbon Agr. Program .....          | 7,283  | 7,630   | -4.5%     |
| Agricultural Selling .....             | 7,132  | 5,132   | 39.0%     |

|                             | As of June 30,                                       |                | Var. %      |
|-----------------------------|--|----------------|-------------|
|                             | 2021   | 2020           | 2021/2020   |
|                             | <i>(in millions of R\$, except percentage rates)</i> |                |             |
| Industrialization .....     | 1,148  | 2,181          | -47.4%      |
| Other .....                 | 3,982  | 3,541          | 12.5%       |
| Loans to Companies          | 4,299  | 12,417         | -34.6%      |
| <b>Loan Portfolio .....</b> | <b>186,208</b>                                       | <b>179,423</b> | <b>3.8%</b> |

|  | As of December 31,                                   |                | Var. %      |
|--|--|----------------|-------------|
|  | 2020   | 2019           | 2020/2019   |
|  | <i>(in millions of R\$, except percentage rates)</i> |                |             |
| Rural Loans.....                       | 177,555  | 166,201        | 6.8%        |
| Pronaf.....                            | 46,211   | 44,383         | 4.1%        |
| Work. Capital for Input Purchase ..... | 42,516   | 35,714         | 19.0%       |
| Pronamp.....                           | 20,896   | 23,265         | -10.2%      |
| BNDES/Finame Rural .....               | 5,989  | 6,571          | -8.9%       |
| FCO Rural.....                         | 22,103   | 19,594         | 12.8%       |
| Agricultural Investment .....          | 23,574   | 17,409         | 35.4%       |
| Low Carbon Agr. Program .....          | 7,951  | 8,449          | -5.9%       |
| Agricultural Selling.....              | 3,351  | 5,627          | -40.4%      |
| Industrialization .....                | 1,277  | 1,702          | -24.9%      |
| Other .....                            | 3,686  | 3,487          | 5.7%        |
| Loans to Companies                     | 8,653  | 13,222         | -34.6%      |
| <b>Loan Portfolio .....</b>            | <b>186,208</b>                                       | <b>179,423</b> | <b>3.8%</b> |

Banco do Brasil offers products for every segment and stage of agribusiness. For the productive segment, the Bank's credit facilities allow the financing of short-term needs (credit for funding and selling) and long-term needs (credit for investment allowing the purchase of modern equipment). The facilities are tailored to the various audiences, allowing the delivery of services to clients ranging from family businesses to large producers, as well as companies and cooperatives.

Short-term financing, or maintenance credit, is intended to provide agricultural business with financial support through a fixed credit facility, allowing them to undertake farming activities, whether in agriculture or cattle-raising. Maintenance transactions are served primarily by the following programs: (i) Custeio Agropecuário; (ii) Pronaf Agricultura Familiar; (iii) Programa Nacional de Apoio ao Médio Produtor Rural (Pronamp); (iv) Funcafé; and (v) FCO Rural.

Long-term financing, or investment credit, serves to fund equipment used for several production cycles and to modernize agricultural activities. The main programs serving these transactions are: (i) *Programa Nacional de Fortalecimento da Agricultura Familiar* (Pronaf); (ii) *Programa Nacional de Apoio aos Médios Produtores Rurais* (Pronamp); (iii) FCO Rural; (iv) Investimento Agropecuário; (v) BNDES Rural; (vi) Finame Rural; (vii) Programa Agricultura de Baixo Carbono (ABC); (viii) Programa de Construção e Ampliação de Armazéns (PCA); and (ix) Inovagro.

Trading operations, the credit facilities intended to financially support sales of agricultural products, are served primarily by the following programs: (i) FGPP (Financing Guarantee of Prices to Producer); (ii) FEPM (Financing for Storage of Products; PGPM) or FEE (Financing for Storage of non-PGPM Products); (iii) Funcafé; (iv) Own Production Trading; (v) Discount of Rural Promissory Note or Rural Trade Notes; and (vi) CPR – Rural Product Note.

For the agribusiness segments related to purchasing agriculture products, or supplying equipment or other inputs for farming activity, the Bank offers services and credit facilities that favor integration in the agribusiness chain, as well as providing working capital to large companies in the agribusiness chain. For these working capital operations, the Bank offers the following programs: (i) BB Agribusiness Working Capital – a revolving credit line for rural producers for investment in agriculture and cattle-raising activities (such as the purchase of goods or various inputs used in the stages of production, selling, or processing of agricultural and cattle products); and (ii) Agro-Industrial Credit – loans for selling, processing or industrial production of agricultural and cattle products

(which products are to be acquired directly from rural producers or their cooperatives) or inputs or machinery and equipment to be sold to rural producers.

The rural portfolio of the Brazilian Financial System totaled R\$301 billion and R\$261 billion as of June 30, 2021 and 2020, respectively. As of June 30, 2021, the agribusiness portfolio represented 28.1% of the Bank's internal credit portfolio and a 54.4% market share, according to data from the Central Bank. The rural portfolio of the Brazilian Financial System totaled R\$277 billion and R\$257 billion as of December 31, 2020 and 2019, respectively. As of December 31, 2020, the agribusiness portfolio represented 27.3% of the Bank's internal credit portfolio and a 54.1% market share, according to data from the Central Bank.

In order to mitigate the risks inherent to agricultural activity (climate, prices, etc.) and in addition to good banking practices, the Bank offers its farming clients instruments including BB Seguro Agrícola Faturamento, introduced on July 4, 2011, which insures clients against losses from commodity price variations and natural disasters caused by climate change. It is currently only available to soybean producers, and may become available to producers of other types of crops. The Bank also offers Turnover Insurance (*Seguro de Faturamento*), PROAGRO and Agricultural Options (*Opções Agropecuárias*). For the 2021/2020 and 2020/2019 harvest, 57.7% and 60.1% of the Bank's working capital for input purchase operations were contracted with some type of mitigator, respectively. The banking liabilities with rural savings accounts (49.5% of the asset value) and demand deposits (23.4%) are the main sources of funds to back rural lending and agribusiness lending operations. These sources provided 55.9% and 14.1%, respectively of the total outlay of the Bank's agribusiness loans. These rates are defined by the CMN and provide guidance for Brazil's economic and agricultural policy. Any changes in the above-mentioned percentages may result in the Bank needing to increase or reduce funds to the sector. The particular financial impact of such changes will further depend on both the new regulation for mandatory and additional deposits, as well as on the Bank's policies. For more information regarding the Bank's Agribusiness portfolio, including how it has recently increased and the mandatory level of loans the Bank is required by Brazilian regulations to maintain, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Indebtedness" and "Regulation of the Brazilian Banking Industry—Regulations Affecting Liquidity in the Financial Market—Rural Lending."

During the 2020-2021 harvest, the Bank's loan disbursements in the Brazilian agribusiness sector reached R\$114 billion, a 23.1% growth compared to the previous harvest. In July 2021, the Bank announced its plans to expand its agribusiness loan portfolio to R\$135 billion in available funds.

#### *Public Sector loans*

The Bank's Public Sector credit portfolio is targeted to the Executive branch of Brazilian municipalities, states and the Federal District. Financing programs are established in their respective lines of credit, and clients are not allowed to use the proceeds in current expenses. The CMN sets forth these financing programs. Its resources originate from the BNDES Finame, and the Bank acts in the capacity of financial broker.

Credit transactions with the public sector are mainly subject to the following governmental regulations:

- Limited Credit to the Public Sector, regulated by the CMN, which sets forth the rules for financial institutions and other authorized institutions to operate through the Central Bank to execute credit transactions with bodies and entities of the Public Sector, through CMN Resolution No. 2,827 of March 30, 2001, as amended; and
- Supplemental Law No. 101/2000 (Fiscal Responsibility Law), in its article 32, sets forth the Assessment of Limits and Conditions, by the Ministry of Finance – through the Secretariat of the National Treasury, prior to the rendering of internal credit transactions. The applicable law, pursuant to the provision in Complementary Law No. 101/2000, is established by the Federal Senate through SF Resolution No. 43/2001, as amended.

#### *Other Banking Services*

The banking segment encompasses a broad range of other products and services, in addition to credit operations, including deposits, service packages and collection services.

## *Deposits*

Checking accounts provide direct access to funds by means of checks, internet, payment orders, magnetic card or counter checks. According to data from the Central Bank, as of June 30, 2021, the Bank had the second largest market share with respect to checking accounts, corresponding to 22.4%, with a balance of R\$137,172 billion in cash deposits as of June 30, 2021, compared to R\$81,998 billion as of June 30, 2020. As of December 31, 2020, the Bank had the second largest market share of deposits in Brazil with a total balance of R\$98,307 billion in checking accounts, compared to R\$71,067 billion as of December 31, 2019.

Pursuant to the Federal Government's Provisional Measure dated May 3, 2012, savings deposits made as of May 4, 2012 shall earn interest at a rate equivalent to TR, plus: (i) 0.5% per month, when the SELIC rate is above 8.5% *per annum*; or (ii) 70% of the SELIC rate, applied on a monthly basis, when the SELIC rate is below 8.5% *per annum*. The Bank has two categories of savings deposits: (i) Poupança - Ouro, where a portion of the funds is allocated to rural credit or real estate financing, within the earmarking thresholds established by the Central Bank; and (ii) Poupança Pouplex, where a portion of the funds is allocated to real estate financing. According to data from the Central Bank, as of June 30, 2021, the Bank had the second largest market share with a total balance of R\$223,427 billion in savings deposits, compared to R\$199,135 billion as of June 30, 2020. As of December 31, 2020, the Bank had the second largest market share with a total balance of R\$219,396 billion in savings deposits, compared to R\$180,943 billion as of December 31, 2019.

Time deposits are nominative securities which entitle the client to receive a certain amount of interest income according to pre-established terms. These deposits are fixed-income securities with fixed or variable rates; yield varies according to the index chosen. The Bank's time deposit products are divided into CDBs (certificate of bank deposits) and RDBs (bank deposit receipts), and, in practice, these products are traded only electronically. According to data from the Central Bank, the Bank is one of the leaders in the Brazilian time deposit market (market share of 14.3% as of June 30, 2021 and a market share of 13.2% as of December 2020), with R\$317,924 billion in deposits as of June 30, 2021, compared to R\$273,684 billion as of June 30, 2020, and with R\$283,820 billion in deposits as of December 31, 2020, compared to R\$232,750 billion as of December 31, 2019.

## *Service Packages and Collection Services*

Service packages are comprised of a variety of banking services offered to clients for an aggregate monthly rate lower than the sum of the cost of individual products and services provided separately. A progressive discount is offered on the monthly rate based on the performance of the investments linked to the checking account included in the particular service package.

Collection services allow asset suppliers or service providers to receive the amount of their sales upon the issuance of bank payment forms, facilitating settlement of debtors' obligations through interconnected channels within the banking network.

## *Investment Segment*

This segment includes operations in the domestic capital markets, with intermediation and distribution of debt instruments in the primary and secondary markets, as well as equity interest holdings and the provision of financial services.

Asset management results of financial operations through intermediation are derived from income on marketable securities less funding expenses. Equity interests represent investments in associates and joint ventures. Revenue from financial services consists of financial and economic consulting, fixed- and variable-income underwriting and provision of services to affiliated companies.

## *Purchase and Sale of Shares*

The Bank acts as an intermediary in transactions for the purchase and sale of shares. The Bank is not included in B3's home broker ranking because it does not have its own brokerage firm. The Bank operates through external brokerage firms under interconnection agreements.

### *Capital Market Services*

The Bank acts in the Brazilian capital markets through BB – Banco de Investimentos S.A (BB-BI).

In the international capital markets the Bank acts through its wholly-owned subsidiaries: BB Securities Ltd. (London), Banco do Brasil Securities LLC. (New York) and BB Securities Asia Pte Ltd. (Singapore).

In November 2019, the Bank (through BB-Banco de Investimento S.A. (BB-BI)) and UBS formed a strategic partnership combining the Bank's large network and strong distribution capacity in Brazil with UBS's expertise and strong distribution capacity globally, and allowing the Bank to increase its activities in the investment banking and securities brokerage segments in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. The partnership became operational on September 30, 2020.

The Bank's commercial relationship with its clients, through its network of branches and wholesale offices, is the main source of origination for investment transactions. The structuring and distribution of these investments is the responsibility of the partnership with UBS.

The Bank's capital markets product set includes market research, transaction advisory and custody, as well as products and services to individuals and companies. The main products and services provided by the Bank, through its subsidiary BB-BI, are indicated below:

- **Merger and Acquisitions:** the Bank provides financial advice in sale transactions, corporate restructuring (consolidations, divestments and mergers), private placements, initial public offerings of assets (“**OPA**”) and issuance of reports and fairness opinions to the companies.
- **Gold:** BB provides services relating to gold sales in book entry form, as well as physical custody.
- **Private Equity:** the Bank is a shareholder in 11 funds and acts as advisor in seven of those funds, with 21 indirect investments in companies located in various Brazilian regions, in diverse market sectors (including energy, infrastructure, logistic, consumer market, education, IT, services, agribusiness, among others.) and in different development stages (consolidated companies, emerging companies and companies with innovative technology).
- **Fixed income:** In the domestic market, the Bank's services include the coordination, organization and distribution of bonds, commercial notes and commercial letters. In the international market, BB assists in the coordination and issuance of debt securities by companies, banks and governments through its brokers located in London, New York and Singapore.
- **Equity:** the Bank offers advisory services in all stages of initial public offerings, including “Cepacs” offerings (a tool for raising funds to finance public works). BB also provides services related to issuance and distribution of real estate investment funds (“**FII**”). For individual investors, the variable-income portfolio embraces the assets sale services, as well as the assets rental services for private sector investors.
- **Securitization:** the Bank acts in the issuance and distribution of local securitization transactions through a number of local structures including FIDCs, CRI and CRA.

### *Performance in the Capital Markets*

The Bank has an important presence in the Brazilian capital markets through its wholly owned subsidiary, BB - Banco de Investimento S.A. (BB-BI) and UBS BB. These companies aid the Bank's market research, structuring decisions, general operations and liquidation and custody processes but also provide general products and services for individuals and companies. UBS BB was established in September 2020 through a partnership with UBS and has allowed the Bank to be a player in the investment banking industry on a global scale and with a broader, more sophisticated array of products and services to its corporate customers. It seeks to be a complete investment banking platform, combining the Bank's network of relationships in Brazil with UBS's expertise and global distribution capacity and to provide differentiated access to investment banking products and services, as well as integrated solutions.

Retail distribution activity is maintained at the Bank, thus individual clients of the Bank continue to benefit from its investment solutions and access to the capital markets through its network of branches and specialized offices. The Bank continues to access the global capital markets as a main source of funding. Such funding instruments enable companies to grow while mitigating risk of new investments.

The Bank develops its activities in the domestic capital markets through BB-Banco de Investimento SA (BB-BI), and abroad through brokers BB Securities Ltd. (London), Banco do Brasil Securities LLC (USA) and BB Securities Asia Pte Ltd. (Singapore), focusing on retail and institutional investors. The Bank's coverage is global, accessing investors in Brazil and abroad, for a range of transactions, from fixed and variable income operations to mergers and acquisitions and project financings.

### ***Asset Management***

For the six month period ended June 30, 2021, the Bank maintained its leadership position in the investment funds industry through BB Gestão de Recursos (BB DTVM), with a market share of 23.9% and a total of R\$1,286 billion in funds under management as of June 30, 2021 (funds managed by BB DTVM and other institutions), an increase of 18.1% compared to the six month period ended June 30, 2020. For the year ended December 31, 2020, the Bank maintained its leadership position in the investment funds industry through BB Gestão de Recursos (BB DTVM), with a market share of 23.4% and a total of R\$1.177 billion in funds under management as of December 31, 2020 (funds managed by BB DTVM and other institutions), an increase of 11.5% compared to the year ended December 31, 2019.

According to the global ranking provided by Anbima Resources Management in June, 2021, BB DTVM remained the leader in the following segments: Institutional, Government and Retail Investors

Asset management is primarily responsible for: (i) operations related to the purchase, sale and custody of marketable securities; (ii) portfolio management; and (iii) establishing, organizing and managing investment funds and groups. Asset management revenues have derived mainly from commissions and management fees charged to investors for services provided.

Third-party asset management is performed through investment funds, formed as open-end funds earmarked for investments in a specific portfolio according to the characteristics and objective of each fund. There are two types of investment funds: (i) fixed-income funds, which are composed of fixed- and variable-rate public and private securities; and (ii) variable-income funds, which have portfolios composed of at least 67% of variable-income securities (shares). In these variable-income funds, the total units owned by the same unit holder cannot represent more than 49% of the fund's net assets.

To maintain this leadership, the Bank has implemented, as of May 2017, the capability of unit holders to vote electronically, through the internet or mobile applications.

This digital voting capability is available to individuals and funds exclusively in all Bank segments.

### ***Insurance, Pension Plans and Financing***

The insurance, pension-plan and financing segments offer a broad range of products and services, such as life, asset and automobile insurance, private pension plans and capitalization plans.

The results of operations in these segments come primarily from revenues from insurance premiums, contributions to pension plans, capitalization certificates and marketable securities, less expenses for sales, provision of technical services, and benefits and redemption.

The products sold by the pension-plan segment of the Bank are: (i) Vehicle Insurance; (ii) Individual Insurance; (iii) Asset Insurance; (iv) Customized Insurance; (v) Rural Insurance; (vi) Financial Risk Insurance; (vii) Credit Insurance; (viii) Housing Insurance; (ix) Private Pension Plans; and (x) Capitalization Certificates.

BB Seguridade is the insurance subsidiary of Banco do Brasil. Established in 2012, the company is the result of corporate reorganizations undertaken since 2008. Its activities include the offer of insurance products, open pension plans, capitalization products, and brokerage services.

## ***Payment Services***

Payment services refer primarily to the provision of capture, transmission and payment services by electronic means (credit and debit cards). This segment's revenues are derived primarily from commissions and management fees charged to commercial and banking establishments for the above-mentioned services, in addition to revenue from rent, installation and maintenance of electronic terminals.

In payment services, the Bank operates through BB Administradora de Cartões and the BB Elo Cartões holding company (which concentrates on Alelo, Stelo, Liveloo and Cateno businesses), and the stake in Cielo S.A., via BB-Banco de Investimento S.A., its subsidiary.

Working in these markets is part of the Bank's customer loyalty strategy, offering complementary services to credit and diversifying revenues, with a focus on increasing profitability.

The Bank's card portfolio has been upgraded frequently to offer products and services that satisfy the needs of various clients and business sectors. With respect to consumers, spending habits and purchasing power are taken into consideration, among other factors. With respect to companies, the company's size and business requirements are taken into consideration, among other factors. Since September 2001, the Bank has issued Ourocard cards with multiple functions under Visa and MasterCard flags. These cards combine credit, debit and banking functions into a single card. Since June 2009, the Bank has issued the Ourocard card under the American Express flag, which functions as a credit card only.

The wide base of clients, the quality and diversity of the services rendered by the Bank makes it one of the main issuers of Elo, Visa, and MasterCard flags. The bank also offers other payment facilities such as Ourocard-e, a virtual card for online purchases with enhanced security options, such as default spending limits, and PIX, a platform for instant payments and transfers created by the Central Bank in which the Bank is a mandatory participant.

Income from credit and debit cards was R\$166.5 billion in the six month period ended June 30, 2021, which represents a 21.5% growth over the six month period ended June 30, 2020. The quantity of debit card transactions grew 17.6%, and income reached R\$77.9 billion during the six month period ended June 30, 2021, which represents a 24.7% growth over the six month period ended June 30, 2020. The quantity of credit card transactions grew 13.5%, and income reached R\$88.6 billion during the six month period ended June 30, 2021, which represents a 18.7% growth over the six month period ended June 30, 2020.

Income from credit and debit cards was R\$307.9 billion in the year ended December 31, 2020, which represents a 0.2% growth over the year ended December 31, 2019. The quantity of debit card transactions decrease 8.2%, and income was R\$144.2 billion during the year ended December 31, 2020, which represents a 3.6% growth over the year ended December 31, 2019. The quantity of credit card transactions decreased 12.6%, and the turnover was R\$163.7 billion during the year ended December 31, 2020, down 1.6% over the year ended December 31, 2019.

## **Other Businesses**

This last segment includes the operational support and consortium segments, which are included together since they are immaterial individually, according to minimum quantitative thresholds set forth in CVM Resolution No. 582 of July 31, 2009. The Bank operates in the consortium segment through its wholly-owned subsidiary BB Consórcios, with headquarters in Brasília. BB Consórcios' main purpose is to organize and manage consortium groups to facilitate its clients' access to goods, services and real property. According to the Central Bank, BB Consórcios is the third largest consortium administrator in Brazil.

Revenues in this business segment are derived primarily from the provision of various services, such as receivables recovery, consortium management, development, manufacture, sale, rent and integration of electronic digital equipment and systems, software, and IT input and supplies, in addition to the provision of airline tickets, lodging and organization of events.

## **Intellectual Property**

### ***Brands***

The Bank has approximately 362 trademarks for which it has applied and registered with the National Registry of Intellectual Property – INPI, not including the trademarks owned by Banco Nossa Caixa and Banco do Estado de Santa Catarina – BESC, which were merged into the Bank, and which trademarks are pending approval in response to transfer petitions filed with the INPI. The trademarks are valid for a period of ten years from the registration grant, and may be renewed for successive ten-year periods. The main trademarks used by the Bank are the “Banco do Brasil” registered trademark, which is highly recognized, and the figurative trademark, which is Banco do Brasil’s logo. The Bank is the owner of these two main trademarks, both of which are registered in the United States, the European Union, Asia and Latin America.

In addition, all the named brands of the Bank are also registered with INPI to ensure that the Bank has their use and exclusive benefit in Brazil, besides protecting the consumer from misunderstandings or disloyal competition that may induce error or confusion with regard to the Bank’s activities.

The Bank’s brands and trademarks are also registered with the competent entities abroad in countries where the Bank has operations. The same type of registration occurs with the named brands of specific products commercialized abroad.

### ***Patents***

The Bank does not possess patents registered with or granted by the INPI.

### ***Domain Names***

The Bank’s most material Internet domain names presently registered by the Bank are: *www.bb.com.br*, *www.bancodobrasil.com.br* and *www.bancobrasil.com.br*.

In addition, the Bank maintains the register of some domain addresses, aiming to preserve its image against any fraud or other illicit acts in attempts to use its domains on the Internet or other domains that were reclaimed following fraud attempts.

## **Legal Proceedings**

The Bank is a party to certain judicial and administrative proceedings, as plaintiff or defendant. In proceedings in which the Bank is defendant, the plaintiffs are clients, employees, former employees and employees of other service providers. In the administrative proceedings, the main plaintiffs include, among others: the INSS, the Federal Revenue and the State and Municipal Treasury Departments. Most of the lawsuits where Banco do Brasil is the plaintiff seek to recover matured loans. Controls have been established to identify the effects of these lawsuits which arise out of the normal course of business. Provisions are recognized for legal proceedings with probable risk of loss, based on analysis of the likelihood of a favorable outcome and the possibility of its calculation. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Contingencies.”

The provisioning method follows the standards issued by CVM Deliberation No. 489, of October 3, 2005, which accepted and approved IBRACON Pronouncement NPC No. 22 regarding provisions for liabilities, contingent liabilities and contingent assets. According to this rule, contingencies with a higher chance of loss than success should be provisioned. The probability analysis takes into account the alleged facts, legal precedents relevant to the claim and the experience of experts on the issue under dispute. Based on the opinion of the Bank’s general counsel, the Bank recognizes provisions only for contingencies with a probable chance of loss under CVM Deliberation No. 489. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Contingencies.”

### ***Provisions, Contingent Assets and Liabilities, Legal Liabilities – Taxes and Social Security***

The amounts provisioned for the Bank’s judicial and administrative proceedings as of the six month period ended June 30, 2021 and 2020 and as of the years ended December 31, 2020 and 2019 were as follows:



|  | <b>June 30,</b> |             | <b>As December 31,</b>      |             |
|--|-----------------|-------------|-----------------------------|-------------|
|  | <b>2021</b>     | <b>2020</b> | <b>2020</b>                 | <b>2019</b> |
|  |                 |             | <i>(in millions of R\$)</i> |             |
| <b>Provisions for judicial lawsuits.....</b> | 15,888          | 13,060      | 14,519                      | 12,931      |
| <b>Provisions for civil lawsuits.....</b>    | 10,788          | 8,762       | 9,579                       | 8,852       |
| <b>Provisions for tax lawsuits.....</b>      | 506             | 419         | 441                         | 415         |
| <b>Provisions for labor lawsuits.....</b>    | 4,593           | 3879        | 4,499                       | 3,664       |

The possibility of loss in connection with labor claims in the prejudgment phase (discussion and judgment of rights alleged by the plaintiff) is classified in an automated system. The classification of loss (remote, possible or probable) is applied based on the type of claim or type of cause of action. This situation may change due to the result registered in the system (award and/or decision). The values of the labor claims with probable loss are fully provisioned.

For other legal and administrative proceedings (civil, tax and social security) the Bank's legal advisors analyze the possibility of loss for a particular claim and assign percentage rates of success. Based on the percentage rate, the system automatically classifies the possibility of loss as remote, possible or probable. For claims with probable loss, the base value corresponds to a 100.0% provision.

### ***Labor Claims***

The Bank is a defendant in labor lawsuits filed mostly by former employees or employees' trade unions. Provisions for probable losses represent the amounts claimed in these lawsuits, such as indemnities, compensation for overtime, changes to working hours, specific compensation for certain job requirements and other claims.

Since 2003, the Bank has experienced labor strikes during the collective bargaining periods between the third and fourth quarters of each year, with no material adverse effect on the Bank's operations.

### ***Civil Lawsuits***

#### ***Bresser, Summer and Collor Plans***

The Bank is a defendant in lawsuits for the payment of the difference between the actual inflation rate and the inflation rate used for the adjustment of financial investments during the period of economic planning in the late 1980's and early 1990's, for which the plans are known as the Bresser Plan, the Summer Plan and the Collor Plan. The amounts involved in these lawsuits and provisions for these lawsuits are included in the tables above.

A public class action was filed in May 2007 against Banco Nossa Caixa in connection with these economic plans.

On March 1, 2018, the Brazilian Federal Supreme Court (STF) ratified a collective agreement signed by savings account holders (represented by two civil entities, the Brazilian Consumer Defense Institute – IDEC and FEBRAPO (*Frente Brasileira Pelos Poupadores*)) and by other entities representing the accountholders, on the one hand, and the Brazilian Bank Federation (FEBRABAN) and the National Financial System Confederation (CONSIF), on the other. This agreement provides for the payment of amounts attributable to differences in interest rates as a result of the Bresser, Summer and Collor II economic plans. All account holders who commenced collective or individual actions to recover from the relevant financial institutions amounts related to losses with respect to the Bresser, Summer and Collor II economic plans shall be entitled to compensation through an online platform that is available for a period of two years, starting May 2018. In addition, the parties to the collective agreement agreed that no compensation would be payable with respect to losses by accountholders resulting from the Collor I economic plan.

The Bank has not yet determined the amount that would be payable by the Bank under this agreement; however, the Bank estimates that the current provision amount would be sufficient to pay any such amounts that may become payable under the agreement.

### ***INSS settlement***

On June 21, 1996, Mr. Arlindo Chinaglia Junior filed a claim against the Bank and other financial institutions before the 8th Federal Court of Brasília seeking, among other petitions, the annulment of an out-of-court settlement entered into between the Bank and the INSS in a collection suit filed by the INSS against the Bank. The claim was dismissed at the trial level, with partial dismissal of the plaintiff's appeal by a federal court. The plaintiff appealed before the Supreme Court of Justice which remanded the case to trial before a federal court. In the event of loss of the lawsuit, the settlement would be cancelled. The amount of the claim as of December 31, 2020, was R\$2,396,231,405.14. The Bank has classified its chances of loss in this claim as “remote.”

#### *Credit certificates*

In August 1995, the Bank filed a claim against Mendes Junior Engenharia S.A. for payment of an industrial credit certificate. The restated amount claimed, as of December 31, 2020, was approximately R\$2,209.7 million. As is common practice in Brazil, while outstanding, the claim amount is indexed to inflation and therefore increases over time. The Bank has classified its chances of success in this claim as “probable.”

#### ***Judicial Reorganization Proceedings***

##### *Oi S.A.*

On June 20, 2016, Oi S.A. and its subsidiaries (“Oi Group”) filed for judicial reorganization before the 7<sup>th</sup> Business Court of Rio de Janeiro. The Bank and BB DTVM are classified in Class III as unsecured creditors, for the amounts of R\$3,934,904,150.40 and R\$441,429,250.27, respectively. The reorganization plan was approved on December 19 and 20, 2017, and ratified by the court on January 8, 2018. On the date of the application for judicial reorganization, the Bank held bonds issued by Oi Group, in the amount of EUR30,000,000.00 and US\$30,000,000.00. On September 8, 2020, a new reorganization plan was approved by the creditors and the ratification decision by the Court is pending judgement pending resolution of certain appeals filed by certain creditors, including the Bank, which as of the date of this Base Prospectus remain pending. As of December 31, 2020, the Bank’s claim amounted to R\$4,404,194,682.91. The Bank has classified its chances of loss in this claim as “remote.”

##### *Sete Brasil Participações S.A. judicial reorganization*

On April 29, 2016, Sete Brasil Participações S.A. et al. (the “Sete Brasil Group”) filed for judicial reorganization before the 3<sup>rd</sup> Business Court of Rio de Janeiro, with the Bank as a creditor. The judicial reorganization plan was approved at a general meeting of creditors held on November 9, 2018, and ratified by the court on November 22, 2018, amended on December 16, 2020. After several negotiations, a new proposal presented by Grupo Magni Partners in the amount of US\$199.15 million to enable the sale of assets of the debtor was approved on December 16, 2020. As of December 31, 2020, the Bank’s claim amounted to R\$5,193,741,277.13. The Bank classified its chances of loss in this claim as “remote.”

##### *Atvos Agroindustrial S.A.*

On May 29, 2019, the Atvos Agroindustrial S.A. et al. filed for judicial reorganization before the 1<sup>st</sup> Court of Bankruptcy and Judicial Reorganization of São Paulo, with the Bank as creditor. In the list of creditors presented by the judicial trustee, the Bank's claim was recorded at the consolidated amount of R\$3,676,490,967.26. On May 20, 2020, a judicial reorganization plan was approved by the creditors. The ratification decision has not yet become final due to appeals by certain creditors, which are still pending resolution. As of December 31, 2020, the Bank’s claim amounted to R\$3,909,712,109.75. The Bank has classified its chances of loss in this claim as “remote.”

##### *Odebrecht S.A.*

On June 17, 2019, the Odebrecht S.A. et al. (the “Odebrecht Group”) filed for judicial reorganization before the 1<sup>st</sup> Court of Bankruptcy and Judicial Reorganization of São Paulo. The judicial reorganization plan was submitted on August 26, 2019; however, some creditors rejected it and individualized plans were presented related to particular debtors within the Odebrecht Group. The Bank’s claims are against Odebrecht S.A, ODB Investimentos S.A and Odebrecht Serviços e Participação S.A, which had their judicial reorganization plans approved by the Court on July 27, 2020. The judicial reorganization plan for Odebrecht Finance Limited, in turn,

was approved on November 11, 2020. As of December 31, 2020, the amount of the Bank's claim was R\$7,270,446,971.34. The Bank has classified its chances of loss in this claim as "remote."

#### *Usina Maringá Indústria e Comércio.*

On May 14, 2020, the Usina Maringá Indústria e Comércio group filed for judicial reorganization before the 1<sup>st</sup> Judicial Court of Santa Rita do Passa Quatro, with the Bank as creditor. The Bank's claims were classified as follows: (i) R\$2,123,854,456.69, in Class II (secured creditor) and (ii) R\$1,803,957,659.00, in Class III (unsecured creditor), with a total amount of R\$3,927,812,115.69. The judicial reorganization plan was submitted to the Court on December 22, 2020. As of December 31, 2020, the Bank's claims amounted to R\$ R\$4,134,932,795.73. The Bank has classified its chances of loss in this claim as "remote."

#### **Tax Claims**

The Bank is subject to challenges by tax authorities with respect to taxes that may create assessments regarding the amount of taxable income or deductible expense, such as the tax basis for income tax and social contribution and the incidence of taxes depending on the occurrence of certain economic factors. Most tax assessments relate to tax on services, income tax, social contribution, PIS/PASEP, COFINS, IOF and payroll taxes. The Bank provides guarantees in connection with certain of these proceedings, such as attachments in cash, bonds, real estate or judicial deposits.

#### *Lawsuit on the Restriction to Offset Tax Losses*

In January 1998, the Bank filed a legal request for full offset of the prior year IRPJ and CSLL losses against taxable income. Since then, the Bank has offset these tax losses in full against IRPJ, CSLL and has made judicial deposits of the amount due, and the courts recognize the suspension of payment of these taxes until final judgment of the Bank's request.

If the Bank is unsuccessful in its lawsuit (in which case the amounts deposited judicially would be converted into income in favor of the National Treasury), the portions of IRPJ deferred tax assets on tax losses and CSLL to offset would be reclassified to the representative asset account "IRPJ recoverable" and "CSSL recoverable," respectively, which could be used from the accrual period of October 2005 and February 2009, which has a 30% limitation as established by Law No. 8,981 of January 20, 1995.

These recoverable taxes, which would result from the adjustments of Statements of Economic-Fiscal Information of Businesses, correspond to R\$20,330.0 billion as of December 31, 2020. This amount is indexed to the SELIC rate and so increases over time. This sum adjusts the provision for tax risks with respect to the updating of judicial deposits so that it will be sufficient to fully cancel the risk of a probable loss.

#### *Program for Cash Payment of Brazilian Federal Taxes (REFIS)*

In November 2013, the Bank and its subsidiaries joined the *Programa de Parcelamento e Pagamento de Tributos Federais* ("REFIS") established by Law Nos. 11,941/2009 and 12,865/2013 for cash payment of tax debts and for the amnesty for the settlement of debts administered by the Federal Revenue Service of Brazil and the Attorney General of the Treasury, in relation to PIS/PASEP and COFINS contributions due by financial institutions and insurance companies.

The main proceedings included in these programs relate to the following claims: (i) the calculation and collection of PIS/PASEP and COFINS taxes on actual revenue, as provided for in Article 2 of the Law No. 70/1991; (ii) allowing CSLL expenses to be deducted from the base value used to calculate income tax, as provided for in Article 1 of Law No. 9,316/1996, as this is an effective, necessary and mandatory expense for companies; and (iii) withholding income tax on payments made as a result of collective bargaining agreements relating to the period 1996/1997.

#### *Meal Allowance and Profit Sharing Programs*

On January 22, 2020, the Office of the Federal Revenue Service of Brazil notified the Bank that, according to its tax assessment, the Bank owed R\$2,082,552,783.76 in back taxes resulting from alleged incongruencies between certain of the Bank's entries in connection with the meal allowance and the profit sharing

programs in favor of its employees in 2015. The Bank filed an administrative appeal which was dismissed by the Federal Revenue Service. The Bank subsequently appealed the decision before the Board of Tax Appeals. As of the date of this Base Prospectus, the Board of Tax Appeals has not yet ruled on the appeal. As of December 31, 2020, the amount in controversy amounted to R\$2,134,658,248.3.

***Material Equity Participations***

The Bank is a shareholder of several companies providing financial or related services, including asset management, pension plans, investment banking, leasing, credit cards and consortium of assets and services.

## **DESCRIPTION OF THE BANK'S GRAND CAYMAN BRANCH**

The Bank's Grand Cayman Branch was established in 1976 with the main purpose of obtaining short-term funding used to finance trade-related transactions for Brazilian companies. Its registered office is at Banco do Brasil S.A. Grand Cayman Branch, 28 North Church Street, 2nd Floor, P.O. Box 1360GT - George Town - Grand Cayman, Cayman Islands.

The Bank's Grand Cayman Branch is registered as a foreign company under Part IX of the Companies Act and has a Class B banking license to operate in the Cayman Islands under the Cayman Banking Law. Such a license is granted by, and licensed banks are regulated by, the Cayman Islands Monetary Authority. This license allows the Bank's Grand Cayman Branch to conduct banking business within and outside the Cayman Islands, but prohibits the Bank's Grand Cayman Branch from taking deposits from residents of the Cayman Islands or to invest in any asset representing a claim on any person resident in the Cayman Islands, subject to certain exceptions. The results of operations of the Bank's Grand Cayman Branch are included in the Bank's consolidated and non-consolidated Financial Statements.

The liabilities of the Bank's Grand Cayman Branch are covered by its own resources in U.S. dollars but, under Brazilian law, the Bank is ultimately responsible for all obligations of the Bank's Grand Cayman Branch. The Bank's Grand Cayman Branch reports to the Bank's headquarters and has no separate legal status or existence. The CMN has issued regulations with respect to the operating and maintaining of offshore branches by Brazilian financial institutions as prescribed by CMN Resolution No. 2,723 of May 31, 2000.

The Bank's Grand Cayman Branch is currently engaged in the business of sourcing funds in the international banking and capital markets to provide lines of credit for the Bank, which are then extended to the Bank's clients, to be used as working capital and trade-related financings. The Bank's Grand Cayman Branch also takes deposits in foreign currency from corporate clients and extends credit to Brazilian and non-Brazilian clients, mainly in relation to trade finance with Brazil. All strategic decisions and operations carried out by the Bank's Grand Cayman Branch must be previously approved by the international division of the Bank.

## **DESCRIPTION OF THE BANK'S NEW YORK BRANCH**

The Bank's New York Branch was established in 1968 in the borough of Manhattan, New York City, with the main purpose of buying, selling, paying and collecting bills of exchange, issuing letters of credit, transferring funds by draft, check, cable or otherwise, granting loans and taking deposits, among other activities. The registered office of the New York branch is at 535 Madison Avenue, 34th Floor, New York, New York 10022, United States of America.

The Bank's New York Branch is a New York state-licensed foreign branch licensed by the New York Department of Financial Services. This license allows the Bank's New York Branch to conduct banking business in the state of New York as specified under Article V of the Banking Law of the State of New York. The results of operations of the New York branch are included in the Bank's consolidated and non-consolidated Financial Statements.

The liabilities of the Bank's New York Branch are covered by its own resources in U.S. dollars but, under Brazilian law, the Bank is ultimately responsible for all obligations of the Bank's New York Branch. The Bank's New York Branch reports to the Bank's headquarters and has no separate legal status or existence under Brazilian law. The CMN has issued regulations with respect to the operating and maintaining of offshore branches by Brazilian financial institutions as prescribed by CMN Resolution No. 2,723 of May 31, 2000.

The Bank's New York Branch is currently engaged in the business of sourcing funds in the international banking and capital markets to provide lines of credit for the Bank, which are then extended to the Bank's clients, to be used as working capital and trade-related financings. The Bank's New York Branch also takes deposits in foreign currency from corporate clients and extends credit to Brazilian and non-Brazilian clients, mainly in relation to trade finance with Brazil. All strategic decisions and operations carried out by the Bank's New York Branch must be previously approved by the international division of the Bank.

## **DESCRIPTION OF THE BANK'S LONDON BRANCH**

The Bank's London Branch was established in July 1971 in London, with the main purpose of buying, selling, paying and collecting bills of exchange, issuing letters of credit, transferring funds by draft, check, cable or otherwise, granting loans and taking deposits, among other activities. The registered office of the London branch is at 4th Floor, Pinners Hall, 105/108 Old Broad Street, London EC2N 1ER.

The Bank is an institution incorporated outside the European Economic Area (EEA) authorized to accept deposits through a branch in the United Kingdom. The Bank's London Branch is authorized in the United Kingdom by the Prudential Regulation Authority (PRA) and subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA. This license allows the Bank's London Branch to conduct banking business in the United Kingdom as specified most recently under the Financial Services Act of 2012. The results of operations of the Bank's London Branch are included in the Bank's consolidated and non-consolidated Financial Statements.

The liabilities of the Bank's London Branch are covered by its own resources in sterling but, under Brazilian law, the Bank is ultimately responsible for all obligations of the Bank's London Branch. The Bank's London Branch reports to the Bank's headquarters and has no separate legal status or existence under Brazilian law. The CMN has issued regulations with respect to the operating and maintaining of offshore branches by Brazilian financial institutions as prescribed by CMN Resolution No. 2,723 of May 31, 2000.

The Bank's London Branch is currently engaged in the business of sourcing funds in the international banking and capital markets to provide lines of credit for the Bank, which are then extended to the Bank's clients, to be used as working capital and trade-related financings. The Bank's London Branch also takes deposits in foreign currency from corporate clients and extends credit to Brazilian and non-Brazilian clients, mainly in relation to trade finance with Brazil. All strategic decisions and operations carried out by the Bank's London Branch must be previously approved by the international division of the Bank.

## MANAGEMENT

The Bank is managed by a Board of Directors and an Executive Board, located at its headquarters, in accordance with its bylaws and the Brazilian Corporations Law.

### Board of Directors

The Board of Directors of the Bank is responsible for establishing the Bank's general business policies and long-term strategy and monitoring the Executive Board. According to the Bank's bylaws and the Brazilian Corporations Law, the Bank's Board of Directors has strategic, monitoring and supervisory responsibilities but does not have a direct role in operating or executive activities.

The duties of the Board of Directors include: (i) approving policies, corporate strategy, the general business plan and master plan and the Bank's overall budget; (ii) deciding on (a) interim dividend distributions, including the retained earnings account or profit reserve existing in the latest annual or semi-annual balance sheet; (b) payment of interest on capital; (c) the purchase of the Bank's own shares on a temporary basis; (d) representing the Bank's interests in corporations in and outside Brazil; and (e) instruments through which the Bank will raise funds; (iii) analyzing the Bank's accounting statements and other financial statements on at least a quarterly basis; (iv) supervising the risk management systems and internal controls; (v) defining internal audit responsibilities and regulating their implementation, as well as appointing and dismissing the internal auditor; (vi) choosing and removing independent accountants, who may be subject to a reasonable veto; (vii) establishing the number of Executive Board members and electing them; (viii) approving the bylaws of committees of the Board of Directors and deciding on the creation, termination and operation of committees of the Board of Directors; (ix) approving the Executive Board and Audit Committee bylaws; (x) determining its employees' participation in the Bank's profits or income; (xi) submitting to the shareholders' meeting a list of three companies specialized in evaluating the value of the Banks' common shares; (xii) establishing financial targets; (xiii) electing and dismissing the members of the Audit Committee; (xiv) formally evaluating, by the end of each year, the performance of the Executive Board and the Audit Committee; and (xv) approving public equity offerings by the Bank.

The Board of Directors is composed of eight members, who are elected at the Bank's general meeting of shareholders for a term of office of two years, with reelection permitted for up to three consecutive renewals. At least two of the eight members of the Board of Directors must be independent members selected by minority shareholders, as set forth in the regulation for the listing of the shares on the *Novo Mercado* segment of the B3. The Federal Government has the right to select, for approval by the shareholders, up to six members. The independent members of the Board of Directors as of the date of this Base Prospectus are Aramis Sá de Andrade, Walter Eustáquio Ribeiro, Rachel de Oliveira Maia and Paulo Roberto Evangelista de Lima.

The meetings of the Board of Directors are held at least once a month or upon request of its Chairman or of two of its members. The meetings require the presence of at least the majority of the members. The decisions of the Board of Directors are made by a majority of votes, with the Chairman (or his/her replacement) casting any tie-breaking vote. The approval of five members of the Board is required for certain matters set forth in the bylaws in order to assure the participation of minority shareholders, as follows: (i) the approval of policies, corporate strategy, general business plan, and the Bank's overall budget; (ii) the definition of internal audit responsibilities and regulating their implementation, as well as appointing and dismissing the internal auditor; (iii) the appointment and removal of independent accountants, which may be vetoed based on due justification in accordance with the bylaws; and (iv) the approval of its bylaws and the decision on the creation, termination and operation of the Board of Directors committees.

As of the date of this Base Prospectus, the Board of Directors consisted of:

| <b>Name</b>                        | <b>Title</b>         | <b>Election Date</b> | <b>Term of Office Ends</b> |
|------------------------------------|----------------------|----------------------|----------------------------|
| Iêda Aparecida de Moura Cagni..... | Chairman             | April 28, 2021       | 2023                       |
| Débora Cristina Fonseca.....       | Director             | April 28, 2021       | 2023                       |
| Fausto de Andrade Ribeiro.....     | Director             | April 28, 2021       | 2023                       |
| Aramis Sá de Andrade.....          | Independent Director | April 28, 2021       | 2023                       |
| Walter Eustáquio Ribeiro.....      | Independent Director | April 28, 2021       | 2023                       |
| Rachel de Oliveira Maia.....       | Independent Director | April 28, 2021       | 2023                       |



| <u>Name</u>                             | <u>Title</u>         | <u>Election Date</u> | <u>Term of Office Ends</u> |
|---|----------------------|----------------------|----------------------------|
| Paulo Roberto Evangelista de Lima ..... | Independent Director | April 28, 2021       | 2023                       |
| Ariosto Antunes Culau .....             | Director             | August 4, 2021       | 2023                       |

### ***Biographical Information***

Biographical information of the members of the Board of Directors is set forth below:

#### *Iêda Aparecida de Moura Cagni*

*Chairman of the Board of Directors.* Ms. Cagni is the Chairman of the Board of Directors of the Bank as of May 5, 2021, and has previously been member of the Board of Directors, member of the Risks and Capital Committee and alternate member of the Supervisory Board of the Bank. She was the attorney general of the National Treasury/Ministry of the Economy General where she represented the Federal Government in the execution of its nonperforming debt of a tax nature. She also held the positions of Director of Corporate Management and of National Treasury Attorney. She has served as supervisory board member of BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A. – BB DTVM and as a board member of Federal Data Processing Service – SERPRO and Empresa Baiana de Águas e Saneamento.

#### *Débora Cristina Fonseca*

*Member of the Board of Directors.* Ms. Fonseca is a member of the Board of Directors and the Technology, Strategy and Innovation Committee. Other positions and roles she has had within the Bank include UT advisor at Super Large Corporate-SP and service manager at the Large Corporate Branch 3132-SP.

#### *Fausto de Andrade Ribeiro*

*Member of the Board of Directors.* Mr. Ribeiro is a member of the Board of Directors and the Chief Executive Officer of the Bank. He has been an executive manager in the Bank’s accounting department and in the channels unit of the Bank, and general manager of the Bank’s Madrid unit in Spain. He has served as a native member of the board of trustees of the Banco do Brasil Foundation, and has served as Chief Executive Officer for BB Administradora de Consórcios S.A., and an officer at the Spain/Brazil Chamber of Foreign Trade. He has also served as an alternate member of the board at TecBan - Tecnologia Bancária S.A.

#### *Aramis Sá de Andrade*

*Member of the Board of Directors.* Mr. Andrade is a member of the Board of Directors of the Bank and member of the Humans, Remuneration and Eligibility Committee. He has served as member of the board and a committee member for BB Previdência - Banco do Brasil Pension Fund, an alternate member of the Supervisory Board at Weg S.A, Chief Administrative and Financial Officer, Partner and quotaholder at Runpalbr Aceleradora de Startups de Empresas e Negócios Ltda. He has served as member of the Supervisory Board at Metalúrgica Gerdau S.A. and member of the board of directors and committee member at Infraero - Empresa Brasileira de Infraestrutura Aeroportuária S.A. Mr. Andrade has served as an alternate member of the Supervisory Board at Norte Energia S.A.

#### *Walter Eustáquio Ribeiro*

*Member of the Board of Directors.* Mr. Ribeiro is the Vice-Chair of the Board of Directors and member of the Humans, Remuneration and Eligibility Committee at the Bank. He has served as Director-General at the Mackenzie Presbyterian College and Faculty Brasília.

#### *Rachel de Oliveira Maia*

*Member of the Board of Directors.* Ms. Maia is a member of the Board of Directors of the Bank. She has served as member of the Board of Director of Vale S.A., Grupo de Moda Soma S.A. and CVC Brasil Operadora e Agência de Viagens S.A. She is the founder and CEO of Raquel de Oliveira Maia Ltda., and has served as general officer at Devanlay Ventures do Brasil Comércio, Importação, Exportação e Participação Ltda. and at Pandora do Brasil Comércio e Importação Ltda.

*Paulo Roberto Evangelista de Lima*

*Member of the Board of Directors.* Mr. de Lima is a member of the Board of Directors at the Bank and member of the Humans, Remuneration and Eligibility Committee and of the Risk and Capital Committee. He is member of the Supervisory Board at Cecrisa Revestimentos Cerâmicos S.A., alternate member of the Board of Directors at Tupy S.A., member of the Advisory Board of Avidus School Group, Chairman of the Supervisory Board and member of the Supervisory Board at Usiminas - Usinas Siderúrgicas de Minas Gerais S.A., and partner at Sustent'ar - Indústria, Comércio e Logística de Madeiras Ltda.

*Ariosto Antunes Culau*

*Member of the Board of Directors.* Mr. Culau is a member of the Board of Directors of the Bank. He has served as member of the Board of Directors of the Hospital de Clínicas de Porto Alegre and as Secretary of Professional and Technological Education at the Ministério da Educação. He has served as member of the Board of Directors of Pré-Sal Petróleo S.A. and Centrais Elétricas Brasileiras S.A., and CEO and member of the Board of Directors of Transmissora Sul Litorânea de Energia S.A., Banco do Nordeste S.A. and Empresa Gestora de Ativos – EMGEA.

## **Executive Board**

In accordance with the Bank's bylaws, the Executive Board consists of at least 10 and at most 37 members. The CEO of the Bank is appointed and may be replaced by the President of Brazil. The Executive Board may have up to nine Vice-Presidents and up to 27 Executive Officers. All officers are elected by the Board of Directors with terms of office of two years, except the President, who is appointed and dismissed by the President of the Federative Republic of Brazil. All members of the Executive Board must be active employees of the Bank. Officers may be re-elected up to three consecutive renewals.

The Executive Board consists of the CEO, the Vice-Presidents and the Executive Officers. Within the Executive Board, the CEO and Vice-Presidents constitute the Board of Officers. The Executive Board has its duties and rights set forth in the Bank's bylaws. The duties of the Board of Officers include: (i) approval and enforcement of the allocation of funds for operating and investment activities; (ii) authorization of the sale of permanent assets of the Bank, mortgages on its assets and guarantees of the obligations of third parties; and (iii) oversight regarding the internal organization of the Bank, the administrative structure and the creation, termination and functioning of the committees and administrative units.

Officers are responsible for carrying out decisions made in meetings of the Bank's shareholders and Board of Directors, as well as joint decisions of the Board of Officers and Executive Board.

As of the date of this Base Prospectus, the Executive Board consists of:

| <b>Name</b>                                    | <b>Title</b> | <b>Election Date</b> | <b>Term of Office<br/>Ends</b> |
|--|--------------|----------------------|--------------------------------|
| Fausto de Andrade Ribeiro <sup>(1)</sup> ..... | CEO          | April 28, 2021       | 2023                           |
| José Ricardo Fagonde Forni .....               | CFO          | July 2, 2021         | 2023                           |
| Ana Paula Teixeira de Sousa .....              | Officer      | July 2, 2021         | 2023                           |
| Antonio José Barreto de Araújo Júnior ..       | Officer      | July 2, 2021         | 2023                           |
| Carlos Motta dos Santos .....                  | Officer      | July 2, 2021         | 2023                           |
| Ênio Mathias Ferreira .....                    | Officer      | July 2, 2021         | 2023                           |
| João Carlos de Nobrega Pecego .....            | Officer      | July 2, 2021         | 2023                           |
| Marcelo Cavalcante de Oliveira Lima....        | Officer      | July 2, 2021         | 2023                           |
| Renato Luiz Bellinetti Naegele.....            | Officer      | July 2, 2021         | 2023                           |
| Adelar Valentim Dias .....                     | Officer      | July 2, 2021         | 2023                           |
| Antônio Carlos Wagner Chiarello .....          | Officer      | July 2, 2021         | 2023                           |
| Carla Nesi .....                               | Officer      | July 2, 2021         | 2023                           |
| Eder Luiz Menezes de Faria .....               | Officer      | July 2, 2021         | 2023                           |
| Edson Rogério da Costa .....                   | Officer      | July 2, 2021         | 2023                           |
| Eduardo Cesar Pasa .....                       | Officer      | July 2, 2021         | 2023                           |
| Felipe Guimarães Geissler Prince.....          | Officer      | July 2, 2021         | 2023                           |
| Francisco Augusto Lassalvia .....              | Officer      | July 2, 2021         | 2023                           |

| <b>Name</b>                            | <b>Title</b> | <b>Election Date</b> | <b>Term of Office Ends</b> |
|--|--------------|----------------------|----------------------------|
| Gerson Eduardo de Oliveira .....       | Officer      | July 2, 2021         | 2023                       |
| Guilherme Alexandre Rossi.....         | Officer      | July 8, 2021         | 2023                       |
| Jayme Pinto Junior .....               | Officer      | July 19, 2021        | 2023                       |
| João Leocir Dal Rosso Frescura .....   | Officer      | July 2, 2021         | 2023                       |
| João Vagnes de Moura Silva .....       | Officer      | July 2, 2021         | 2023                       |
| Lucinéia Possar.....                   | Officer      | July 2, 2021         | 2023                       |
| Marco Túlio de Oliveira Mendonça ..... | Officer      | July 2, 2021         | 2023                       |
| Márvio Melo Freitas.....               | Officer      | July 2, 2021         | 2023                       |
| Maurício Nogueira.....                 | Officer      | July 2, 2021         | 2023                       |
| Paula Sayão Carvalho Araújo.....       | Officer      | July 2, 2021         | 2023                       |
| Paulo Augusto Ferreira Bouças .....    | Officer      | July 2, 2021         | 2023                       |
| Pedro Bramont.....                     | Officer      | July 19, 2021        | 2023                       |
| Rodrigo Mulinari.....                  | Officer      | July 8, 2021         | 2023                       |
| Thiago Affonso Borsari.....            | Officer      | July 2, 2021         | 2023                       |
| Thompson Soares Pereira César .....    | Officer      | July 8, 2021         | 2023                       |

- (1) The President (CEO) of the Bank, in accordance with Article 24, item I of the bylaws, is appointed and dismissed by the President of the Federative Republic of Brazil.

### **Biographical Information**

The biographical information of the current members of the Executive Board is as follows:

*Chief Executive Officer.* Mr. Ribeiro is a member of the Board of Directors and the Chief Executive Officer of the Bank. He has been an executive manager in the Bank's accounting department and in the channels unit of the Bank, and general manager of the Bank's Madrid unit in Spain. He has served as a native member of the board of trustees of the Banco do Brasil Foundation, and has served as Chief Executive Officer for BB Administradora de Consórcios S.A., and an officer at the Spain/Brazil Chamber of Foreign Trade. He has also served as an alternate member of the board at TecBan - Tecnologia Bancária S.A.

#### *José Ricardo Fagonde Forni*

*Chief Financial and Investor Relations Officer.* Mr. Forni is the Chief Financial and Investor Relations Officer. He has also served as Director of Procurement, Infrastructure and Assets, Director of Internal Controls, Assistant Manager Abroad - BB London (England) and Executive Manager on the Risk Management Board at the Bank. He has been a member of the Supervisory Board of Elopap Participações Ltda., Caixa de Assistência dos Funcionários do Banco do Brasil and Ativos S.A. Securitizadora de Créditos Financeiros (Chairman), Chairman of the Advisory Board at BBTur Viagens e Turismo Ltda., Director of Administrative, Financial, Risk, and Compliance at Brasilcap Capitalização S.A., Executive Product Manager; Executive Manager of Fund Management at BB Gestão de Recursos DTVM S.A., member of the Board of Directors at BB Asset Management Ireland Limited

The BB Fund SPC – Grand Cayman (Cayman Islands) - Member of the Board of Directors.

#### *Ana Paula Teixeira de Sousa*

*Director of Internal Controls.* Ms. de Sousa is the Director of Internal Controls and Executive Manager in the Risk Management Department at the Bank. She has served as Commercial and Product Executive Director at BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A., Chief Executive Officer at Besc Distribuidora de Títulos e Valores Mobiliários S.A., alternate member of the Supervisory Board at BB Leasing S.A., full member of the Board of Directors at Lívolo S.A., Chairman of the Board of Directors at BB Administradora de Consórcios S.A., member of the Deliberative Board at Economus Institute of Social Security and Chairman of the Supervisory Board at BB Tur Viagens e Turismo Ltda.

#### *Antonio José Barreto de Araújo Júnior*

*Chief Government Affairs and Sustainability Officer.* Mr. de Araújo Júnior is the Chief Government Affairs and Sustainability Officer at the Bank. He has served as Special Secretary for Social Development and Executive Secretary at the Ministry of Citizenship and as Interim Executive Secretary, Deputy Chief of the

Government Policy Analysis and Monitoring Sub-Committee, Articulation and Monitoring Deputy Chief and Deputy Executive Deputy of the Government Policy Analysis and Monitoring, Director of the Executive Secretariat, Special Advisor and Deputy Executive Secretary at Casa Civil da Presidência da República, and as advisor to the minister at the Ministry of Science, Technology, Innovation and Communications. He held the positions of Interim Executive Secretary and Chief of Staff to the Executive Secretary at the Ministry of Labor, and of Special Advisor, Advisor and Head of Parliamentary Advisory at Brazil's Ministry for Cities.

*Carlos Motta dos Santos*

*Chief Retail Officer.* Mr. dos Santos is the Chief Retail Officer of the Bank. He has also served as Chief Retail Distribution Officer, General Manager of the Individual, Legal Entity, and Agribusiness Unit, State Superintendent of Retail, Executive Manager of Strategy and Organization, Executive Manager of São Paulo Distribution and Regional Superintendent of Retail (Rio de Janeiro) at the Bank.

*Ênio Mathias Ferreira*

*Chief Corporate Officer.* Mr. Ferreira is the Chief Corporate Officer at the Bank. He has also served as member of the Humans, Remuneration and Eligibility Committee, Government Officer and Executive Manager of the Government and Technology Boards at the Bank. He has also served as alternate member of the Supervisory Board, member of the Deliberative Board and member of the Decision Committee at the Banco do Brasil Employee Pension Fund.

*João Carlos de Nobrega Pecego*

*Chief Wholesale Officer.* Mr. Pecego is the Chief Wholesale Officer at the Bank. He has served as Chief Executive Officer at Banco Patagonia S.A.

*Marcelo Cavalcante de Oliveira Lima*

*Chief Technology and Business Development Officer.* Mr. Lima is the Chief Technology and Business Development Officer at the Bank. He has served as acting CEO, as Director of Finance and Internal Services and Director of Technology and Services at BB Tecnologia e Serviços S.A.

*Renato Luiz Bellinetti Naegele*

*Chief Agribusiness Officer.* Mr. Naegele is the Chief Agribusiness Officer at the Bank. He has served as Public Policy Manager at Sebrae Nacional and as advisor at Brazil's Federal Senate.

*Adelar Valentim Dias*

*Internal Controls and Compliance Officer.* Mr. Dias is the Internal Controls and Compliance Officer at the Bank. He has also served as Executive Manager of the Account Department at the Bank.

*Antônio Carlos Wagner Chiarello*

*Agribusiness Officer.* Mr. Chiarello is the Agribusiness Officer at the Bank. He has also served as Executive Manager of the Business Solutions Department and Executive Manager of the Agribusiness Department at the Bank.

*Carla Nesi*

*Retail Business Officer.* Ms. Nesi is the Retail Business Officer (SME and Individuals) at the Bank. She has also served as Individual Client Account Officer, Executive Manager (Individual Customer Directorship), Executive Manager of Retail Integration and Executive Manager of Channels at the Bank.

*Eder Luiz Menezes de Faria*

*Supplies, Infrastructure and Property Officer.* Mr. de Faria is the Supplies, Infrastructure and Property Officer at the Bank. He has also served as the Executive Manager of Supplies, Infrastructure and Property Directorship and Audit Manager of the Internal Audit Unit at the Bank.

*Edson Rogério da Costa*

*Payment Methods Officer.* Mr. da Costa is the Payment Methods Officer at the Bank. He has also served as Business Retail Officer, Southeast Distribution Officer, São Paulo Distribution Officer, Credit Officer, Corporate Bank Officer, Commercial Officer, Alternate Director of the Board of Directors and General Manager of Strategic Unit at the Bank. Mr. da Costa has served as member of the following boards: Alelo, Cateno Gestão de Contas de Pagamento S.A., Cielo, S.A., Elo Serviços, Parati S.A., Luce Empreendimentos e Participações S.A., Light S.A., Light Energia S.A., BB Securities Limited, Banco do Brasil Securities LLC and BB Securities Asia Pte. Ltd. In addition, he has served as member of the Supervisory Board at BB Banco de Investimento S.A., member of the Executive Board and member of the Ethical Conduct Committee Elo Participações (Elopar), member of the Audit Committee at Grupo Segurador BB Mapfre - SH1 e SH2 Participações S.A., member of the Advisory Board at BBTUR Viagens e Turismo Ltda., member of the Supervisory Board and Committees at Banco do Brasil Aktiengesellschaft, Vienna (Austria), member of Executive Board at BB Cartões, and member of Innovation Forum, the Sustainability Committee and the Board of Corporate Governance Cielo, S.A.

*Eduardo Cesar Pasa*

*Accounting Officer.* Mr. Pasa is the Accounting Officer and General Manager of the Accounting Unit (General Accountant) at the Bank. He has served as member of the Supervisory Board at BB Tecnologia e Serviços (BBTS), Cateno Gestão de Contas de Pagamento S.A., Centrais Elétricas Brasileiras S.A., Caixa de Assistência dos Funcionários do Banco do Brasil, Petrobrás S.A., Brasilprev Seguros e Previdência S.A. and Vale S.A. He has also served as member of the Controllership Committee at Vale S.A., member of the Deliberative Board at Caixa de Previdência dos Funcionários do Banco do Brasil and member of the Board of Directors at Indústria de Metal Bélico do Brasil.

*Felipe Guimarães Geissler Prince*

*Credit Officer.* Mr. Prince is the Credit Officer at the Bank. He has also served as Executive Manager of the Credit Board at the Bank.

*Francisco Augusto Lassalvia*

*Corporate and Investment Bank, Capital Markets and Infrastructure Officer.* Mr. Lassalvia is the Corporate and Investment Bank, Capital Markets and Infrastructure Officer at the Bank. He has also served as General Manager of the Private Bank Unit, Retail Superintendent (Sao Paulo), Executive Manager (Southeast Distribution Directorate), Regional Superintendent (Florianopolis) at the Bank. He was an Officer at Distribuidora de Títulos e Valores Mobiliários, member of the Advisory Board at Caixa de Previdência dos Funcionários do Banco do Brasil S.A., alternate member of the Supervisory Board at Brasilprev, member of the Board of Directors at BB Securities LLC, member of the Deliberative Board at Sebrae and member of the Board of Directors at Planejar.

*Gerson Eduardo de Oliveira*

*Risk Management Officer.* Mr. de Oliveira is the Risk Management Officer at the Bank. He has also served as Executive Manager of the Risk Management Board at the Bank. Mr. de Oliveira has been a member of the Advisory Board of the Benefit Plan 1 Banco do Brasil Employee Pension Fund, member of the Board of Directors and of the Audit Committee at BB Tecnologia e Serviços, member of the Risk Committee at Cielo S.A., member of the Supervisory Board at Brasilgeg Cia de Seguros, Aliança do Brasil Seguros S.A., Besc Distribuidora de Títulos e Valores Mobiliários S.A. and BB Banco de Investimento, and has served as member of the Board of Directors at Banco Digio, BB Securities LTD, BB Securities Londres LLC and BB Securities Asia Pte. Mr. de Oliveira is the owner and partner of, as well as a professor in, an educational venture.

*Guilherme Alexandre Rossi*

*Commercial Officer High Retail.* Mr. Rossi is the Commercial Officer High Retail at the Bank. He has also served as General Manager of the Funding and Investments Unit, State Superintendent (Santa Catarina),

Executive Manager (Private Bank) and Regional Superintendent High Income (Sao Paulo) at the Bank. Mr. Rossi has been a member of the Board of Directors of the Fundação Habitacional do Exército and Associação de Poupança e Empréstimo, and has been the Retail Commercial Superintendent at Brasilprev Seguros e Previdência S.A.

*Jayme Pinto Junior*

*Foreign Trade and Corporate Bank Officer.* Mr. Pinto Junior is the Foreign Trade and Corporate Bank Officer at the Bank. He has also served as General Manager of the Foreign Trade Unit at the Bank.

*João Leocir Dal Rosso Frescura*

*Operations Officer.* Mr. Frescura is the Operations Officer of the Bank. He has also served at the Bank as General Manager of the Operations Unit and Executive Manager of the Operations Unit. Mr. Frescura has been a member of the Supervisory Boards at BB Leasing S.A. and Cateno Gestão de Contas de Pagamento S.A.

*João Vagnes de Moura Silva*

*Comptroller.* Mr. Silva is the Comptroller of the Bank. He has also served as Executive Manager on the Credit Board of the Bank. He has been Chairman at BB Tecnologia e Serviços S.A., Director of Fund Administration and Management at BB Gestão de Recursos DTVM S.A, Chief Investments Officer and member of the Decision-Making Board at Economus Institute of Social Security, alternate member of the Deliberative Board at Caixa de Previdência dos Funcionários do Banco do Brasil, and member of the Third-Party Funds Management Committee at the Brazilian Association of Financial Capital Markets and Financial Entities (*Associação das Entidades dos Mercados Financeiros e de Capitais*).

*Lucinéia Possar*

*Legal Officer.* Mr. Possar is the Bank's Legal Officer. He has also served as Legal Executive Manager and Legal Division Manager at the Bank, member of the Supervisory Board at BB Seguridade, alternate member of the Voting Board at Previ, Deputy Sector Director of the Executive Committee for Legal Affairs at the Brazilian Federation of Banks, member of the Related Parties Committee at Banco Votorantim S.A. Mr. Possar is a professor at Centro Universitário de Brasília.

*Marco Túlio de Oliveira Mendonça*

*Loans Solutions Officer.* Mr. Mendonça is the Loans Solutions Officer at the Bank. He has also served as Customer Solutions Officer, Credit Officer, Foreign Regional Manager, Executive Manager and Project Manager at the Bank. *Márvio Melo Freitas*

*Strategy and Organization Officer.* Mr. Freitas is the Strategy and Organization Officer at the Bank. He has also served as Controllershship Officer, Controllershship Executive Manager and Controllershship Manager at the Bank. Mr. Freitas has been a member of the following Board of Directors: Banco Patagonia S.A., Caixa de Previdência dos Funcionários do Banco do Brasil and BB Tecnologia e Serviços (where he served as Chairman). He has also been a member of the Finance Committee and an alternate Supervisory Board member at Banco Votorantim S.A., member of the Related Party Transactions Committee at BB Seguridade Participações S.A. and member of the Supervisory Board at Cateno Gestão de Contas de Pagamento S.A.

*Mauricio Nogueira*

*Financial Officer.* Mr. Nogueira is the Financial Officer at the Bank. He has served as Executive Manager on the Finance Board of the Bank. He has been member of the Supervisory Boards at BB Seguros, BB Securities, BB AG and Economus, member of the Deliberative Council at BB Previdência, member of the Audit Committee at Brasilcap Capitalização S.A., and officer at BB Leasing S.A., Banco Patagonia, S.A. and BB Cayman Islands Holding.

*Paula Sayão Carvalho Araújo*

*Marketing and Communication Officer.* Ms. Araújo is the Marketing and Communication Officer at the Bank. She has also served as Digital Business Officer, Executive Manager of Marketing and Communications

and General Manager (Brasília) at the Bank. Ms. Araújo has been member of the Open Banking Executive Committee S1/S2 and member of the Executive Innovation Committee at the Brazilian Federation of Banks, alternate member of the Board of Directors at BB Corretora de Seguros e Administração de Bens S.A. and at Brasilprev Seguros e Previdência S.A., member of the Marketing and Product Committee at Cartões Elo S.A., member of the Marketing and Product Committee at Elo Participações S.A., member of the Board of Directors at Caixa de Assistência dos Funcionários do Banco do Brasil and at the Banco do Brasil Pension Funds.

*Paulo Augusto Ferreira Bouças*

*Government Officer.* Mr. Bouças is the Government Officer at the Bank. He has also served as Executive Manager of the Marketing and Communication Department, General Manager of Centro Cultural Banco do Brasil and Solutions Manager at the Marketing and Communication Directorate at the Bank.

*Pedro Bramont*

*Digital Business Officer.* Mr. Bramont is the Digital Business Officer at the Bank. He has served as Statutory Officer and Executive Manager at BB Seguridade Participações S.A., Chairman of the Board of Directors at Brasilcap Capitalização S.A. and Chairman of the Deliberative Council and Supervisory Board at Fundação Codesc de Seguridade Social.

*Rodrigo Mulinari*

*Technology Officer.* Mr. Mulinari is the Technology Officer at the Bank. He has also served as General Manager and Executive Manager of the Technology Board and Technology Director Solutions Manager at the Bank.

*Thiago Affonso Borsari*

*Culture Management and Human Resources Officer.* Mr. Borsari is the Culture Management and Human Resources Officer at the Bank. He has also served as Digital Business Officer, Executive Manager of the of Culture and Personnel Management Board and the Solutions Manager of the Culture and Personnel Management Board at the Bank. Mr. Borsari has been member of the Supervisory Board at Banco do Brasil Aktiengesellschaft, member of the Deliberative Board at Caixa de Assistência dos Funcionários do Banco do Brasil, alternate member of the Advisory Board at Caixa de Previdência dos Funcionários do Banco do Brasil, member of the Compensation and Personnel Committee at Interbank Payment Chamber, member of the Compensation Committee at Tecnologia Bancária S.A. and member of the Compensation and Personnel Committee at QUOD.

*Thompson Soares Pereira César*

*Business Retail Officer.* Mr. César is the Business Retail Officer at the Bank. He has served as Service and Network Officer, General Manager of the Foreign Trade Unit and Superintendent of Super Private Bank.

## **Fiscal Council**

The Fiscal Council consists of five incumbent members (and their respective alternates), who are elected to two-year terms at the annual shareholders' meeting, with reelection permitted for up to two more consecutive periods. Minority shareholders are entitled to elect two members to the Fiscal Council. The Fiscal Council is required to hold a general meeting once a month, and special meetings whenever it is deemed necessary by any of its members or the Bank's management.

In addition to the duties set forth in the Brazilian Corporation Law and in the Bank's bylaws, the Fiscal Council's duties include: (i) supervise the actions of the Bank's management to ensure compliance with their legal and statutory duties; (ii) review the annual management report and any supplementary information provided for the annual shareholders' meetings; (iii) express an opinion on the proposals of the various management bodies regarding change to capital stock, issuance of debt or equity, investment plans, dividends, and the budget of the Bank, to be presented at the annual shareholders' meetings; and (iv) review the Bank's annual financial statements.

At the annual shareholders' meeting held on April 28, 2021, the Bank elected members to its Supervisory Board for the term ending in April 2023:

| <b>Name</b>                             | <b>Title</b>     | <b>Election Date</b> | <b>Term of Office Ends</b> |
|---|------------------|----------------------|----------------------------|
| Rafael Cavalcanti de Araújo.....        | Incumbent member | April 28, 2021       | 2023                       |
| Aloísio Macário Ferreira de Souza.....  | Incumbent member | April 28, 2021       | 2023                       |
| Lucas Pedreira do Couto Ferraz.....     | Incumbent member | April 28, 2021       | 2023                       |
| Carlos Alberto Rechelo Neto.....        | Incumbent member | April 28, 2021       | 2023                       |
| Samuel Yoshiaki Oliveira Kinoshita..... | Incumbent member | April 28, 2021       | 2023                       |
| Lena Oliveira de Carvalho.....          | Alternate        | April 28, 2021       | 2023                       |
| Sueli Berselli Marinho.....             | Alternate        | April 28, 2021       | 2023                       |
| Tiago Brasil Rocha.....                 | Alternate        | April 28, 2021       | 2023                       |

**Biographical Information**

Biographical information on each member of the Supervisory Board is set forth below.

*Rafael Cavalcanti de Araújo*

*Member of the Supervisory Board.* Mr. de Araújo has served as General Coordinator of Economic-Tax Studies, and Federal Auditor of Finances and Control at the National Treasury Secretary, Ministry of Economy of Brazil. Mr. de Araújo has been Deputy Secretary for Tax Governance and Lottery Regulation for the Bureau for Tax Monitoring, Energy, and Lottery of the Ministry of Finance of Brazil, and General Coordinator of Tax and Fiscal Policy and Chief of Cabinet at the Bureau of Economic Policy of the Ministry of Finance of Brazil.

*Aloísio Macário Ferreira de Souza*

*Member of the Supervisory Board.* Mr. de Souza has served as member of the Supervisory Boards at Battistella Administração e Participação S.A., Bradespar S.A., Portosul Participações S.A., Usiminas Siderúrgicas de Minas Gerais S.A., Eternit S.A., Guarani S.A. and Eletrobrás S.A. Mr. de Souza is a member of the Corporate Audit Committees at Celesc and Eletrobrás S.A., an alternate member of alternate member of the Board of Directors and a member of the Human Resources Committee at Cemig, Cemig D e Cemig GT, and Human Resources and Culture Management Officer and member of the Board of Directors Usiminas Siderúrgicas de Minas Gerais S.A.

*Lucas Pedreira do Couto Ferraz*

*Member of the Supervisory Board.* Mr. Ferraz has served as Secretary of Foreign Trade at the Ministry of the Economy of Brazil and Coordinator of the Brazilian Chair at the World Trade Organization. He is a professor and Coordinator of the Global Trade and Investment Center at the Getúlio Vargas Foundation/School of Economics of São Paulo, and founding member of the BRICS-TERN Network.

*Samuel Yoshiaki Oliveira Kinoshita*

*Member of the Supervisory Board.* Mr. Kinoshita has served as Special Adviser to the Minister of State for Economic Affairs, Ministry of the Economy of Brazil, Investment Manager at Kapitalo Investimentos Ltda. and Chief Economist at Bozano Investimentos Ltda.

*Carlos Alberto Rechelo Neto*

*Member of the Supervisory Board.* Mr. Neto has served as Chief Risk and Financial Officer at TBG S.A., Chairman of the Supervisory Board at Braskem S.A., member of the Board of Directors at Petrobrás Europe



Limited and Petrobrás Oil & Gas B.V., and Chief Risk Officer, Advisor, Risk Manager and Head of Governance at Petrobrás S.A.

*Lena Oliveira de Carvalho*

*Alternate member of the Supervisory Board.* Ms. de Carvalho has served as Coordinator of Strategic Public Debt Planning and Federal Auditor of Finances and Control at the Ministry of Economy of Brazil, and as member of the Supervisory Board at BB Corretora de Seguros e Administradora de Bens S.A.

*Sueli Berselli Marinho*

*Alternate member of the Supervisory Board.* Ms. Marinho has served as member of the Supervisory Boards of Odontoprev S.A. and Vale S.A. (alternate member), and member of the Advisory Board of Immunity Soluções em Saúde Ltda.

*Tiago Brasil Rocha*

*Alternate member of the Supervisory Board.* Mr. Rocha has served as an alternate member of the Supervisory Board and Financial and Investor Relations Officer at Klabin S.A. and CEO of BFS Consultoria e Assessoria Financeira Ltda. Mr. Rocha is the founder of Build from Scratch.

#### **Audit Committee**

The responsibilities of the Bank’s Audit Committee include: (i) assisting the Board of Directors in matters pertaining to the Bank’s internal audit, including assigning duties and monitoring; (ii) supervising the activities and analyzing the work of the Bank’s independent accountants; and (iii) exercising its functions and duties in companies controlled by the Bank that adopt a sole audit committee regime.

The Audit Committee was created on a permanent basis in accordance with the bylaws of the Bank, and consists of three to five members, all serving for a three-year term, renewable for a maximum period of three years. Members of the Audit Committee were elected on September 17, 2019 and 2020, and on February 9, 2021.

As of the date of this Base Prospectus, the Audit Committee consisted of:

| <b>Name</b>                              | <b>Title</b> | <b>Election Date</b> | <b>Term of Office Ends</b> |
|--|--------------|----------------------|----------------------------|
| Egídio Otmar Ames.....                   | Member       | September 17, 2020   | 2023                       |
| Luiz Serafim Spinola Santos .....        | Member       | September 17, 2019   | 2021                       |
| Marcos Tadeu Siqueira.....               | Member       | September 17, 2020   | 2022                       |
| Vera Lucia de Almeida Pereira Elias..... | Member       | February 9, 2021     | 2024                       |

In addition to other statutory duties, the Audit Committee has the following responsibilities: (i) recommend independent accountants to the Board of Directors to serve as (or replace) outside auditors, as necessary; (ii) review drafts of the Bank’s Financial Statements and notes, management reports and audit reports; (iii) supervise the accounting and auditing of the Bank, including compliance with internal procedures, regulations and codes and applicable legislation; (iv) evaluate the implementation of recommendations made by independent accountants or by the management on internal audit procedures; (v) receive and disseminate information on any noncompliance with internal procedures or applicable legislation to the Bank, as well as to instruct managers on internal controls and procedures to be adopted, including specific provisions for the protection of service providers and confidential information; (vi) recommend to the Executive Board any correction or improvement of policies, practices or procedures identified during the supervision process; (vii) verify at quarterly meetings with the Executive Board the implementation of its recommendations or clarification of its inquiries; (viii) recommend to the Executive Board the establishment of audit committees in affiliated companies, if necessary at its discretion, in accordance with applicable legislation; (ix) consider, prior to the approval of the Board of Directors, the annual plans for internal audit activities, the annual report on the internal audit activities and the semi-annual report on internal controls; and (x) inform the Central Bank, within three days of identifying the problem, of the existence of or evidence that an error or fraud has occurred.

## Compensation and Eligibility Committee

On January 10, 2012, the Board of Directors approved the creation of the Compensation Committee, in alignment with the provisions of CMN Resolution No. 3,921 of November 25, 2010 (“**CMN Resolution No. 3,921**”). There is only one Compensation and Eligibility Committee in the entire conglomerate.

At the Shareholders’ Meeting held on April 26, 2012, the amendments to the bylaws of the Bank were approved. The bylaws now contain the number of members, the criteria for appointment, dismissal and term of office and the duties of the Compensation Committee as required by Resolution CMN No. 3.921.

The Committee consists of five effective members, with a two-year term, renewable for up to three additional terms. Committee members are elected and dismissed by the Board of Directors. The Committee will be composed as follows: one member chosen from among the members of the Board of Directors appointed by the minority shareholders, one member chosen from among the members of the Board of Directors appointed by the Federal Government, and three members selected at the discretion of the Board of Directors, provided that the Committee must have a majority of independent members.

The Compensation Committee aims to assist the Board of Directors in establishing the remuneration policy for executives of the Bank, whose responsibilities are, in addition to those specified in the Bank’s bylaws: (i) developing the remuneration policy of executive officers, proposing to the Board the various forms of fixed and variable compensation, plus benefits and special programs for recruitment and termination; (ii) overseeing the implementation and operation of the remuneration of executive officers of the Bank; (iii) reviewing annually the remuneration policy of the Bank’s executive officers, recommending to the Board their correction or improvement; (iv) propose to the Board the remuneration of the management to be submitted to the General Shareholders’ Meeting, pursuant to art. 152 of Brazilian Corporations Law; (v) evaluate future scenarios, both internal and external, and their possible impacts on the remuneration policy for executive officers; (vi) review the remuneration policy for executive officers of the Bank in relation to market practices, in order to identify significant discrepancies with respect to similar companies by offering the necessary adjustments; (vii) ensure that the remuneration policy for executive officers is permanently compatible with the Bank’s risk management policy, goals and current and expected financial situation and in compliance with applicable laws; (viii) propose to the Board the establishment of the Compensation and Eligibility Committee in related companies of the Bank, if it deems appropriate, subject to the requirements of law; (ix) fulfill other duties determined by the Board and the Central Bank; (x) issue opinions to assist the shareholders in the appointment of administrators, members of the advisory committees to the Board of Directors, and Fiscal Council members, considering the requirements of each such committee; and (xi) review the processes of the administrators, advisory committee members and Board members for conformity to the requirements of such roles. The Compensation Committee will meet: (i) ordinarily, at least semiannually, to evaluate and propose to the Board the fixed and variable remuneration of the directors of the Bank and of its subsidiaries that adopt the system of single committee, (ii) ordinarily, in the first three months of the year to evaluate and propose the total annual remuneration to be fixed for the members of the administration, to be submitted to the General Meetings of the Bank and the companies that adopt the system of Compensation Committee only, and (iii) extraordinarily, convened by the coordinator, to issue opinions regarding the fulfillment of requirements by those appointed to offices in the Bank’s management or to review the conformity of practices of the management bodies to the requirements. Members of the Compensation Committee were elected on the dates indicated in the following table.

As of the date of this Base Prospectus, the Compensation Committee consisted of:

| <b>Name</b>                             | <b>Title</b> | <b>Election Date</b> | <b>Term of Office<br/>Ends</b> |
|---|--------------|----------------------|--------------------------------|
| Egídio Otmar Ames.....                  | Coordinator  | September 19, 2019   | 2021                           |
| Paulo Roberto Evangelista de Lima ..... | Member       | May 12, 2021         | 2023                           |
| Énio Mathias Ferreira .....             | Member       | May 14, 2021         | 2023                           |
| Walter Eustáquio Ribeiro .....          | Member       | June 17, 2021        | 2023                           |
| Aramis Sá de Andrade.....               | Member       | July 2, 2021         | 2023                           |

## Risk and Capital Committee

A new committee, the Risk and Capital Committee, was formed in March 2019. This committee consists of four members with two-year terms, comprised of one member chosen from among the minority directors of the board, and three members chosen from among the members of the Board of Directors appointed by the Federal Government. The responsibilities of the Risk and Capital Committee include setting forth the risk management policies and capital management plans of the Bank and monitoring the implementation of and compliance with such policies. As of the date of this Base Prospectus, the Risk and Capital Committee consisted of:

| <u>Name</u>                             | <u>Title</u> | <u>Election Date</u> | <u>Term of Office<br/>Ends</u> |
|---|--------------|----------------------|--------------------------------|
| Vilmar Gongora.....                     | Chairman     | September 19, 2019   | 2021                           |
| Paulo Roberto Evangelista de Lima ..... | Member       | September 19, 2019   | 2021                           |
| Regina Helena Jorge Nunes.....          | Member       | November 6, 2019     | 2021                           |
| Iêda Aparecida de Moura Cagni.....      | Member       | May 21, 2021         | 2023                           |

## Compensation

The Brazilian Corporations Law provides that it is the responsibility of the shareholders to set the individual or overall management compensation amount at the annual meeting of shareholders. Whenever this amount is set on an overall basis, the Board of Directors will decide on the manner of allocating this set amount among its members and the Executive Board.

The general shareholders' meeting held on April 29, 2014, established overall management compensation of R\$64.1 million for the period between April 2014 and March 2015, which includes monthly salaries, annual bonus, profit sharing, variable compensation, union fees, life insurance, housing costs and transfer costs. At the same meeting, it was established that the monthly salaries for members of the Board of Directors and Supervisory Board be set at one-tenth of the average monthly salary of members of the Executive Board, not including payments related to profit sharing, variable compensation, annual bonus, union fees, life insurance, health insurance, housing costs and transfer costs.

On May 27, 2013, the Bank disclosed that pursuant to Paragraph 4 of Article 157 of the Brazilian Corporations Law, and to CVM Instruction No. 358, the CVM approved, and the Bank will begin, repurchasing the Bank's shares to be used for variable compensation of its Executive Board members.

The Bank's model of compensation for directors and officers is expected to change in view of the requirements of CMN Resolution No. 3,921. CMN Resolution No. 3,921 establishes new rules related to the compensation of directors and officers of financial institutions. Variable compensation may be based on specific criteria set forth in Resolution No. 3,921 and is required to be compatible with the financial institution's risk management policies. At least 50.0% of the variable compensation must be paid in stock or stock-based instruments and at least 40.0% of the variable compensation must be deferred for future payment by at least three (3) years and is subject to claw-backs, based on the results of the institution and the business unit during the period of deferral. These rules took effect on January 1, 2012 and are applicable to compensation based on the services rendered during 2012. In addition, financial institutions that are publicly-held companies or required by the Central Bank to establish an audit committee must also establish a compensation committee prior to the first shareholders' meeting of 2012. Such committee must follow the requirements set forth in CMN Resolution No. 3,921.

The table below sets forth the overall management compensation as of and for the years ended December 31, 2020 and 2019.

|                          | <u>As of December 31,</u> |              |
|--------------------------|---------------------------|--------------|
|                          | <u>2020</u>               | <u>2019</u>  |
|                          | <i>(in R\$)</i>           |              |
| Board of Directors ..... | 312,355.8                 | 306,548.1    |
| Supervisory Board .....  | 331,960.5                 | 352,748.4    |
| Executive Board .....    | 48,951,217.7              | 53,939,042.2 |

**Total** ..... 49,595,534.0 54,598,338.7

The following tables set forth the highest, lowest and average annual individual management compensation as of and for the years ended December 31, 2020 and 2019.

| <b>For the year ended December 31, 2020</b>                   | <b>Board of Directors</b> | <b>Supervisory Board</b> | <b>Executive Board</b> |
|---|---------------------------|--------------------------|------------------------|
|   |                           | <i>(in R\$)</i>          |                        |
| Highest individual compensation .....                         | 71,079.2                  | 71,072.3                 | 1,449,159.7            |
| Lowest individual compensation .....                          | 71,072.3                  | 71,072.3                 | 931,191.2              |
| Average value of individual compensation <sup>(1)</sup> ..... | 70,668.7                  | 68,586.9                 | 1,189,002.1            |

(1) According to CVM rules, the average individual compensation is calculated considering the number of total seats available on the boards instead of the actual number of active members.

| <b>For the year ended December 31, 2019</b>                   | <b>Board of Directors</b> | <b>Supervisory Board</b> | <b>Executive Board</b> |
|---|---------------------------|--------------------------|------------------------|
|   |                           | <i>(in R\$)</i>          |                        |
| Highest individual compensation .....                         | 48,579.7                  | 71,382.5                 | 1,372,435.4            |
| Lowest individual compensation .....                          | 24,587.3                  | 71,382.5                 | 999,361.8              |
| Average value of individual compensation <sup>(1)</sup> ..... | 72,129.0                  | 74,262.8                 | 1,271,547.4            |

(1) According to CVM rules, the average individual compensation is calculated considering the number of total seats available on the boards instead of the actual number of active members.

## Employees

### Overview

As of June 30, 2021 the Bank had 85,518 employees.

|                           | <b>As of June 30,</b> |             |             | <b>As of December 31,</b> |             |
|---------------------------|-----------------------|-------------|-------------|---------------------------|-------------|
|                           | <b>2021</b>           | <b>2020</b> | <b>2019</b> | <b>2020</b>               | <b>2019</b> |
| Number of Employees ..... | 85,518                | 92,474      | 96,168      | 91,673                    | 93,190      |

### Compensation

The basic compensation provided to the Bank's employees consists of personal allowances and job allowances. Personal allowances include: (i) standard wages in the form of a monthly salary; (ii) personal adjustments to standard wages which provide differences in standard wages for administrative and technical positions; (iii) additional standard wages for support services positions (created after a restructuring in 1982, soon to be cancelled); and (iv) an additional allowance for service time, provided to employees hired through August 31, 1996, to replace a monthly bonus. Job allowances include: (i) a basic additional job allowance paid as basic compensation for commissioned positions; (ii) a temporary additional allowance for jobs with eight-hour shifts; and (iii) a basic additional job allowance which supplements the basic additional job allowance for commissioned positions with eight-hour shifts, in cases where the sum of the basic additional job allowance and temporary additional allowance is less than one-third of a clerk's salary.

#### Variable Compensation

The profit sharing program provides for semi-annual payment to the Bank's employees and is composed of two modules:

The Fenaban Module corresponds to 45% of the basic compensation, subject to increase by a fixed amount defined in the agreement. Basic compensation includes the amount of compensation for different positions or jobs effectively held or performed during the six-month period.

The BB Module is composed of two portions: (i) a fixed portion which corresponds to 4% of the Bank's net income recorded in the semi-annual balance sheet, proportionally divided between employees (for purposes of determining the fixed portion, the number of employees corresponds to the sum of days worked by each employee, divided by the number of days in the six-month period); and (ii) a variable portion which is equivalent to the product of a number of salaries multiplied by the basic compensation, out of which the Fenaban module and the fixed portion of the BB module are subtracted. Receipt of the variable portion during the six-month period must be compliant with the employment agreement.

*Relationship between the Bank and Labor Unions*

Historically, the Bank has maintained a collegial relationship with unions by prioritizing communication and working towards negotiated solutions. The Bank's organizational structure includes executive officers responsible for focusing on relationships with employee unions.

The Bank exceeds statutory requirements by adopting a permanent collective bargaining model, mutually agreed upon with the unions, with periodic meetings scheduled to discuss employment matters. In addition, the Bank holds monthly topic-specific round tables to discuss matters such as occupational health and working conditions, supplementary pension plans, compensation and outsourcing.

The Bank recognizes a union representative, as provided for in its Collective Bargaining Agreement, and grants to such representative the same rights conferred upon the union leader, pursuant to Article 543 of the Consolidated Labor Laws ("CLT").

These measures have been taken by the Bank to comply with current legislation, to provide a collegial work environment and to maintain a constant relationship with employee unions.

## OWNERSHIP

As of June 30, 2021, December 31, 2020 and December 31, 2019, the Bank's outstanding capital stock amounted to R\$90,000 million and was comprised of 2,865,417,020 common and registered book-entry shares with no par value, all of which were fully paid. The Bank's outstanding capital stock increased from R\$67,000 million to R\$90,000 as a result of the use of the statutory reserve for operating margin, as approved by the extraordinary general shareholders' meeting held on July 30, 2020 and the merger of Besc Distribuidora de Títulos e Valores Mobiliários S.A. - Bescval, as approved by the extraordinary general shareholders' meeting held on December 9, 2020. The Bank's ownership is composed of more than 824 thousand shareholders, of which 98.2% are individuals and 1.8% are legal entities. Between January 2019 and June 2021, the amount of individual shareholders grew from approximately 446 thousand to approximately 809 thousand.

The ordinary general shareholders' meetings of the Bank are held annually in April of each year and the extraordinary general shareholders' meetings may be held at any time whenever the Bank's interests so require. The Bank does not have a shareholders' agreement.

The tables below set out the Bank's outstanding capital stock as of June 30, 2021 and 2020 and as of December 31, 2020 and 2019. The Federal Government holds equity interests in the Bank, directly or indirectly, through the National Treasury and government-controlled funds. The Bank's free float (ex-other) was 49.79% and 49.76% as of June 30, 2021 and 2020, respectively, and 49.78% and 49.75% as of December 31, 2020 and 2019, respectively.

| Shareholder                                   | As of June 30, 2021  |              | As of June 30, 2020  |               |
|---|----------------------|--------------|----------------------|---------------|
|   | Shares               | %            | Shares               | %             |
| <b>Federal Government<sup>(1)</sup></b> ..... | <b>1,432,708,542</b> | <b>50.00</b> | <b>1,432,708,542</b> | <b>50.00</b>  |
| <b>Free Float</b> .....                       | <b>1,420,556,968</b> | <b>49.58</b> | <b>1,419,296,900</b> | <b>49.53</b>  |
| Previ .....                                   | 134,346,614          | 4.69         | 136,307,614          | 4.76          |
| Individuals .....                             | 429,847,567          | 15.00        | 325,623,056          | 11.36         |
| Companies .....                               | 218,531,666          | 7.63         | 349,703,296          | 12.20         |
| Foreign Capital .....                         | 637,831,121          | 22.26        | 607,662,944          | 21.21         |
| <b>Other<sup>(2)</sup></b> .....              | <b>12,151,510</b>    | <b>0.42</b>  | <b>13,411,578</b>    | <b>0.47</b>   |
| <b>Total</b> .....                            | <b>2,865,417,020</b> | <b>100.0</b> | <b>2,865,417,020</b> | <b>100.00</b> |
| Resident shareholders .....                   | 2,227,585,899        |              | 2,257,754,076        |               |
| Non-resident shareholders .....               | 637,831,121          |              | 607,662,944          |               |

| Shareholder                                   | As of December 31, 2020 |               | As of December 31, 2019 |               |
|---|-------------------------|---------------|-------------------------|---------------|
|   | Shares                  | %             | Shares                  | %             |
| <b>Federal Government<sup>(1)</sup></b> ..... | <b>1,432,708,542</b>    | <b>50.00</b>  | <b>1,432,708,542</b>    | <b>50.00</b>  |
| <b>Free Float</b> .....                       | <b>1,420,413,540</b>    | <b>49.57</b>  | <b>1,418,482,194</b>    | <b>49.50</b>  |
| Previ .....                                   | 134,751,214             | 4.70          | 137,257,114             | 4.79          |
| Individuals .....                             | 342,296,601             | 11.95         | 214,813,254             | 7.50          |
| Companies .....                               | 298,189,139             | 10.41         | 342,134,301             | 11.94         |
| Foreign Capital .....                         | 645,176,586             | 22.52         | 724,277,525             | 25.28         |
| <b>Other<sup>(2)</sup></b> .....              | <b>12,294,938</b>       | <b>0.43</b>   | <b>14,226,284</b>       | <b>0.50</b>   |
| <b>Total</b> .....                            | <b>2,865,417,020</b>    | <b>100.00</b> | <b>2,865,417,020</b>    | <b>100.00</b> |
| Resident shareholders .....                   | 2,220,240,434           |               | 2,141,139,495           |               |
| Non-resident shareholders .....               | 645,176,586             |               | 724,277,525             |               |

(1) Federal Government controls Banco do Brasil S/A through the Ministry of Economy.

(2) Line 'Others' includes treasury shares, incorporation fractions and shares held by members of the BoD, the Board of Officers and Executive Board.

### National Treasury

As of June 30, 2021 the National Treasury was the controlling shareholder of the Bank, with 1,432,708,542 common shares, representing 50.00% of the total capital stock of the Bank.

## **RELATED PARTY TRANSACTIONS**

Related party transactions may be carried out provided that they are in the best interest of the Bank and its shareholders and conducted pursuant to Article 115 of the Brazilian Corporations Law. The Bank enters into such transactions during the ordinary course of its business, with terms and conditions that are standard for the market in which it operates and are in compliance with the Bank's bylaws.

### **Related Party Transactions Policies**

The Brazilian Financial System regulation requires financial institutions to disclose their transactions with related parties.

At the Bank, related party transactions are entered into under normal market conditions and generally under the terms and conditions applicable to similar transactions, including interest rates and guarantees, excluding unusual receipt risks. As for operations in the usual course of business inherent to financial intermediation activities, these operations are performed in accordance with applicable provisions issued by the CMN and Central Bank, which regulate the Brazilian Financial System.

The Bank carries out banking transactions (non-interest bearing and interest bearing deposits, loans and committed operations) with related parties, generally under the same terms and conditions as with other clients. The Bank has also entered into related party service agreements and guarantees. Transactions and operations with the controlling shareholder include activities with the National Treasury and certain departments of the Federal Government, which maintain banking operations with the Bank.

The disclosure of related party transactions included in the notes to the Bank's financial statements also consider Supplementary Law No. 105/2001, the Bank Confidentiality Law, which provides for the confidentiality of certain services and active and passive operations. Moreover, in compliance with the Bank Confidentiality Law, balances of products and services provided to related parties are totaled for disclosure purposes.

### **Summary of Transactions with Related Parties**

The Bank carries out banking transactions with related parties, such as current account deposits (unremunerated), remunerated deposits, money market funding, loans and the acquisition of existing loan portfolios. The Bank also enters into service contracts and guarantees with related parties. Such transactions are conducted under terms and rates compatible with terms and rates with third parties when applicable.

The funds invested in government securities are listed in Note 10 in the Bank's financial statements as of June 30, 2021 and are included herein. The resources allocated to the funds and programs from the Official Institutions of transfers are listed in Notes 18 and 20 in the Bank's financial statements as of June 30, 2021 and are included hereto. The Bank established the Banco do Brasil Foundation, or FBB, which aims to promote, support, encourage and sponsor of educational, cultural, health, social welfare, recreational and sports programs and science and technology activities and provides assistance to urban-rural communities. As of June 30, 2021, the Bank made contributions to the FBB in the amount of R\$53,568 thousand (compared to R\$79,099 thousand as of June 30, 2020). As of December 31, 2020, the Bank made contributions to the FBB in the amount of R\$82,976 thousand (compared to R\$55,098 thousand as of December 31, 2019).

The Bank's balance of assets and liabilities and results from transactions with related parties are as follows for the dates and periods indicated:

**As of and for the six month period ended June 30, 2021**

|   | Controller <sup>(1)</sup> | Associates<br>and joint<br>ventures <sup>(2)</sup> | Key<br>management<br>personnel <sup>(3)</sup> | Other related<br>parties <sup>(4)</sup> | Total       |
|---|---------------------------|--|---|---|-------------|
| <i>(in thousands of R\$)</i>                                  |                           |  |   |   |             |
| <b>Assets</b>   |                           |  |   |   |             |
| Interbank investments.....                                    | -                         | 1,253,288  | -   | 885,520                                 | 2,138,808   |
| Securities .....  | -                         | 3,784,434  | -   | 687,411                                 | 4,471,845   |
| Loan portfolio <sup>(5)</sup> .....                           | -                         | 6,608,047  | 8,909   | 8,985,770                               | 15,602,726  |
| Receivables from related companies.....                       | -                         | 269,883  | -   | 15,404                                  | 285,287     |
| Other assets <sup>(6)</sup> .....                             | 1,955,435                 | 138,172  | -   | 292,717                                 | 2,386,324   |
| Guarantees received <sup>(7)</sup> .....                      | -                         | 5,017  | -   | 907,464                                 | 912,481     |
| <b>Liabilities</b>  |                           |  |   |   |             |
| Demand deposits .....   | 2,007,853                 | 251,971  | 3,129   | 926,615                                 | 3,189,568   |
| Saving deposits .....   | 272                       | -  | 228   | 236,148                                 | 236,648     |
| Time deposits .....   | 2,303,719                 | 1,159,297  | 986   | 12,262,855                              | 15,726,857  |
| Securities sold under repurchase agreements.....              | -                         | 207,638  | -   | 3,179,315                               | 3,386,953   |
| Borrowings and onlendings .....                               | 153,846                   | -  | -   | 54,699,821                              | 54,853,667  |
| Other liabilities <sup>(8)</sup> .....                        | 918,806                   | 12,093,702   | 17,564  | 1,535,739                               | 14,565,811  |
| Guarantees given and other coobligations <sup>(9)</sup> ..... | -                         | 5,007,138  | -   | 199,164                                 | 5,206,302   |
| <b>As of and for the six month period ended June 30, 2021</b> |                           |  |   |   |             |
| Income from financial intermediation.....                     | 851,691                   | 251,566  | 376   | 315,690                                 | 1,419,323   |
| Service fee income .....                                      | 59,907                    | 2,540,398  | -   | 392,441                                 | 2,992,746   |
| Other income <sup>(10)</sup> .....                            | 8,793                     | 346,807  | -   | 2,457                                   | 358,057     |
| Expenses from financial intermediation.....                   | (77,897)                  | (9,096)  | (235)   | (1,560,996)                             | (1,648,224) |
| Other expenses .....  | (461,659)                 | (358,660)  | -   | (358,598)                               | (1,178,917) |

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others. (5) The Bank constituted the amount of R\$59 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$27 thousand in the 1st half/2021.

(6) The transactions with the Controller refer mainly to amounts received by the Bank from the National Treasury of Brazil, recorded under Other Assets. These amounts are provided for interest rate equalization in connection with some of the Bank's agribusiness portfolio lines.

(7) Mainly include National Treasury guarantees, billing with registration, among others.

(8) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Associates and joint ventures' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(10) Includes the amount of R\$170,002 thousand in the 1st half/2021 related recoveries of costs and expenses from the structure sharing.



**As of and for the six month period ended June 30, 2020**

|   | Controller <sup>(1)</sup>                                     | Associates<br>and joint<br>ventures <sup>(2)</sup> | Key<br>management<br>personnel <sup>(3)</sup> | Other related<br>parties <sup>(4)</sup> | Total       |
|---|---|--|---|---|-------------|
|   | <i>(in thousands of R\$)</i>                                  |  |   |   |             |
| <b>Assets</b>   | -   |  |   |   |             |
| Interbank investments .....                                 | -   | 1,234,263  | -   | 503,936                                 | 1,738,199   |
| Securities.....   | -   | 3,285,059  | -   | 629,425                                 | 3,914,484   |
| Loan portfolio <sup>(5)</sup> .....                         | -   | 7,976,900  | 3,734   | 15,474,251                              | 23,454,885  |
| Receivables from related companies .....                    | -   | 197,730  | -   | 12,225                                  | 209,955     |
| Other assets <sup>(6)</sup> .....                           | 2,678,124   | 107,250  | -   | 289,251                                 | 3,074,625   |
| Guarantees received <sup>(7)</sup> .....                    | -   | 9,126  | -   | 1,625,200                               | 1,634,326   |
| <b>Liabilities</b>  |   |  |   |   |             |
| Demand deposits .....                                       | 2,148,956   | 237,019  | 685   | 245,898                                 | 2,632,558   |
| Saving deposits .....                                       | 1,127   | -  | 700   | 246,186                                 | 248,013     |
| Time deposits .....   | 5,507,825   | 660,742  | 198   | 15,483,153                              | 21,651,918  |
| Securities sold under repurchase agreements .....           | 43,084  | 6,980  | -   | 19,268,941                              | 19,319,005  |
| Borrowings and onlendings.....                              | 192,658   | -  | -   | 58,380,497                              | 58,573,155  |
| Other liabilities <sup>(8)</sup> .....                      | 1,529,234   | 9,340,684  | 14,980  | 1,424,063                               | 12,308,961  |
| Guarantees given and other obligations <sup>(9)</sup> ..... | -   | 5,008,922  | -   | 714,429                                 | 5,723,351   |
|   | <b>As of and for the six month period ended June 30, 2020</b> |  |   |   |             |
| Income from financial intermediation .....                  | 963,465   | 299,487  | 195   | 525,949                                 | 1,789,096   |
| Service fee income .....                                    | 17,907  | 2,221,033  | -   | 198,764                                 | 2,437,704   |
| Other income <sup>(10)</sup> .....                          | 7,276   | 376,300  | -   | 5,097                                   | 388,673     |
| Expenses from financial intermediation .....                | (134,934)   | (9,753)  | (255)   | (1,635,504)                             | (1,780,446) |
| Other expenses .....  | -   | (281,854)  | -   | (335,110)                               | (616,964)   |

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R\$83 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The reversal of expense for allowance was R\$1,093 thousand in the 1st half/2020.

(6) The transactions with the Controller refer mainly to amounts received by the Bank from the National Treasury of Brazil, recorded under Other Assets. These amounts are provided for interest rate equalization in connection with some of the Bank's agribusiness portfolio lines.

(7) Mainly include National Treasury guarantees, billing with registration, credit rights resulting from contracts, among others.

(8) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes Contract of Opening of a Revolving Interbank Credit Line with Banco Votorantim.

(10) Includes the amount of R\$171,463 thousand in the 1st half/2020 related recoveries of costs and expenses from the structure sharing

**As of and for the year ended December 31, 2020**

| Controller <sup>(1)</sup>                                   | Associates<br>and joint<br>ventures <sup>(2)</sup> | Key<br>management<br>personnel <sup>(3)</sup> | Other related<br>parties <sup>(4)</sup> | Total       |             |
|---|--|---|---|-------------|-------------|
| <i>(in thousands of R\$)</i>                                |  |   |   |             |             |
| <b>Assets</b>   |  |   |   |             |             |
| Interbank investments .....                                 | -  | 1,946,378                                     | -                                       | 2,634,986   | 4,581,364   |
| Securities.....   | -  | 3,487,007                                     | -                                       | 493,943     | 3,980,950   |
| Loan portfolio <sup>(5)</sup> .....                         | -  | 5,583,083                                     | 5,209                                   | 14,713,767  | 20,302,059  |
| Receivables from related companies .....                    | -  | 277,291                                       | -                                       | 12,296      | 289,587     |
| Other assets <sup>(6)</sup> .....                           | 2,728,800  | 181,946                                       | -                                       | 274,148     | 3,184,894   |
| Guarantees received <sup>(7)</sup> .....                    | -  | 6,921   | -                                       | 1,262,402   | 1,269,323   |
| <b>Liabilities</b>  |  |   |   |             |             |
| Demand deposits .....                                       | 1,583,502  | 102,571                                       | 1,976                                   | 373,096     | 2,061,145   |
| Saving deposits .....                                       | 1,761  | -   | 415                                     | 238,703     | 240,879     |
| Time deposits .....   | 4,571,230  | 680,598                                       | 205                                     | 12,942,576  | 18,194,609  |
| Securities sold under repurchase agreements .....           | 43,510   | 1,041,700                                     | -                                       | 1,542,650   | 2,627,860   |
| Borrowings and onlendings.....                              | 172,995  | -   | -                                       | 58,158,330  | 58,331,325  |
| Other liabilities <sup>(8)</sup> .....                      | 1,578,002  | 13,319,585                                    | 19,532                                  | 1,445,773   | 16,362,892  |
| Guarantees given and other obligations <sup>(9)</sup> ..... | -  | 5,010,636                                     | -                                       | 716,003     | 5,726,639   |
| <b>As of and for the year ended December 31, 2020</b>       |  |   |   |             |             |
| Income from financial intermediation .....                  | 1,611,195  | 491,439                                       | 471                                     | 917,510     | 3,020,615   |
| Service fee income .....                                    | 37,643   | 4,760,591                                     | -                                       | 512,505     | 5,310,739   |
| Other income <sup>(10)</sup> .....                          | 16,322   | 684,632                                       | -                                       | 7,768       | 708,722     |
| Expenses from financial intermediation .....                | (242,655)  | (18,661)                                      | (432)                                   | (3,278,989) | (3,540,737) |
| Other expenses .....  | --   | (666,447)                                     | -                                       | (645,923)   | (1,312,370) |

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R\$175 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$98 thousand in the 2nd half/2020 (reversal of R\$995 thousand in 2020).

(6) The transactions with the Controller refer mainly to amounts received by the Bank from the National Treasury of Brazil, recorded under Other Assets. These amounts are provided for interest rate equalization in connection with some of the Bank's agribusiness portfolio lines.

(7) Mainly include National Treasury guarantees, billing with registration, among others.

(8) Mainly include derivative financial instruments and financial bills. Mainly include derivative financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(10) Includes the amount of R\$149,523 thousand in the 2nd half/2020 related recoveries of costs and expenses from the structure sharing (R\$320,986 thousand in 2020).

**As of and for the year ended December 31, 2019**

|   | Controller <sup>(1)</sup> | Associates and<br>joint ventures <sup>(2)</sup> | Key management<br>personnel <sup>(3)</sup> | Other related<br>parties <sup>(4)</sup> | Total       |
|---|---------------------------|---|--|---|-------------|
| <i>(in thousands of R\$)</i>                            |                           |   |  |   |             |
| <b>Assets</b>   |                           |   |  |   |             |
| Interbank investments .....                             | -                         | 559,618   | -  | 652,514                                 | 1,212,132   |
| Securities.....   | -                         | 4,294,074                                       | -  | 397,893                                 | 4,691,967   |
| Loan portfolio <sup>(5)</sup> .....                     | -                         | 4,522,222                                       | 4,996                                      | 16,080,604                              | 20,607,822  |
| Receivables from related companies .....                | -                         | 271,209   | -  | 9,637                                   | 280,846     |
| Other assets <sup>(6)</sup> .....                       | 2,997,540                 | 129,948   | -  | 259,704                                 | 3,387,192   |
| Guarantees received <sup>(7)</sup> .....                | -                         | 18,918  | -  | 2,314,822                               | 2,333,740   |
| <b>Liabilities</b>                                      |                           |   |  |   |             |
| Demand deposits .....                                   | 540,503                   | 64,653  | 1,045                                      | 269,947                                 | 876,148     |
| Saving deposits .....                                   | 720                       | -   | 323  | 235,704                                 | 236,747     |
| Time deposits .....                                     | 4,631,093                 | 490,122   | 112  | 12,049,322                              | 17,170,649  |
| Securities sold under repurchase<br>agreements .....    | 42,337                    | 35,672  | -  | 8,759,749                               | 8,837,758   |
| Borrowings and onlendings.....                          | 167,215                   | -   | -  | 60,741,527                              | 60,908,742  |
| Other liabilities <sup>(8)</sup> .....                  | 1,624,112                 | 13,096,727                                      | 14,394                                     | 1,881,962                               | 16,617,195  |
| Guarantees given and other coobligations <sup>(9)</sup> | -                         | 5,011,026                                       | 403  | 714,055                                 | 5,725,484   |
| <b>As of and for the year ended December 31, 2019</b>   |                           |   |  |   |             |
| Income from financial intermediation .....              | 2,948,688                 | 740,690   | 463  | 1,592,603                               | 5,282,444   |
| Service fee income .....                                | 52,150                    | 4,267,095                                       | 13   | 367,717                                 | 4,686,975   |
| Other income <sup>(10)</sup> .....                      | 39,755                    | 890,775   | -  | 19,771                                  | 950,301     |
| Expenses from financial intermediation .....            | (221,731)                 | (31,393)  | (987)                                      | (3,898,748)                             | (4,152,859) |
| Other expenses .....                                    | -                         | (613,932)                                       | -  | (919,088)                               | (1,533,020) |

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R\$1,244 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$1,239 thousand in 2019.

(6) The transactions with the Controller refer mainly to amounts received by the Bank from the National Treasury of Brazil, recorded under Other Assets. These amounts are provided for interest rate equalization in connection with some of the Bank's agribusiness portfolio lines.

(7) Mainly include National Treasury guarantees, oil ships, among others.

(8) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(10) Includes the amount of R\$405,713 thousand in 2019 related recoveries of costs and expenses from the structure sharing.

## Relationships with Management

As of June 30, 2021, the members of the Bank's Board of Directors, Executive Board and Officers, and persons related to them, collectively held a total of 133,882 of the Bank's common shares. As of December 31, 2020, the members of the Bank's Board of Directors, Executive Board and Officers, and persons related to them, collectively held a total of 119,594 of the Bank's common shares.

According to the variable remuneration policy of the Bank, established in accordance with CMN Resolution 3,921/2010, the variable remuneration of the Board of Officers is paid in common shares issued by the Bank. In addition, the Bank does not (i) offer post-employment benefits to its key management personnel except those that are part of the staff of the Bank, who participate in the Pension Plan for Employees of Banco do Brasil – Previ, or (ii) grant loans to its officers, members of its board of directors, audit committee and fiscal council because this practice is prohibited at all the financial institutions regulated by Central Bank.

## Relationships with the Controlling Shareholder

Since its incorporation in 1808, the Bank has maintained a close relationship with the Federal Government. As of June 30, 2021, the Federal Government, the Bank's controlling shareholder, held 1,432,708,542 common shares, representing 50% of its voting capital and capital stock. As described below, the fact that the Federal Government controls the Bank means that the Bank is one of the principal enforcers of its credit policies.

With respect to the relationship between the Bank and its controlling shareholder, the Bank is required to: (i) perform certain duties and services in its role as financial agent of the National Treasury and certain other functions assigned to it by law; (ii) extend financing in respect of governmental interests and execute certain official programs through the application of Federal Government funds or funds of any other nature; and (iii) render guarantees in favor of the Federal Government, and any of the above transactions should they comply with the provisions of the Bank's bylaws.

## The Government Market

In the Government Market, the Bank's clients include the Federal Government, Brazilian states, the Federal District and municipalities, and their respective directly or indirectly related entities in the executive, legislative and judicial branches of government. The Bank, in its role as credit agent, provides funds to the Federal Government to invest in public policies.

On September 23, 2009 and on January 2, 2020, the Bank entered into agreements with the Federal Government's *Caixa Econômica Federal* (“**CEF**”) whereby the Bank acts as financial agent to grant financing with funds from the Guarantee Fund for Length of Service (the “**FGTS**”) within the scope of the Federal Government's programs for the support of housing production, low-income housing projects and pro-quotaholder program. The CEF is charged with publishing rules for financial institutions, both private and public, and is also the operating agent of FGTS. As of December 31, 2020, the total balance of these agreements was R\$30,258,130 thousand.

In November 2011 and 2016, the Bank entered into agreements with the Federal Government for the application by the Bank of funds from the Fundo da Marinha Mercante (the “**Marine Merchant Fund**”) to credit transactions, in accordance with Law No. 10,893 and Resolution 3 of the Board of Directors of the Marine Merchant Fund, of December 17, 2004, approving the Bank as financial agent to the Marine Merchant Fund. The Marine Merchant Fund is administered by the Ministry of Transport, Ports and Civil Aviation and is funded by the Federal Government mainly with proceeds from the “*Adicional ao Frete para Renovação da Marinha Mercante*,” a tax imposed on vessels operating in Brazilian ports. The amount involved in these agreements is R\$8,041,667,000.00 as of December 31, 2020.

## Credit Programs

The Bank acts as a financial agent for BNDES, aimed at generating development, employment and income. As of June 30, 2021, the Bank's outstanding amount in funds from BNDES was R\$18,139 million. As

of December 31, 2020, the Bank's outstanding amount in funds from BNDES was R\$19,161 million. In addition, the Bank allocates significant funds to finance the activities of micro, small- and medium-sized enterprises.

PRONAMP is designed to provide fixed credit for agricultural and livestock financing, in addition to financial support for fixed and semi-fixed investments in the agricultural sector. PRONAF targets the financing of agricultural activities in general. As of June 30, 2021, the outstanding amount to be loaned by the Bank to the agricultural sector under the PRONAMP and PRONAF programs was R\$19,781 million. As of December 31, 2020, the outstanding amount to be loaned by the Bank to the agricultural sector under the PRONAMP and PRONAF programs was R\$66,237 million.

The Bank also lends funds under the FINAME program, which aims to finance machinery and equipment. As of June 30, 2021, the Bank's outstanding amount to be lent the FINAME program totaled R\$7,133 million. As of December 31, 2020, the Bank's outstanding amount to be lent the FINAME program totaled R\$8,587 million. This amount represents a liability *vis-à-vis* BNDES.

The Bank administers and acts as financial agent for the FCO, the constitutional financing fund created by Law No. 7,827/89 dated September 27, 1989 to contribute to the economic and social development of the Brazilian Midwest region through financing programs for various economic sectors, including agriculture, livestock, agribusiness, mining, tourism, trade and services. As of June 30, 2021, the Bank's outstanding amount to be lent under these programs was R\$23,815 million. As of December 31, 2020, the Bank's outstanding amount to be lent under these programs was R\$22,103 million.

### **Rural Policy**

The Bank is largely responsible for implementing much of the Federal Government's agricultural policy. The rural portfolio of the Brazilian Financial System totaled R\$301 billion as of June 30, 2021. Of the national totals, the Bank accounted for R\$198,106 million as of June 30, 2021, making it a leader in the Brazilian Financial System, with a market share of 54,4%, according to data from the Central Bank. The rural portfolio of the Brazilian Financial System totaled R\$277 billion as of December 31, 2020. Of the national totals, the Bank accounted for R\$186,208 million as of December 31, 2020, making it a leader in the Brazilian Financial System, with a market share of 54,0%, according to data from the Central Bank. For further information on agribusiness credit, see "Business—Description of Business and Services—Banking Services—Agribusiness Loans."

## DIVIDENDS AND DIVIDEND POLICY

The bylaws of a Brazilian company must specify a minimum percentage of profit available for distribution, which may be paid to the shareholders as either dividends or interest on invested capital.

The Bank has adopted a distribution policy by which it intends to pay dividends and/or interest on invested capital, net of income taxes, at a minimum level of 25% of its adjusted net profit for the year, as determined by Brazilian Corporations Law and the Bank's bylaws.

The Brazilian Corporations Law allows a company to suspend such dividend distribution if its board of directors reports to the annual shareholders' meeting that the distribution would not be advisable given the company's financial condition. The fiscal council, if one is in place, reviews any suspension of the mandatory dividend. In addition, the board of directors of publicly-held corporations is required to submit a report to the CVM setting out the reasons for the suspension, within five days of the shareholders' meeting. Net income not distributed by virtue of a suspension is allocated to a separate reserve and, if not absorbed by subsequent losses, is required to be distributed as dividends as soon as the financial condition of the company permits such payment.

The table below shows the dividends and interest on invested capital distributed by the Bank for the periods indicated.

|  | Six month period ended June 30, |       |       | Year ended December 31, |        |
|--|---------------------------------|-------|-------|-------------------------|--------|
|  | 2021                            | 2020  | 2019  | 2020                    | 2019   |
|  | <i>(in millions of R\$)</i>     |       |       |                         |        |
| <b>Net income</b> .....  | 9,750                           | 6,413 | 8,212 | 12,697                  | 18,162 |
| Dividends .....  | 212                             | --    | --    | --                      | --     |
| Interest on own capital.....   | 2,853                           | 1,774 | 3,298 | 4,197                   | 6,733  |
| Dividends and interest on own capital per common share ( <i>in R\$</i> ) ..... | 1.08                            | 0.62  | 1.18  | 1.47                    | 2.40   |

## TAXATION

The following is a general description of certain Brazil, United States, United Kingdom, Luxembourg and Cayman Islands tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

### **Brazil Taxation**

*The following discussion is a summary of the Brazilian tax considerations relating to an investment in the Notes by a non-resident of Brazil. The discussion is based on the tax laws of Brazil as in effect on the date hereof and is subject to any change in Brazilian law that may come into effect after such date. The information set forth below is intended to be a general discussion only and does not address all possible tax consequences relating to an investment in the Notes. Prospective purchasers should consult their tax advisers as to the specific tax consequences of acquiring, holding and disposing of the Notes, in particular with regard to Notes having special features such as Notes denominated in a foreign currency as to the holder and Notes subject to currency constraint, sovereign event or credit event provisions.*

The Brazilian Federal Government recently announced and presented to Congress (i) the Bill of Law No. 3,887/2020, focused on several changes on the taxes currently levied on revenues; and (ii) the Bill of Law No. 2,337/2021, the so called "second phase" of the envisaged Brazilian Tax Reform Plan, focused on income taxation, which includes several topics such as the taxation of dividends, adjustments in corporate taxation basis and rates of Brazilian entities, changes in the taxation of income and gains in connection to investments in the Brazilian capital markets, such as financial assets and investment funds, among others.

The implementation of such Brazilian Tax Reform Plan is subject to the Brazilian legislative process, including the evaluation, voting, vetoing and amendments, both by the Legislative Branch, in the figure of the Brazilian National Congress, and by the Executive Branch, in the figure of the President. For this reason, it is not possible to determine, at this time, which proposed changes will be effectively implemented and how they may adversely affect our results and operations. In any case, any potential changes related to the Bills of Law would only become effective in the year following its conversion into law. We recommend close monitoring of the tax reform voting process in order to identify potential future impacts.

Tax consequences in Brazil are different if the Notes are issued by us acting through our principal office in Brazil or issued through our Grand Cayman or London branch.

In case the Notes are issued by our Grand Cayman or London Branch, and based on the position that, as a general rule, the Grand Cayman Branch is considered to be domiciled outside of Brazil for tax purposes, payments of income made to a Non-Resident Holder by the Issuer with respect to the Notes issued through our Grand Cayman or London Branch should not generally be subject to withholding or deduction with respect to Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made with resources held by such entities outside of Brazil. If the Grand Cayman or London Branch is not successfully qualified as a non-resident of Brazil and the above position does not prevail in the event of a tax dispute, the amounts remitted abroad could be subject to Brazilian withholding income tax at a rate of up to 25%, plus interest and fines, as further explained below.

Interest, fees, commissions (including any original issue discount and any redemption premium) and any other income (debt obligations) payable by a Brazilian obligor to an individual, entity, trust or organization domiciled outside Brazil in respect of debt obligations derived from the issuance by a Brazilian issuer of international debt securities previously registered with the Central Bank, such as the Notes, is subject to income tax withheld at source. The rate of withholding tax is generally 15%, unless a lower rate is provided for in an applicable tax treaty between Brazil and the other country where the beneficiary is domiciled.

According to Normative Ruling No. 1,455 of March 6, 2014, in the event that the beneficiary of such payments is domiciled in a tax haven jurisdiction, such payments of interest, fees, commissions (including any

original issue discounts and any redemption premiums) and any other income are also subject to withholding with respect to Brazilian income tax at the general rate of 15%. However, pursuant to Article 8 of Law No. 9,779 of January 19, 1999, if the relevant average term of credit instruments such as the Notes is of less than 96 months, the rate applicable to the beneficiary domiciled in a tax haven jurisdiction is 25%. There is a risk that the tax authorities may modify current laws or apply the rate of 25% to beneficiaries domiciled in tax haven jurisdictions or to restrict the application of the 15% when the beneficiary is domiciled in a tax haven to Notes with 96 months or more average term.

A "tax haven" jurisdiction is deemed to be a jurisdiction which does not impose any tax on income or which imposes such tax at a maximum effective rate lower than 20% (this threshold is reduced to 17% in case of countries following international standards of fiscal transparency – Ordinance MF 488/2014 – according to Normative Ruling No. 1,530 of December 19, 2014), or where the laws impose restrictions on the disclosure of ownership composition or securities ownership or do not allow for the identification of the effective beneficiary of the income attributed to non-residents.

A lower withholding rate may be applicable in the event that a tax treaty exists between Brazil and the country where the effective beneficiary of the payment is domiciled.

In addition, if specified in the applicable Pricing Supplement, the relevant Issuer will make payments with respect to the Notes and will indemnify the Noteholders so that, after payment of all applicable Brazilian taxes collectable by withholding, deduction or otherwise, with respect to principal, interest (including the original issue discount) and additional amounts payable with respect to the Notes (plus any interest and penalties thereon), a Noteholder will retain an amount equal to the amounts that such Noteholder would have retained had no such Brazilian taxes (plus interest and penalties thereon) been payable. If specified in the applicable Pricing Supplement, the relevant Issuer will, subject to certain exceptions, pay Additional Amounts in respect of such withholding or deduction so that the holder receives the net amount due after withholding or deduction of applicable taxes.

However, if under the terms and conditions of the Notes, the Issuer is required to gross up for any Brazilian withholding tax, Brazilian tax laws expressly authorise the Brazilian paying source to pay the income or earnings net of taxes and, therefore, to assume the cost of the applicable tax. The Issuer has the right to redeem the Notes at part in the event that it is required to gross-up for Brazilian withholding income tax at a rate in excess of the withholding income rate in effect on the date of issue of the relevant Notes.

In addition, under Article 26 of Law No. 10,833, of December 29, 2003, capital gains realized on the disposal of Brazilian situs assets by non-residents, whether to other non-residents or Brazilian residents and whether made outside or within Brazil, are subject to Brazilian capital gains tax which should be withheld by the acquirer or its Brazilian representative in case acquirer is also not resident in Brazil. If the Notes are issued abroad, by our Grand Cayman branch, we believe that gains on the sale or other disposal of the Notes made outside Brazil by a Non-Resident Holder, other than a branch, permanent establishment or a subsidiary of a Brazilian resident, should not fall within the definition of assets located in Brazil for the purpose of Law No. 10,833/03 and consequently should not be subject to Brazilian capital gains tax. However, considering the general and unclear scope of Law No. 10,833/03 and the absence of judicial court rulings in respect thereto, we are unable to predict whether such interpretation would ultimately prevail in the courts of Brazil. If this interpretation does not prevail, gains realized by a non-resident holder from the sale or disposition of the Notes will be subject to income tax in Brazil at progressive rates. Such progressive capital gains tax rates are based on the value of the capital gain realized by the non-resident holder. As per the new rule, the applicable capital gains tax rate will be: (i) 15% for the part of the gain that does not exceed R\$5.0 million, (ii) 17.5% for the part of the gain that exceeds R\$5.0 million but does not exceed R\$10.0 million, (iii) 20% for the part of the gain that exceeds R\$10.0 million but does not exceed R\$30.0 million and (iv) 22.5% for the part of the gain that exceeds R\$30.0 million. For non-resident holders located in "tax havens" the capital gains tax rate continues to be 25% (according to Article 47 of Law No. 10,833). The capital gains tax rules also have a provision stating that if the sale of a part of the same asset or right occurs in one year (i.e., 2017), and the remaining or other part of the asset or right is sold by the end of the following year (i.e., 2018), the capital gains assessed on the second transaction, shall be combined with the capital gains assessed on the previous transactions for the purposes of determining the applicable tax rate and the income tax due. The taxpayer can deduct any amounts of capital gains tax paid in previous years. There is also a specific provision in the law establishing that shares or quotas of a company are considered part of the same asset or right,



but this provision does not expressly apply to debt instruments such as the Notes. An interpretation of a group of Notes not as part of the same asset or right is possible; however, the Brazilian tax authorities may take a contrary point of view.

On June 23, 2008, Law No. 11,727 was enacted, introducing the concept of a "privileged tax regime." Under this new law, a "privileged tax regime" is considered to apply to a jurisdiction that meets any of the following requirements: (i) it does not tax income or taxes income at a maximum rate lower than 20%; (ii) it grants tax advantages to a non-resident entity or individual (a) without requiring substantial economic activity in the jurisdiction of such non-resident entity or individual or (b) to the extent such non-resident entity or individual does not conduct substantial economic activity in the jurisdiction of such non-resident entity or individual; (iii) it does not tax income generated abroad, or imposes tax on income generated abroad at a maximum rate lower than 20%, or (iv) it restricts the ownership disclosure of assets and ownership rights or restricts disclosure about the execution of economic transactions. The aforementioned 20% thresholds are reduced to 17% in case of countries following international standards of fiscal transparency – Ordinance MF 488/2014 – according to Normative Ruling No. 1,530 of December 19, 2014.

In addition, on June 4, 2010, Brazilian tax authorities enacted Normative Ruling No. 1,037 listing (i) the countries and jurisdictions considered as tax haven jurisdictions (explained above) and (ii) the privileged tax regimes, which definition is provided by Law No. 11,727, of June 23, 2008. Although we believe that the best interpretation of the current tax legislation should lead to the conclusion that the above-mentioned "privileged tax regime" concept (which is broader in scope than the tax haven jurisdictions concept) should apply solely for purposes of Brazilian transfer pricing and thin capitalisation rules, we cannot assure you that the Brazilian tax authorities will not, as a result of subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of a "privileged tax regime," attempt to apply the "privileged tax regime" concept to payments made by us on the notes to certain Non-Resident Holders, in which case such payments could, in certain circumstances, be subject to withholding at a rate of 25% (absent an applicable tax treaty providing otherwise). Currently, the understanding of the Brazilian tax authorities is in the sense that the rate of 15% of withholding income tax applies to payments made to beneficiaries' resident in Privileged Tax Regimes (Tax Ruling COSIT No. 575, of December 20, 2017). On September 14, 2016, Brazilian tax authorities enacted Normative Ruling No. 1,658, which, among other changes, amended Normative Ruling No. 1,037/2010 to include Ireland in the list of countries or locations classified as tax havens. These changes are effective as of October 1, 2016. On December 30, 2016, Brazilian tax authorities enacted Normative Ruling No. 1,683, which amended Normative Ruling No. 1,037/2010 to include Austrian holding companies without substance in the list of privileged tax regimes. This change is effective as of December 30, 2016.

Individuals domiciled in Brazil and Brazilian companies are taxed on the basis of their worldwide income, which includes profits, capital gains and other income obtained abroad by a Brazilian company or by its foreign branches, subsidiaries or affiliates as defined under Brazilian tax law. The earnings of branches of foreign companies are generally taxed in Brazil in the same manner as Brazilian companies. Non-Brazilian residents are generally taxed in Brazil only when income is derived from Brazilian sources.

Generally, there are no stamp, transfer or other similar taxes in Brazil with respect to the transfer, assignment or sale of the Notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposal of the Notes, except for gift and inheritance tax (Imposto Sobre Transmissão Causa Mortis e Doação de Quaisquer Bens ou Direitos) imposed by some Brazilian states on gifts, inheritance and bequests of individuals or entities domiciled or residing within such state.

Pursuant to Decree No. 6,306, of December 14, 2007, the conversion of foreign currency into reais and the conversion of reais into foreign currency are subject to the IOF/Exchange. Currently, the IOF/Exchange rate is 0.38% for most transfers of foreign currency into reais. According to Section 15-B, XI of the Decree No. 6,306, the settlement of exchange transactions in connection with foreign financing or loans, for both inflow and outflow of proceeds into and from Brazil, are subject to IOF/Exchange at a zero percent rate. However, according to section 15-B, XII, of this decree the IOF/Exchange rate is 6% for the conversion of foreign currency into Brazilian currency in connection with foreign loans with a minimum average term equal to or lower than 180 days (foreign loans or notes with an average term of more than 180 days which have a put/call provision that does not follow such minimum average term or are partially or fully redeemed in a period of 180 days or less from their issuance or are amendment – with exchange agreements being required – in a period of less than 180 days from the previous

exchange agreement, are subject to the IOF/Exchange at the rate of 6% rate plus applicable fines and interest). In any case, foreign exchange transactions related to outflow of proceeds from Brazil in connection with foreign loans are subject to the IOF/Exchange at the rate of 0%. However, the Federal Government may increase the current IOF/Exchange rate at any time, up to a maximum rate of 25%. Any such new rate would only apply to future foreign exchange transactions.

### ***Foreign Currency Constraint, Sovereign Event and Credit Event Provisions***

Currency constraint, sovereign events or credit events are exceptional circumstances. If any such events materialize, the taxation described above may not be applicable in circumstances in which constitutional principles are not observed. Noteholders are encouraged to consult with their legal and tax advisors concerning the tax implications of such events, if and when they materialize.

### **United States Federal Income Taxation**

The following is a general discussion of certain U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes by U.S. Holders (as defined below). This discussion does not address all of the U.S. federal income tax considerations that may be relevant to U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special rules under U.S. federal income tax laws, such as banks, insurance companies, retirement plans, regulated investment companies, real estate investment trusts, dealers in securities, brokers, tax-exempt entities, certain former citizens or residents of the United States, U.S. Holders that hold the Notes as part of a “straddle”, “hedging”, “conversion” or other integrated transaction, U.S. Holders that mark their securities to market for U.S. federal income tax purposes or U.S. Holders that have a functional currency that is not the U.S. dollar. In addition, this discussion does not address the effect of any state, local or non-U.S. tax considerations or any U.S. estate, gift or alternative minimum tax considerations or the Medicare tax on net investment income.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), the Treasury Regulations promulgated thereunder and administrative and judicial pronouncements; all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or subject to differing interpretation. This discussion does not address the U.S. federal income tax considerations relating to the purchase, ownership or disposition of (i) Bearer Notes; (ii) credit linked Notes; (iii) index linked interest Notes; (iv) dual currency Notes; (v) Notes with no maturity or with a maturity later than 30 years from the date of issuance; or (vi) Notes that do not unconditionally require payments at least equal in the aggregate to their issue price (as determined below), such as, in certain cases, the Subordinated Notes. A general discussion of any materially different U.S. federal income tax considerations relating to any such Notes described in the immediately preceding sentence will be included in the applicable Pricing Supplement or other supplemental disclosure if such Notes are offered to U.S. Holders.

For purposes of this discussion, the term “**U.S. Holder**” means a beneficial owner of a Note that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation created or organized in or under the laws of the United States or of any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions.

If an entity treated as a partnership for U.S. federal income tax purposes invests in a Note, the U.S. federal income tax considerations relating to such investment generally will depend in part upon the status and activities of such entity and its partners. Such an entity should consult its own tax advisers regarding the U.S. federal income tax considerations applicable to it and its partners relating to the purchase, ownership and disposition of such Note.

The determination of whether a particular Series of Notes should be classified as indebtedness or equity for U.S. federal income tax purposes depends on the terms of the Notes of such Series. The Issuer intends to treat the Notes as indebtedness for U.S. federal income tax purposes. The Issuer’s treatment will be binding on all U.S. Holders, except a U.S. Holder that discloses its differing treatment on its U.S. federal income tax return. However, the Issuer’s treatment is not binding on the U.S. Internal Revenue Service (“**IRS**”), and it is possible that the IRS could attempt to treat a particular Series of the Notes as equity for U.S. federal income tax purposes. If a particular

Series of the Notes were so treated as equity, the U.S. federal income tax considerations relating to the purchase, ownership and disposition of the Notes of such Series could differ from those described below with respect to timing and character. The remainder of this discussion assumes that all of the Notes will be treated as indebtedness for U.S. federal income tax purposes.

*PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE U.S. FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.*

### ***Interest and Original Issue Discount***

Each U.S. Holder of a Note must include in income payments of “qualified stated interest” (as described below) in respect of such Note in accordance with such U.S. Holder’s method of accounting for U.S. federal income tax purposes as ordinary interest income. In general, if the issue price of a Note, determined by the first price at which a substantial amount of the Notes of a particular issue is sold (ignoring sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), is less than the “stated redemption price at maturity” (as described below) of such Note by an amount that is equal to or more than a de minimis amount, a U.S. Holder will be considered to have purchased such Note with original issue discount (“**OID**”). In general, the de minimis amount is equal to one quarter ( $\frac{1}{4}$ ) of one percent of the stated redemption price at maturity of a Note multiplied by the number of complete years to maturity (or, in the case of a Note providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of the Note). If a U.S. Holder acquires a Note with OID, then regardless of such U.S. Holder’s method of accounting for U.S. federal income tax purposes, such U.S. Holder will be required to accrue its *pro rata* share of OID on such Note on a constant-yield basis and include such accruals in gross income, whether or not such U.S. Holder will have received any cash payment on the Note. Any amount not treated as OID because it is de minimis generally must be included in income (generally as gain from the sale of Notes) as principal payments are received in the proportion that each such payment bears to the original principal amount of the Note unless such U.S. Holder makes a special election to treat all interest as OID, described further below. Special rules apply to Notes with a fixed maturity of one year or less. See below under “—Short-Term Notes”.

“**Stated redemption price at maturity**” generally means the sum of all payments to be made on a Note other than payments of “qualified stated interest.” “**Qualified stated interest**” generally means stated interest that is unconditionally payable at least annually at a single fixed rate, or in the case of a variable rate debt instrument (as defined below), at a single qualified floating rate or single objective rate (as such terms are defined below). If a Note is a variable rate debt instrument but interest is payable at a rate other than a single qualified floating rate or a single objective rate, the special rules that apply will be described in the applicable Pricing Supplement or other supplemental disclosure.

In the case of a Note that is a variable rate debt instrument, the amount of qualified stated interest and the amount of OID, if any, that accrues during an accrual period is generally determined by assuming that the variable rate is a fixed rate equal to; (i) in the case of a qualified floating rate or qualified inverse floating rate (each as defined below), the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or (ii) in the case of an objective rate (as defined below, and other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the debt instrument, and the qualified stated interest (or, if there is no qualified stated interest, OID) allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to clause (i) or (ii), as applicable. Special rules that apply to a variable rate debt instrument that provides for stated interest at a fixed rate under certain circumstances will be described in the applicable Pricing Supplement or other supplemental disclosure.

A “**variable rate debt instrument**” is a debt instrument that; (i) has an issue price that does not exceed the total noncontingent principal payments by more than an amount equal to the lesser of (a) 0.015 multiplied by the product of such total noncontingent principal payments and the number of complete years to maturity of the instrument (or, in the case of a Note providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Note) or (b) 15 percent of the total

noncontingent principal payments; (ii) provides for stated interest (compounded or paid at least annually) at the current value of (A) one or more qualified floating rates; (B) a single fixed rate and one or more qualified floating rates; (C) a single objective rate or (D) a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (iii) does not provide for any principal payments that are contingent. The current value of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A “**qualified floating rate**” is generally a floating rate under which variations in the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which a debt instrument is denominated. A multiple of a qualified floating rate is not a qualified floating rate unless the relevant multiplier is (i) fixed at a number that is greater than 0.65 but not more than 1.35 or (ii) fixed at a number that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. A variable rate is not considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (i.e., a restriction on the amount of increase or decrease in the stated interest rate) or similar restriction that is reasonably expected as of the issue date to cause the yield on the Note to be significantly more or less than the expected yield determined without the restriction (other than a cap, floor, governor or similar restriction that is fixed throughout the term of the Note).

An “**objective rate**” is a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information. However, an objective rate does not include a rate based on information that is within the control of the Issuer (or certain related parties of the Issuer) or that is unique to the circumstances of the Issuer (or certain related parties of the Issuer), such as dividends, profits or the value of the Issuer’s stock. A “**qualified inverse floating rate**” is an objective rate (i) that is equal to a fixed rate minus a qualified floating rate and (ii) the variations in which can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate). Notwithstanding the first sentence of this paragraph, a rate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the Note’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note’s term. The IRS may designate rates other than those specified above that will be treated as objective rates. As of the date of this Base Prospectus, no other rates have been designated.

If (i) interest on a Note is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and (ii) the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate. A fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding sentence if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25 percentage points (25 basis points).

If a floating rate Note does not qualify as a variable rate debt instrument or otherwise provides for contingent payments, or if a fixed rate Note provides for contingent payments, such Note may constitute a “contingent payment debt instrument.” Interest payable on a contingent payment debt instrument is not treated as qualified stated interest. Special rules applicable to contingent payment debt instruments offered to U.S. Holders will be described in the applicable Pricing Supplement or other supplemental disclosure.

A Note is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In general, if (i) a Note provides for one or more alternative payment schedules applicable upon the occurrence of a contingency or contingencies and the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and (ii) either a single payment schedule is significantly more likely than not to occur or the Note provides the Issuer or a U.S. Holder with an unconditional option or options exercisable on one or more dates during the term of the Note the following rules apply. If based on all the facts and circumstances as of the issue date a single payment schedule for a debt instrument, including the stated payment schedule, is significantly more likely than not to occur, then, in general, the yield and maturity of the Note are computed based on this payment schedule. If the Issuer or a U.S. Holder has an unconditional option or options that, if exercised, would require payments to be made on the Note under an alternative payment schedule or schedules, then (i) in the case of an option or options exercisable

by the Issuer, the Issuer will be deemed to exercise or not exercise an option or combination of options in a manner that minimizes the yield on the Note and (ii) in the case of an option or options of the U.S. Holder, the U.S. Holder will be deemed to exercise or not exercise an option or combination of options in a manner that maximizes the yield on the Note. Notes subject to the above rules will not be treated as contingent payment debt instruments as a result of the contingencies described above. If a contingency (including the exercise of an option) actually occurs or does not occur contrary to an assumption made according to the above rules (a “**Change in Circumstances**”), then, except to the extent that a portion of the Note is repaid as a result of a Change in Circumstances and solely for purposes of the accrual of OID, the Note is treated as retired and then reissued on the date of the Change in Circumstances for an amount equal to the Note’s adjusted issue price on that date. If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, a U.S. Holder must include income on a Note in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the applicable Pricing Supplement.

A U.S. Holder may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method. For purposes of this election, interest includes stated interest, acquisition discount, OID, de minimis OID, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. The election must be made for the taxable year in which a U.S. Holder acquires a Note, and may not be revoked without the consent of the IRS.

### ***Premium***

If the amount paid by a U.S. Holder for a Note exceeds the stated redemption price at maturity of such Note, such U.S. Holder generally will be considered to have purchased such Note at a premium equal in amount to such excess. In this event, such U.S. Holder generally may elect to amortize such premium, based generally on a constant-yield basis, as an offset to interest income over the remaining term of such Note. In the case of a Note that may be redeemed prior to maturity, the premium amortization and redemption date are calculated assuming that the Issuer and the U.S. Holder will exercise or not exercise redemption rights in a manner that maximizes the U.S. Holder’s yield. It is unclear how premium amortization is calculated when the redemption date or the amount of any redemption premium is uncertain. A U.S. Holder that elects to amortize bond premium must reduce its tax basis in a Note by the amount of the aggregate deductions allowable for the amortized bond premium. The amount amortized in any year will be treated as a reduction of interest income from such Note. Bond premium on a Note held by a U.S. Holder that does not make such an election will decrease the gain or increase the loss otherwise recognized on the sale, exchange or redemption of such Note. The election to amortize bond premium, once made, will apply to all debt obligations held or subsequently acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under “—Interest and Original Issue Discount”) for a Note with amortizable bond premium, such election will result in a deemed election to amortize bond premium for all of the U.S. Holder’s debt instruments with amortizable bond premium.

### ***Market Discount***

If a U.S. Holder purchases a Note (other than a short-term Note) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Note, its revised issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified de minimis amount.

A U.S. Holder of a Note with a market discount will be required to treat any principal payment (or, in the case of an original issue discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Note, including disposition in certain nonrecognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the Noteholder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier

disposition (including certain nontaxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight line basis unless a U.S. Holder makes an election with respect to a particular note to accrue on a constant yield basis (as described under “—Interest and Original Issue Discount”). Such election will result in a deemed election for all market discount bonds acquired by the Noteholder on or after the first day of the first taxable year to which such election applies.

### ***Special Rules Applicable to Certain Accrual Method Taxpayers***

An accrual method taxpayer that reports revenues on an “applicable financial statement” generally must recognize income for U.S. federal income tax purposes no later than the taxable year in which such income is taken into account as revenue in the applicable financial statements (the “book/tax conformity rule”). However, recently finalized regulations generally would exclude, among other items, original issue discount and market discount (in either case, whether or not de minimis) from the applicability of the book/tax conformity rule. Accordingly, the book/tax conformity rule should not apply to the recognition of income in respect of the Notes. U.S. Holders should consult their tax advisors regarding the potential applicability of these rules to their investment in Notes.

### ***Short-Term Notes***

Notes that have a fixed maturity of one year or less (“**Short-Term Notes**”) will be treated as issued with OID. In general, an individual or other U.S. Holder that uses the cash method of accounting and is not in a special class (including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity) is not required to accrue such OID unless such U.S. Holder elects to do so. If such an election is not made, any gain recognized by such U.S. Holder on the sale, exchange, retirement or other disposition of a Short-Term Note will be ordinary income to the extent of the OID accrued on a straight line basis, or upon such U.S. Holder’s election under the constant yield method (based on daily compounding), through the date of sale, exchange, retirement or other disposition, and a portion of the deduction otherwise allowable to such U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income on such Short-Term Note is realized. U.S. Holders that report income for U.S. federal income tax purposes under the accrual method of accounting and certain other holders in a special class as discussed above are required to accrue OID related to a Short-Term Note as ordinary income on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note’s stated redemption price at maturity.

### ***Sale, Exchange, Retirement or Other Disposition of Notes***

In general, a U.S. Holder of a Note will have a tax basis in such Note equal to the cost of such Note to such U.S. Holder, increased by any amount previously includible in income by such U.S. Holder as OID or market discount, and reduced by any amortized premium and any payments received with respect to the Note other than payments of qualified stated interest. Upon a sale, exchange, retirement or other disposition of a Note, a U.S. Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange, retirement or other disposition (less any amount that is attributable to accrued but unpaid qualified stated interest, which will constitute ordinary interest income if not previously included in income) and such U.S. Holder’s tax basis in such Note. Subject to the rules described below under “— Foreign Currency Notes”, such gain or loss generally will be long-term capital gain or loss if such U.S. Holder will have held such Note for more than one year at the time of disposition. Certain non-corporate U.S. Holders are entitled to preferential treatment for net long-term capital gains. The ability of a U.S. Holder to deduct capital losses is subject to limitations.

### ***Foreign Currency Notes***

The following discussion generally describes special rules that apply, in addition to the rules described above, to Notes that are denominated in, or provide for payments determined by reference to, a currency other than the U.S. dollar (“**Foreign Currency Notes**”). The amount of qualified stated interest paid with respect to a Foreign Currency Note that is includible in income by a U.S. Holder that uses the cash method of accounting for

U.S. federal income tax purposes is the U.S. dollar value of the amount paid, as determined on the date of actual or constructive receipt by such U.S. Holder, using the spot rate of exchange on such date.

In the case of qualified stated interest on a Foreign Currency Note held by a U.S. Holder that uses the accrual method of accounting, and in the case of OID (other than OID on a Short-Term Note that is not required to be accrued) for every U.S. Holder, such U.S. Holder is required to include the U.S. dollar value of the amount of such interest income or OID (which is determined in the foreign currency) that accrued during the accrual period. The U.S. dollar value of such accrued interest income or OID generally is determined by translating such income at the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average spot rate of exchange for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such income at the spot rate of exchange on the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, at the spot rate of exchange in effect on the last day of the taxable year). If the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held or subsequently acquired by such U.S. Holder and may not be changed without the consent of the IRS. The U.S. Holder will recognize, as ordinary income or loss, foreign currency exchange gain or loss with respect to such accrued interest income or OID on the date the interest or OID is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income or OID for the relevant accrual period and the spot rate of exchange on the date such interest or OID is actually or constructively received.

A U.S. Holder will calculate the amortization of any bond premium for a Foreign Currency Note in the applicable foreign currency. Amortization deductions attributable to a period will reduce interest payments in respect of that period, and therefore are translated into U.S. dollars at the rate of exchange used for those interest payments. Foreign currency exchange gain or loss will be realized with respect to amortized premium on a Foreign Currency Note based on the difference between the rate of the exchange at which the amortization deductions were translated into U.S. dollars and the spot rate of exchange on the date such U.S. Holder acquired the Foreign Currency Note. Where a U.S. Holder elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realized with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Note is generally translated into U.S. dollars at the spot rate on such payment or disposition date.

The amount realized with respect to a sale, exchange, retirement or other disposition of a Foreign Currency Note generally will be the U.S. dollar value of the payment received, determined on the date of disposition of such Foreign Currency Note (using the spot rate of exchange on such date). However, with respect to Foreign Currency Notes that are treated as traded on an established securities market, such amount realized will be determined using the spot rate of exchange on the settlement date in the case of (i) a U.S. Holder that is a cash method taxpayer or (ii) a U.S. Holder that is an accrual method taxpayer that elects such treatment. This election may not be changed without the consent of the IRS. Gain or loss that is recognized generally will be ordinary income or loss to the extent it is attributable to fluctuations in currency exchange rates between the date of purchase and the date of sale, exchange, retirement or other disposition. Such foreign currency exchange gain (or loss), together with any foreign currency exchange gain (or loss) realized on such disposition in respect of accrued interest or OID, generally will be recognized only to the extent of the total gain (or loss) realized by such U.S. Holder on the sale, exchange, retirement or other disposition of the Foreign Currency Note. Any such total gain (or loss) realized by a U.S. Holder not treated as foreign currency exchange gain (or loss) generally will be capital gain (or loss) (subject to the discussion above regarding Short-Term Notes).

A U.S. Holder that determines its amount realized in connection with the sale, exchange, retirement or other disposition of a Foreign Currency Note by reference to the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (rather than on the settlement date) may recognize additional foreign currency exchange gain or loss upon receipt of non-U.S. currency from such sale, exchange, retirement or other disposition. A U.S. Holder will recognize an amount of foreign currency exchange gain or loss on a sale or other disposition of any non-U.S. currency equal to the difference between (i) the amount of U.S. dollars, or the fair

market value in U.S. dollars of any other property, received in such sale or other disposition and (ii) the tax basis of such non-U.S. currency. A U.S. Holder generally will have a tax basis in non-U.S. currency received from a sale, exchange, retirement or other disposition of a Foreign Currency Note equal to the U.S. dollar value of such non-U.S. currency on the date of receipt.

A Note that provides for payments in more than one currency generally will be treated as a “contingent payment debt instrument”, and the special rules applicable to such instruments will be described in the applicable Pricing Supplement or other supplemental disclosure if the Notes are offered to U.S. Holders.

### ***Foreign Tax Credit Considerations***

As discussed in “Taxation—Brazil Taxation,” under current law, payments of interest and original issue discount in respect of the Notes are subject to Brazilian withholding taxes (other than Notes issued by the Grand Cayman Branch, which may not be subject to such Brazilian withholding taxes). A U.S. Holder will be required for U.S. federal income tax purposes to include in gross income as interest any such Brazilian withholding taxes. Thus, a U.S. Holder may be required to report income for such purposes in an amount greater than the actual amount such U.S. Holder receives in cash. Interest on, and any OID accrued with respect to, a Note generally will constitute income from sources outside the United States, and generally will be categorized for U.S. foreign tax credit purposes as “passive category income” or, in the case of some U.S. Holders, as “general category income.” Subject to applicable limitations and holding period requirements, a U.S. Holder may be eligible to elect to claim a credit against its U.S. federal income tax liability for any such Brazilian withholding taxes. As discussed in “Taxation—Brazil”, under current law, gain resulting from a sale or other disposal of a Note may be subject to Brazilian income or withholding taxes. A U.S. Holder’s use of a foreign tax credit with respect to any such Brazilian income or withholding taxes may be limited, as such gain generally will constitute income from sources within the United States.

A U.S. Holder that does not claim a U.S. foreign tax credit generally may instead claim a deduction for any such Brazilian taxes, but only for any taxable year in which such U.S. Holder elects to do so with respect to all non-U.S. income taxes. Foreign currency exchange gain or loss generally will constitute income from sources within the United States.

The rules relating to foreign tax credits are very complex, and each U.S. Holder should consult its own tax advisers regarding the application of such rules.

### ***Substitution of the Issuer***

If with respect to any Series of Notes the Trustee substitutes the Issuer for any substituted debtor, such substitution could be treated for U.S. federal income tax purposes as a taxable exchange of (i) such Notes as in place prior to such substitution for (ii) such Notes as in place after such substitution. See “—Sale, Exchange, Retirement or Other Disposition of Notes.” U.S. Holders should consult their own tax advisers as to U.S. federal income tax considerations relating to such an event.

### ***Backup Withholding and Information Reporting***

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder’s U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

### ***Certain Reporting Obligations***

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if the loss exceeds certain thresholds. In the event the acquisition, ownership or disposition of the Notes constitutes participation in a “reportable transaction” for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form



8886 with the IRS. Prospective purchasers should consult their tax advisers regarding the application of these rules to the acquisition, ownership or disposition of the Notes.

In addition, U.S. Holders should consult their tax advisers about any additional reporting obligations that may apply as a result of the acquisition, holding or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

### ***Foreign Financial Assets Reporting***

Owners of “specified foreign financial assets” with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Notes.

### **United Kingdom Taxation**

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty’s Revenue and Customs (“HMRC”), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### ***UK Withholding Tax on UK Source Interest***

#### *UK Notes listed on a recognized stock exchange*

The Notes issued by the Issuer acting through its London Branch which carry a right to interest (“**UK Notes**”) will constitute “quoted Eurobonds” provided they are and continue to be listed on a recognized stock exchange. Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be “listed on a recognized stock exchange” for this purpose if they are admitted to trading on an exchange designated as a recognized stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognized stock exchange.

The Luxembourg Stock Exchange is a recognized stock exchange. The Issuer’s understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Euro MTF Market of that Exchange may be regarded as “listed on a recognized stock exchange” for these purposes.

### *All UK Notes*

In addition to the exemption set out in the paragraph above, interest on the UK Notes may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a “bank” for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the Issuer in the ordinary course of its business.

In all cases falling outside the exemptions described above, interest on the UK Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on UK Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such UK Notes part of a borrowing with a total term of a year or more.

### *Payments by 3(a)(2) Notes Guarantor*

If the 3(a)(2) Notes Guarantor makes any payments in respect of interest on UK Notes (or other amounts due under such UK Notes other than the repayment of amounts subscribed for the UK Notes) such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Such payments by the 3(a)(2) Notes Guarantor may not be eligible for the exemptions described in the sections titled “UK Notes listed on a recognized stock exchange” and “All UK Notes” above.

### ***Other Rules Relating to United Kingdom Withholding Tax***

UK Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such UK Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in the section titled “UK Withholding Tax on UK Source Interest” above.

Where UK Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined in the section titled “UK Withholding Tax on UK Source Interest” above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to “interest” above mean “interest” as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the UK Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

### **Luxembourg Taxation**

*The statements herein regarding certain tax considerations effective in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg on the date of this Base Prospectus and are subject to any changes in law.*

*The following information is of a general nature only, it is not intended to be, nor should it be construed to be, legal or tax advice, and does not purport to be a comprehensive description of all the Luxembourg tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Prospective investors in the Notes should thus consult their own professional advisors with respect to particular circumstances, the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject as a result of the purchase, ownership and disposition of the Notes and as to their tax position.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.*

#### Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to Luxembourg resident individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) or upon payment of principal in case of redemption or repurchase of the Notes.

#### *Luxembourg non-residents*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption, repurchase or exchange of the Notes held by non-resident Noteholders.

#### *Luxembourg residents*

Under Luxembourg general tax laws currently in force and subject to the Luxembourg law of December 23, 2005, as amended (the “**Relibi Law**”), there is no withholding tax on payments of principal, premium or interest made to resident Noteholders, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption, repurchase or exchange of the Notes held by resident Noteholders.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%.

The withholding tax applied in accordance with the Relibi Law will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent.

Under the Relibi Law, an individual beneficial owner of interest or similar income who is a resident of Luxembourg and acts in the course of the management of his/her private wealth may opt in accordance with the Relibi Law for a final tax of 20% when he receives or is deemed to receive such interest or similar income from a paying agent established in another EU Member State (other than Luxembourg) or in a Member State of the European Economic Area that is not an EU Member State. Such final tax of 20% is however not collected by means of a withholding but the individual resident, who is the beneficial owner of interest, is responsible for the declaration and the payment of the 20% final tax.

#### **The proposed financial transactions tax (“FTT”)**

On February 14, 2013, the European Commission published a proposal (the “**Commission’s proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary’ market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **Cayman Islands Tax Considerations**

The following is a general discussion of certain tax considerations for prospective investors in the Notes. The discussion is based upon present law and interpretations of present law, both of which are subject to prospective and retroactive changes. The discussion does not consider any investor's particular circumstances, and it is not intended as tax advice.

*PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISERS ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE NOTES UNDER THE LAWS OF THE CAYMAN ISLANDS, THE UNITED STATES, JURISDICTIONS FROM WHICH THE BANK MAY DERIVE ITS INCOME OR CONDUCT ITS ACTIVITIES AND JURISDICTIONS WHERE INVESTORS ARE SUBJECT TO TAXATION.*

The Issuer has been advised that under existing Cayman Islands laws:

- (i) Payments in respect of the notes issued by the Issuer through its Cayman Islands branch will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any holder of the notes and gains derived from sale of the notes will not be subject to Cayman Islands income or corporation tax in the Cayman Islands. The Cayman Islands currently have no income tax or taxation in the nature of a withholding tax, corporate or capital tax and no estate duty, inheritance tax or gift tax; and
- (ii) No capital or stamp duties are levied in the Cayman Islands on the issue or redemption of the notes.

However, holders whose notes are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of the notes and an instrument transferring title to a security which is in registered form would, if brought into or executed in the Cayman Islands, be subject to Cayman Islands stamp duty. Cayman Islands stamp duty of a nominal amount would also be payable in the event that documentation relating to the guarantee were brought into or executed in the Cayman Islands.

### **FATCA**

Whilst the Notes are in global form and held within DTC, Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together, the "ICSDs"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the 3(a)(2) Notes Guarantor, any paying agent and the Common Depositary / Common Safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

## CERTAIN ERISA AND OTHER CONSIDERATIONS

The Notes may be purchased and held by or with the assets of an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), an individual retirement account or other plan subject to Section 4975 of the Code, or an entity whose underlying assets are considered to include “plan assets” of any such plan or account pursuant to Section 3(42) of ERISA and the regulations promulgated under ERISA by the U.S. Department of Labor (collectively, “**Plans**”), or an employee benefit plan sponsored by a state or local government or otherwise subject to laws that include restrictions substantially similar to Section 406 of ERISA or Section 4975 of the Code (“**similar laws**”).

A fiduciary of a Plan must determine that the purchase, holding and disposition of the Notes is consistent with its fiduciary duties under ERISA, the Code and similar laws.

In addition, Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of a Plan and persons who have specified relationships to the Plan, i.e., “parties in interest” as defined in ERISA or “disqualified persons” as defined in Section 4975 of the Code (collectively referred to as “parties in interest”), unless exemptive relief is available. Parties in interest that engage in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. Similar laws might include analogous provisions.

Under Section 3(42) of ERISA and the regulations promulgated under ERISA by the U.S. Department of Labor, if a Plan invests in an equity interest of an entity that is neither a “publicly offered security”, nor a security issued by an investment company registered under the U.S. Investment Company Act of 1940, as amended, the Plan’s assets include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless the entity is an “operating company” or equity participation in the entity by “benefit plan investors” in each class of equity interests in the entity is not “significant.” For this purpose, an “equity interest” is any interest other than an instrument that is treated as indebtedness under applicable local law and that has no substantial equity features. The Issuer intends to treat the Notes as indebtedness for ERISA purposes. However, the treatment of the Notes as debt for ERISA purposes depends on the facts and circumstances, and therefore there can be no assurance regarding the treatment of the Notes as debt for ERISA purposes at all times.

The Bank, and its current and future affiliates (the “**Transaction Parties**”), may be parties in interest with respect to many Plans. Thus, each fiduciary who is, or is acting on behalf of, a Plan or a plan subject to similar laws must determine whether the purchase, holding and disposition of the Notes might constitute or give rise to a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or any similar law. Each purchaser or holder of the Notes, and each fiduciary who causes any entity to purchase and hold the Notes will be deemed by its purchase and holding of the Notes to have represented and warranted on each day such purchaser or holder holds such Notes, that either (i) it is neither a Plan nor a plan subject to similar laws and it is not purchasing or holding Notes on behalf of or with the assets of any Plan or plan subject to similar laws; or (ii) its acquisition, holding and disposition of Notes shall not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any similar law.

In addition, each Plan that purchases and holds the Notes must be represented by a fiduciary that is independent of the Transaction Parties and (i) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (ii) has exercised independent judgment in evaluating whether to invest the assets of such Plan in the Notes, and (iii) understands and acknowledges that none of the Transaction Parties have and will undertake to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the purchase, holding or disposition of the Notes. Fiduciaries of any Plans or plans subject to any similar law should consult with their own legal counsel before purchasing the Notes.

Fiduciaries of any Plans or plans subject to any similar law should consult with their own legal counsel before purchasing the Notes. Each purchaser of Notes will have exclusive responsibility for ensuring that its purchase, holding and subsequent disposition of the Notes does not violate the fiduciary or prohibited transaction rules of ERISA, the Code or any similar law. Nothing herein shall be construed as a representation that an investment in the Notes would meet any or all of the relevant legal requirements with respect to investments by, or is appropriate for, Plans or plans subject to similar law generally or any particular Plan or plan subject to similar law. The information presented herein is not directed to any particular investor or addresses the investment needs of any particular investor.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by an Issuer to BB Securities Limited (the “**Dealer**”) and any other Dealer(s) appointed pursuant to the Dealer Agreement. The arrangements under which Notes may from time to time to be sold by an Issuer to, and subscribed by, the Dealer are set out in a Dealer Agreement dated November 23, 2016 (the “**Dealer Agreement**”) and made between the Bank Parties and the Dealer. If in the case of any Tranche of Notes the method of distribution is an agreement between the relevant Issuer and the Dealer for that Tranche to be issued by such Issuer and subscribed by the Dealer, the method of distribution will be described in the relevant Pricing Supplement as “Non-Syndicated.” If in the case of any Tranche of Notes the method of distribution is an agreement between the relevant Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Pricing Supplement as “Syndicated,” the obligations of those Dealers to subscribe the relevant Notes will be several and not joint and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilizing Manager in relation to that Tranche) will be set out in the relevant Pricing Supplement.

BB Securities Limited is not a broker-dealer registered with the SEC, and therefore may not make sales of any notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that BB Securities Limited intends to effect sales of the Notes in the United States, it will do so only through Banco do Brasil Securities LLC or one or more U.S. registered broker-dealers, or otherwise as permitted by applicable U.S. law. BB Securities Asia Pte. Ltd. may be involved in the sales of the Notes in Asia.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the relevant Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category [1/2]; TEFRA D or TEFRA C as specified in the relevant Pricing Supplement or neither if TEFRA is specified as not applicable in the relevant Pricing Supplement.*

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except in certain transactions exempt from the registration requirements of the Securities Act.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche within the United States or to, or for the account or benefit of, U.S. persons, other than pursuant to Rule 144A, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The offering of Notes comprising any Tranche by the Dealers is subject to receipt and acceptance and subject to the Dealers' right to reject any order in whole or in part, for any reason.

The Dealer Agreement provides that the Dealers may directly or through their respective agents or affiliates arrange for the resale of Restricted Registered Notes in the United States only to qualified institutional buyers pursuant to Rule 144A.

### **Selling Restrictions Addressing United Kingdom Securities Laws**

The Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (“**FSMA**”) by the relevant Issuer;

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the 3(a)(2) Notes Guarantor, if applicable; and
- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

See “General Information—Notes having matured in less than one year” for additional restrictions regarding Notes having a maturity of less than one year.

### **Prohibition of Sales to EEA Retail Investors**

The Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area (“**EEA**”). For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); or
- (ii) a customer within the meaning of Directive, (EU) 2016/97 (as amended (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Each person in a Member State of the EEA who receives any communication in respect of, or who acquires any Notes under, the offers to the public contemplated in this Base Prospectus as completed by the Pricing

Supplement in relation thereto, or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Dealer and the relevant Issuer that it and any person on whose behalf it acquires Notes is not a “retail investor” (as defined above).

### **Prohibition of Sales to UK Retail Investors**

The Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Each person in the United Kingdom who receives any communication in respect of, or who acquires any Notes under, the offers to the public contemplated in this Base Prospectus as completed by the Pricing Supplement in relation thereto, or to whom the Notes are otherwise made available, will be deemed to have represented, warranted, acknowledged and agreed to and with each Dealer and the relevant Issuer that it and any person on whose behalf it acquires Notes is not a “retail investor” (as defined above).

### **Canada**

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor. Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“NI 33-105”), the dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with any offering of Notes.

### **Brazil**

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the Notes has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the Notes in Brazil is not legal without prior registration under Law No. 6,385 of 7 December 1976, as amended, and Instruction No. 400, issued by the CVM on 29 December 2003, as amended. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the Notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the Notes to the public in Brazil. Therefore, the Dealer has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Notes in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.



Persons wishing to offer or acquire the Notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

## **Chile**

Neither the Issuer nor the Notes are registered in the Securities Registry (Registro de Valores) or the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Securities and Insurance Commission (*Superintendencia de Valores y Seguros de Chile* or “SVS”), or subject to the control and supervision of the SVS. This Base Prospectus and other offering materials relating to the offer of the notes do not constitute a public offer of, or an invitation to subscribe for or purchase, the Notes in the Republic of Chile, other than to individually identified purchasers pursuant to a private offering within the meaning of Article 4 of the Chilean Securities Market Act (*Ley de Mercado de Valores*) (an offer that is not “addressed to the public at large or to a certain sector or specific group of the public”).

*Ni el Emisor ni las Notas están registradas en el Registro de Valores o el Registro de Valores Extranjeros de la Superintendencia de Valores y Seguros de Chile o “SVS,” o están sujetas al control y supervisión de la SVS. Este prospecto y los otros materiales relativos a la oferta de las Notas no constituye una oferta pública, o una invitación a suscribir o adquirir las Notas en la República de Chile, excepto para los compradores identificados individualmente de conformidad con una oferta privada de acuerdo a lo establecido en el artículo 4 de la Ley de Mercado de Valores de Chile (una oferta que no está “dirigida al público en general o a ciertos sectores o a grupos específicos de éste”).*

## **Colombia**

The Notes have not been offered or sold, and will not be offered or sold, in Colombia other than in compliance with applicable laws.

## **Peru**

The Notes and the information contained in the Base Prospectus will not be publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the Bank Parties or the sellers of Notes before or after their acquisition by prospective investors. The Notes and the information contained in the Base Prospectus have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian National Supervisory Commission of Companies and Securities (*Comisión Nacional Supervisora de Empresas y Valores*) nor have they been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

## **Mexico**

The Notes have not been, and will not be, registered with the National Securities Registry maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the “CNBV”) and, therefore the Notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that the common shares may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

## **Cayman Islands**

No invitation may be made, whether directly or indirectly, to members of the public in the Cayman Islands to subscribe for the Notes unless the Issuer is listed on the Cayman Islands Stock Exchange. Notes may, however, be offered and sold to ordinary non-resident and exempted companies of the Cayman Islands.

## Italy

The issuance of the Notes will not be registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“**Regulation No. 11971**”); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of Notes or distribution of copies of the Base Prospectus or any other document relating to Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended (the “**Banking Act**”); and
- (b) in compliance with Article 129 of the Banking Act, as amended, and implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or other Italian authority.

## Switzerland

The Notes may not and will not be publicly offered, sold or advertised distributed or re-distributed, directly or indirectly, in or from Switzerland and neither the Base Prospectus nor any other solicitation for investments in Notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations. The Base Prospectus or any other offering or marketing material relating to the Notes does not constitute an issue prospectus pursuant to Article 652a or Article 1,156 of the Swiss Code of Obligations. The Notes will not be listed on the SIX Swiss Exchange and, therefore, the Base Prospectus may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe to Notes with a view to distribution. The prospective investors must be individually approached by a dealer from time to time.

## Belgium

No action has been taken or will be taken in Belgium to permit a public offer of Notes in accordance with the Belgian Act of 16 June 2006 on the public offer of securities and admission of securities to trading on a regulated market (the “**Belgian Prospectus Act**”) or a takeover bid in accordance with the Belgian Act of 1 April 2007 on takeover bids (the “**Belgian Takeover Act**”) and no Notes may be offered or sold to persons in Belgium unless either such persons are qualified investors within the meaning of Article 10 of the Belgian Prospectus Act or one or more other exemptions available under Article 3 of the Belgian Prospectus Act and Article 6 (3) of the Belgian Takeover Act apply.

## Germany

The Notes will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (*Gesetz über die Erstellung, Billigung und Veröffentlichung des Prospekts, der beiw öffentlichen Angebot von Wertpapieren oder bei der Zulassung von Wertpapieren zum Handel an einem organisierten Markt zu veröffentlichen ist—*

*Wertpapierprospektgesetz*) as of June 22, 2005, effective as of July 1, 2005, as amended, or any other laws and regulations applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. No selling prospectus (*Verkaufsprospekt*) within the meaning of the German Securities Selling Prospectus Act has been or will be registered within the Financial Supervisory Authority of the Federal Republic of Germany or otherwise published in Germany.

### **Grand Duchy of Luxembourg**

The Notes may not be offered or sold within the territory of the Grand Duchy of Luxembourg unless:

- (a) a prospectus has been duly approved by the Commission de Surveillance du Secteur Financier in accordance with the Law of July 10, 2005 on prospectuses for securities as amended from time to time (the “**Prospectus Act 2005**”) and implementing, among others, the Prospectus Directive, the 2010 PD Amending Directive (the EU Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 and Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010) and the 2013 PD Amending Directive (Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 ), (the 2010 PD Amending Directive together with the 2013 PD Amending Directive, the “**Amendment Directives**”); or
- (b) if Luxembourg is not the home member state, the Commission de Surveillance du Secteur Financier has been notified by the competent authority in the home member state that the prospectus has been duly approved in accordance with the Prospectus Directive and the PD Amending Directives; or
- (c) the offer is made to “qualified investors” as described in points (1) to (4) of Section I of Annex II to Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments, and persons or entities who are, on request, treated as professional clients in accordance with Annex II to Directive 2004/39/EC, or recognized as eligible counterparties in accordance with Article 24 of Directive 2004/39/EC unless they have requested that they be treated as non-professional clients; or
- (d) the offer benefits from any other exemption to, or constitutes a transaction otherwise not subject to, the requirement to publish a prospectus, provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to article 5 of the Prospectus Act 2005 or article 30 of the Prospectus Act or supplement a prospectus pursuant to article 13 of the Prospectus Act 2005 or article 39 of the Prospectus Act.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in the Grand Duchy of Luxembourg means the communication in any form by any means of sufficient information on the terms of the offer and the Notes to be offered, so as to enable an investor to decide to purchase or subscribe to these Notes. This shall also be applicable to the placing of Notes through financial intermediaries.

### **France**

No prospectus (including any amendment, supplement or replacement thereto) has been, or will be, prepared in connection with any offering of the Notes that has been approved by the *Autorité des Marchés Financiers* or by the competent authority of another state that is a contracting party to the Agreement on the EEA and notified to the *Autorité des Marchés Financiers*; no Notes have been, or will be, offered or sold and will be offered or sold, directly or indirectly, to the public in France except to permitted investors (“**Permitted Investors**”) consisting of persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (*investisseurs qualifiés*) acting for their own account or corporate investors meeting one of the four criteria provided in article D. 341-1 of the French Code Monétaire et Financier and belonging to a limited circle of investors (*cercle restreint d’investisseurs*) acting for their own account, with “qualified investors” and “limited circle of investors” having the meaning ascribed to them in Article L. 411-2, D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code *Monétaire et Financier*; none of any offering material relating to the offer or information with respect to the Notes has been, or will be, released, issued or distributed to the public in France except to Permitted Investors; and the direct or indirect resale to the

public in France of any Notes acquired by any Permitted Investors may be made only as provided by articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Code *Monétaire et Financier* and applicable regulations thereunder.

## **Republic of Ireland**

The Notes are not, nor will they be, offered directly or indirectly to the general public in Ireland and no offers or sales of any securities under or in connection with the Programme may be effected except in conformity with the provisions of Irish law including the Irish Companies Act 1963 to 2009, the Prospectus (Directive 2003\71\EC) Regulations 2005 of Ireland, the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos 1 to 3) of Ireland and the Market Abuse (Directive 2003\6\EC) Regulations of Ireland.

## **Australia**

No prospectus or other disclosure document (as defined in Corporations Act 2001 of Australia (the “**Corporations Act**”)) in relation to the Programme or the Notes has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”) or any other governmental agency in relation to the offering. The Base Prospectus does not constitute a prospectus, product disclosure statement or other disclosure document for the purposes of the Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. No action has been taken which would permit an offering of the Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act. Unless the relevant Pricing Supplement otherwise provides, the Dealers (a) will not offer or invite applications for the issue, sale or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia), and (b) will not distribute or publish, the Base Prospectus or any other offering material or advertisement relating to the Notes in Australia, in each case unless (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in other currencies, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Parts 6D.2 or 7.9 of the Corporations Act, (ii) such action complies with all applicable laws, regulations and directives in Australia (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act), (iii) the offer or invitation does not constitute an offer or invitation to a person in Australia who is a “retail client” as defined for the purposes of Section 761G of the Corporations Act, and (iv) such action does not require any document to be lodged with ASIC, the ASX or any other regulatory authority in Australia.

## **New Zealand**

The Notes are not, nor will they be, offered or sold, directly or indirectly, nor will they be distributed, directly or indirectly, in New Zealand, other than (a) to persons who are “wholesale investors” within the meaning of clauses 3(2)(a), (c) and (d) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand (“**NZ FMC Act**”), being persons who fall within one or more of the following categories of “wholesale investor”: (i) an “investment business” within the meaning of clause 37 of Schedule 1 to the NZ FMC Act, (ii) “large” within the meaning of clause 39 of Schedule 1 to the NZ FMC Act, or (iii) a “government agency” within the meaning of clause 40 of Schedule 1 to the NZ FMC Act, or (b) in other circumstances where there is no contravention of the NZ FMC Act, provided that (without limiting (a) above) Notes may not be offered (or transferred) to any person that is a “wholesale investor” under the NZ FMC Act solely because that person is an “eligible investor” (within the meaning of clause 3(3)(a) of Schedule 1 to the NZ FMC Act) or meets the “investment activity” criteria specified in clause 38 of Schedule 1 to the NZ FMC Act.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Act No. 25 of 1948, as amended, the “**FIEL**”). The Dealer represents, warrants and agrees, and each further Dealer or distributor appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration

requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Korea**

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea (the “FSCMA”). Accordingly, the Notes are not, nor will they be, offered, sold or delivered, directly or indirectly, in Korea, or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea), except as otherwise permitted by applicable Korean laws and regulations. Furthermore, a holder of the Notes will be prohibited from offering, delivering or selling any Notes, directly or indirectly, in Korea or to any Korean resident for a period of one year from the date of issuance of the Notes except (i) in the case where the Notes are issued as bonds other than equity-linked bonds, such as convertible bonds, bonds with warrants and exchangeable bonds, and where the other relevant requirements are further satisfied, the Notes may be offered, sold or delivered to or for the account or benefit of a Korean resident which falls within certain categories of qualified institutional investors as specified in the FSCMA, its Enforcement Decree and the Regulation on Securities Issuance and Disclosure, or (ii) as otherwise permitted under applicable Korean laws and regulations. Each Dealer severally but not jointly undertakes, and each further Dealer appointed under the Programme will be required to undertake, to use commercially reasonable best measures as a Dealer in the ordinary course of its business so that any securities dealer to which it sells the Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

## **The Republic of China**

The Dealer represents, warrants and agrees that the Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly, in the Republic of China, to investors other than “professional institutional investors” as defined under Paragraph 2, Article 19-7 of the Regulations Governing Securities Firms of the Republic of China, currently including overseas or domestic banks, insurance companies, bills finance companies, securities firms, fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, securities investment trust enterprises, securities investment consulting enterprises, trust enterprises, futures commission merchants, futures service enterprises, and other institutions approved by the Financial Supervisory Commission of the Republic of China.

## **Hong Kong**

The Notes may not be offered or sold in Hong Kong, by means of any document, other than (a) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32 Laws of Hong Kong), (b) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (c) in other circumstances which do not result in the document being a “prospectus” as defined in Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to Notes, may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Singapore**

The Base Prospectus has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) as modified or amended from time to time (together, the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance

with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person who is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the 'securities' or 'securities-based derivatives contracts' (each term as defined in section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:
  - (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - (ii) where no consideration is or will be given for the transfer;
  - (iii) where the transfer is by operation of law;
  - (iv) as specified in Section 276(7) of the SFA; or
  - (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

#### **United Arab Emirates**

The Notes may not be, have not been and are not being sold, subscribed for, transferred or delivered in the UAE other than in compliance with the laws of the UAE governing the sale, subscription for, transfer and delivery of securities. Further, the Base Prospectus does not constitute a public offer of securities in the United Arab Emirates and is not intended to be a public offer. The Base Prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

#### **Dubai International Finance Centre**

The Notes may not be, are not and will not be sold, subscribed for, transferred or delivered, directly or indirectly, to any person in the Dubai International Financial Centre who is not a client within the meaning of the Conduct of Business Module of the Rules of the Dubai Financial Services Authority or a qualified investor within the meaning of the Offered Securities Rules of the Dubai Financial Services Authority.

#### **General**

No action has been or will be taken in any jurisdiction by the Managers or the Issuer that would, or is intended to, permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus, or any part thereof, including any Pricing Supplement, or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Base Prospectus comes, or any part thereof, including any Pricing Supplement or any such other material, agree that they will comply with all applicable laws and regulations in each jurisdiction in which they acquire, offer, sell, or deliver Notes or have in their possession, distribute or publish the Base Prospectus, or any part thereof, including any Pricing Supplement or any such other material, in all cases at their own expense.

The Dealer Agreement provides that the Dealer shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be

applicable but without prejudice to the obligations of the Dealer described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

BB Securities Ltd. is not a broker-dealer registered with the SEC and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that BB Securities Ltd. intends to effect any sales of the Notes in the United States, BB Securities Ltd. will do so only through Banco do Brasil Securities LLC, its selling agent, or one or more U.S. registered broker-dealers or otherwise as permitted by applicable U.S. law. BB Securities Asia Pte. Ltd. may be involved in the sales of Notes in Asia.

## TRANSFER RESTRICTIONS

### Regulation S Notes

Each purchaser of Bearer Notes or Unrestricted Registered Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:
  - (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and
  - (b) it is not an affiliate of the relevant Issuer or, if applicable, the 3(a)(2) Notes Guarantor or a person acting on behalf of such an affiliate;
- (ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:
  - (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or
  - (b) to the relevant Issuer; or
  - (c) in the case of Unrestricted Registered Notes only, in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB,

in each case in accordance with any applicable securities laws of any State of the United States;

- (iii) it understands that such Notes will bear a legend to the following effect, unless the relevant Issuer determines otherwise in accordance with applicable law:

BY ACQUIRING THIS NOTE, EACH PURCHASER AND TRANSFEREE (AND ITS FIDUCIARY, IF APPLICABLE) IS DEEMED TO REPRESENT AND WARRANT THAT EITHER (A) IT IS NOT ACQUIRING THIS NOTE WITH THE ASSETS OF AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), THAT IS SUBJECT TO TITLE I OF ERISA, A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), ANY OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY NON-U.S., FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR AN ENTITY WHOSE ASSETS ARE DEEMED TO BE PLAN ASSETS OF THE FOREGOING OR (B) THE ACQUISITION AND HOLDING OF THIS NOTE (OR INTEREST THEREIN) WILL NOT GIVE RISE TO A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY OTHER SUBSTANTIALLY SIMILAR APPLICABLE LAW.

BY ACQUIRING THIS NOTE, EACH PURCHASER AND TRANSFEREE (OR ITS FIDUCIARY, IF APPLICABLE) THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE CODE ALSO IS DEEMED TO REPRESENT AND WARRANT THAT IT (I) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO THE PROSPECTIVE INVESTMENT IN THE NOTES, (II) HAS EXERCISED INDEPENDENT JUDGMENT IN EVALUATING WHETHER TO INVEST THE ASSETS OF SUCH PURCHASER IN THE NOTES, AND (III) UNDERSTANDS AND ACKNOWLEDGES THAT NEITHER THE ISSUER NOR ITS



AFFILIATES, HAVE OR WILL UNDERTAKE TO PROVIDE IMPARTIAL INVESTMENT ADVICE, OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY, IN CONNECTION WITH THE PURCHASE, HOLDING OR DISPOSITION OF THE NOTES.

PRIOR TO THE EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S, OR “**REGULATION S**”, UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR “**SECURITIES ACT**”), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE TRUST DEED REFERRED TO HEREIN; and

- (iv) it understands that the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor, the Trustee, the relevant Registrar, the Dealer and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Note Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Note Certificate only upon receipt by the relevant Registrar of a written certification from the transferor (in the form set out in Schedule 5 (Form of Transfer Certificate) to the Trust Deed) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Note Certificate, as described above under “Forms of the Notes.”

Notes represented by an interest in a Restricted Global Note Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest in an Unrestricted Global Note Certificate, but only upon receipt by the relevant Registrar of a written certification from the transferor (in the form set out in Schedule 5 (Form of Transfer Certificate) to the Trust Deed) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Any interest in a Note represented by an Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Note Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Note Certificate and become an interest in a Note represented by a Restricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Note Certificate.

#### **Rule 144A Notes**

Each purchaser of Restricted Registered Notes in reliance on Rule 144A, by accepting delivery of this Base Prospectus, will be deemed to have represented, agreed and acknowledged as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (i) the purchaser is (a) a QIB, (b) acquiring the Notes for its own account or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the relevant Issuer or, if applicable, the 3(a)(2) Notes Guarantor, and (d) is aware, and each beneficial owner of such Notes has been advised that the sale of the Notes to it is being made in reliance on Rule 144A;
- (ii) the purchaser understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided

by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the relevant Issuer or, if applicable, the 3(a)(2) Notes Guarantor, or any of their respective affiliates, in each case in accordance with any applicable securities laws of any State of the United States and (2) it will, and each subsequent holder of the Restricted Registered Notes is required to, notify any purchaser of the Restricted Registered Notes from it of the resale restrictions applicable to the Restricted Registered Notes;

- (iii) the purchaser understands that the Restricted Global Note Certificate and any restricted Individual Note Certificate (a “**Restricted Individual Note Certificate**”) will bear a legend to the following effect, unless the relevant Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER OR ITS AFFILIATES.

- (iv) it understands that such Notes will bear a legend to the following effect, unless the relevant Issuer determines otherwise in accordance with applicable law:

BY ACQUIRING THIS NOTE, EACH PURCHASER AND TRANSFEREE (AND ITS FIDUCIARY, IF APPLICABLE) IS DEEMED TO REPRESENT AND WARRANT THAT EITHER (A) IT IS NOT ACQUIRING THIS NOTE WITH THE ASSETS OF AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), THAT IS SUBJECT TO TITLE I OF ERISA, A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), ANY OTHER EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY NON-U.S., FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE, OR AN ENTITY WHOSE ASSETS ARE DEEMED TO BE PLAN ASSETS OF THE FOREGOING OR (B) THE ACQUISITION AND HOLDING OF THIS NOTE (OR INTEREST THEREIN) WILL NOT GIVE RISE TO A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF ANY OTHER SUBSTANTIALLY SIMILAR APPLICABLE LAW.

BY ACQUIRING THIS NOTE, EACH PURCHASER AND TRANSFEREE (OR ITS FIDUCIARY, IF APPLICABLE) THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE CODE ALSO IS DEEMED TO REPRESENT AND WARRANT THAT IT (I) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO THE PROSPECTIVE INVESTMENT IN THE NOTES, (II) HAS EXERCISED INDEPENDENT JUDGMENT IN EVALUATING WHETHER TO INVEST THE ASSETS OF SUCH PURCHASER IN THE NOTES, AND (III)

UNDERSTANDS AND ACKNOWLEDGES THAT NEITHER THE ISSUER NOR ITS AFFILIATES, HAVE OR WILL UNDERTAKE TO PROVIDE IMPARTIAL INVESTMENT ADVICE, OR TO GIVE ADVICE IN A FIDUCIARY CAPACITY, IN CONNECTION WITH THE PURCHASE, HOLDING OR DISPOSITION OF THE NOTES.

- (v) if it is acquiring any Notes for the account of one or more QIBs the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (vi) the purchaser understands that the relevant Issuer, if applicable, the 3(a)(2) Notes Guarantor, the Trustee, the relevant Registrar, the Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Upon the transfer, exchange or replacement of a Restricted Global Note Certificate or a Restricted Individual Note Certificate, or upon specific request for removal of the legend, the relevant Issuer will deliver only a Restricted Global Note Certificate or one or more Restricted Individual Note Certificates that bear such legend or will refuse to remove such legend, unless there is delivered to the relevant Issuer and the relevant Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by such Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Any interest in a Restricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Note Certificate will, upon transfer, cease to be an interest in a Restricted Global Note Certificate and become an interest in an Unrestricted Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in an Unrestricted Global Note Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Restricted Registered Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

### **3(a)(2) Notes**

The 3(a)(2) Notes and the Guarantee are not registered under the Securities Act or under any state securities laws. The 3(a)(2) Notes and the Guarantee are being offered pursuant to the registration exemption contained in Section 3(a)(2) of the Securities Act. Neither the SEC nor any state securities commission or regulatory authority has recommended or approved the 3(a)(2) Notes or the Guarantee, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Base Prospectus or any applicable supplement.

## GENERAL INFORMATION

### Authorization

1. The establishment of the Programme was authorized by the Bank pursuant to a resolution of its Executive Board adopted on September 16, 2014. Each of the Bank Parties has obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

### Legal and Arbitration Proceedings

2. Save as disclosed in this Base Prospectus, including the documents incorporated herein by reference thereto, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Bank Parties are aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Bank Parties.

### Significant/Material Change

3. Save as disclosed in this Base Prospectus, including the documents incorporated herein by reference thereto, since date of last audited balance sheet there has been no material adverse change in the prospects of the Bank Parties nor any significant change in the financial or trading position of the Bank Parties.

### Documents on Display

4. Copies of the following documents may be inspected (and, in the case of items (a) and (b) below, collected) during normal business hours at the offices of the Luxembourg Paying Agent from the date of this Base Prospectus and for so long as any Notes remain listed and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange:
  - (a) the constitutive documents of the Bank;
  - (b) the audited consolidated financial statements of the Issuer for the six month periods ended June 30, 2021 and 2020, and and for the years ended December 31, 2020 and 2019;
  - (c) the Trust Deed (which contains the forms of Notes in global and definitive form);
  - (d) the Agency Agreement;
  - (e) the Dealer Agreement; and
  - (f) the Issuer-ICSDs Agreement.

### Clearing of the Notes

5. The Notes have been accepted for clearance through DTC and/or Euroclear and Clearstream, Luxembourg, as set forth in the Pricing Supplement. The appropriate common code, and/or the International Securities Identification Number (ISIN), and/or the Committee on Uniform Security Identification Procedures (CUSIP) Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

### Home Member State

6. No Notes may be issued under the Programme which (a) have a minimum denomination of less than EUR100,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Bank or by any entity to whose group the Bank belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant

Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

#### **Notes Having a Maturity of Less Than One Year**

7. Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the relevant Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

#### **Issue Price and Yield**

8. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Pricing Supplement. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Pricing Supplement will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

## **DESCRIPTION OF CERTAIN DIFFERENCES BETWEEN ACCOUNTING PRACTICES ADOPTED IN BRAZIL AND INTERNATIONAL FINANCIAL REPORTING STANDARDS**

### **General Information**

This Base Prospectus contains financial information relating to us, which has been prepared in accordance with Bacen GAAP. There are certain differences between Bacen GAAP and IFRS that are relevant to the financial information presented in this Base Prospectus. The following is a summary of some of the principal differences; however, this summary does not purport to be complete and should not be construed as exhaustive. In reading this summary, prospective investors in the Notes should also have regard to the following considerations:

Future differences between Bacen GAAP and IFRS resulting from future changes in accounting standards or from transactions or events that may occur in the future have not been taken into account in this summary and no attempt has been made to identify any such future events, ongoing work and decisions of the regulatory bodies that promulgate Bacen GAAP and IFRS which can affect future comparisons between Bacen GAAP and IFRS, including the current differences disclosed in this summary. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the respective pronouncements of the Brazilian and International accounting professional bodies. Prospective investors should also consult their own professional advisors for an understanding of the differences between Bacen GAAP and IFRS and how those differences might impact the financial information presented herein.

Accounting principles and standards used in Brazil, and applied by the Bank in the presentation of its consolidated financial statements included or incorporated by reference in this Base Prospectus, are established in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank. Moreover, the CPC has issued a number of accounting pronouncements which, if approved by the Central Bank, must be implemented in the preparation of the Bank's financial statements. These accounting principles and standards, in the case of listed companies under the jurisdiction of the CVM, are complemented by certain additional instructions issued by the CVM. In addition, the CVM and other regulatory entities such as the Central Bank, the banking regulator, the Superintendência de Seguros Privados (Private Insurance Superintendence or SUSEP), and the insurance sector regulator, provide additional industry specific guidelines.

### **Description of Certain Differences**

#### ***Deferral of fees and commissions for adjustment to the effective interest rate method***

According to accounting practices adopted by Brazilian financial institutions, tariffs and commissions charged for the origination of loans to customers are recognized as revenue upon receipt.

According to IFRS, as of January 1, 2018, in consonance with IFRS 9, tariffs and commissions included in the calculation of the effective rate of interest, directly attributable to financial instruments classified at amortized cost, should be amortized along the expected useful life of contracts.

#### ***Allowance for loan losses***

According to accounting practices adopted by the Brazilian financial institutions, borrowings should be classified in an increasing order of risk levels, ranging from AA risk to H risk, based on consistent and verifiable criteria, according to evaluation prepared by the institution itself.

A provision for doubtful loan losses should be set up monthly, and it may not be lower to the sum from application of minimum percentages, which vary from 0% (zero percent) for level AA operations, to 100% (one hundred percent) for operations classified as H level. Although the model utilized determined a minimum percentage of provision for each risk level, an entity may, at its sole criterion, determine an additional provision.

This practice of provisioning for loan losses is based on an expected loss model, utilizing regulatory limits defined by the Central Bank.

As of January 1, 2018, solely for the purpose of preparing its annual financial statement in accordance with IFRS, the Bank adopted an expected loss model to calculate the reduction of recoverable amounts of financial

assets, in accordance with the provisions of IFRS 9. Although accounting practices adopted in Brazil and IFRS are based on an expected loss model there are certain differences that shall be noted. The model adopted in accordance with IFRS 9, uses default and material changes in risk levels, with the periodical review of the provision of such assets. The Bank analyzes its transactions in three stages (i) Stage 1 – transactions in normality, (ii) Stage 2: transactions with material increase of risk, and (iii) Stage 3: noncompliant transactions (problematic assets). The transactions may migrate among the stages according to the improvement or worsening of the credit risk of such transactions.

Further, in its financial statements prepared in accordance with IFRS, the Bank recognizes the provision for expected losses with securities at amortized cost, as well as for off-balance exposures, such as loan commitments and guarantees provided. In addition, the Bank recognizes in the income statement the amount related to the credit risk of financial instruments measured at fair value through other comprehensive income.

### ***Business Combinations***

According to accounting practices adopted in Brazil applicable to financial institutions, the amount of goodwill or negative goodwill resulting from the acquisition of control of a company results from the difference between the consideration paid and the book value of the shares, which is amortized if it is based on the expectation of future profitability.

According to IFRS 3, goodwill is represented by the positive difference between the amount of the consideration and the proportional net amount of the fair value of the assets and liabilities of the acquired company. The amount recorded as goodwill is not amortized, however it is valued at least annually for the purpose of determining whether it is impaired.

## INDEPENDENT AUDITORS

The consolidated financial statements of the Bank and its subsidiaries as of and for the six month periods ended June 30, 2021, and as of and for the year ended December 31, 2020, included in this Base Prospectus, have been audited by Deloitte Touche Tohmatsu Auditores Independentes (“**Deloitte**”), independent auditors, as stated in their reports appearing herein. The consolidated financial statements of the Bank and its subsidiaries as of and for the year ended December 31, 2019, not included in this Base Prospectus, have been audited by KPMG Auditores Independentes. Deloitte’s independent auditors’ report as of and for the six month period ended June 30, 2021 and the year ended December 31, 2020 includes an “**Other Matters**” paragraph stating that the statements of value added for the periods then ended, prepared under the responsibility of the Bank’s management, whose presentation is not required by accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Bacen was subject to audit procedures performed together with the audit of the individual and consolidated financial statements of the Bank, have been appropriately prepared, in all material respects, in accordance with the criteria set forth in the Technical Pronouncement CPC 09 - Statement of Value Added and are consistent with the individual and consolidated financial statements taken as a whole.

Deloitte is duly registered with the CFC, with the Regional Accounting Councils (*Conselhos Regionais de Contabilidade*) of several Brazilian states, including the state of São Paulo, with the IBRACON and with the CVM.



## INDEX TO FINANCIAL STATEMENTS

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(Convenience Translation into English from the  
Original Previously Issued in Portuguese)

## **Banco do Brasil S.A. and Subsidiaries**

Individual and Consolidated Financial  
Statements for the Six-month Period  
Ended June 30, 2021 and  
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors, Management and Shareholders of  
Banco do Brasil S.A.

### **Opinion**

We have audited the accompanying individual and consolidated financial statements of Banco do Brasil S.A. and its subsidiaries ("Banco do Brasil"), identified as Banco do Brasil and BB Consolidated, respectively, which comprise the balance sheet as at June 30, 2021 and the related statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements" section of our report. We are independent of Banco do Brasil in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our 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 current six-month period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## 1. Allowance for loan losses

The recognition of an allowance for loan losses involves a high degree of judgment and the use of estimates by Banco do Brasil's Management. As disclosed in notes 3.g), 4.b) and 12 to the individual and consolidated financial statements, loan transactions and other receivables with loan characteristics are classified by risk level, based on Management's judgment, taking into consideration the economic scenario, past experience and the risks specific to the transactions and to the debtors, considering the parameters established by CMN (National Monetary Council) Resolution 2682/99, and the impacts arising from CMN Resolution 4803, issued in April 2020, and CMN Resolution 4855, issued in September 2020, which provide for certain effects of COVID-19. For this purpose, Banco do Brasil uses internal credit risk classification models for debtors and their respective transactions, involving Management's assumptions and judgments in order to represent its best estimate of the credit risk of its portfolio, including the impacts of COVID-19.

The allowance for loan losses was considered a key audit matter due to the complexity of the allowance for loan losses model, the use of estimates, and the high degree of judgment by Management in determining the allowances recognized.

### *How was the matter addressed in our audit?*

Our audit procedures included, among others: (a) understanding the provisioning criteria adopted by Banco do Brasil for loan transactions and other credits with loan characteristics, including the impacts of COVID-19; (b) understanding and testing the design, implementation, and effectiveness of the relevant internal controls over the rating process of debtors and their related transactions; (c) reviewing the allowance recognition criteria and challenging the assumptions used by Management and their compliance with the parameters set by CMN Resolution 2682/99, on a sampling basis, with the involvement of senior members of our team and specialists; (d) reviewing the level of the total allowance for the existing portfolios, including the impacts of COVID-19; and (e) assessing the disclosures made in the individual and consolidated financial statements.

We consider that the criteria and assumptions adopted by Management to estimate the allowance for loan losses are acceptable in the context of the individual and consolidated financial statements taken as a whole.

## 2. Provision for tax, civil, and labor claims

As disclosed in notes 3.n), 4.h) and 21 to the individual and consolidated financial statements, Banco do Brasil recognizes a provision for tax, civil and labor claims, arising from past events, based on Management's assessment, supported by its legal counsel's opinion by measuring the amounts to be provisioned using the "Collective" and "Individualized" methods, depending on the type and amounts of the lawsuits. The "Collective" method is used for lawsuits considered to be similar and usual, whose individual amount is not relevant and which were developed internally by Management according to statistical parameters. The "Individualized" method is assessed periodically by the legal counsel in relation to the likelihood of loss and amounts to be provisioned.

Due to the materiality in the context of the individual and consolidated financial statements and the complexity, subjectivity, and degree of judgment of the methods used by Management, we considered this a key audit matter.

## *How was the matter addressed in our audit?*

Our audit procedures included, among others: (a) assessment of design and implementation of the relevant internal controls involving the control of tax, civil and labor claims and the measurement of the amounts provisioned based on the “Individualized” and “Collective” methods; (b) involving our specialists for understanding the statistical parameters used in the Collective method; (c) confirming the claims with the in-house and outside legal counsel; (d) analyzing on a sampling basis the appropriateness of the assumptions used in the measurement of the selected lawsuits; and (e) analyzing the appropriateness of the disclosures in the individual and consolidated financial statements in accordance with applicable accounting pronouncements.

We consider that the criteria and assumptions adopted by Management to estimate the provision for tax, civil and labor claims are acceptable in the context of the individual and consolidated financial statements taken as a whole.

### 3. Employee benefits

Banco do Brasil is the sponsor of private pension entities and supplementary healthcare plans, which ensure the supplementation of retirement and healthcare benefits to its employees. As disclosed in notes 3.l), 4.g) and 29 to the individual and consolidated financial statements, post-employment benefits sponsored by Banco do Brasil related to supplementary pension and healthcare are assessed in accordance with the criteria established in CPC 33 (R1) - Employee Benefits, as approved by CMN Resolution 4.877/2020.

The estimated defined benefit plan obligations involve significant actuarial assumptions, including discount rates, family structure of the pensioners and general mortality table, among others, which are sensitive, involve Management subjectivity and judgment, and cause material effects on the individual and consolidated financial statements. Therefore, we considered this matter as a key audit matter.

## *How was the matter addressed in our audit?*

Our audit procedures included, among others: (a) assessment of the design and implementation of the relevant internal controls involving the measurement of actuarial liabilities; (b) involving our actuarial specialists for understanding the databases and assumptions used in the calculations of actuarial liabilities by external actuaries engaged by Management; (c) involving our actuarial specialists for challenging the main actuarial assumptions used; (d) analyzing on a sampling basis the appropriateness of databases involving our actuarial specialists for recalculating the actuarial obligations; and (e) analyzing the appropriateness of the disclosures in the individual and consolidated financial statements in accordance with the applicable accounting pronouncements.

We considered that the calculation methodology, databases and the main actuarial assumptions adopted by Management, together with its external actuaries, to estimate the employee benefit plan obligations are acceptable in the context of the individual and consolidated financial statements taken as a whole.

## 4. Information technology environment

The transactions of Banco do Brasil depend on an IT and infrastructure environment capable of supporting a high volume of transactions processed daily in its legacy information systems that provide input to its accounting records. The IT related processes, associated with its controls, may pose risks in the processing and generation of critical information, including those used in financial reporting, justifying our consideration as a key audit matter due to the significance in the context of the individual and consolidated financial statements.

### *How was the matter addressed in our audit?*

Upon the involvement of our IT specialists, we identified the significant systems that support the key business activities of Banco do Brasil, and assessed the design and implementation of the general IT controls and tested the operating effectiveness of these controls, including, when necessary, the tests of compensating controls, related to information security, the development and maintenance of significant systems and the operation of information technology environment related to the infrastructure that supports Banco do Brasil's business.

Considering the information technology environment's processes and controls, associated with the tests previously mentioned, we concluded that they allowed us to consider the information obtained from certain systems to plan the nature, timing and extent of our substantive procedures in the context of the individual and consolidated financial statements taken as a whole.

## **Other matters**

### *Statements of value added*

The individual and consolidated statements of value added ("DVA") for the six-month period ended June 30, 2021, prepared under the responsibility of Banco do Brasil's Management, whose presentation is not required by accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the BACEN, was subject to audit procedures performed together with the audit of the individual and consolidated financial statements of Banco do Brasil. In forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

The Management of Banco do Brasil is responsible for the other information that comprises the Management Report.

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

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

## **Management's responsibilities and those charged with governance for the individual and consolidated financial statements**

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to the financial institutions authorized to operate by the 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 individual and consolidated financial statements, Management is responsible for assessing Banco do Brasil'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 Banco do Brasil or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Banco do Brasil's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 individual 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 Banco do Brasil 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 ability of Banco do Brasil and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Banco do Brasil and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated 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 Group to express an opinion on the 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current semester and are therefore the key audit matters. We describe these 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.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Brasília, August 4, 2021

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU  
Auditoras Independentes



Luiz Carlos Oseliero Filho  
Engagement Partner





# Financial Statements

1st half 2021



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In thousands of Reais, unless otherwise stated

**BALANCE SHEET**

| ASSETS   | Note | Banco do Brasil      |                      | BB Consolidated      |                      |
|--|------|----------------------|----------------------|----------------------|----------------------|
|  |      | Jun 30, 2021         | Dec 31, 2020         | Jun 30, 2021         | Dec 31, 2020         |
| <b>Cash and due from banks</b>                             | 7    | <b>22,906,388</b>    | <b>14,239,838</b>    | <b>25,389,101</b>    | <b>16,784,560</b>    |
| <b>Financial assets</b>                                    |      | <b>1,787,512,214</b> | <b>1,693,389,093</b> | <b>1,746,370,310</b> | <b>1,647,636,148</b> |
| Central Bank compulsory reserves                           | 8    | 72,023,509           | 60,308,542           | 72,023,509           | 60,308,542           |
| Interbank investments                                      | 9    | 638,989,804          | 583,328,103          | 571,754,274          | 510,645,791          |
| Securities   | 10   | 279,095,381          | 282,416,189          | 293,174,228          | 294,912,849          |
| Derivative financial instruments                           | 11   | 2,693,010            | 3,531,425            | 2,683,473            | 3,527,336            |
| Loan portfolio   | 12   | 695,010,257          | 669,332,086          | 705,843,303          | 681,776,452          |
| Other financial assets                                     | 13   | 99,700,253           | 94,472,748           | 100,891,523          | 96,465,178           |
| <b>(Allowance for losses associated with credit risk)</b>  |      | <b>(45,268,949)</b>  | <b>(47,314,670)</b>  | <b>(45,732,492)</b>  | <b>(47,781,060)</b>  |
| (Loan portfolio)   | 12   | (42,614,175)         | (44,966,048)         | (42,802,797)         | (45,170,370)         |
| (Other financial assets)                                   | 13   | (2,654,774)          | (2,348,622)          | (2,929,695)          | (2,610,690)          |
| <b>Tax assets</b>  |      | <b>66,646,718</b>    | <b>64,737,934</b>    | <b>68,805,234</b>    | <b>66,694,029</b>    |
| Current tax assets   |      | 8,073,144            | 7,812,278            | 8,991,217            | 8,551,454            |
| Deferred tax assets (tax credit)                           | 22   | 58,573,574           | 56,925,656           | 59,814,017           | 58,142,575           |
| <b>Investments</b>   | 14   | <b>33,610,031</b>    | <b>32,363,137</b>    | <b>17,573,099</b>    | <b>16,290,239</b>    |
| Investments in subsidiaries, associates and joint ventures |      | 33,482,041           | 32,197,480           | 17,358,817           | 16,051,488           |
| Other investments  |      | 205,127              | 210,821              | 310,531              | 305,772              |
| (Impairment losses)  |      | (77,137)             | (45,164)             | (96,249)             | (67,021)             |
| <b>Property for use</b>                                    | 15   | <b>7,706,394</b>     | <b>8,023,960</b>     | <b>7,921,996</b>     | <b>8,230,854</b>     |
| Property and equipment                                     |      | 19,633,031           | 19,515,238           | 20,068,999           | 19,938,808           |
| (Accumulated depreciation)                                 |      | (11,893,090)         | (11,457,731)         | (12,113,260)         | (11,674,188)         |
| (Impairment losses)  |      | (33,547)             | (33,547)             | (33,743)             | (33,766)             |
| <b>Intangible</b>  | 16   | <b>4,701,220</b>     | <b>6,155,723</b>     | <b>4,764,924</b>     | <b>6,220,666</b>     |
| Intangible assets  |      | 13,967,504           | 13,693,901           | 14,106,064           | 13,830,738           |
| (Accumulated amortization)                                 |      | (7,285,428)          | (6,516,516)          | (7,360,284)          | (6,588,408)          |
| (Impairment losses)  |      | (1,980,856)          | (1,021,662)          | (1,980,856)          | (1,021,664)          |
| <b>Other assets</b>  | 13   | <b>34,293,200</b>    | <b>10,944,189</b>    | <b>34,862,347</b>    | <b>11,596,452</b>    |
| <b>TOTAL ASSETS</b>  |      | <b>1,912,107,216</b> | <b>1,782,539,204</b> | <b>1,859,954,519</b> | <b>1,725,671,888</b> |

See the accompanying notes to the financial statements.



In thousands of Reais, unless otherwise stated

| LIABILITIES AND SHAREHOLDERS' EQUITY                   | Note      | Banco do Brasil      |                      | BB Consolidated      |                      |
|--|-----------|----------------------|----------------------|----------------------|----------------------|
|  |           | Jun 30, 2021         | Dec 31, 2020         | Jun 30, 2021         | Dec 31, 2020         |
| <b>Financial liabilities</b>                           |           | <b>1,687,546,260</b> | <b>1,594,916,801</b> | <b>1,618,365,505</b> | <b>1,520,202,850</b> |
| Customers resources                                    | 17        | 640,540,876          | 583,654,485          | 661,334,086          | 601,984,265          |
| Financial institutions resources                       | 18        | 757,234,456          | 691,691,613          | 671,186,040          | 603,552,262          |
| Funds from issuance of securities                      | 19        | 188,683,973          | 204,967,358          | 186,689,749          | 203,192,140          |
| Derivative financial instruments                       | 11        | 4,363,260            | 5,213,967            | 2,901,218            | 3,049,843            |
| Other financial liabilities                            | 20        | 96,723,695           | 109,389,378          | 96,254,412           | 108,424,340          |
| <b>Provisions</b>                                      | <b>21</b> | <b>34,900,978</b>    | <b>32,993,546</b>    | <b>35,764,969</b>    | <b>34,036,170</b>    |
| Provisions for civil, tax and labor claims             |           | 28,493,429           | 26,807,922           | 28,756,235           | 27,288,400           |
| Other provisions                                       |           | 6,407,549            | 6,185,624            | 7,008,734            | 6,747,770            |
| <b>Tax liabilities</b>                                 |           | <b>22,832,609</b>    | <b>10,285,268</b>    | <b>24,795,166</b>    | <b>13,191,621</b>    |
| Current tax liabilities                                |           | 7,934,520            | 7,795,599            | 9,732,648            | 10,541,252           |
| Deferred tax liabilities                               | 22        | 14,898,089           | 2,489,669            | 15,062,518           | 2,650,369            |
| <b>Other liabilities</b>                               | <b>20</b> | <b>31,383,375</b>    | <b>27,620,367</b>    | <b>35,221,798</b>    | <b>31,270,138</b>    |
| <b>Shareholders' Equity</b>                            | <b>23</b> | <b>135,443,994</b>   | <b>116,723,222</b>   | <b>145,807,081</b>   | <b>126,971,109</b>   |
| Capital  | 23.b      | 90,000,023           | 90,000,023           | 90,000,023           | 90,000,023           |
| Instruments qualifying as common equity tier 1 capital | 23.c      | --                   | --                   | 8,100,000            | 8,100,000            |
| Capital reserves                                       | 23.e      | 1,399,561            | 1,397,697            | 1,401,177            | 1,399,152            |
| Revaluation reserves                                   | 23.d      | 2,005                | 2,040                | 2,005                | 2,040                |
| Profit reserves  | 23.e      | 46,115,858           | 39,454,038           | 45,814,896           | 39,198,468           |
| Other comprehensive income                             | 23.i      | (1,798,156)          | (13,851,389)         | (1,798,156)          | (13,851,389)         |
| (Treasury shares)                                      | 23.m      | (275,297)            | (279,187)            | (276,913)            | (280,642)            |
| Non-controlling interests                              | 23.j      | --                   | --                   | 2,564,049            | 2,403,457            |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>      |           | <b>1,912,107,216</b> | <b>1,782,539,204</b> | <b>1,859,954,519</b> | <b>1,725,671,888</b> |

See the accompanying notes to the financial statements.



In thousands of Reais, unless otherwise stated

## STATEMENT OF INCOME

|   | Note        | Banco do Brasil     |                     | BB Consolidated     |                     |
|---|-------------|---------------------|---------------------|---------------------|---------------------|
|   |             | 1st half/2021       | 1st half/2020       | 1st half/2021       | 1st half/2020       |
| <b>Income from Financial Intermediation</b>             |             | <b>47,321,941</b>   | <b>77,124,716</b>   | <b>48,296,104</b>   | <b>77,098,117</b>   |
| Loan portfolio  | 12.b        | 35,555,137          | 50,115,623          | 36,955,182          | 51,467,455          |
| Interbank investments                                   | 9.b         | 8,847,056           | 11,047,145          | 7,108,924           | 8,385,690           |
| Securities  | 10.b        | 3,369,600           | 11,004,440          | 4,582,213           | 12,217,093          |
| Derivative financial instruments                        | 11.b        | (427,498)           | 3,837,577           | (384,404)           | 3,964,127           |
| Reserve requirement                                     | 8.b         | 613,402             | 804,465             | 613,402             | 804,465             |
| Other financial assets                                  | 13.e        | (635,756)           | 315,466             | (579,213)           | 259,287             |
| <b>Expenses from Financial Intermediation</b>           |             | <b>(17,584,427)</b> | <b>(59,081,306)</b> | <b>(17,331,413)</b> | <b>(51,931,396)</b> |
| Financial institutions resources                        | 18.d        | (7,939,991)         | (44,831,929)        | (6,277,735)         | (36,951,789)        |
| Customers resources                                     | 17.c        | (6,198,163)         | (7,769,295)         | (7,562,671)         | (8,414,950)         |
| Funds from issuance of securities                       | 19.e        | (3,115,383)         | (4,054,098)         | (3,230,397)         | (4,181,026)         |
| Other funding expenses                                  | 20.c        | (330,890)           | (2,425,984)         | (260,610)           | (2,383,631)         |
| <b>Allowance for Losses Associated with Credit Risk</b> |             | <b>(7,385,972)</b>  | <b>(12,604,297)</b> | <b>(7,470,593)</b>  | <b>(12,661,412)</b> |
| Loan portfolio  | 12.f        | (7,086,893)         | (12,380,626)        | (7,126,490)         | (12,418,876)        |
| Other financial assets                                  | 13.c        | (299,079)           | (223,671)           | (344,103)           | (242,536)           |
| <b>Net income from financial intermediation</b>         |             | <b>22,351,542</b>   | <b>5,439,113</b>    | <b>23,494,098</b>   | <b>12,505,309</b>   |
| <b>Other operating income/expenses</b>                  |             | <b>(8,272,156)</b>  | <b>(413,686)</b>    | <b>(7,307,739)</b>  | <b>(5,003,408)</b>  |
| Service fee income                                      | 24          | 9,258,997           | 9,560,856           | 14,083,551          | 14,032,374          |
| Personnel expenses                                      | 25          | (9,970,343)         | (9,192,983)         | (10,744,155)        | (9,927,079)         |
| Other administrative expenses                           | 26          | (6,235,047)         | (6,311,075)         | (6,303,035)         | (6,398,426)         |
| Tax expenses  | 22.c        | (2,111,271)         | (1,632,258)         | (2,896,494)         | (2,291,549)         |
| Net gains from equity method investments                | 14.a        | 3,362,922           | 8,646,002           | 1,544,747           | 1,389,242           |
| Other operating income/expenses                         | 27          | (2,577,414)         | (1,484,228)         | (2,992,353)         | (1,807,970)         |
| <b>Provisions</b>                                       | <b>21.e</b> | <b>(3,470,832)</b>  | <b>(1,641,367)</b>  | <b>(3,509,781)</b>  | <b>(1,683,610)</b>  |
| Civil, tax and labor claims                             |             | (3,331,307)         | (1,532,105)         | (3,370,256)         | (1,570,566)         |
| Other   |             | (139,525)           | (109,262)           | (139,525)           | (113,044)           |
| <b>Operating income</b>                                 |             | <b>10,608,554</b>   | <b>3,384,060</b>    | <b>12,676,578</b>   | <b>5,818,291</b>    |
| <b>Net non-operating income</b>                         |             | <b>(40,618)</b>     | <b>11,600</b>       | <b>170,510</b>      | <b>114,570</b>      |
| <b>Profit Before Taxation and Profit Sharing</b>        |             | <b>10,567,936</b>   | <b>3,395,660</b>    | <b>12,847,088</b>   | <b>5,932,861</b>    |
| <b>Income tax and social contribution</b>               | <b>22.a</b> | <b>404,916</b>      | <b>3,777,722</b>    | <b>(1,127,414)</b>  | <b>2,075,765</b>    |
| <b>Employee and directors profit sharing</b>            |             | <b>(1,248,419)</b>  | <b>(825,524)</b>    | <b>(1,256,173)</b>  | <b>(829,182)</b>    |
| <b>Non-controlling interests</b>                        | <b>23.j</b> | <b>--</b>           | <b>--</b>           | <b>(713,900)</b>    | <b>(766,015)</b>    |
| <b>Net Income</b>                                       |             | <b>9,724,433</b>    | <b>6,347,858</b>    | <b>9,749,601</b>    | <b>6,413,429</b>    |
| <b>Net income attributable to shareholders</b>          |             |                     |                     |                     |                     |
| Shareholders of the bank                                |             | 9,724,433           | 6,347,858           | 9,749,601           | 6,413,429           |
| Non-controlling interests                               |             | --                  | --                  | 713,900             | 766,015             |
| <b>Earnings per share</b>                               | <b>23.f</b> |                     |                     |                     |                     |
| Weighted average number of shares - basic               |             | 2,853,577,298       | 2,852,103,067       |                     |                     |
| Weighted average number of shares - diluted             |             | 2,853,319,744       | 2,851,860,111       |                     |                     |
| Basic and diluted earnings per share (R\$)              |             | 3.41                | 2.23                |                     |                     |

See the accompanying notes to the financial statements.



In thousands of Reais, unless otherwise stated

## STATEMENT OF COMPREHENSIVE INCOME

|   | Banco do Brasil    |                  | BB Consolidated    |                  |
|---|--------------------|------------------|--------------------|------------------|
|   | 1st half/2021      | 1st half/2020    | 1st half/2021      | 1st half/2020    |
| <b>Net income attributable to controlling interests</b>   | <b>9,724,433</b>   | <b>6,347,858</b> | <b>9,749,601</b>   | <b>6,413,429</b> |
| Net income attributable to non-controlling interests  | --                 | --               | 713,900            | 766,015          |
| <b>Net income attributable to shareholders</b>  | <b>9,724,433</b>   | <b>6,347,858</b> | <b>10,463,501</b>  | <b>7,179,444</b> |
| <b>Items that may be subsequently reclassified to the Statement of Income</b>                   |                    |                  |                    |                  |
| <b>Financial assets available for sale</b>  | <b>(1,463,657)</b> | <b>(439,164)</b> | <b>(1,562,582)</b> | <b>(612,184)</b> |
| Unrealized gains/(losses) on financial assets available for sale                                | (2,912,097)        | (1,167,315)      | (3,051,224)        | (1,500,260)      |
| Realized (gains)/losses on financial assets available for sale - reclassified to profit or loss | 910,859            | 787,725          | 900,739            | 829,182          |
| Tax effect  | 537,581            | (59,574)         | 587,903            | 58,894           |
| <b>Share in the comprehensive income of subsidiaries, associates and joint ventures</b>         | <b>9,265</b>       | <b>(224,186)</b> | <b>46,105</b>      | <b>(47,200)</b>  |
| Unrealized gains/(losses) on financial assets available for sale                                | (168,451)          | (380,542)        | (122,677)          | (83,409)         |
| Unrealized gains/(losses) on cash flow hedge  | 216,290            | 14,873           | 216,290            | 14,873           |
| Unrealized gains/(losses) on other comprehensive income   | (4,827)            | 6,787            | (4,827)            | 6,787            |
| Tax effect  | (33,747)           | 134,696          | (42,681)           | 14,549           |
| <b>Foreign currency exchange adjustments</b>  | <b>(383,185)</b>   | <b>513,770</b>   | <b>(464,350)</b>   | <b>580,544</b>   |
| <b>Items that will not be subsequently reclassified to the Statement of Income</b>              |                    |                  |                    |                  |
| <b>Defined benefit pension plans</b>  | <b>13,890,810</b>  | <b>1,640,788</b> | <b>13,890,810</b>  | <b>1,640,788</b> |
| Gains/(losses) related to remeasurement of defined benefit pension plans                        | 25,909,073         | 2,984,695        | 25,909,073         | 2,984,695        |
| Tax effect  | (12,018,263)       | (1,343,907)      | (12,018,263)       | (1,343,907)      |
| <b>Other comprehensive income net of tax effects</b>  | <b>12,053,233</b>  | <b>1,491,208</b> | <b>11,909,983</b>  | <b>1,561,948</b> |
| <b>Comprehensive income</b>   | <b>21,777,666</b>  | <b>7,839,066</b> | <b>22,373,484</b>  | <b>8,741,392</b> |
| Comprehensive income attributable to controlling interests                                      | 21,777,666         | 7,839,066        | 21,802,834         | 7,906,083        |
| Comprehensive income attributable to non-controlling interests                                  | --                 | --               | 570,650            | 835,309          |

See the accompanying notes to the financial statements.



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| Banco do Brasil  | Note | Capital           | Capital reserves | Revaluation reserves | Profit reserves  |                    | com        |
|--|------|-------------------|------------------|----------------------|------------------|--------------------|------------|
|  |      |                   |                  |                      | Legal reserve    | Statutory reserves |            |
| <b>Balances at Dec 31, 2019</b>  |      | <b>67,000,000</b> | <b>1,365,081</b> | <b>2,169</b>         | <b>8,633,464</b> | <b>45,500,671</b>  | <b>(2)</b> |
| Accumulated other comprehensive income of financial instruments, net of taxes                    | 23.i | --                | --               | --                   | --               | --                 | --         |
| Accumulated other comprehensive income - benefit plans, net of taxes                             | 23.i | --                | --               | --                   | --               | --                 | --         |
| Foreign exchange variation of investments abroad   | 23.i | --                | --               | --                   | --               | --                 | --         |
| Cash flow hedge  | 23.i | --                | --               | --                   | --               | --                 | --         |
| Accumulated other comprehensive income - benefit plans of nonconsolidated entities, net of taxes | 23.i | --                | --               | --                   | --               | --                 | --         |
| Share-based payment transactions   |      | --                | 22,539           | --                   | --               | --                 | --         |
| Subsequent offering of shares (follow on)  |      | --                | 819              | --                   | --               | --                 | --         |
| Expired dividends and interest on own capital  |      | --                | --               | --                   | --               | --                 | --         |
| Realization of revaluation reserve in associates and subsidiaries                                | 23.d | --                | --               | (35)                 | --               | --                 | --         |
| Net income   | 23.h | --                | --               | --                   | --               | --                 | --         |
| Allocation - Reserves  | 23.g | --                | --               | --                   | 317,393          | 5,862,066          | --         |
| - Interest on own capital  | 23.g | --                | --               | --                   | --               | (1,604,075)        | --         |
| <b>Balances at Jun 30, 2020</b>  |      | <b>67,000,000</b> | <b>1,388,439</b> | <b>2,134</b>         | <b>8,950,857</b> | <b>49,758,662</b>  | <b>(2)</b> |
| <b>Changes in the period</b>   |      | <b>--</b>         | <b>23,358</b>    | <b>(35)</b>          | <b>317,393</b>   | <b>4,257,991</b>   | <b>(2)</b> |
| <b>Balances at Dec 31, 2020</b>  |      | <b>90,000,023</b> | <b>1,397,697</b> | <b>2,040</b>         | <b>9,259,072</b> | <b>30,194,966</b>  | <b>(1)</b> |
| Accumulated other comprehensive income of financial instruments, net of taxes                    | 23.i | --                | --               | --                   | --               | --                 | --         |
| Accumulated other comprehensive income - benefit plans, net of taxes                             | 23.i | --                | --               | --                   | --               | --                 | --         |
| Foreign exchange variation of investments abroad   | 23.i | --                | --               | --                   | --               | --                 | --         |
| Cash flow hedge  | 23.i | --                | --               | --                   | --               | --                 | --         |
| Accumulated other comprehensive income - benefit plans of nonconsolidated entities, net of taxes | 23.i | --                | --               | --                   | --               | --                 | --         |
| Share-based payment transactions   |      | --                | 1,864            | --                   | --               | --                 | --         |
| Incorporation of associates and subsidiaries - cancellation of treasury stocks                   |      | --                | --               | --                   | --               | --                 | (9)        |
| Expired dividends and interest on own capital  |      | --                | --               | --                   | --               | --                 | --         |
| Realization of revaluation reserve in associates and subsidiaries                                | 23.d | --                | --               | (35)                 | --               | --                 | --         |
| Net income   | 23.h | --                | --               | --                   | --               | --                 | --         |
| Allocation - Reserves  | 23.g | --                | --               | --                   | 486,221          | 8,724,657          | --         |
| - Dividends  | 23.g | --                | --               | --                   | --               | (212,107)          | --         |
| - Interest on own capital  | 23.g | --                | --               | --                   | --               | (2,336,942)        | --         |
| <b>Balances at Jun 30, 2021</b>  |      | <b>90,000,023</b> | <b>1,399,561</b> | <b>2,005</b>         | <b>9,745,293</b> | <b>36,370,565</b>  | <b>(1)</b> |
| <b>Changes in the period</b>   |      | <b>--</b>         | <b>1,864</b>     | <b>(35)</b>          | <b>486,221</b>   | <b>6,175,599</b>   | <b>(1)</b> |

See the accompanying notes to the financial statements.



| BB Consolidated  | Note | Capital           | Instruments qualifying to common equity tier 1 Capital | Capital reserves | Revaluation reserves | Profit reserves  |                    | Other comprehensive income |
|--|------|-------------------|--|------------------|----------------------|------------------|--------------------|----------------------------|
|  |      |                   |  |                  |                      | Legal reserve    | Statutory reserves |                            |
| <b>Balances at Dec 31, 2019</b>  |      | <b>67,000,000</b> | <b>8,100,000</b>                                       | <b>1,366,443</b> | <b>2,169</b>         | <b>8,633,464</b> | <b>45,181,192</b>  | <b>(23,282,399)</b>        |
| Accumulated other comprehensive income of financial instruments, net of taxes                    | 23.i | --                | --   | --               | --                   | --               | --                 | (674,800)                  |
| Accumulated other comprehensive income - benefit plans, net of taxes                             | 23.i | --                | --   | --               | --                   | --               | --                 | 1,640,700                  |
| Foreign exchange variation of investments abroad   | 23.i | --                | --   | --               | --                   | --               | --                 | 513,700                    |
| Cash flow hedge  | 23.i | --                | --   | --               | --                   | --               | --                 | 8,000                      |
| Accumulated other comprehensive income - benefit plans of nonconsolidated entities, net of taxes | 23.i | --                | --   | --               | --                   | --               | --                 | 4,800                      |
| Share-based payment transactions   |      | --                | --   | 22,632           | --                   | --               | --                 | --                         |
| Expired dividend/interest on own capital   |      | --                | --   | --               | --                   | --               | --                 | --                         |
| Disposal of treasury shares (follow on)  |      | --                | --   | 819              | --                   | --               | --                 | --                         |
| Realization of revaluation reserve in associates and subsidiaries                                | 23.d | --                | --   | --               | (35)                 | --               | --                 | --                         |
| Change in noncontrolling interest  |      | --                | --   | --               | --                   | --               | --                 | --                         |
| Net income   | 23.h | --                | --   | --               | --                   | --               | --                 | --                         |
| Interest on instruments qualifying to common equity  |      | --                | --   | --               | --                   | --               | --                 | --                         |
| Unrealized gains   |      | --                | --   | --               | --                   | --               | 22,833             | --                         |
| Allocation - Reserves  | 23.g | --                | --   | --               | --                   | 317,393          | 5,862,066          | --                         |
| - Interest on own capital  | 23.g | --                | --   | --               | --                   | --               | (1,604,075)        | --                         |
| <b>Balances at Jun 30, 2020</b>  |      | <b>67,000,000</b> | <b>8,100,000</b>                                       | <b>1,389,894</b> | <b>2,134</b>         | <b>8,950,857</b> | <b>49,462,016</b>  | <b>(21,789,749)</b>        |
| <b>Changes in the period</b>   |      | <b>--</b>         | <b>--</b>  | <b>23,451</b>    | <b>(35)</b>          | <b>317,393</b>   | <b>4,280,824</b>   | <b>1,492,600</b>           |
| <b>Balances at Dec 31, 2020</b>  |      | <b>90,000,023</b> | <b>8,100,000</b>                                       | <b>1,399,152</b> | <b>2,040</b>         | <b>9,259,072</b> | <b>29,939,396</b>  | <b>(13,851,389)</b>        |
| Accumulated other comprehensive income of financial instruments, net of taxes                    | 23.i | --                | --   | --               | --                   | --               | --                 | (1,568,580)                |
| Accumulated other comprehensive income - benefit plans, net of taxes                             | 23.i | --                | --   | --               | --                   | --               | --                 | 13,890,800                 |
| Foreign exchange variation of investments abroad   | 23.i | --                | --   | --               | --                   | --               | --                 | (383,180)                  |
| Cash flow hedge  | 23.i | --                | --   | --               | --                   | --               | --                 | 119,000                    |
| Accumulated other comprehensive income - benefit plans of nonconsolidated entities, net of taxes | 23.i | --                | --   | --               | --                   | --               | --                 | (4,800)                    |
| Share-based payment transactions   |      | --                | --   | 2,025            | --                   | --               | --                 | --                         |
| Incorporation of associates and subsidiaries - cancellation of treasury stocks                   |      | --                | --   | --               | --                   | --               | (9)                | --                         |
| Expired dividend/interest on own capital   |      | --                | --   | --               | --                   | --               | --                 | --                         |
| Realization of revaluation reserve in associates and subsidiaries                                | 23.d | --                | --   | --               | (35)                 | --               | --                 | --                         |
| Change in noncontrolling interest  |      | --                | --   | --               | --                   | --               | --                 | --                         |
| Net income   | 23.h | --                | --   | --               | --                   | --               | --                 | --                         |
| Interest on instruments qualifying to common equity  |      | --                | --   | --               | --                   | --               | --                 | --                         |
| Unrealized gains   |      | --                | --   | --               | --                   | --               | (45,392)           | --                         |
| - Reserves   | 23.g | --                | --   | --               | --                   | 486,221          | 8,724,657          | --                         |
| - Dividends  | 23.g | --                | --   | --               | --                   | --               | (212,107)          | --                         |
| - Interest on own capital  | 23.g | --                | --   | --               | --                   | --               | (2,336,942)        | --                         |
| <b>Balances at Jun 30, 2021</b>  |      | <b>90,000,023</b> | <b>8,100,000</b>                                       | <b>1,401,177</b> | <b>2,005</b>         | <b>9,745,293</b> | <b>36,069,603</b>  | <b>(1,798,159)</b>         |
| <b>Changes in the period</b>   |      | <b>--</b>         | <b>--</b>  | <b>2,025</b>     | <b>(35)</b>          | <b>486,221</b>   | <b>6,130,207</b>   | <b>12,053,200</b>          |

See the accompanying notes to the financial statements.





In thousands of Reals, unless otherwise stated

## STATEMENT OF CASH FLOWS

|  | Note      | Banco do Brasil      |                     | BB Consolidated      |                     |
|--|-----------|----------------------|---------------------|----------------------|---------------------|
|  |           | 1st half/2021        | 1st half/2020       | 1st half/2021        | 1st half/2020       |
| <b>Cash flows from operating activities</b>  |           |                      |                     |                      |                     |
| <b>Income before taxation and profit sharing</b>                                       |           | <b>10,567,936</b>    | <b>3,395,660</b>    | <b>12,847,088</b>    | <b>5,932,861</b>    |
| <b>Adjustments to income before taxation and profit sharing</b>                        |           | <b>7,575,856</b>     | <b>21,006,632</b>   | <b>9,798,458</b>     | <b>23,369,430</b>   |
| Provision for credit losses  | 12 and 13 | 7,385,972            | 12,604,297          | 7,470,593            | 12,661,412          |
| Depreciation and amortization  |           | 1,497,576            | 1,488,449           | 1,531,564            | 1,515,887           |
| Exchange (gain) loss on the conversion of assets and liabilities into foreign currency |           | (3,325,837)          | 25,582,556          | (3,763,572)          | 21,501,470          |
| (Reversal) expenses from impairment  |           | 959,194              | 17,959              | 959,169              | 17,292              |
| Share of (earnings) losses of subsidiaries, associates and joint ventures              | 14.a      | (3,362,922)          | (8,646,002)         | (1,544,747)          | (1,389,242)         |
| (Gain) loss on the disposal of assets  |           | (12,120)             | (33,659)            | (96,296)             | (37,879)            |
| Capital (gain) loss  |           | 48,133               | 27,710              | (91,639)             | (82,601)            |
| (Reversal) provision for devaluation of other assets                                   |           | --                   | 1,289               | --                   | 1,303               |
| Amortization of goodwill   | 14.d      | 11,015               | 14,482              | 11,015               | 14,482              |
| Tax, civil and labor lawsuits provisions   | 21.d      | 3,331,307            | 1,532,105           | 3,370,256            | 1,570,566           |
| Adjustment of actuarial assets/liabilities and surplus allocation funds                | 29.d.4/f  | (156,057)            | 817,893             | (156,057)            | 817,893             |
| Commissions income deferred  |           | --                   | --                  | (331,864)            | (28,008)            |
| Effect of changes in foreign exchange rates in cash and cash equivalents               |           | 1,199,588            | (12,658,337)        | 2,446,536            | (13,456,602)        |
| Other adjustments  |           | 7                    | 257,890             | (6,500)              | 263,457             |
| <b>Income adjusted before taxation and profit sharing</b>                              |           | <b>18,143,792</b>    | <b>24,402,292</b>   | <b>22,645,546</b>    | <b>29,302,291</b>   |
| <b>Changes in assets and liabilities</b>   |           | <b>(114,377,158)</b> | <b>20,503,147</b>   | <b>(112,472,454)</b> | <b>30,775,928</b>   |
| (Increase) decrease in central bank compulsory reserves                                |           | (11,714,967)         | (2,462,551)         | (11,714,967)         | (2,462,551)         |
| (Increase) decrease in short-term interbank investments                                |           | (176,554,591)        | (113,570,722)       | (178,400,520)        | (98,655,078)        |
| (Increase) decrease in trading securities  |           | 1,896,846            | (11,345,770)        | 252,231              | (12,327,646)        |
| (Increase) decrease in derivatives   |           | (12,291)             | (214,264)           | 695,238              | (293,863)           |
| (Increase) decrease in loans, net of provision   |           | (36,694,298)         | (30,173,838)        | (35,170,447)         | (33,070,743)        |
| (Increase) decrease in other financial assets  |           | (5,534,705)          | (1,527,998)         | (2,260,178)          | (3,327,565)         |
| (Increase) decrease in other assets  |           | (22,182,758)         | (3,142,868)         | (22,568,513)         | (779,066)           |
| Income tax and social contribution paid  |           | (329,097)            | (20,244)            | (3,070,377)          | (2,576,047)         |
| (Decrease) increase in customer resources  |           | 58,500,215           | 62,454,591          | 60,963,643           | 70,265,909          |
| (Decrease) increase in financial institution resources                                 |           | 68,720,000           | 98,432,950          | 70,056,633           | 95,976,488          |
| (Decrease) increase in funds from issuance of securities                               |           | (2,389,293)          | (135,618)           | (3,199,257)          | 1,955,724           |
| (Decrease) increase in other financial liabilities                                     |           | (14,223,140)         | 19,824,337          | (14,398,753)         | 14,230,348          |
| (Decrease) increase in other liabilities   |           | 26,140,921           | 2,385,142           | 26,342,813           | 1,840,018           |
| <b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>                                 |           | <b>(96,233,366)</b>  | <b>44,905,439</b>   | <b>(89,826,908)</b>  | <b>60,078,219</b>   |
| <b>Cash flows from investing activities</b>  |           |                      |                     |                      |                     |
| Purchase of securities available for sale  |           | (111,688,114)        | (102,317,540)       | (118,925,371)        | (112,615,690)       |
| Disposal of securities available for sale  |           | 112,368,141          | 54,856,785          | 119,890,919          | 62,742,562          |
| Purchase of securities held to maturity  |           | (1,742,417)          | (2,957,563)         | (1,881,688)          | (3,571,225)         |
| Disposal of securities held to maturity  |           | 1,022,695            | 340,288             | 1,022,695            | 340,288             |
| Dividends received from associates and joint ventures                                  |           | 1,659,126            | 5,434,839           | 578,131              | 1,188,168           |
| Purchase of property and equipment   |           | (418,500)            | (697,453)           | (465,719)            | (740,914)           |
| Disposal of property and equipment   |           | 77,057               | 1,975               | 89,943               | 13,930              |
| Acquisition of investments   |           | --                   | --                  | --                   | (12,750)            |
| Disposal of investments  |           | --                   | --                  | 72,990               | 2,625               |
| Purchase of intangible assets  |           | (345,621)            | (1,800,624)         | (354,777)            | (1,799,602)         |
| Cash received on BB Seguridade's capital decrease                                      |           | --                   | 1,791,795           | --                   | --                  |
| Capital Investment on Brasilprev Seguros e Previdência S.A.                            | 14.a      | --                   | --                  | (449,634)            | --                  |
| <b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>                                 |           | <b>932,367</b>       | <b>(45,347,498)</b> | <b>(422,511)</b>     | <b>(54,452,608)</b> |
| <b>Cash flows from financing activities</b>  |           |                      |                     |                      |                     |
| (Decrease) increase in subordinated debts  |           | (11,179,431)         | (3,873,590)         | (11,139,153)         | (3,878,259)         |
| (Decrease) increase in equity and debt hybrid securities                               |           | (1,227,310)          | (2,041,958)         | (1,213,610)          | (2,048,492)         |
| (Acquisition) disposal of treasury shares  |           | --                   | --                  | --                   | 15,268              |
| Dividends paid to non-controlling shareholders   |           | --                   | --                  | (319,765)            | (1,283,304)         |
| Interest on own capital paid   |           | (3,319,013)          | (1,759,951)         | (3,319,013)          | (1,759,951)         |
| Amount paid to non controlling interests due to BB Seguridade's capital decrease       |           | --                   | --                  | --                   | (908,109)           |
| <b>CASH USED IN FINANCING ACTIVITIES</b>   |           | <b>(15,725,754)</b>  | <b>(7,675,499)</b>  | <b>(15,991,541)</b>  | <b>(9,862,847)</b>  |
| <b>Net variation of cash and cash equivalents</b>                                      |           | <b>(111,026,753)</b> | <b>(8,117,558)</b>  | <b>(106,240,960)</b> | <b>(4,237,236)</b>  |
| At the beginning of the period   |           | 173,400,753          | 69,713,238          | 176,189,508          | 71,936,023          |
| Effect of changes in foreign exchange rates in cash and cash equivalents               |           | (1,199,588)          | 12,658,337          | (2,446,536)          | 13,456,602          |
| At the end of the period   |           | 61,174,412           | 74,254,017          | 67,502,012           | 81,155,389          |
| <b>Increase (decrease) in cash and cash equivalents</b>                                |           | <b>(111,026,753)</b> | <b>(8,117,558)</b>  | <b>(106,240,960)</b> | <b>(4,237,236)</b>  |

See the accompanying notes to the financial statements.



In thousands of Reais, unless otherwise stated

**STATEMENT OF VALUE ADDED**

|  | Note | Banco do Brasil     |                     | BB Consolidated     |                     |                   |               |                   |               |
|--|------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------|-------------------|---------------|
|  |      | 1st half/2021       | 1st half /2020      | 1st half/2021       | 1st half /2020      |                   |               |                   |               |
| <b>Income</b>  |      | <b>44,472,605</b>   | <b>71,209,853</b>   | <b>49,922,162</b>   | <b>75,266,251</b>   |                   |               |                   |               |
| Income from financial intermediation   |      | 47,321,941          | 77,124,716          | 48,296,104          | 77,098,117          |                   |               |                   |               |
| Service fee income   |      | 9,258,997           | 9,560,856           | 14,083,551          | 14,032,374          |                   |               |                   |               |
| Allowance for losses associated with credit risk   |      | (7,385,972)         | (12,604,297)        | (7,470,593)         | (12,661,412)        |                   |               |                   |               |
| Capital gains  | 22   | 6,578               | 5,221               | 148,429             | 116,003             |                   |               |                   |               |
| Other income/(expenses)  |      | (4,728,939)         | (2,876,643)         | (5,135,329)         | (3,318,831)         |                   |               |                   |               |
| <b>Expenses from Financial Intermediation</b>  |      | <b>(17,584,427)</b> | <b>(59,081,306)</b> | <b>(17,331,413)</b> | <b>(51,931,396)</b> |                   |               |                   |               |
| <b>Inputs purchased from third parties</b>   |      | <b>(4,472,765)</b>  | <b>(3,694,689)</b>  | <b>(4,431,546)</b>  | <b>(3,641,002)</b>  |                   |               |                   |               |
| Materials, water, electric and gas   | 26   | (264,505)           | (280,635)           | (273,771)           | (291,769)           |                   |               |                   |               |
| Expenses with outsourced services  | 26   | (459,666)           | (409,843)           | (505,340)           | (451,419)           |                   |               |                   |               |
| Communications   | 26   | (230,584)           | (336,722)           | (261,245)           | (367,420)           |                   |               |                   |               |
| Data processing  | 26   | (397,522)           | (391,446)           | (251,402)           | (224,599)           |                   |               |                   |               |
| Transport  | 26   | (273,758)           | (444,113)           | (303,828)           | (471,534)           |                   |               |                   |               |
| Security services  | 26   | (553,858)           | (555,829)           | (569,192)           | (570,700)           |                   |               |                   |               |
| Financial system services  | 26   | (451,251)           | (370,810)           | (508,117)           | (417,554)           |                   |               |                   |               |
| Advertising and marketing  | 26   | (196,679)           | (177,517)           | (202,166)           | (181,934)           |                   |               |                   |               |
| Maintenance and upkeep   | 26   | (502,000)           | (478,766)           | (364,398)           | (367,731)           |                   |               |                   |               |
| Impairment loss  | 27.b | (959,194)           | --                  | (959,231)           | --                  |                   |               |                   |               |
| Other  |      | (183,748)           | (249,008)           | (232,856)           | (296,342)           |                   |               |                   |               |
| <b>Gross added value</b>   |      | <b>22,415,413</b>   | <b>8,433,858</b>    | <b>28,159,203</b>   | <b>19,693,853</b>   |                   |               |                   |               |
| Depreciation and amortization  | 26   | (1,508,591)         | (1,502,931)         | (1,542,579)         | (1,530,369)         |                   |               |                   |               |
| <b>Value added produced by entity</b>  |      | <b>20,906,822</b>   | <b>6,930,927</b>    | <b>26,616,624</b>   | <b>18,163,484</b>   |                   |               |                   |               |
| <b>Value added received through transfer</b>   |      | <b>3,362,922</b>    | <b>8,646,002</b>    | <b>1,544,747</b>    | <b>1,389,242</b>    |                   |               |                   |               |
| Net gains from equity method investments   |      | 3,362,922           | 8,646,002           | 1,544,747           | 1,389,242           |                   |               |                   |               |
| <b>Added value to distribute</b>   |      | <b>24,269,744</b>   | <b>15,576,929</b>   | <b>28,161,371</b>   | <b>19,552,726</b>   | <b>100.00%</b>    |               |                   |               |
| <b>Value added distributed</b>   |      | <b>24,269,744</b>   | <b>15,576,929</b>   | <b>28,161,371</b>   | <b>19,552,726</b>   | <b>100.00%</b>    |               |                   |               |
| <b>Personnel</b>   |      | <b>11,009,154</b>   | <b>45.36%</b>       | <b>9,631,447</b>    | <b>61.83%</b>       | <b>11,761,796</b> | <b>41.76%</b> | <b>10,334,432</b> | <b>52.85%</b> |
| Salaries and fees  |      | 6,924,722           | 5,705,681           | 7,503,289           | 6,238,713           |                   |               |                   |               |
| Employee and directors profit sharing  |      | 1,248,419           | 825,524             | 1,256,173           | 829,182             |                   |               |                   |               |
| Benefits and staff training  |      | 1,624,666           | 1,719,136           | 1,692,331           | 1,792,709           |                   |               |                   |               |
| FGTS (Government severance indemnity fund for employees)                                     |      | 383,869             | 354,004             | 395,964             | 367,906             |                   |               |                   |               |
| Other charges  |      | 827,478             | 1,027,102           | 914,039             | 1,105,922           |                   |               |                   |               |
| <b>Taxes, rates and contributions</b>  |      | <b>2,869,819</b>    | <b>11.82%</b>       | <b>(1,041,287)</b>  | <b>(6.68%)</b>      | <b>5,225,476</b>  | <b>18.56%</b> | <b>1,361,886</b>  | <b>6.97%</b>  |
| Federal  |      | 2,347,258           | (1,568,062)         | 4,322,176           | 550,062             |                   |               |                   |               |
| State  |      | 625                 | 438                 | 625                 | 438                 |                   |               |                   |               |
| Municipal  |      | 521,936             | 526,337             | 902,675             | 811,386             |                   |               |                   |               |
| <b>Interest on third parties' capital</b>  |      | <b>666,338</b>      | <b>2.75%</b>        | <b>638,911</b>      | <b>4.10%</b>        | <b>710,598</b>    | <b>2.52%</b>  | <b>676,964</b>    | <b>3.46%</b>  |
| Rent   | 26   | 666,338             | 638,911             | 710,598             | 676,964             |                   |               |                   |               |
| <b>Interest on own capital</b>   |      | <b>9,724,433</b>    | <b>40.07%</b>       | <b>6,347,858</b>    | <b>40.75%</b>       | <b>10,463,501</b> | <b>37.16%</b> | <b>7,179,444</b>  | <b>36.72%</b> |
| Federal government's interest on own capital   |      | 1,426,593           | 887,082             | 1,426,593           | 887,082             |                   |               |                   |               |
| Other shareholders' interest on own capital  |      | 1,426,593           | 887,081             | 1,426,593           | 887,081             |                   |               |                   |               |
| Federal government's dividends   |      | 106,054             | --                  | 106,054             | --                  |                   |               |                   |               |
| Other shareholders' dividends  |      | 106,053             | --                  | 106,053             | --                  |                   |               |                   |               |
| Interest on the instrument eligible to the federal government's common equity tier 1 capital |      | --                  | --                  | 70,560              | 42,739              |                   |               |                   |               |
| Retained earnings  |      | 6,659,140           | 4,573,695           | 6,613,748           | 4,596,527           |                   |               |                   |               |
| Non-controlling interest in retained earnings  |      | --                  | --                  | 713,900             | 766,015             |                   |               |                   |               |

See the accompanying notes to the financial statements.



## 1 - THE BANK AND ITS OPERATIONS

Banco do Brasil S.A. (Banco do Brasil or the Bank) is a publicly-traded company, which explores economic activity pursuant to art. 173 of the Brazilian Federal Constitution, subject to the rules of Brazilian Corporate Law, and is governed by Laws 4,595/1964, 13,303/2016 and the respective ruling Decree. The Brazilian Federal Government controls the Bank. Its headquarters and domicile are located at Setor de Autarquias Norte, Quadra 5, Lote B, Edifício Banco do Brasil, Brasília, Federal District, Brazil.

The Bank has its shares traded in the segment known as Novo Mercado of B3 S.A. - Brasil, Bolsa, Balcão (B3), under the ticker "BBAS3" and its American Depositary Receipts (ADRs) on the over-the-counter market in the United States under the ticker "BDORY". The Bank's shareholders, managers and members of the Fiscal Council are subject to the provisions of B3's Novo Mercado Regulation. The provisions of Novo Mercado will prevail over the statutory provisions, in case of prejudice to the rights of the recipients of the public offers provided for in the Bylaws.

The Bank is a multiple bank with operations throughout the national territory also develops activities in important global financial centers. The Bank's business activities include the following:

- all active, passive and ancillary banking operations;
- banking and financial services, including foreign exchange transactions and other services such as insurance, pension plans, capitalization bonds, securities brokerage, credit/debit card management, consortium management, investment funds and managed portfolios; and
- all other types of transactions available to banks within Brazil's National Financial System.

The Bank also acts as an agent for execution of the Brazilian Federal Government's credit and financial policies, Brazilian Law requires the Bank to perform functions, specifically those under art. 19 of Law 4,595/1964:

- act as financial agent for the National Treasury;
- provide banking services on behalf of the Federal Government and other governmental agencies;
- provide clearing services for checks and other documents;
- buy and sell foreign currencies as determined by the National Monetary Council (CMN) for the Bank's own account and for the account of the Brazilian Central Bank (Bacen);
- provide receipt and payment services for Bacen, in addition to other services;
- finance the purchase and development of small and medium-sized farms; and
- disseminate and provide credit.

With a history of 212 years, the Bank operates in a responsible manner to promote social inclusion through the generation of jobs and income.

The Bank finances the production and commercialization of agricultural products; foster rural investments such as storage, processing, industrialization of agricultural products and modernization of machinery and implements; and adjust rural properties to environmental law. Accordingly, the Bank supports the Brazilian agribusiness in all stages of the production chain.

The Bank offers to micro and small companies working capital, financings for investments, and foreign trade solutions, in addition to several other options related to cash flow, social security, pension plan, and services. The Bank provides financing alternatives and business models that promote the transition to an inclusive economy to several companies, including Individual Microentrepreneurs (Microempreendedores Individuais – MEI).

In foreign trade financing, the Bank operates government policy instruments regarding productive development, entrepreneurship, social and financial inclusion, including the Income Generation Program (Programa de Geração e Renda – Proger) and the Export Financing Program (Programa de Financiamento às Exportações – Proex).

More information about the subsidiaries is included in Note 2, while Note 6 contains a description of the Bank's business segments.



## 2 - PRESENTATION OF FINANCIAL STATEMENTS

### a) Statement of compliance

These financial statements have been prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (Bacen), including accounting guidelines issued by the Brazilian Corporate Law in compliance with the rules and instructions of the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM), when applicable. All relevant information specific to the financial statements is highlighted and corresponds to that used by Management in its administration.

The Statement of Comprehensive Income (DRA) is disclosed as a mandatory financial statement.

In compliance with Resolution BCB 2/2020, the Bank is presenting financial leasing operations at the present value of the total amounts receivable provided for in the contract, including the provision for losses associated with credit risk. The Bank also observed what is required by CPC 41 to calculate earnings per share.

These individual and consolidated financial statements were approved by the Executive Board of Directors and authorized for issuance on August 3, 2021.

### b) Functional and presentation currency

These individual and consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. Unless otherwise indicated, the quantitative financial information is presented in thousands of Reais (R\$ thousand).

### c) Going concern

Management has assessed the Bank's ability to continue its normal operations and is convinced that it has the resources to continue its business in the future. In addition, Management is not aware of any material uncertainty that could generate significant doubts about its ability to continue operating. Thus, these individual and consolidated financial statements were prepared based on the assumption of going concern.

Although the economic slowdown resulting from the adoption of social isolation measures to contain the Covid-19 pandemic has affected several companies in Brazil and worldwide, the Bank has sufficient capital and liquidity to support any projected losses for business in that period and in the following periods. Among other reasons, this is based on the fact that a large part of its business operations continues to be conducted on digital platforms with remote access and service, in addition to having quality advice and special credit conditions.

Despite the gravity and unprecedented nature of the current situation in recent history, considering the Bank's experience in managing and monitoring risks, capital and liquidity, as well as the information existing at the time of this assessment, there was no evidence of any events that could interrupt operations in the foreseeable future. It should be added that the countercyclical economic policies adopted by all countries around the globe are helping to reduce uncertainty, as well as the adverse effects on companies and families.

### d) Changes in accounting policies

These individual and consolidated financial statements were prepared using the same policies and accounting methods used to prepare the individual and consolidated financial statements for the year ended December 31, 2020, except in the cases indicated in item "g" of this Note.



In thousands of Reais, unless otherwise stated

**e) Consolidated financial statements**

The consolidated financial statements include the operations of the Bank performed by their domestic agencies and abroad and also include the operations of the Bank's controlled entities. The consolidated financial statements reflect the assets, liabilities, income and expenses of Banco do Brasil and its controlled entities, in accordance with CPC 36 (R3) – Consolidated financial statements.

In the preparation of the consolidated financial statements, amounts resulting from transactions between consolidated companies, including the equity interest held by one in another, balances of balance sheet accounts, revenues, expenses and unrealized profits, net of tax effects, were eliminated. Non-controlling interest in net equity and in income of the controlled entities were separately disclosed in the financial statements. The profit and loss with foreign exchange from branches operations are presented in the groupings of income in which the charges and income on these transactions are recognized. The foreign exchange profit and loss on overseas investments are presented in the grouping of Borrowings and onlendings, in order to eliminate the effect of protection for the exchange rate fluctuations of these investments.

In the consolidated financial statements, there was a reclassification of the Instrument qualifying as CET1 - hybrid capital and debt instrument to Shareholder's equity. This adjustment is also performed in the Prudential Conglomerate financial statement and to International Financial Reporting Standards - IFRS to improve the quality and transparency of these consolidated financial statements.

**Equity interest included in the consolidated financial statements, segregated by business segments:**

|  | Activity            | Functional currency | June 30, 2021    | Dec 31, 2020 |
|--|---------------------|---------------------|------------------|--------------|
|  |                     |                     | % of Total Share |              |
| <b>Banking segment</b>   |                     |                     |                  |              |
| Banco do Brasil AG   | Banking             | Real                | 100.00%          | 100.00%      |
| BB Leasing S.A. - Arrendamento Mercantil   | Leasing             | Real                | 100.00%          | 100.00%      |
| BB Securities Asia Pte. Ltd.   | Broker              | Real                | 100.00%          | 100.00%      |
| Banco do Brasil Securities LLC.  | Broker              | Real                | 100.00%          | 100.00%      |
| BB Securities Ltd.   | Broker              | Real                | 100.00%          | 100.00%      |
| BB USA Holding Company, Inc.   | Holding             | Real                | 100.00%          | 100.00%      |
| BB Cayman Islands Holding  | Holding             | Real                | 100.00%          | 100.00%      |
| Banco do Brasil Americas   | Banking             | American Dollar     | 100.00%          | 100.00%      |
| Banco Patagonia S.A.   | Banking             | Argentinian Peso    | 80.39%           | 80.39%       |
| <b>Investment segment</b>  |                     |                     |                  |              |
| BB Banco de Investimento S.A.  | Investment bank     | Real                | 100.00%          | 100.00%      |
| <b>Segment of fund management</b>  |                     |                     |                  |              |
| BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.                        | Asset management    | Real                | 100.00%          | 100.00%      |
| <b>Segment of insurance private pension fund and capitalization</b>                                |                     |                     |                  |              |
| BB Seguridade Participações S.A. <sup>(1)</sup>  | Holding             | Real                | 66.36%           | 66.36%       |
| BB Corretora de Seguros e Administradora de Bens S.A. <sup>(1)</sup>                               | Broker              | Real                | 66.36%           | 66.36%       |
| BB Seguros Participações S.A. <sup>(1)</sup>   | Holding             | Real                | 66.36%           | 66.36%       |
| <b>Segment of payment methods</b>  |                     |                     |                  |              |
| BB Administradora de Cartões de Crédito S.A.   | Service rendering   | Real                | 100.00%          | 100.00%      |
| BB Elo Cartões Participações S.A.  | Holding             | Real                | 100.00%          | 100.00%      |
| <b>Other segments</b>  |                     |                     |                  |              |
| Ativos S.A. Securitizadora de Créditos Financeiros   | Credits acquisition | Real                | 100.00%          | 100.00%      |
| Ativos S.A. Gestão de Cobrança e Recuperação de Crédito  | Credits acquisition | Real                | 100.00%          | 100.00%      |
| BB Administradora de Consórcios S.A.   | Consortium          | Real                | 100.00%          | 100.00%      |
| BB Tur Viagens e Turismo Ltda.   | Tourism             | Real                | 100.00%          | 100.00%      |
| BB Asset Management Ireland Limited  | Credits acquisition | Real                | 100.00%          | 100.00%      |
| BB Tecnologia e Serviços <sup>(1)</sup>  | IT                  | Real                | 99.99%           | 99.99%       |
| <b>Investment Funds <sup>(2)</sup></b>   |                     |                     |                  |              |
| Compesa Fundo de Investimento em Direitos Creditórios Cia. Pernambucana de Saneamento (FI Compesa) | Investment funds    | Real                | 65.90%           | 75.41%       |
| BB Asset Ações US Biotech BDR Nível I Fundo de Investimento <sup>(3)</sup>                         | Investment funds    | Real                | 74.65%           | 97.03%       |
| BB Asset Multimercado Nordea Alpha 15 <sup>(3)</sup>   | Investment funds    | Real                | 73.42%           | 99.55%       |
| BB Espelho Multimercado Canvas Vector <sup>(3)</sup>   | Investment funds    | Real                | 56.51%           | 90.32%       |

(1) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.

(2) Investment funds in which the Bank substantially assumes or retains risks and benefits.

(3) Non-exclusive and open funds from the initial application of BB DTVM's own resources, destined for sale to external investors, the referred entity does not have the intention to substantially assume or retain risks and benefits in these investment funds, which the Bank consolidates only in the months when most of the shares are still held by BB DTVM.



In thousands of Reais, unless otherwise stated

The consolidated financial statements also include securitization vehicles and investment funds controlled by the Bank, directly or indirectly, described below.

### **Dollar Diversified Payment Rights Finance Company (SPE Dollar)**

SPE Dollar was organized under the laws of the Cayman Islands for the following purposes:

- fund raising by issuance of securities in the international market;
- use of resources obtained by issuing securities to pay for the purchase, with the Bank, of the rights to payment orders issued by banking correspondents located in the U.S. and by the agency of BB New York, in U.S. dollars, for any agency in Brazil (Rights on Consignment); and
- making payments of principal and interest on securities issued and other payments defined in the contract of issuance of these securities.

The SPE pays the obligations under the securities with USD funds received from the payment orders. The SPE has no material assets or liabilities other than rights and obligations under the securities contracts. The SPE has no subsidiaries or employees.

### **Loans Finance Company Limited (SPE Loans)**

SPE Loans was organized under the laws of the Cayman Islands for the following purposes:

- fund raising by issuance of securities in the international market;
- closing and booking repurchase agreements with the Bank;
- purchasing of protection against credit risk of the Bank through a credit derivative, which is actionable only in case of Bank's default in any of the obligations assumed in repurchase agreements.

The amounts, terms, currencies, rates and cash flows of the repurchase agreements are identical to those of the securities. The rights and income created from the repurchase agreements cover and match the obligations and expenses created by the securities. As a result, the SPE does not generate profit or loss. The SPE does not hold any assets and liabilities other than those from the repurchase agreements, credit default swap and outstanding securities.

### **Other information**

Despite the challenging economic scenario arising from the Covid-19 pandemic, the Banco do Brasil Conglomerate did not carry out corporate restructuring or increased significant intra-group transactions that were not initially planned by Management, so that there were no changes in the Conglomerate's consolidation process.

### **f) Convergence to international accounting standards**

The Accounting Pronouncements Committee (CPC) issues pronouncements and accounting interpretations aligned with international accounting standards and approved by the CVM. CMN and Bacen approved the following pronouncements, fully observed by the Bank, when applicable:

| CPC  |                           |
|--|---------------------------|
| CPC 00 (R1) - Conceptual framework for Financial Reporting               | CMN Resolution 4.144/2012 |
| CPC 01 - Impairment of Assets  | CMN Resolution 3.566/2008 |
| CPC 03 (R2) - Statement of Cash Flows                                    | CMN Resolution 4.818/2020 |
| CPC 05 (R1) - Related Party Disclosures                                  | CMN Resolution 4.818/2020 |
| CPC 10 (R1) - Share-based Payment  | CMN Resolution 3.989/2011 |
| CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors | CMN Resolution 4.007/2011 |
| CPC 24 - Events after the Reporting Period                               | CMN Resolution 4.818/2020 |
| CPC 25 - Provisions, Contingent Liabilities and Contingent Assets        | CMN Resolution 3.823/2009 |
| CPC 33 (R1) - Employee Benefits  | CMN Resolution 4.877/2020 |
| CPC 41 - Earnings per Share  | Resolution BCB 2/2020     |
| CPC 46 - Fair Value Measurement  | CMN Resolution 4.748/2019 |



In thousands of Reais, unless otherwise stated

CMN also issued proprietary rules that partially incorporate the pronouncements issued by the CPC and are applicable to the individual and consolidated financial statements:

| CMN Standart   | CPC Pronunciament Equivalente |
|--|-------------------------------|
| CMN Resolution 4,524/2016 – recognition of the effects of foreign exchange variations resulting from the conversion of transactions into foreign currency and financial statements of investees abroad and to foreign exchange hedge operations of investments abroad. | CPC 02 (R2)                   |
| CMN Resolution 4,534/2016 – accounting recognition and measurement of intangible asset components.   | CPC 04 (R1)                   |
| CMN Resolution 4,535/2016 – recognition and accounting record of components of property and equipment in use.  | CPC 27                        |

In addition, it was published the CMN Resolution 3,533/2008, whose term began in January 2012, which established procedures for classification, recording and disclosure of sales operations or transfer of financial assets.

The Bank also applied the following pronouncements that are not in conflict with Bacen rules, as determined by article 22, paragraph 2, of Law 6,385/1976:

| CPC Pronunciament                               |
|---|
| CPC 09 – Statement of Added Value (DVA)         |
| CPC 12 – Present Value Adjustment               |
| CPC 22 – Operating Segments                     |
| CPC 36 (R3) – Consolidated Financial Statements |

## g) Recently issued standards, applicable or to be applied in future periods

### Standards applicable from January 1, 2021

**CMN Resolution 4,747, of August 29, 2019.** The standard establishes criteria for the recognition and measurement of non-financial assets held for sale by Financial Institutions. A non-financial asset held for sale is an asset not covered by the concept of a financial asset that meets the following conditions:

I - has been made through its sale, being available for immediate sale in its current conditions and its sale is highly probable within a maximum period of one year; or

II - has been received by the institution in liquidation of financial instruments of difficult or doubtful solution not intended for its own use.

The Bank applied this standard as of January 1, 2021 (Note 3.p).

**CMN Resolution 4,877, of December 23, 2020.** The standard consolidates the general criteria for measuring and recognizing social and labor obligations by financial institutions, establishing that institutions must comply with Technical Pronouncement CPC 33 (R1) – Benefits to Employees in measuring, recognizing and disclosing employee benefits.

The standard allows the determination of the discount rate dealt with in items 83 to 86 of Pronouncement CPC 33 (R1) based on the average market yield determined in the six months prior to the date specified as accounted for, observing the other production provisions without pronouncement. When using this faculty, as necessary institutions (i) apply it prospectively; (ii) show, in an explanatory note, the amount of the effect on shareholders' equity if the rate referred to in item 83 of CPC 33 (R1) is used; and (iii) applying an average discount rate consistently over time.

The Bank evaluated this Resolution and concluded that it adopts the indicated procedures. Regarding the discount rate, for these financial statements, the Bank did not use the above prerogative.

**CMN Resolution 4,818, of May 29, 2020.** The standard consolidates the general criteria for the preparation and disclosure of individual and consolidated financial statements by financial institutions.



In thousands of Reais, unless otherwise stated

The Resolution came into force as of January 1, 2021, except for the preparation of consolidated interim financial statements adopting IFRS, which will only be effective in January 1, 2022, and early application is prohibited (art. 10, sole paragraph).

The Bank evaluated this Resolution and concluded that it adopts the indicated procedures. With respect to articles 10 and 11, the Bank started to assess the impacts, which will be concluded by the effective date.

#### **Standards to be adopted in future periods**

**CMN Resolution 4,817, of May 29, 2020.** The standard establishes the criteria for accounting measurement and recognition, by financial institutions, of investments in associates, subsidiaries and jointly controlled companies, in Brazil and abroad, including operations for the acquisition of interests; valuation using the equity method; investments held for sale; and incorporation, merger and spin-off operations.

CMN Resolution 4,817/2020 is effective as of January 1, 2022.

The Bank has begun to assess the impacts of adopting the new standards. Any impacts resulting from the assessment of these standards are being evaluated and will be concluded by the effective date of each standard.

### **3 - DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting practices adopted by Banco do Brasil are applied consistently in all periods presented in these financial statements and applied to all the entities of the Group Banco do Brasil.

#### **a) Statement of income**

In accrual basis accounting, revenues and expenses are reported in the closing process of the period in which they are incurred, regardless of receipt or payment. The operations with floating rates are adjusted pro rata die, based on the variation of the indexes agreed, and operations with fixed rates are recorded at future redemption value, adjusted for the unearned income or prepaid expenses for future periods. The operations indexed to foreign currencies are converted at the reporting date using current rates.

#### **b) Present value measurement**

Financial assets and liabilities are presented at present value due to the application of the accrual basis in the recognition of their interest income and expenses.

Non-contractual liabilities are primarily represented by provisions for lawsuit and legal obligations, for which the disbursement date is uncertain and is not under the Bank's control. They are measured at present value because they are initially recognized at estimated disbursement value on the valuation date and are updated monthly.

#### **c) Cash and cash equivalents**

Cash and cash equivalents comprise available funds in local currency, foreign currency, securities purchased under resale agreements – guaranteed by securities not repledged/re-sold, interbank deposits and investments in foreign currencies, with high liquidity and insignificant risk of change in value, with maturity at time of acquisition not exceeding 90 days.

#### **d) Interbank investments**

Interbank investments are recorded at their investment or acquisition amount, plus income accrued up to the balance sheet date and adjustments for allowance for losses.





## e) Securities

The securities purchased for the Bank's portfolio are recorded at the actual amount paid, including brokerage charges and fees, and are classified based on management's intention, in one of three categories, according to Bacen Circular 3,068/2001:

Trading Securities: these are securities purchased to be actively and frequently traded. They are adjusted monthly to fair value. The increases and decreases in value are recorded in income and expense accounts for the period;

Securities available for sale: these are securities that may be traded at any time, but are not acquired to be actively and frequently traded. They are adjusted monthly to market value and their increases and decreases in value are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity; and

Securities held to maturity: these are securities that the Bank owns and has the financial capacity and intent to hold to maturity. These securities are not adjusted to market value. The Bank's financial capacity to hold to maturity is supported by a cash flow projection that does not consider the possibility of sale of these securities.

The fair value methodology used for securities was established following consistent, verifiable criteria, which consider the average price of trading on the day of calculation or, if not available, the indicative price reported by Anbima (Brazilian Financial and Capital Markets Association), or relationship between the unit price and the latest business value in the last 30 day, or the net expected realizable value obtained through pricing models, using credit risk curves, expected credit losses, future values of interest rates, foreign exchange rates, price and currency indices, and similar financial instruments.

Income accrued on the securities, irrespective of the category in which they are classified, is appropriated on a pro rata die basis on an accrual basis until the date of maturity or final sale, using the cumulative or straight-line method, based on the contractual remuneration and purchase price, and recorded directly in the statement of income for the period.

Impairment of securities classified as available for sale and held to maturity, if considered not to be temporary, are recorded directly in expense for the period and a new cost basis for the asset is determined.

Upon sale, the difference between the sale amount and the cost of purchase plus accrued income is considered as a result of the transaction and is recorded on the date of the transaction as a gain or loss on securities.

## f) Derivative financial instruments

Derivative financial instruments are adjusted to market value at each monthly trial balance and balance sheet date. Increases or decreases in value are recorded in the appropriate income or expense accounts.

The fair value methodology used for derivative financial instruments was established following consistent and verifiable criteria, which consider the closing price, or adjustment, when applicable, on the day of calculation or, if not available, pricing models that estimate the expected net realizable value, or the price of a similar financial instrument, considering at least, the payment or maturity date, the currency or index, and the credit risk associated with the counterparty.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in the fair value or asset cash flow or financial liabilities, commitment or future transaction, are considered hedge instruments and are classified according to their nature:

Market Risk Hedge: increases or decreases in value of the financial instruments, as well as of the hedged item, are recorded in income/expense accounts for the period; and



In thousands of Reais, unless otherwise stated

**Cash Flow Hedge:** the effective portion of the increases or decreases in value of the derivative financial instruments classified in this category are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity. The effective amount is that in which the variation of the hedged item, directly related to the corresponding risk, is offset by the variation in the financial instrument used for the hedge, considering the accumulated effect of the transaction. Other variations in these instruments are recorded directly in the statement of income for the period.

### **g) Loan and leasing transactions, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses**

Loans, leases, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's judgment with respect to the level of risk, taking into consideration market conditions, past experience and specific risks in relation to the transaction, to borrowers and guarantors, observing the parameters established by CMN Resolution 2,682/1999, which requires periodic analyses of the portfolio and its classification into nine levels, ranging from AA (minimum risk) to H (maximum risk), as well as the classification of transactions more than 15 days overdue as non-performing. For atypical transactions with a term of more than 36 months, there is a double counting on the days-past-due intervals defined for the nine levels of risk, as permitted by CMN Resolution 2,682/1999.

Income from loans overdue for more than 60 days, regardless of their risk level, will only be recognized as income when effectively received.

The operations classified as level H risk are written off against the existing allowance after six months of classification in this level of risk, and they are delayed more than 180 days.

Renegotiated transactions are maintained, at a minimum, at the same level at which they were rated on the date of renegotiation. The renegotiations of loans already written off against the allowance are rated as H level and any gains from renegotiation are recognized as income when effectively received. Reclassification to a lower risk category is allowed when there is significant amortization of the transaction or when new material facts justify a change in risk level, according to CMN Resolution 2,682/1999.

Allowance for loan losses, considered sufficient by management, satisfies the minimum requirement established by the aforementioned CMN Resolution 2,682/1999.

### **h) Taxes**

Taxes are calculated based on the rates shown in the table below:

| Taxes  | Rate        |
|--|-------------|
| Income tax (15.00% + additional 10.00%)  | 25.00%      |
| Social Contribution on Net Income - CSLL <sup>(1)</sup>                          | 20.00%      |
| Social Integration Program/Public servant fund program(PIS/Pasep) <sup>(2)</sup> | 0.65%       |
| Contribution to Social Security Financing – (Cofins) <sup>(2)</sup>              | 4.00%       |
| Tax on services of any kind – (ISSQN)  | Up to 5.00% |

(1) Rate applied to Banco do Brasil and Banco de Investimentos, in accordance with Constitutional Amendment No. 103, dated November 12, 2019. For other financial and non-financial companies in the areas of insurance, private pension plans and capitalization the rate remains 15%. For others non-financial companies, the social contribution on net income rate is 9%.

(2) For non-financial firms that have opted for the non-cumulative regime of calculation, the PIS/PASEP rate is 1.65% and the Cofins rate is 7.6%.

Deferred tax assets (DTA) and deferred tax liabilities are recorded by applying the current rates of taxes on their respective bases. In view of the increase in the social contribution on net income required by article 1 of Law 14,183, of July 14, 2021, and the provisions of article 10, sole paragraph, of CMN Resolution 4,842/2020, the rate of 25% was considered for deferred tax assets and liabilities of this tax with expected realization by December 31, 2021. For the recording, maintaining and writing-off of deferred tax assets, the Bank follows the established criteria by CMN Resolution 4,842/2020, supported by a study of their realizability.

**i) Prepaid expenses**

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

**j) Permanent assets**

Investments: investments in associates and joint ventures in which the Bank has significant influence or an ownership interest of 20% or more of the voting shares, and in other companies which are part of a group or are under common control are accounted for by the equity method based on the Shareholders' equity of the associates and joint ventures.

The cash flows related to dividends and interest on equity received are presented separately in the statement of cash flows, being consistently classified, from period to period, as arising from investment activities.

In the consolidated financial statements, the subsidiaries are fully consolidated and the associates and joint ventures are accounted under the equity method.

Goodwill, the premium paid over the fair value of the investment acquired due to expectations of future profitability, is based on a financial-economic assessment which substantiate the purchase price of the business and is amortized based on annual income projections as per the assessment. Goodwill is tested for impairment annually.

Other permanent investments are valued at acquisition cost, less allowance for impairment losses, as applicable.

Property and equipment: property and equipment are stated at acquisition cost less the impairment losses and depreciation, calculated using the straight-line method by the useful life of the asset. Depreciation of property and equipment in use is recorded in the Other administrative expenses account.

Intangible: intangible assets consist of rights over intangible assets used in the running of the Bank, including acquired goodwill.

An asset meets the criteria for identification as an intangible asset, when it is separable, i.e, it can be separated from the entity and sold, transferred or licensed, rented or exchanged, individually or jointly with a contract, related assets or liabilities, regardless of the intention for use by the entity; or results from contractual rights or other legal rights, regardless of whether these rights are transferable or separable from the entity or other rights and obligations.

Intangible assets with finite useful lives comprise: disbursements for the acquisition of rights to provide banking services (rights to managing payrolls), amortized over the terms of contracts; software, amortized on a straight-line basis by the useful life from the date it is available for use. Intangible assets are adjusted by allowance for impairment losses, if applicable. The amortization of intangible assets is recorded in the Other administrative expenses account.

**k) Impairment of non-financial assets**

Non-financial assets are reviewed to see if there is any indication that they may have depreciated, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If there is any indication of devaluation, the Bank estimates the asset's recoverable value, which is the higher of its fair value, less costs to sell it, and its value in use.

If the recoverable amount of the asset is less than its carrying amount, the asset's carrying amount is reduced to its recoverable amount through a provision for impairment, which is recognized in the Income statement.



In thousands of Reais, unless otherwise stated

**Methodologies in assessing the recoverable amount of the main non-financial assets:**Property and equipment in use

Land and buildings – the Bank relies on technical evaluations prepared in accordance with the standards of the Brazilian Association of Technical Standards – ABNT to determine the recoverable amount of land and buildings. The ABNT establishes general concepts, methods and procedures for the valuation of urban properties.

Data processing equipment – when available, the Bank uses market values to determine the recoverable amount of data processing equipment. When market values are not readily available, the Bank considers the amount recoverable by using the asset in its operations. Recoverable amount is calculated based on cash flow projections for the asset over its useful life, discounted to present value using the interbank deposit certificate – CDI rate.

Other items of property and equipment – these items are individually insignificant. Although subject to evaluation of impairment indicators, the Bank does not determine their recoverable amount on an individual basis due to cost benefit considerations. The Bank conducts annual inventory counts and writes off assets that are lost or showing signs of deterioration.

Investments and goodwill on acquisition of investments

The recoverable amount of goodwill arising from business combinations is calculated using a discounted cash flow model based on the investments' expected results. Assumptions used in estimating the results consist of:

- the company's operating projections, results and investment plans;
- macroeconomic scenarios developed by the Bank; and
- internal methodologies to determine cost of capital under CAPM.

Intangible

Rights due to the acquisition of payrolls – the recoverability of acquired payroll contracts is determined based on the contribution margin of the client relationships generated under each contract. The objective is to determine if the projections that justified the initial acquisition correspond to actual performance. An impairment loss is recognized on underperforming contracts.

Software – the Bank continuously invests in the modernization and adequacy of its internally developed software to accompany new technologies and meet the demands of the business. Since there is no similar software in the market, and because of the significant cost associated with developing models to calculate value in use, the Bank evaluates the ongoing utility of its software to test for impairment.

The losses recorded in the Statement of Income to adjust the recoverable value of these assets, if any, are stated in the respective notes.

**l) Employee benefits**

Employee benefits related to short-term benefits for current employees are recognized on the accrual basis as the services are provided. Post-employment benefits, comprising supplementary retirement benefits and medical assistance for which the Bank is responsible, are assessed in accordance with criteria established by CPC 33 (R1) – Employee benefits, approved by CVM Resolution 695/2012 and by the CMN Resolution 4,877/2020. The evaluations are performed semiannually.

In defined-contribution plans, the actuarial risk and the investment risk are borne by the plan participants. Accordingly, cost accounting is based on each period's contribution amount representing the Bank's obligation. Consequently, no actuarial calculation is required when measuring the obligation or expense, and there are neither actuarial gains nor losses.



In thousands of Reais, unless otherwise stated

In defined benefit plans, the actuarial risk and the investment risk value of plan assets fall either partially or fully on the sponsoring entity. Accordingly, cost accounting requires the measurement of plan obligations and expenses, with a possibility of actuarial gains and losses, leading to the register of a liability when the amount of the actuarial obligation exceeds the value of plan assets, or an asset when the amount of assets exceeds the value of plan obligations. In the latter instance, the asset should be recorded only when there is evidence that it can effectively reduce the contributions from the sponsor or will be refundable in the future.

The Bank recognizes the components of defined benefit cost in the period in which the actuarial valuation was performed, in accordance with criteria established by CPC 33 (R1), as follows:

- the current service cost and the net interest on the net defined benefit liability (asset) are recognized in profit or loss; and
- the remeasurements of the net defined benefit liability (asset) resulting from changes in actuarial assumptions are recognized in Accumulated other comprehensive income in Shareholders' equity, net of tax effects. And, according to the normative provision, these effects recognized directly in equity should not be reclassified to the result in subsequent periods.

Contributions to be paid by the Bank to medical assistance plans in some cases will continue after the employee's retirement. Therefore, the Bank's obligations are evaluated by the present actuarial value of the contributions to be paid over the expected period in which the plan participants and beneficiaries will be covered by the plan. Such obligations are evaluated and recognized under the same criteria used for defined benefit plans.

#### **m) Deposits and Securities sold under repurchase agreements**

Deposits and Securities sold under repurchase agreements are recorded at the amount of the liabilities and include, when applicable, related charges up to the balance sheet date, on a daily pro rata die basis.

#### **n) Provisions, contingent assets and liabilities and legal obligations**

The Bank recognizes a provision when:

- the Bank has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the obligation can be reasonably estimated.

The Bank recognizes provisions based on its best estimate of the probable losses.

The Bank continually monitors lawsuits in progress to evaluate, among other factors:

- the nature and complexity;
- the progress of the proceedings;
- the opinion of the Bank's lawyers; and
- the Bank's experience with similar proceedings.

In determining whether a loss is probable, the Bank considers:

- the likelihood of loss resulting from claims that occurred prior to or on the reporting date that were identified after that date but prior to issuance of the financial statements; and
- the need to disclose claims or events occurring after the reporting date but prior to the issuance of the financial statements.

Contingent assets are not recognized in the financial statements. However when there is evidence assuring their realization, usually represented by the final judgment of the lawsuit and by the confirmation of the capacity for its recovery by receipt or offsetting by another receivable, they are recognized as assets.



In thousands of Reais, unless otherwise stated

The Bank recognizes tax liabilities for taxes that are the object of legal discussions regarding their constitutionality. In these cases, the Bank recognizes an obligation to the government and a judicial deposit in the same amount, however, no payment is made until the Courts reach a final decision.

#### **o) Debt instrument issue expense**

Expenses related to transactions involving the issue of debt instruments are capitalized and presented as a reduction of the corresponding liability. The expenses are recognized in the income statement over the term of the transaction.

#### **p) Non-financial assets held for sale**

These not covered by the concept of financial assets, according to specific regulations, and refer mainly to properties not in use received in the settlement of credit operations that are difficult or doubtful to resolve.

They are initially recognized in the appropriate account grouping item of current or noncurrent assets realizable in the long term, according to the expected sale term, on the date of their receipt by the Bank, being valued at the lowest value between:

- (i) the gross book value of the respective credit operation that is difficult or doubtful to resolve; and
- (ii) the fair value of the asset, assessed in accordance with specific regulations, net of selling expenses.

Any difference between the book value of the respective difficult or doubtful financial instrument, net of provisions, and the fair value is recognized in the income statement for the period.

#### **q) Other assets and liabilities**

Other assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations on a pro rata die basis, and allowance for losses, when deemed appropriate. Other liabilities are stated at their known and measurable amounts, plus, when applicable, related charges and monetary and exchange variations on a pro rata die basis.

#### **r) Earnings per share**

Two different methods are used to calculate earnings per share:

- basic earnings per share: calculated by dividing net income attributable to the Bank's shareholders by the weighted average number of common shares outstanding during each of the periods presented; and
- diluted earnings per share: calculated by dividing net income attributed to the Bank's shareholders by the weighted average of outstanding common shares, adjusted to reflect the effect of all dilutable common shares.

#### **s) Functional and presentation currency**

**Functional and presentation currency** – These individual and consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. The functional currency is the currency of the main economic environment in which an entity operates. For all of the Group entities, the functional currency is the Real (except for BB Americas and Banco Patagonia).

The financial statements of branches and subsidiaries abroad follow the accounting criteria in force in Brazil and are converted into the Real currency by the current rate criterion, as provided for in Bacen Circular 2,397/1993 and CMN Resolution 4,524/2016. Their effects are recognized in the income statement, under the equity method for those who record the functional currency equal to the national currency, and in Accumulated other comprehensive income in Shareholders' equity, for those who record the functional currency different from the national currency.



### t) Non-recurring results

As defined by BCB Resolution 2/2020, non-recurring results are those that are not related or are only incidentally related to the institution's typical activities, and are not expected to occur frequently in future years. The information on the recurring and non-recurring results is included in Note 31.

## 4 - SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of 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. Accordingly, it requires Management to make judgments and use estimates that affect the recognized amounts of assets, liabilities, income and expenses. These adopted estimates and assumptions are reviewed on an ongoing basis, with the revisions recognized in the period in which the estimate is reassessed, with prospective effects. It should be noted that actual results may differ from these estimates.

There are certain alternatives to accounting treatments. The Bank's results may differ if alternative accounting principles had been used. Management believes its choice of accounting principles to be appropriate and that the individual and consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of the Bank's operations.

Significant classes of assets and liabilities subject to estimates and the use of assumptions cover items for which fair value valuation is required. The following components of the consolidated financial statements require the highest degree of judgment and use of estimates:

### a) Fair value of financial instruments

When it is impossible to determine the fair value of financial assets and liabilities based on price derivatives from an active market, they are measured using valuation techniques based on mathematical models. The inputs to these models come from observable market data, whenever available. If there is not enough information to apply the aforementioned criteria, other technical and judgmental parameters are adopted, duly approved by the Organization's Risk Governance.

The methodologies used to assess the fair value of certain financial instruments are shown in Note 30.a.

### b) Allowance for losses associated with credit risk of the loan portfolio (loans, leasing, advances on foreign exchange contracts, other receivables with loan characteristics and guarantees provided)

The loan portfolio is classified according to Management's judgment on the risk level. Economic situation, past experience and specific risks in relation to the operation, to debtors and guarantors, are taken into account, observing the parameters established by CMN Resolution 2,682/1999, which requires periodic portfolio analysis and its classification into nine risk levels (rating), AA (minimum risk) and H (maximum risk), as well as the classification of operations overdue for more than 15 days as non-performing. For non-performing loan with a maturity of more than 36 months, double counting over the delay intervals defined for the nine risk levels is carried out, as provided by CMN Resolution 2,682/1999.

Allowance for losses is constituted or reversed according to the risk levels established by CMN Resolution 2,682/1999, considering the risk levels attributed to the operations.

The allowance is considered sufficient by Management and meets the minimum requirement established by CMN Resolution 2,682/1999.



### **c) Permanent loss of securities**

Securities are subject to periodic evaluation by the Permanent Loss Assessment Forum, which is responsible for identifying problematic assets, pursuant to CMN Resolution 4,557/2017, proposing the marking of new problematic assets, assessing the need of an asset to be subject to impairment test and the impact of any loss within the scope of the Conglomerate.

A problematic asset is characterized when there is a pending settlement for more than ninety days or there are indications that the asset will not be realized without the need to resort to guarantees and collateral. Indications that the asset will not be realized are: when the Bank considers that the debtor no longer has the financial capacity to honor its obligation, if the Bank recognizes a significant deterioration in the credit quality of the debtor, if the operation is subject to renegotiation that implies a concession of advantages to the debtor as a result of the deterioration of its creditworthiness or of its mitigators (debt restructuring), if the Bank asks for bankruptcy or other similar attitude towards the debtor, or if the debtor requests any type of judicial measure that limits, delay or prevent the fulfillment of its obligations under the agreed conditions.

The problematic assets can be reverted to the condition of normal course assets as long as there is evidence that the debtor has returned its ability to honor its obligations under the agreed conditions. It is analyzed whether the debtor is not responsible for any pending arrears for more than ninety days, whether the asset no longer meets the criteria of problematic assets, whether continuous and effective payments have occurred in a period of not less than 3 months and whether the debtor's financial situation has improved to such an extent that the realization of the asset is probable.

### **d) Impairment of non-financial assets**

At each reporting date, based on internal and external sources of information, the Bank determines if there are any indicators that a non-financial asset may be impaired. If an indicator does exist, the Bank calculates the asset's recoverable amount, which is the highest of: i) its fair value less costs to sell it; and ii) its value in use.

Regardless any indicator of impairment, the Bank tests the recoverable value of intangible assets not yet available for use and of goodwill in the acquisition of investments, at least annually, always at the same period.

If the asset's recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount by recording an impairment loss.

Determining the recoverable amount of non-financial assets requires Management to exercise judgment and make assumptions. These estimates are based on market prices, present value calculations, other pricing techniques, or a combination of these methods.

### **e) Income taxes**

Income and gains generated by the Bank are subject to income taxes in the jurisdictions in which the Bank operates. The determination of income taxes requires interpretation and the use of estimates. In the ordinary course of business, the final amount of income tax payable is uncertain for many different types of transactions and calculations. In these cases, the use of different interpretations and estimates may have resulted in different tax amounts being recorded.

Brazilian tax authorities can review the calculations made by the Bank and its subsidiaries for up to five years subsequent to the date on which a tax becomes due. During this process, the tax authorities may question the procedures adopted by the Bank, mainly with respect to the interpretation of tax legislation. However, Management believe that will not be required any significant adjustments to the income tax recorded in these financial statements.





## f) Recognition and assessment of deferred taxes

Deferred tax assets are calculated on temporary differences and tax loss carryforwards. They are only recognized when the Bank expects to generate sufficient taxable income in the future to offset the amounts. The expected realization of the Bank's deferred tax assets is based on projections of future income and technical analyses in line with current tax legislation

The Bank reviews the estimates involved in the recognition and valuation of deferred tax assets based on current expectations and projections about future events and trends. The most important assumptions affecting these estimates relate to:

- (i) changes in the amounts deposited, delinquencies and customer base;
- (ii) changes in tax law;
- (iii) changes in interest rates;
- (iv) changes in inflation rates;
- (v) legal claims with an adverse impact on the Bank;
- (vi) credit, market and other risks associated with lending and investing activities;
- (vii) changes in the fair value of Brazilian securities, especially Brazilian government securities; and
- (viii) changes in domestic and global economic conditions.

## g) Pensions and other employee benefits

The Bank sponsors defined contribution and defined benefit pension plans, accounted for in accordance with CPC 33 (R1). Actuarial valuations for defined benefit plans are based on a series of assumptions, including:

- (i) interest rates;
- (ii) mortality tables;
- (iii) annual rate applied to the revision of retirement benefits;
- (iv) inflation index;
- (v) annual salary adjustment; and
- (vi) the method used to calculate vested benefit obligations for active employees.

Changes in these assumptions can have significant impact on the amounts determined.

## h) Provisions, contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of provisions, contingent assets and liabilities and legal obligations are carried out in accordance with the criteria defined by CPC 25.

Contingent assets are not recognized in the financial statements, however, they are recognized as assets when there is evidence assuring their realization, usually represented by the final judgment of the lawsuit and by the confirmation of the capacity for its recovery by receipt or offsetting by another receivable.

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal advisor and Management, the risk of loss of legal or administrative proceedings is considered probable, with a probable outflow of financial resource for the settlement of the obligation and when the amounts involved are measurable with sufficient assurance, being quantified when judicial noticed and revised monthly as follows:

Aggregated Method: cases that are similar and recurring in nature and whose values are not considered individually significant. Provisions are based on statistical data. It covers civil, tax or labor judicial proceedings (except labor claims filed by trade unions and all proceedings classified as strategic) with probable value of award, estimated by legal advisors, up to R\$ 1 million.



In thousands of Reais, unless otherwise stated

**Individual Method:** cases considered unusual or whose value is considered relevant by our legal advisor. Provisions are based on: the amount claimed; probability of an unfavorable decision; evidence presented; evaluation of legal precedents; other facts raised during the process; judicial decisions made during the course of the case; and the classification and the risk of loss of legal actions.

Contingent liabilities, subject to individual method, considered as possible losses are not recognized in the financial statements, they are disclosed in notes, while those classified as remote do not require any provision or disclosure.

Legal obligations (fiscal and social security) are derived from tax obligations provided in the legislation are fully recognized in the financial statements.

## 5 - ACQUISITIONS, DISPOSALS AND CORPORATE RESTRUCTURING

### a) UBS A.G. Strategic partnership

On September 23, 2019, the Bank informed to the market that it signed a Memorandum of Understanding of a non-binding nature with UBS AG (UBS), establishing a strategic partnership to operate in investment banking and securities broker activities in the institutional segment in Brazil and in certain South American countries.

On November, 6, 2019, the Bank published a Material Fact informing the signing of the Association Agreement with UBS with a binding nature, to operate in investment banking and securities broker activities in the institutional segment in Brazil and in certain South American countries.

On December 27, 2019, the Administrative Council for Economic Defense approved, without restrictions, the strategic partnership, through the Concentration Act 08700.005886/2019-11. Bacen authorized this partnership on August 24, 2020.

On September 30, 2020, the Bank issued a Material Fact that BB-Banco de Investimento SA (BB-BI), its wholly-owned subsidiary, and UBS settled the definitive documents to start operating the strategic partnership in investment banking and securities brokerage activities in the institutional segment in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. All regulatory and contractual conditions for closing of the transaction were fulfilled.

The strategic partnership results in a new company and its subsidiaries, starting its operations as a complete investment banking platform, combining the Bank's relationship network in Brazil and its distribution capacity to individuals, with UBS's global distribution platform and expertise.

Governance and management of the new company are supported by a Shareholders' Agreement and an Operating Agreement, observing the best global practices in corporate governance and business management. Each shareholder will appoint three members to the Board of Directors, with the Chairman appointed by the Bank and the Vice Chairman by UBS. The executive board will also be composed by professionals from the two shareholders and UBS will appoint the Chief Executive Officer.

The Bank's corporate clients, in addition to the service and complete offering of corporate banking solutions, through the network of branches and specialized offices, now count with UBS's global reach platform, providing access to products and investment banking solutions and expansion of the offer of integrated solutions in these markets

The Banks's investor clients, through the partnership, in addition to the current portfolio of products and services, also now have access to a variety of funding instruments and investments linked to the capital markets.

The common voting shares of the company is divided in the proportion of 50.01% for UBS and 49.99% for BB-BI. The Bank, through BB-BI, incorporated the right of access to corporate clients for prospecting and originating typical investment banking businesses. UBS integrated its investment bank operating platform in the region and securities brokerage in the domestic institutional segment.



In thousands of Reais, unless otherwise stated

The contribution of intangible assets to UBS Serviços shareholders' equity represented R\$ 829,726 thousand, according to a technical report prepared by an independent company. On the other hand, for purposes of equalization of intended corporate shares, UBS Serviços handed to BB-BI R\$ 145,000 thousand, in local currency, referring to the redemption, at book value, of 100% of the preferred shares by BB-BI. Consequently, BB-BI's current investment represents 49.99% of the new company's net equity, in the value of R\$ 684,726 thousand.

The conclusion of the transaction did not impact the Bank's results. An unrealized result was recorded in the same amount of the recognition of capital gain as a counterpart of the registration of the initial investment in BB-BI. There is also a contractual commitment to exclusive access to the customer base that must be fulfilled by BB-BI over the 15 years of association. The impact on the result follows an accrual basis, as shown in the table below:

|                                       | Sep 30, 2020 |
|---------------------------------------|--------------|
| 1) Capital gain of BB-BI              | 829,726      |
| 2) Taxes                              | (373,377)    |
| 3) BB-BI income, net of taxes (1+2)   | 456,349      |
| 4) Unrealized profit (100% of item 3) | (456,349)    |
| 5) Impact on net income (3+4)         | --           |

Accordingly, the amount recognized as unrealized income correspond to the full amount of the intangible asset contributed to UBS Serviços, net of tax effects, and will be realized in the same amortization schedule for that asset, which is equivalent to the term of the association. Other information are disclosed in Note 14.

## b) Bescval - Incorporation

On December 09, 2020, according to Extraordinary General Meetings (EGMs) held on the same date, by the shareholders of Banco do Brasil and Besc Distribuidora de Títulos e Valores Mobiliários S.A. (Bescval), the Bank incorporated the subsidiary Bescval.

The merger of Bescval aimed to rationalize and simplify the Bank's corporate structure and, consequently, consolidate and reduce combined costs and operating expenses.

As a result of the approval of the merger by the EGMs, Bescval is extinguished pleno jure, as of this date, with a complete version of its assets for the Bank, which will succeed and absorb, in a universal manner and for all legal purposes, all assets, rights, obligations, liabilities of the merged company.

As a result, the Bank's share capital were increased by R\$ 23 thousand, due to the issuance of 425 new common shares, with no par value, registered and book-entry, by the Incorporator, already considering the applicable fractions, to be attributed to the minority shareholders of Bescval corresponding to its minority shareholders' equity in Bescval's shareholders' equity, calculated considering the book value of the company incorporated on the base date of June 30, 2020.

The issuance of the new shares will be preceded by the cancellation of an equal number of treasury stocks issued and held by the Bank, in order to avoid diluting the holdings of the current shareholders of the Bank and the change in the total number of shares representing the Bank's capital stock, as informed. in its Bylaws.

Bescval shares owned by the Bank will be extinguished. The incorporation will be submitted, under the terms of the legislation in force, to the approval of the Brazilian Central Bank, which was communicated on June 1, 2021.

### Incorporated balances

|                            | Dec 09, 2020 |
|----------------------------|--------------|
| Total assets               | 5,925        |
| Total liabilities          | 1            |
| Total shareholders' equity | 5,924        |



## 6 - INFORMATION BY SEGMENT

The segment information was prepared based on internal reports used by the Executive Board of Directors to assess performance, and make decision about the allocation of fund for investment and other purposes. The framework also takes into account the regulatory environment and the similarities between goods and services. The information was prepared based on internal management reports (Management Information), reviewed regularly by Management.

The Bank's operations were mainly in Brazil, divided into five segments: banking, investments, fund management, insurance (insurance, pension and capitalization) and payment methods. The Bank also engages in other activities, including consortium business and other services aggregated in "Other Segments".

The measurement of managerial income and of managerial assets and liabilities by segment takes into account all income and expenses as well as all assets and liabilities recorded by the controlled companies (Note 2). There were no common income or expenses nor common assets or liabilities allocated between the segments, for any distribution criteria.

Transactions between segments were eliminated in the column "Intersegment transactions". They were conducted at the same terms and conditions as those practiced with unrelated parties for similar transactions. These transactions do not involve any unusual payment risks.

None of the Bank's customers individually account for more than 10% of the Bank's income.

### a) Banking segment

The result was mainly from operations in Brazil with a wide array of products and services, including deposits, loans and services provided to customers through different distribution channels, located in the country and abroad.

The banking segment includes business with the retail, wholesale and public sector, which were carried out by the Bank's network and customer service teams. It also engages in business with micro-entrepreneurs and low-income population, undertaken through banking correspondents.

### b) Investments segment

This segment was responsible for operations in the domestic capital markets, acting in intermediation and distribution of debts in the primary and secondary markets, as well as being responsible for equity investments and the rendering of some financial services.

The income from financial intermediation of this segment were the accrued interest on securities investments net of interest expenses from third party funding costs. The principal equity investments were those in the associates, subsidiary companies and joint ventures. Financial service fee income were from economic/financial advisory services and the underwriting of fixed and variable income.

### c) Fund management segment

This segment comprises purchase, sale and custody of securities, portfolio management, and management of investment funds and clubs. Income consists mainly of commissions and management fees for services charged to investors.

### d) Insurance, pension and capitalization segment

In this segment, products and services offered were related to life, property and automobile insurance, private pension and capitalization plans.



In thousands of Reais, unless otherwise stated

The income were mainly from revenues from insurance premiums issued, contributions to private pension plans, capitalization bonds and investments in securities. The amounts offset by selling cost, technical insurance provision and expenses related to benefits and redemptions.

### e) Payment methods segment

This segment comprises funding, transmission, processing and settlement of operations via electronic means.

Revenues were mainly from commissions and management fees charged to businesses and financial institutions for the services rendered, as well as income from rent, installation and maintenance of electronic terminals.

### f) Other segments

Other segments comprise the consortium management and other services segments, which have been aggregated as they were not individually significant.

Their revenues were originated mainly from rendering services not covered in previous segments, such as: credit recovery; consortium management; development, manufacturing, sale, lease and integration of digital electronic systems and equipment, peripherals, programs, inputs and computing supplies.

### g) Information of external customers by geographic region

|   | 1st half/2021     |                  | 1st half/2020     |                  |
|---|-------------------|------------------|-------------------|------------------|
|   | Brazil            | Abroad           | Brazil            | Abroad           |
| <b>Income from External Customers</b>       | <b>62,824,245</b> | <b>4,083,284</b> | <b>90,986,849</b> | <b>4,464,183</b> |
| <b>Income from Financial Intermediation</b> | <b>44,930,993</b> | <b>3,365,111</b> | <b>73,363,612</b> | <b>3,734,505</b> |
| Loan portfolio                              | 35,597,289        | 1,357,893        | 50,059,732        | 1,407,723        |
| Interbank investments                       | 6,701,306         | 407,618          | 7,932,973         | 452,717          |
| Securities                                  | 2,988,732         | 1,593,481        | 10,565,756        | 1,651,337        |
| Derivative financial instruments            | (471,856)         | 87,452           | 3,801,140         | 162,987          |
| Reserve requirement                         | 613,402           | --               | 804,465           | --               |
| Other financial assets                      | (497,880)         | (81,333)         | 199,546           | 59,741           |
| <b>Other Income</b>                         | <b>17,893,252</b> | <b>718,173</b>   | <b>17,623,237</b> | <b>729,678</b>   |
| Service fee income                          | 13,502,265        | 581,286          | 13,473,027        | 559,347          |
| Net gains from equity method investments    | 1,544,747         | --               | 1,389,242         | --               |
| Other                                       | 2,846,240         | 136,887          | 2,760,968         | 170,331          |
| <b>Non-Current Assets <sup>(1)</sup></b>    | <b>29,873,125</b> | <b>386,894</b>   | <b>29,735,662</b> | <b>441,931</b>   |

(1) Except for financial instruments, deferred tax assets and post-employment benefit assets.

Revenues from abroad were mainly obtained by operations held by the branches in South America in the 1st half/2021 (South and Central America in the 1st half/2020).



## h) Breakdown of managerial information by segment and accounting reconciliation

|   | 1 <sup>st</sup> half/2021         |                  |                  |                                       |                   |
|---|-----------------------------------|------------------|------------------|---------------------------------------|-------------------|
|   | Managerial Information by Segment |                  |                  |                                       |                   |
|   | Banking                           | Investments      | Fund Management  | Insurance, pension and capitalization | Payment methods   |
| <b>Income from Financial Intermediation</b>             | <b>48,234,072</b>                 | <b>27,415</b>    | <b>22,961</b>    | <b>7,747</b>                          | <b>45,497</b>     |
| Loan portfolio  | 36,956,357                        | --               | --               | --                                    | --                |
| Interbank investments                                   | 7,126,921                         | 519              | 22,802           | --                                    | --                |
| Securities  | 4,501,012                         | 26,896           | 159              | 7,747                                 | 45,497            |
| Derivative financial instruments                        | (384,404)                         | --               | --               | --                                    | --                |
| Reserve requirement                                     | 613,402                           | --               | --               | --                                    | --                |
| Other financial assets                                  | (579,216)                         | --               | --               | --                                    | --                |
| <b>Expenses from Financial Intermediation</b>           | <b>(17,379,889)</b>               | <b>(18,070)</b>  | <b>--</b>        | <b>--</b>                             | <b>--</b>         |
| Financial institutions resources                        | (6,421,804)                       | (18,070)         | --               | --                                    | --                |
| Customers resources                                     | (7,562,674)                       | --               | --               | --                                    | --                |
| Funds from issuance of securities                       | (3,135,061)                       | --               | --               | --                                    | --                |
| Other funding expenses                                  | (260,350)                         | --               | --               | --                                    | --                |
| <b>Allowance for Losses Associated with Credit Risk</b> | <b>(7,436,632)</b>                | <b>(11,424)</b>  | <b>13</b>        | <b>--</b>                             | <b>--</b>         |
| Loan portfolio  | (7,126,490)                       | --               | --               | --                                    | --                |
| Other financial assets                                  | (310,142)                         | (11,424)         | 13               | --                                    | --                |
| <b>Other Income</b>                                     | <b>12,552,903</b>                 | <b>304,586</b>   | <b>1,436,319</b> | <b>2,683,570</b>                      | <b>534,506</b>    |
| Service fee income                                      | 9,746,619                         | 165,439          | 1,433,181        | 1,931,097                             | 16,089            |
| Net gains from equity method investments                | 431,239                           | 9,808            | --               | 708,912                               | 394,788           |
| Other   | 2,375,045                         | 129,339          | 3,138            | 43,561                                | 123,629           |
| <b>Other Expenses</b>                                   | <b>(24,868,425)</b>               | <b>(53,788)</b>  | <b>(180,912)</b> | <b>(420,156)</b>                      | <b>(20,434)</b>   |
| Personnel expenses                                      | (10,469,327)                      | (12,923)         | (50,647)         | (29,705)                              | (2,648)           |
| Other administrative expenses                           | (4,990,977)                       | (20,326)         | (16,804)         | (48,289)                              | (780)             |
| Amortization  | (856,249)                         | --               | --               | --                                    | --                |
| Depreciation  | (670,296)                         | --               | --               | (5)                                   | --                |
| Tax expenses  | (2,349,596)                       | (13,288)         | (96,659)         | (221,374)                             | (12,515)          |
| Other   | (5,531,980)                       | (7,251)          | (16,802)         | (120,783)                             | (4,491)           |
| <b>Provisions</b>                                       | <b>(3,499,517)</b>                | <b>(79)</b>      | <b>3,958</b>     | <b>1,638</b>                          | <b>13</b>         |
| Civil, tax and labor claims                             | (3,359,992)                       | (79)             | 3,958            | 1,638                                 | 13                |
| Other   | (139,525)                         | --               | --               | --                                    | --                |
| <b>Profit Before Taxation and Profit Sharing</b>        | <b>7,602,512</b>                  | <b>248,640</b>   | <b>1,282,339</b> | <b>2,272,799</b>                      | <b>559,582</b>    |
| Income tax and social contribution                      | 404,561                           | (108,051)        | (512,550)        | (536,055)                             | (74,727)          |
| Employee and directors profit sharing                   | (1,248,419)                       | --               | (1,562)          | --                                    | --                |
| Non-controlling interests                               | (129,890)                         | --               | --               | (584,005)                             | --                |
| <b>Net Income</b>                                       | <b>6,628,764</b>                  | <b>140,589</b>   | <b>768,227</b>   | <b>1,152,739</b>                      | <b>484,855</b>    |
| <b>Balance Sheet</b>                                    |                                   |                  |                  |                                       |                   |
| Interbank investments                                   | 573,130,849                       | 18,383           | 2,022,559        | 2,580,262                             | 680,005           |
| Securities and derivative financial instruments         | 290,032,135                       | 1,518,621        | 306,875          | 317,980                               | 3,300,615         |
| Loan portfolio net of provisions                        | 663,189,206                       | --               | --               | --                                    | --                |
| Investments   | 23,849,721                        | 928,490          | 2,000            | 5,622,056                             | 5,443,316         |
| Other assets  | 308,685,770                       | 866,750          | 642,849          | 2,174,908                             | 621,276           |
| <b>Total Assets</b>                                     | <b>1,858,887,681</b>              | <b>3,332,244</b> | <b>2,974,283</b> | <b>10,695,206</b>                     | <b>10,045,212</b> |
| <b>Liabilities</b>                                      | <b>1,714,620,610</b>              | <b>2,450,553</b> | <b>1,721,429</b> | <b>4,444,150</b>                      | <b>109,447</b>    |
| Customers resources                                     | 661,526,225                       | --               | --               | --                                    | --                |
| Financial institutions resources                        | 681,994,743                       | 1,522,593        | --               | --                                    | --                |
| Funds from issuance of securities                       | 180,577,926                       | --               | --               | --                                    | --                |
| Provisions  | 35,365,849                        | 1,408            | 3,792            | 18,555                                | 41                |
| Other liabilities                                       | 155,155,867                       | 926,552          | 1,717,637        | 4,425,595                             | 109,406           |
| <b>Shareholders' Equity</b>                             | <b>144,267,071</b>                | <b>881,691</b>   | <b>1,252,854</b> | <b>6,251,056</b>                      | <b>9,935,765</b>  |
| <b>Total Liabilities and Shareholders' Equity</b>       | <b>1,858,887,681</b>              | <b>3,332,244</b> | <b>2,974,283</b> | <b>10,695,206</b>                     | <b>10,045,212</b> |



## Banco do Brasil S.A. – Financial Statements 1<sup>st</sup> half/2021

|   | 1 <sup>st</sup> half/2020         |                  |                  |                                       |                  |
|---|-----------------------------------|------------------|------------------|---------------------------------------|------------------|
|   | Managerial Information by Segment |                  |                  |                                       |                  |
|   | Banking                           | Investments      | Fund Management  | Insurance, pension and capitalization | Payment methods  |
| <b>Income from Financial Intermediation</b>             | <b>76,934,108</b>                 | <b>120,947</b>   | <b>19,508</b>    | <b>7,598</b>                          | <b>64,696</b>    |
| Loan portfolio  | 51,468,501                        | --               | --               | --                                    | --               |
| Interbank investments                                   | 8,416,885                         | 438              | 16,982           | --                                    | --               |
| Securities  | 12,020,873                        | 120,509          | 2,526            | 7,598                                 | 64,696           |
| Derivative financial instruments                        | 3,964,127                         | --               | --               | --                                    | --               |
| Reserve requirement                                     | 804,465                           | --               | --               | --                                    | --               |
| Other financial assets                                  | 259,257                           | --               | --               | --                                    | --               |
| <b>Expenses from Financial Intermediation</b>           | <b>(52,017,563)</b>               | <b>(31,337)</b>  | <b>--</b>        | <b>--</b>                             | <b>--</b>        |
| Financial institutions resources                        | (37,159,247)                      | (31,337)         | --               | --                                    | --               |
| Customers resources                                     | (8,414,970)                       | --               | --               | --                                    | --               |
| Funds from issuance of securities                       | (4,060,080)                       | --               | --               | --                                    | --               |
| Other funding expenses                                  | (2,383,266)                       | --               | --               | --                                    | --               |
| <b>Allowance for Losses Associated with Credit Risk</b> | <b>(12,655,055)</b>               | <b>(6,173)</b>   | <b>(7)</b>       | <b>--</b>                             | <b>--</b>        |
| Loan portfolio  | (12,418,876)                      | --               | --               | --                                    | --               |
| Other financial assets                                  | (236,179)                         | (6,173)          | (7)              | --                                    | --               |
| <b>Other Income</b>                                     | <b>12,842,701</b>                 | <b>180,457</b>   | <b>1,466,503</b> | <b>2,744,758</b>                      | <b>391,853</b>   |
| Service fee income                                      | 10,044,187                        | 161,377          | 1,463,451        | 1,730,324                             | 18,322           |
| Net gains from equity method investments                | 219,258                           | 2,173            | --               | 912,787                               | 255,024          |
| Other   | 2,579,256                         | 16,907           | 3,052            | 101,647                               | 118,507          |
| <b>Other Expenses</b>                                   | <b>(22,379,974)</b>               | <b>(95,625)</b>  | <b>(181,653)</b> | <b>(427,034)</b>                      | <b>(25,474)</b>  |
| Personnel expenses                                      | (9,627,141)                       | (26,447)         | (51,855)         | (31,574)                              | (2,630)          |
| Other administrative expenses                           | (5,009,511)                       | (39,051)         | (12,493)         | (134,576)                             | (774)            |
| Amortization  | (890,832)                         | --               | --               | --                                    | --               |
| Depreciation  | (628,396)                         | --               | --               | (4)                                   | --               |
| Tax expenses  | (1,788,681)                       | (19,609)         | (98,611)         | (203,905)                             | (16,084)         |
| Other   | (4,435,413)                       | (10,518)         | (18,694)         | (56,975)                              | (5,986)          |
| <b>Provisions</b>                                       | <b>(1,667,722)</b>                | <b>369</b>       | <b>(1,859)</b>   | <b>589</b>                            | <b>(210)</b>     |
| Civil, tax and labor claims                             | (1,555,519)                       | 369              | (1,859)          | 589                                   | (209)            |
| Other   | (112,203)                         | --               | --               | --                                    | (1)              |
| <b>Profit Before Taxation and Profit Sharing</b>        | <b>1,056,495</b>                  | <b>168,638</b>   | <b>1,302,492</b> | <b>2,325,911</b>                      | <b>430,865</b>   |
| Income tax and social contribution                      | 3,456,577                         | (72,799)         | (520,950)        | (481,623)                             | (86,484)         |
| Employee and directors profit sharing                   | (825,524)                         | --               | (1,116)          | --                                    | --               |
| Non-controlling interests                               | (145,692)                         | --               | --               | (620,321)                             | --               |
| <b>Net income</b>                                       | <b>3,541,856</b>                  | <b>95,839</b>    | <b>780,426</b>   | <b>1,223,967</b>                      | <b>344,381</b>   |
| <b>Balance Sheet</b>                                    |                                   |                  |                  |                                       |                  |
| Interbank investments                                   | 468,204,145                       | 18,788           | 1,184,080        | 2,093,731                             | 383,467          |
| Securities and derivative financial instruments         | 265,842,920                       | 1,094,413        | 30,314           | 1,211,939                             | 3,146,832        |
| Loan portfolio net of provisions                        | 615,550,479                       | --               | --               | --                                    | --               |
| Investments   | 20,610,510                        | 896,644          | 46,252           | 4,012,861                             | 5,356,223        |
| Other assets  | 338,329,203                       | 903,687          | 364,157          | 1,969,705                             | 603,981          |
| <b>Total Assets</b>                                     | <b>1,708,537,257</b>              | <b>2,913,532</b> | <b>1,624,803</b> | <b>9,288,236</b>                      | <b>9,490,503</b> |
| <b>Liabilities</b>                                      | <b>1,594,731,344</b>              | <b>2,372,591</b> | <b>901,033</b>   | <b>4,594,624</b>                      | <b>122,785</b>   |
| Customers resources                                     | 555,343,897                       | --               | --               | --                                    | --               |
| Financial institutions resources                        | 639,824,495                       | 1,851,330        | --               | --                                    | --               |
| Funds from issuance of securities                       | 208,845,889                       | --               | --               | --                                    | --               |
| Provisions  | 30,318,565                        | 1,293            | 6,366            | 18,114                                | 435              |
| Other liabilities                                       | 160,398,498                       | 519,968          | 894,667          | 4,576,510                             | 122,350          |
| <b>Shareholders' Equity</b>                             | <b>113,805,913</b>                | <b>540,941</b>   | <b>723,770</b>   | <b>4,693,612</b>                      | <b>9,367,718</b> |
| <b>Total Liabilities and Shareholders' Equity</b>       | <b>1,708,537,257</b>              | <b>2,913,532</b> | <b>1,624,803</b> | <b>9,288,236</b>                      | <b>9,490,503</b> |



In thousands of Reais, unless otherwise stated

**7 - CASH AND CASH EQUIVALENTS**

|  | Banco do Brasil   |                    | BB Consolidated   |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | Jun 30, 2021      | Dec 31, 2020       | Jun 30, 2021      | Dec 31, 2020       |
| <b>Cash and due from banks</b>   | <b>22,906,388</b> | <b>14,239,838</b>  | <b>25,389,101</b> | <b>16,784,560</b>  |
| Local currency   | 17,601,668        | 9,696,140          | 17,602,930        | 9,697,457          |
| Foreign currency   | 5,304,720         | 4,543,698          | 7,786,171         | 7,087,103          |
| <b>Interbank investments<sup>(1)</sup></b>                                       | <b>38,268,025</b> | <b>159,160,915</b> | <b>42,112,911</b> | <b>159,404,948</b> |
| Securities purchased under resale agreement – securities not repledged / re-sold | 8,015,689         | 118,776,694        | 11,963,867        | 119,375,173        |
| Interbank deposits   | 30,252,336        | 40,384,221         | 30,149,044        | 40,029,775         |
| <b>Total</b>   | <b>61,174,413</b> | <b>173,400,753</b> | <b>67,502,012</b> | <b>176,189,508</b> |

(1) Investments whose original maturity is less than or equal to 90 days and with insignificant risk of change in fair value.

**8 - COMPULSORY DEPOSITS WITH BRAZILIAN CENTRAL BANK****a) Breakdown**

|                              | Banco do Brasil   |                   | BB Consolidated   |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
|                              | Jun 30, 2021      | Dec 31, 2020      | Jun 30, 2021      | Dec 31, 2020      |
| Savings deposit requirements | 34,160,377        | 32,383,686        | 34,160,377        | 32,383,686        |
| Demand deposit requirements  | 21,160,243        | 12,908,748        | 21,160,243        | 12,908,748        |
| Time deposit requirements    | 14,102,454        | 13,465,192        | 14,102,454        | 13,465,192        |
| Instant payment account      | 2,024,050         | 990,249           | 2,024,050         | 990,249           |
| Eletronic currency deposits  | 337,815           | 422,356           | 337,815           | 422,356           |
| Resources for microfinance   | 238,570           | 138,311           | 238,570           | 138,311           |
| Current assets               | 72,023,509        | 60,308,542        | 72,023,509        | 60,308,542        |
| Non-current assets           | --                | --                | --                | --                |
| <b>Total</b>                 | <b>72,023,509</b> | <b>60,308,542</b> | <b>72,023,509</b> | <b>60,308,542</b> |

**b) Income due to reserve requirements**

|                              | Banco do Brasil |                | BB Consolidated |                |
|------------------------------|-----------------|----------------|-----------------|----------------|
|                              | 1st half/2021   | 1st half/2020  | 1st half/2021   | 1st half/2020  |
| Savings deposit requirements | 434,744         | 576,159        | 434,744         | 576,159        |
| Time deposit requirements    | 178,658         | 228,306        | 178,658         | 228,306        |
| <b>Total</b>                 | <b>613,402</b>  | <b>804,465</b> | <b>613,402</b>  | <b>804,465</b> |





In thousands of Reais, unless otherwise stated

**9 - INTERBANK INVESTMENTS****a) Breakdown**

|  | Banco do Brasil    |                    | BB Consolidated    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021       | Dec 31, 2020       |
| <b>Securities purchased under resale agreement</b> | <b>533,862,007</b> | <b>465,746,721</b> | <b>537,636,552</b> | <b>466,345,480</b> |
| <b>Reverse repos - own resources</b>               | <b>8,015,689</b>   | <b>118,776,694</b> | <b>11,999,166</b>  | <b>119,375,453</b> |
| National Treasury notes                            | 4,363,688          | 266,499            | 4,535,594          | 266,499            |
| National Treasury bills                            | 2,660,583          | 117,989,892        | 2,660,583          | 117,989,892        |
| Treasury financial bills                           | 399                | 350,757            | 37,425             | 350,757            |
| Other securities                                   | 991,019            | 169,546            | 4,765,564          | 768,305            |
| <b>Reverse repos - financed position</b>           | <b>525,846,318</b> | <b>346,970,027</b> | <b>525,637,386</b> | <b>346,970,027</b> |
| Treasury financial bills                           | 279,862,679        | 173,148,915        | 279,653,747        | 173,148,914        |
| National Treasury notes                            | 191,426,881        | 161,715,081        | 191,426,881        | 161,715,081        |
| National Treasury bills                            | 53,498,666         | 8,532,956          | 53,498,666         | 8,532,956          |
| Other securities                                   | 1,058,092          | 3,573,075          | 1,058,092          | 3,573,076          |
| <b>Interbank deposits</b>                          | <b>105,127,797</b> | <b>117,581,382</b> | <b>34,117,722</b>  | <b>44,300,311</b>  |
| <b>Total</b>                                       | <b>638,989,804</b> | <b>583,328,103</b> | <b>571,754,274</b> | <b>510,645,791</b> |
| Current assets                                     | 572,008,913        | 509,622,409        | 569,291,347        | 505,900,976        |
| Non-current assets                                 | 66,980,891         | 73,705,694         | 2,462,927          | 4,744,815          |

**b) Income from interbank investments**

|   | Banco do Brasil  |                   | BB Consolidated  |                  |
|---|------------------|-------------------|------------------|------------------|
|   | 1st half/2021    | 1st half/2020     | 1st half/2021    | 1st half/2020    |
| <b>Income from securities purchased under resale agreement</b>      | <b>6,690,690</b> | <b>7,829,460</b>  | <b>7,108,924</b> | <b>7,880,675</b> |
| Funded position   | 6,512,181        | 7,540,254         | 6,512,181        | 7,540,254        |
| Own portfolio position  | 178,509          | 289,206           | 596,743          | 340,421          |
| <b>Income from investments in interbank deposits <sup>(1)</sup></b> | <b>2,156,366</b> | <b>3,217,685</b>  | <b>--</b>        | <b>505,015</b>   |
| <b>Total</b>  | <b>8,847,056</b> | <b>11,047,145</b> | <b>7,108,924</b> | <b>8,385,690</b> |

(1) In the 1st half/2021, R\$ 108,933 thousand of incomes was adjusted by a negative mark-to-market of R\$ 127,454 thousand related to a hedged item, which the remaining debt amount of R\$ 18,521 thousand was reclassified to Financial institutions resources. In the 1st half/2020, it includes the positive mark-to-market of the hedged item of R\$ 215,693 thousand.



## 10 - SECURITIES

a) We present the portfolio of securities by classification category, quantity, type of paper and maturity r

### a.1) Summary by category and completion period

| Classification Category               | Banco do Brasil |             |             |       |                         |         |
|---------------------------------------|-----------------|-------------|-------------|-------|-------------------------|---------|
|                                       | Jun 30, 2021    |             |             |       | Portfolio Participation | Current |
|                                       | Current         | Non-current | Total       |       |                         |         |
| 1 – Trading securities <sup>(1)</sup> | 2,189,789       | --          | 2,189,789   | 1 %   | 9,999,449               |         |
| 2 – Available for sale securities     | 33,410,837      | 216,413,737 | 249,824,574 | 89 %  | 29,490,601              |         |
| 3 – Held to maturity securities       | 4,176,411       | 22,904,607  | 27,081,018  | 10 %  | 3,217,803               |         |
| Portfolio book value                  | 39,777,037      | 239,318,344 | 279,095,381 | 100 % | 42,707,853              |         |
| Mark to Market – held to maturity     | (636,610)       | (161,283)   | (797,893)   | --    | (680,198)               |         |
| Portfolio fair value                  | 39,140,427      | 239,157,061 | 278,297,488 | --    | 42,027,655              |         |

(1) Trading securities are presented in current assets, regardless of maturity, in accordance with Bacen Circular 3,068/2001.



**a.2) Breakdown of the portfolio by category, type of bonds and maturity**

| Maturity in days                           | Banco do Brasil  |                   |                   |                    |                    |                    |           |
|--|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-----------|
|  | Jun 30, 2021     |                   |                   |                    |                    |                    |           |
|  | Fair value       |                   |                   |                    | Total              |                    |           |
|  | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark to m |
| <b>1 - Trading securities</b>              | <b>3,932</b>     | <b>13,960</b>     | <b>65,253</b>     | <b>2,106,644</b>   | <b>2,200,708</b>   | <b>2,189,789</b>   |           |
| <b>Federal government bonds</b>            | <b>3,719</b>     | <b>13,960</b>     | <b>65,163</b>     | <b>1,651,311</b>   | <b>1,733,082</b>   | <b>1,734,153</b>   |           |
| National Treasury bills                    | 3,719            | 5,633             | 65,163            | 1,228,023          | 1,303,126          | 1,302,538          |           |
| Treasury financial bills                   | --               | 5,567             | --                | 271,045            | 276,990            | 276,612            |           |
| National Treasury notes                    | --               | --                | --                | 152,243            | 151,298            | 152,243            |           |
| Foreign Government bonds                   | --               | 2,760             | --                | --                 | 1,668              | 2,760              |           |
| <b>Private securities</b>                  | <b>213</b>       | <b>--</b>         | <b>90</b>         | <b>455,333</b>     | <b>467,626</b>     | <b>455,636</b>     |           |
| Agrobusiness receivable certificates       | --               | --                | 17                | 330,285            | 334,871            | 330,302            |           |
| Debentures                                 | --               | --                | 73                | 124,063            | 131,773            | 124,136            |           |
| Real estate receivables certificates       | --               | --                | --                | 985                | 973                | 985                |           |
| Other                                      | 213              | --                | --                | --                 | 9                  | 213                |           |
| <b>2 - Available for sale securities</b>   | <b>3,799,739</b> | <b>11,035,884</b> | <b>18,575,213</b> | <b>216,413,738</b> | <b>250,412,236</b> | <b>249,824,574</b> | (5)       |
| <b>Federal government bonds</b>            | <b>292,018</b>   | <b>8,410,767</b>  | <b>14,926,951</b> | <b>193,472,514</b> | <b>218,380,895</b> | <b>217,102,250</b> | (1,2)     |
| Treasury financial bills                   | --               | 8,196,641         | 14,090,448        | 162,722,305        | 185,747,593        | 185,009,394        | (7)       |
| National Treasury bills                    | --               | --                | 583,336           | 10,148,434         | 10,928,626         | 10,731,770         | (1)       |
| National Treasury notes                    | --               | --                | --                | 9,555,082          | 10,343,771         | 9,555,082          | (7)       |
| Brazilian foreign debt securities          | --               | --                | --                | 10,012,626         | 9,590,150          | 10,012,626         |           |
| Foreign Government bonds                   | 292,018          | 214,113           | 252,815           | 962,410            | 1,698,034          | 1,721,356          |           |
| Agricultural debt securities               | --               | 13                | 352               | 109                | 517                | 474                |           |
| Other                                      | --               | --                | --                | 71,548             | 72,204             | 71,548             |           |
| <b>Private securities</b>                  | <b>3,507,721</b> | <b>2,625,117</b>  | <b>3,648,262</b>  | <b>22,941,224</b>  | <b>32,031,341</b>  | <b>32,722,324</b>  | 6         |
| Debentures                                 | --               | 407,703           | 246,637           | 16,210,747         | 17,473,981         | 16,865,087         | (6)       |
| Rural product bills - commodities          | 259,167          | 2,190,379         | 3,203,290         | 160,853            | 5,818,343          | 5,813,689          |           |
| Eurobonds                                  | --               | 27,035            | 166,551           | 3,470,040          | 3,782,882          | 3,663,626          | (1)       |
| Shares in Investment Funds                 | 2,527,225        | --                | 27,740            | 1,035,277          | 2,339,415          | 3,590,242          | 1,        |
| Certificates of agribusiness credit rights | 721,287          | --                | 4,044             | 1,298,899          | 1,949,205          | 2,024,230          |           |
| Real estate receivables certificates       | --               | --                | --                | 11,798             | 11,234             | 11,798             |           |
| Shares                                     | 42               | --                | --                | --                 | 218                | 42                 |           |
| Promissory notes                           | --               | --                | --                | --                 | --                 | --                 |           |
| Other                                      | --               | --                | --                | 753,610            | 656,063            | 753,610            |           |



| Maturity in days                       | Banco do Brasil  |                   |                   |                    |                    |                    |           |
|--|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-----------|
|  | Jun 30, 2021     |                   |                   |                    |                    |                    |           |
|  | Fair value       |                   |                   |                    | Total              |                    |           |
|  | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark to m |
| <b>3 - Held to maturity securities</b> | <b>247,848</b>   | <b>3,002,291</b>  | <b>926,272</b>    | <b>22,106,714</b>  | <b>27,081,018</b>  | <b>26,283,125</b>  | (7)       |
| <b>Federal government bonds</b>        | --               | --                | --                | <b>14,554,604</b>  | <b>14,186,161</b>  | <b>14,554,604</b>  | 3         |
| National Treasury bills                | --               | --                | --                | 11,613,518         | 11,613,518         | 11,613,518         |           |
| Brazilian foreign debt securities      | --               | --                | --                | 2,941,086          | 2,572,643          | 2,941,086          |           |
| <b>Private securities</b>              | <b>247,848</b>   | <b>3,002,291</b>  | <b>926,272</b>    | <b>7,552,110</b>   | <b>12,894,857</b>  | <b>11,728,521</b>  | (1,1)     |
| Debentures                             | 102,204          | 2,162,311         | 92,209            | 7,552,108          | 11,081,610         | 9,908,832          | (1,1)     |
| Certificate of deposit                 | 145,644          | 826,940           | --                | --                 | 971,289            | 972,584            |           |
| Eurobonds                              | --               | --                | 589,885           | --                 | 589,406            | 589,885            |           |
| Real estate receivables certificates   | --               | --                | --                | 2                  | 3                  | 2                  |           |
| Other                                  | --               | 13,040            | 244,178           | --                 | 252,549            | 257,218            |           |
| <b>Total</b>                           | <b>4,051,519</b> | <b>14,052,135</b> | <b>19,566,738</b> | <b>240,627,096</b> | <b>279,693,962</b> | <b>278,297,488</b> | (1,3)     |

### a.3) Breakdown of the portfolio by financial statement classification and maturity date

| Maturity in days                 | Banco do Brasil  |                   |                   |                    |                    |                    |           |
|----------------------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-----------|
|                                  | Jun 30, 2021     |                   |                   |                    |                    |                    |           |
|                                  | Fair value       |                   |                   |                    | Total              |                    |           |
|                                  | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark to m |
| <b>Total by portfolio</b>        | <b>4,051,519</b> | <b>14,052,135</b> | <b>19,566,738</b> | <b>240,627,096</b> | <b>279,693,962</b> | <b>278,297,488</b> | (1,3)     |
| Own portfolio                    | 3,905,875        | 4,317,235         | 9,491,339         | 178,875,218        | 198,071,327        | 196,589,667        | (1,4)     |
| Subject to repurchase agreements | --               | 8,559,350         | 9,801,100         | 52,133,726         | 70,381,002         | 70,494,176         |           |
| Pledged in guarantee             | 145,644          | 1,175,550         | 274,299           | 9,618,152          | 11,241,633         | 11,213,645         |           |

### a.4) Summary of the consolidated by category and completion period

| Classification Category               | BB Consolidated |             |             |                         |            |  |
|---------------------------------------|-----------------|-------------|-------------|-------------------------|------------|--|
|                                       | Jun 30, 2021    |             |             |                         |            |  |
|                                       | Current         | Non-current | Total       | Portfolio Participation | Current    |  |
| 1 – Trading securities <sup>(1)</sup> | 10,720,474      | --          | 10,720,474  | 4 %                     | 17,774,838 |  |
| 2 – Available for sale securities     | 34,056,250      | 221,755,614 | 255,811,864 | 88 %                    | 30,135,348 |  |
| 3 – Held to maturity securities       | 4,481,012       | 22,160,878  | 26,641,890  | 8 %                     | 3,571,801  |  |
| Portfolio book value                  | 49,257,736      | 243,916,492 | 293,174,228 | 100 %                   | 51,481,987 |  |
| Mark to Market – held to maturity     | (636,610)       | (117,508)   | (754,118)   | --                      | (679,993)  |  |
| Portfolio fair value                  | 48,621,126      | 243,798,984 | 292,420,110 | --                      | 50,801,994 |  |

(1) Trading securities are presented in current assets, regardless of maturity, in accordance with Bacen Circular 3,068/2001.



**a.5) Breakdown of the consolidated portfolio by category, type of bonds and maturity**

| Maturity in days                           | BB Consolidated  |                   |                   |                    |                    |                    |           |
|--|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-----------|
|  | Jun 30, 2021     |                   |                   |                    |                    |                    |           |
|  | Fair value       |                   |                   |                    | Total              |                    |           |
|  | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark to m |
| <b>1 - Trading securities</b>              | <b>5,471,643</b> | <b>437,837</b>    | <b>1,291,421</b>  | <b>3,519,573</b>   | <b>10,333,558</b>  | <b>10,720,474</b>  |           |
| <b>Federal government bonds</b>            | <b>5,026,597</b> | <b>411,688</b>    | <b>1,273,498</b>  | <b>2,188,103</b>   | <b>8,473,650</b>   | <b>8,899,886</b>   |           |
| Foreign Government bonds                   | 5,022,878        | 400,488           | 1,208,335         | 306,226            | 6,508,769          | 6,937,927          |           |
| National Treasury bills                    | 3,719            | 5,633             | 65,163            | 1,228,023          | 1,303,126          | 1,302,538          |           |
| Treasury financial bills                   | --               | 5,567             | --                | 271,045            | 276,990            | 276,612            |           |
| Brazilian foreign debt securities          | --               | --                | --                | 230,566            | 233,467            | 230,566            |           |
| National Treasury notes                    | --               | --                | --                | 152,243            | 151,298            | 152,243            |           |
| <b>Private securities</b>                  | <b>445,046</b>   | <b>26,149</b>     | <b>17,923</b>     | <b>1,331,470</b>   | <b>1,859,908</b>   | <b>1,820,588</b>   |           |
| Agrobusiness receivable certificates       | --               | --                | 17                | 519,526            | 544,812            | 519,543            |           |
| Debentures                                 | --               | --                | 73                | 467,410            | 533,460            | 467,483            |           |
| Shares in investment funds                 | 395,065          | --                | --                | --                 | 393,037            | 395,065            |           |
| Eurobonds                                  | --               | 25,615            | 17,833            | 148,937            | 193,206            | 192,385            |           |
| Real estate receivables certificates       | --               | --                | --                | 53,955             | 58,737             | 53,955             |           |
| Shares                                     | 48               | --                | --                | --                 | 4                  | 48                 |           |
| Other                                      | 49,933           | 534               | --                | 141,642            | 136,652            | 192,109            |           |
| <b>2 - Available for sale securities</b>   | <b>3,879,295</b> | <b>11,117,657</b> | <b>19,059,298</b> | <b>221,755,614</b> | <b>256,265,125</b> | <b>255,811,864</b> |           |
| <b>Federal government bonds</b>            | <b>292,018</b>   | <b>8,410,767</b>  | <b>15,226,172</b> | <b>194,417,001</b> | <b>219,597,731</b> | <b>218,345,958</b> |           |
| Treasury financial bills                   | --               | 8,196,641         | 14,389,669        | 162,722,305        | 186,044,818        | 185,308,615        |           |
| National Treasury bills                    | --               | --                | 583,336           | 10,148,434         | 10,928,626         | 10,731,770         |           |
| National Treasury notes                    | --               | --                | --                | 9,555,082          | 10,343,771         | 9,555,082          |           |
| Brazilian foreign debt securities          | --               | --                | --                | 10,319,278         | 9,873,418          | 10,319,278         |           |
| Foreign Government bonds                   | 292,018          | 214,113           | 252,815           | 1,600,245          | 2,334,377          | 2,359,191          |           |
| Agricultural debt securities               | --               | 13                | 352               | 109                | 517                | 474                |           |
| Other                                      | --               | --                | --                | 71,548             | 72,204             | 71,548             |           |
| <b>Private securities</b>                  | <b>3,587,277</b> | <b>2,706,890</b>  | <b>3,833,126</b>  | <b>27,338,613</b>  | <b>36,667,394</b>  | <b>37,465,906</b>  |           |
| Debentures                                 | --               | 407,703           | 246,637           | 19,780,095         | 21,118,954         | 20,434,435         |           |
| Rural product bills - commodities          | 259,167          | 2,190,379         | 3,203,290         | 160,853            | 5,818,343          | 5,813,689          |           |
| Eurobonds                                  | --               | 27,035            | 166,551           | 3,722,225          | 4,003,930          | 3,915,811          |           |
| Shares in investment funds                 | 2,584,956        | 72,627            | 212,604           | 1,356,327          | 2,814,752          | 4,226,514          |           |
| Certificates of agribusiness credit rights | 721,287          | --                | 4,044             | 1,298,899          | 1,949,205          | 2,024,230          |           |
| Shares                                     | 21,867           | --                | --                | --                 | 25,229             | 21,867             |           |
| Real estate receivables certificates       | --               | --                | --                | 15,445             | 14,990             | 15,445             |           |
| Certificate of Deposit                     | --               | 9,146             | --                | --                 | 9,146              | 9,146              |           |
| Promissory notes                           | --               | --                | --                | --                 | --                 | --                 |           |
| Other                                      | --               | --                | --                | 1,004,769          | 912,845            | 1,004,769          |           |



| Maturity in days                       | BB Consolidated  |                   |                   |                    |                    |                    |           |
|--|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-----------|
|  | Jun 30, 2021     |                   |                   |                    |                    |                    |           |
|  | Fair value       |                   |                   |                    | Total              |                    |           |
|  | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark to m |
| <b>3 - Held to maturity securities</b> | <b>247,848</b>   | <b>3,099,509</b>  | <b>1,133,655</b>  | <b>21,406,760</b>  | <b>26,641,890</b>  | <b>25,887,772</b>  | (7)       |
| <b>Federal government bonds</b>        | --               | --                | --                | <b>15,103,147</b>  | <b>14,737,274</b>  | <b>15,103,147</b>  | 3         |
| National Treasury bills                | --               | --                | --                | 11,613,518         | 11,613,518         | 11,613,518         |           |
| Brazilian foreign debt securities      | --               | --                | --                | 2,941,086          | 2,572,642          | 2,941,086          | 3         |
| Foreign Government bonds               | --               | --                | --                | 548,543            | 551,114            | 548,543            |           |
| <b>Private securities</b>              | <b>247,848</b>   | <b>3,099,509</b>  | <b>1,133,655</b>  | <b>6,303,613</b>   | <b>11,904,616</b>  | <b>10,784,625</b>  | (1)       |
| Debentures                             | 102,204          | 2,162,311         | 92,209            | 6,303,611          | 9,786,768          | 8,660,335          | (1)       |
| Certificate of Deposit                 | 145,644          | 826,940           | --                | --                 | 971,289            | 972,584            |           |
| Eurobonds                              | --               | --                | 589,885           | --                 | 589,406            | 589,885            |           |
| Real estate receivables certificates   | --               | --                | --                | 2                  | 3                  | 2                  |           |
| Promissory notes                       | --               | --                | --                | --                 | --                 | --                 |           |
| Other                                  | --               | 110,258           | 451,561           | --                 | 557,150            | 561,819            |           |
| <b>Total</b>                           | <b>9,598,786</b> | <b>14,655,003</b> | <b>21,484,374</b> | <b>246,681,947</b> | <b>293,240,573</b> | <b>292,420,110</b> | (8)       |

**a.6) Breakdown of the consolidated portfolio by financial statement classification and maturity date**

| Maturity in days                 | BB Consolidated  |                   |                   |                    |                    |                    |           |
|----------------------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-----------|
|                                  | Jun 30, 2021     |                   |                   |                    |                    |                    |           |
|                                  | Fair value       |                   |                   |                    | Total              |                    |           |
|                                  | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark to m |
| <b>Total by portfolio</b>        | <b>9,598,786</b> | <b>14,655,003</b> | <b>21,484,374</b> | <b>246,681,947</b> | <b>293,240,573</b> | <b>292,420,110</b> | (8)       |
| Own portfolio                    | 9,453,142        | 4,920,103         | 11,381,301        | 201,000,979        | 227,716,671        | 226,755,525        | (9)       |
| Subject to repurchase agreements | --               | 8,559,350         | 9,828,774         | 36,042,631         | 54,268,054         | 54,430,755         |           |
| Pledged in guarantee             | 145,644          | 1,175,550         | 274,299           | 9,638,337          | 11,255,848         | 11,233,830         |           |



In thousands of Reais, unless otherwise stated

**b) Income from operations with securities**

|                            | Banco do Brasil  |                   | BB Consolidated  |                   |
|----------------------------|------------------|-------------------|------------------|-------------------|
|                            | 1st half/2021    | 1st half/2020     | 1st half/2021    | 1st half/2020     |
| Fixed-income securities    | 3,433,992        | 3,798,774         | 4,704,136        | 4,919,960         |
| Variable-income securities | (64,392)         | 7,205,666         | (121,923)        | 7,297,133         |
| <b>Total</b>               | <b>3,369,600</b> | <b>11,004,440</b> | <b>4,582,213</b> | <b>12,217,093</b> |

**c) Reclassification of securities**

There was no reclassification of securities in the June 30, 2021.

In the 1st half/2020, the Bank carried out a reclassification of securities (debentures) from the category "Securities for Trading" to the category "Securities Available for Sale", in the amount of R\$ 23,315 thousand (cost value) and R\$ 21,438 thousand (value market). The negative mark-to-market of R\$1,877 thousand was maintained in the result of the 1st half/2020. The reclassification occurred due to the criteria for allocation of securities in the category "Securities for Trading", which establishes a maximum period for trading of 270 days.

**11 – DERIVATIVE FINANCIAL INSTRUMENTS**

The Bank uses derivative financial instruments to manage, at the consolidated level, its positions manage credit risk and to meet clients' needs, classifying its own positions as hedge (market risk) and trading, both within limits approved by committees of the Bank. The hedge strategy of the equity positions is in line with macroeconomic analyses and it is approved by the Executive Board of Directors.

The Bank uses derivative financial instruments compatible with the defined objectives, observing the best risk and return ratio and considering the economic scenario. The risk categories of the derivative financial instruments are considered in the management of these instruments and the consolidated view of different risk factors are adopted.

The Bank assesses the liquidity of derivative financial instruments and identifies, in advance, means of reversing positions. Systems and processes that allow the recording, monitoring and controlling of operations with derivative financial instruments are used.

In the options market, long positions have the Bank as holder, while short positions have the Bank as writer.

The main risks inherent to derivative financial instruments resulting from the business of the Bank and its subsidiaries are credit, market, liquidity and operational, which has its management process presented in note 30.

The models used to manage derivatives' risks are reviewed periodically and the decisions made follow the best risk/return relationship, estimating possible losses based on the analysis of macroeconomic scenarios.

The Bank uses appropriate tools and systems to manage the derivatives. New derivatives trades standardized or not, are subjected to a prior risk analysis.

Positioning strategies comply with established limits and risk exposure. Positions are reassessed daily and at the beginning of each day an evaluation of strategies and performances is conducted.

Strategies are developed based on:

- analysis of economic scenarios;
- technical analysis (graphical) and fundamental analysis;
- simulation of expected results;
- Value-at-risk simulation (VaR, EVE, Stress).



In thousands of Reais, unless otherwise stated

Until June 2021, the Bank used credit derivatives in the proprietary management of its portfolios, positions and operations, such as Credit Linked Notes operations, in order to raise funds and manage credit risks. For this purpose, the branches abroad use the credit default swap modality in the over-the-counter market abroad. This modality refers to a contract between two parties to sell credit protection in exchange for the payment of a periodic interest rate.

The Bank carries out transactions with derivative financial instruments to hedge its own positions to meet the needs of our clients and to take intentional positions, according to limits, accountability and previously established procedures.

The objectives to be achieved with hedge operations are defined on a consolidated basis, ensuring effectiveness of each operation and observing the regulations of each jurisdiction. Mechanisms are used to evaluate and monitor the effectiveness of hedge operations in order to offset the effects of the variation in the market value or in the cash flow of the hedged item.

The Bank documents the identification of the hedged item of carried out transactions in order to offset its risks since its conception.

The risk assessment of the subsidiaries is undertaken on an individual basis and its management is done on a consolidated basis.

The Bank uses statistical methods and simulations to measure the risks of its positions, including derivatives, using values at risk, sensibility and stress analysis models.

The VaR is used to estimate the potential loss, under usual market conditions, daily measured in monetary values, considering a confidence interval of 99.21%, a 10-day time horizon and a historical series of 252 business days.

In order to calculate the VaR, the Bank uses the Historical Simulation methodology, which assumes that the retrospective behavior of observed (historical) returns of risk factors constitutes relevant information to the measurement of market risks.

Accordingly, the calculated VaR for the Bank derivatives portfolio, on June 30, 2021, was R\$ 309,069 thousand (R\$ 266,309 thousand on December 31, 2020).

Total credit exposure from swaps is R\$ 202,536 thousand on June 30, 2021 (R\$ 169,409 thousand on December 31, 2020).





## a) Compositions

### a.1) Breakdown of the portfolio of derivatives for trading by index

| By Index                                     | Banco do Brasil   |                    |                    |                   |                    |                    | Jun 30, 2021      |                    |
|--|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
|  | Jun 30, 2021      |                    |                    | Dec 31, 2020      |                    |                    | Jun 30, 2021      |                    |
|  | Notional value    | Cost value         | Fair value         | Notional value    | Cost value         | Fair value         | Notional value    | Cost value         |
| <b>Future contracts</b>                      |                   |                    |                    |                   |                    |                    |                   |                    |
| <b>Purchase commitments</b>                  | <b>20,483,726</b> | --                 | --                 | <b>27,929,239</b> | --                 | --                 | <b>20,912,521</b> | --                 |
| Interbank deposits                           | 10,909,903        | --                 | --                 | 11,501,501        | --                 | --                 | 10,909,903        | --                 |
| Currencies                                   | 6,880,968         | --                 | --                 | 16,324,524        | --                 | --                 | 7,309,763         | --                 |
| Bovespa Index                                | --                | --                 | --                 | 56,043            | --                 | --                 | --                | --                 |
| On-shore USD rates                           | 2,490,316         | --                 | --                 | 43,231            | --                 | --                 | 2,490,316         | --                 |
| Commodities                                  | 202,539           | --                 | --                 | 3,940             | --                 | --                 | 202,539           | --                 |
| <b>Sales commitments</b>                     | <b>11,449,159</b> | --                 | --                 | <b>22,145,083</b> | --                 | --                 | <b>11,898,026</b> | --                 |
| Interbank deposits                           | 8,040,039         | --                 | --                 | 11,304,962        | --                 | --                 | 8,040,039         | --                 |
| Currencies                                   | 440,419           | --                 | --                 | 5,954,830         | --                 | --                 | 889,286           | --                 |
| Bovespa Index                                | --                | --                 | --                 | 134               | --                 | --                 | --                | --                 |
| On-shore USD rates                           | 2,561,844         | --                 | --                 | 14,005            | --                 | --                 | 2,561,844         | --                 |
| Libor  | --                | --                 | --                 | 4,657,647         | --                 | --                 | --                | --                 |
| Commodities                                  | 406,857           | --                 | --                 | 213,505           | --                 | --                 | 406,857           | --                 |
| <b>Forward operations</b>                    |                   |                    |                    |                   |                    |                    |                   |                    |
| <b>Asset position</b>                        | <b>17,091,544</b> | <b>2,041,227</b>   | <b>1,748,104</b>   | <b>13,889,806</b> | <b>1,195,704</b>   | <b>1,185,729</b>   | <b>17,368,850</b> | <b>2,058,390</b>   |
| Term securities                              | 372,065           | 372,065            | 372,065            | --                | --                 | --                 | 372,065           | 372,065            |
| Term currencies                              | 16,202,041        | 1,580,660          | 1,285,245          | 13,691,474        | 1,164,054          | 1,161,446          | 16,479,347        | 1,597,823          |
| Term commodities                             | 517,438           | 88,502             | 90,794             | 198,332           | 31,650             | 24,283             | 517,438           | 88,502             |
| <b>Liability position</b>                    | <b>24,401,652</b> | <b>(2,990,808)</b> | <b>(2,023,057)</b> | <b>22,238,742</b> | <b>(1,734,345)</b> | <b>(1,469,393)</b> | <b>24,401,652</b> | <b>(2,990,808)</b> |
| Term securities                              | 372,065           | (372,065)          | (372,065)          | --                | --                 | --                 | 372,065           | (372,065)          |
| Term currencies                              | 23,895,460        | (2,604,665)        | (1,630,286)        | 21,927,251        | (1,710,453)        | (1,434,933)        | 23,895,460        | (2,604,665)        |
| Term commodities                             | 134,127           | (14,078)           | (20,706)           | 311,491           | (23,892)           | (34,460)           | 134,127           | (14,078)           |
| <b>Option market</b>                         |                   |                    |                    |                   |                    |                    |                   |                    |
| <b>Purchase commitments - long position</b>  | <b>8,446</b>      | <b>179</b>         | <b>29</b>          | <b>--</b>         | <b>--</b>          | <b>--</b>          | <b>8,446</b>      | <b>179</b>         |
| Foreign currency                             | 8,446             | 179                | 29                 | --                | --                 | --                 | 8,446             | 179                |
| <b>Purchase commitments - short position</b> | <b>1,968,533</b>  | <b>(24,067)</b>    | <b>(41,710)</b>    | <b>2,213,895</b>  | <b>(33,075)</b>    | <b>(65,413)</b>    | <b>506,498</b>    | <b>(3,907)</b>     |
| Foreign currency                             | 19,376            | (763)              | (256)              | 22,632            | (683)              | (538)              | 19,376            | (763)              |
| Pre-fixed                                    | 1,464,158         | (20,455)           | (29,505)           | 2,164,983         | (31,006)           | (52,919)           | 2,123             | (295)              |
| Bovespa Index                                | --                | --                 | --                 | 51                | (3)                | (6)                | --                | --                 |
| IPCA   | --                | --                 | --                 | 3,415             | (446)              | (416)              | --                | --                 |
| Commodities                                  | 484,999           | (2,849)            | (11,949)           | 22,814            | (937)              | (11,534)           | 484,999           | (2,849)            |



| By Index                                 | Banco do Brasil   |                    |                    |                   |                    |                    | Jun 30, 2021      |                  |
|--|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|------------------|
|  | Jun 30, 2021      |                    |                    | Dec 31, 2020      |                    |                    | Jun 30, 2021      |                  |
|  | Notional value    | Cost value         | Fair value         | Notional value    | Cost value         | Fair value         | Notional value    | Cost value       |
| <b>Sale commitments - short position</b> | <b>1,623,004</b>  | <b>(1,446,240)</b> | <b>(1,430,563)</b> | <b>2,477,054</b>  | <b>(2,138,914)</b> | <b>(2,107,130)</b> | <b>160,970</b>    | <b>(4,365)</b>   |
| Foreign currency                         | --                | --                 | --                 | 157,460           | (2,093)            | 5,572              | --                | --               |
| Pre-fixed                                | 1,462,034         | (1,441,875)        | (1,432,948)        | 2,164,983         | (2,132,936)        | (2,111,184)        | --                | --               |
| Bovespa Index                            | 94                | (5)                | --                 | 11                | --                 | --                 | 94                | (5)              |
| Interbank deposit                        | 9,968             | (146)              | 4,951              | 9,842             | (146)              | (728)              | 9,968             | (146)            |
| Commodities                              | 150,908           | (4,214)            | (2,566)            | 144,758           | (3,739)            | (790)              | 150,908           | (4,214)          |
| <b>Swap contracts</b>                    |                   |                    |                    |                   |                    |                    |                   |                  |
| <b>Asset position</b>                    | <b>17,754,998</b> | <b>826,030</b>     | <b>863,915</b>     | <b>22,294,063</b> | <b>2,158,220</b>   | <b>2,224,870</b>   | <b>17,754,998</b> | <b>826,030</b>   |
| Interbank deposits                       | 15,004,756        | 712,041            | 726,034            | 17,056,269        | 954,934            | 979,075            | 15,004,756        | 712,041          |
| Foreign currency                         | 2,120,077         | 75,811             | 112,078            | 4,840,051         | 1,199,918          | 1,239,840          | 2,120,077         | 75,811           |
| Pre-fixed                                | 630,165           | 38,178             | 25,803             | 397,743           | 3,368              | 5,955              | 630,165           | 38,178           |
| <b>Liability position</b>                | <b>6,125,136</b>  | <b>(489,212)</b>   | <b>(798,026)</b>   | <b>23,232,636</b> | <b>(1,383,922)</b> | <b>(1,493,156)</b> | <b>4,663,101</b>  | <b>(489,212)</b> |
| Interbank deposits                       | 2,590,910         | (78,749)           | (151,354)          | 7,693,435         | (270,443)          | (274,708)          | 1,128,875         | (78,749)         |
| Foreign currency                         | 3,421,720         | (401,166)          | (638,755)          | 8,789,458         | (1,090,491)        | (1,189,782)        | 3,421,720         | (401,166)        |
| Pre-fixed                                | 52,338            | (5,780)            | (5,326)            | 6,728,443         | (21,882)           | (25,686)           | 52,338            | (5,780)          |
| IPCA                                     | 60,168            | (3,517)            | (2,591)            | 21,300            | (1,106)            | (2,980)            | 60,168            | (3,517)          |
| <b>Credit Derivatives <sup>(1)</sup></b> |                   |                    |                    |                   |                    |                    |                   |                  |
| <b>Asset position</b>                    |                   |                    |                    |                   |                    |                    |                   |                  |
| Brazilian public debt securities         | --                | --                 | --                 | --                | --                 | --                 | --                | --               |
| <b>Liability position</b>                |                   |                    |                    |                   |                    |                    |                   |                  |
| Brazilian public debt securities         | --                | --                 | --                 | 374,162           | (1,429)            | (1,429)            | --                | --               |
| <b>Other Derivatives <sup>(2)</sup></b>  |                   |                    |                    |                   |                    |                    |                   |                  |
| <b>Asset position</b>                    |                   |                    |                    |                   |                    |                    |                   |                  |
| Foreign currency                         | 4,077,588         | 105,975            | 80,962             | 2,960,888         | 129,548            | 120,826            | 3,866,673         | 79,807           |
| <b>Liability position</b>                |                   |                    |                    |                   |                    |                    |                   |                  |
| Foreign currency                         | 3,248,051         | (86,347)           | (69,904)           | 2,537,013         | (75,980)           | (77,446)           | 3,248,051         | (86,371)         |

(1) Refers to credit derivatives originating from a structure involving CDS (Credit Default Swap) and CLN (Credit Linked Notes) operations, whose risks received a rating and did not impact the Reference Equity and there were no credit events provided for in the contract.

(2) Related to transactions carried out in the Forex market abroad, recorded as Non Deliverable Forwards (NDF) which object is an exchange rate of a specific currency.

**a.2) Breakdown of the derivatives portfolio by maturity (notional value)**

| Maturity in days   | Banco do Brasil |            |            |               |              |              | 0 to 30   | 31 to 180  | 181 to 360 | More than 360 |
|--------------------|-----------------|------------|------------|---------------|--------------|--------------|-----------|------------|------------|---------------|
|                    | 0 to 30         | 31 to 180  | 181 to 360 | More than 360 | Jun 30, 2021 | Dec 31, 2020 |           |            |            |               |
| Futures            | 1,982,087       | 11,543,513 | 5,173,420  | 13,233,865    | 31,932,885   | 50,074,322   | 2,859,749 | 11,543,513 | 5,173,420  | 13,233,865    |
| Forwards           | 5,507,317       | 19,691,340 | 11,136,592 | 5,157,947     | 41,493,196   | 36,128,548   | 5,784,623 | 19,691,340 | 11,136,592 | 5,157,947     |
| Options            | 3,419,819       | 137,478    | 34,163     | 8,523         | 3,599,983    | 4,690,949    | 495,750   | 137,478    | 34,163     | 8,523         |
| Swap               | 4,028,545       | 3,541,334  | 3,430,767  | 12,879,488    | 23,880,134   | 45,526,699   | 2,566,510 | 3,541,334  | 3,430,767  | 12,879,488    |
| Credit derivatives | --              | --         | --         | --            | --           | 374,162      | --        | --         | --         | --            |
| Other              | 940,772         | 4,419,904  | 1,857,675  | 107,288       | 7,325,639    | 5,497,901    | 729,857   | 4,419,904  | 1,857,675  | 107,288       |



In thousands of Reais, unless otherwise stated

**a.3) Breakdown of the derivative portfolio by trading market and counterparty (notional value on June 30, 2021)**

|                         | Banco do Brasil |            |           |            |           | BB Consolidated |            |               |            |           |
|-------------------------|-----------------|------------|-----------|------------|-----------|-----------------|------------|---------------|------------|-----------|
|                         | Futures         | Forwards   | Options   | Swaps      | Other     | Futures         | Forwards   | Option market | Swaps      | Other     |
| <b>Stock exchange</b>   |                 |            |           |            |           |                 |            |               |            |           |
| B3                      | 31,932,885      | --         | 635,907   | --         | --        | 31,932,885      | --         | 635,907       | --         | --        |
| Abroad                  | --              | --         | --        | --         | --        | 877,663         | --         | --            | --         | --        |
| <b>Over-the-counter</b> |                 |            |           |            |           |                 |            |               |            |           |
| Financial Institutions  | --              | 744,130    | 2,926,192 | 20,940,041 | 7,325,639 | --              | 1,021,436  | 2,123         | 19,478,006 | 7,114,724 |
| Clients                 | --              | 40,749,066 | 37,884    | 2,940,093  | --        | --              | 40,749,066 | 37,884        | 2,940,093  | --        |

**a.4) Breakdown of margin given as guarantee for transactions with derivative financial instruments**

|                          | Banco do Brasil |              | BB Consolidated |              |
|--------------------------|-----------------|--------------|-----------------|--------------|
|                          | Jun 30, 2021    | Dec 31, 2020 | Jun 30, 2021    | Dec 31, 2020 |
| Treasury financial bills | 3,388,987       | 4,717,046    | 3,388,987       | 4,717,046    |

**a.5) Portfolio of derivatives designated as hedge accounting**

|                            | Banco do Brasil     |                    | BB Consolidated     |                    |
|----------------------------|---------------------|--------------------|---------------------|--------------------|
|                            | Jun 30, 2021        | Dec 31, 2020       | Jun 30, 2021        | Dec 31, 2020       |
| <b>Market risk hedge</b>   |                     |                    |                     |                    |
| <b>Hedging instruments</b> |                     |                    |                     |                    |
| <b>Liabilities</b>         | <b>(12,268,790)</b> | <b>(7,007,786)</b> | <b>(12,268,790)</b> | <b>(7,007,786)</b> |
| Futures                    | (4,971,901)         | (44,619)           | (4,971,901)         | (44,619)           |
| Swaps                      | (7,296,889)         | (6,963,167)        | (7,296,889)         | (6,963,167)        |
| <b>Hedged items</b>        |                     |                    |                     |                    |
| <b>Assets</b>              | <b>14,606,487</b>   | <b>9,733,434</b>   | <b>14,606,487</b>   | <b>9,733,434</b>   |
| Interbank deposits         | 2,901,340           | 3,115,079          | 2,901,340           | 3,115,079          |
| Securities                 | 11,660,144          | 6,618,355          | 11,660,144          | 6,618,355          |
| Credit operations          | 45,003              | --                 | 45,003              | --                 |
| <b>Liabilities</b>         | <b>(2,303,967)</b>  | <b>(2,687,214)</b> | <b>(2,303,967)</b>  | <b>(2,687,214)</b> |
| Foreign securities         | (2,303,967)         | (2,687,214)        | (2,303,967)         | (2,687,214)        |

Banco do Brasil, in its branches abroad uses Swap Operations (Cross Currency Interest Rate Swap) to hedge external borrowings against possible fluctuations in interest and exchange rates of their financial instruments. In Brazil, strategies whose objects are federal government bonds (National Treasury Bills) of the available-for-sale and held-to-maturity categories, in addition to Direct Consumer Credit (CDC) operations, were designated as fair value hedges, with the objective of protection of the fixed-rate market risk, changing the exposure to floating. Interest rate futures contracts protect available-for-sale securities and CDC transactions, while swaps protect held-to-maturity securities.

These hedge operations are effective, in accordance with Central Bank Circular 3,082/2002, which requires evidence of hedge effectiveness in the range of 80 % to 125 %,



In thousands of Reais, unless otherwise stated

**a.6) Income gains and losses with hedging instruments and hedged items**

|                            | Banco do Brasil |               | BB Consolidated |               |
|----------------------------|-----------------|---------------|-----------------|---------------|
|                            | 1st half/2021   | 1st half/2020 | 1st half/2021   | 1st half/2020 |
| Hedge items losses         | (128,727)       | (46,473)      | (128,727)       | (46,473)      |
| Hedging instruments gains  | 125,984         | 46,457        | 125,984         | 46,457        |
| <b>Net effect</b>          | <b>(2,743)</b>  | <b>(16)</b>   | <b>(2,743)</b>  | <b>(16)</b>   |
| Hedge items gains          | 570,179         | 706,191       | 570,179         | 706,191       |
| Hedging instruments losses | (501,089)       | (703,250)     | (501,089)       | (703,250)     |
| <b>Net effect</b>          | <b>69,090</b>   | <b>2,941</b>  | <b>69,090</b>   | <b>2,941</b>  |

**a.7) Derivative financial instruments segregated by current and non-current**

|                    | Banco do Brasil    |                  |                    |                  | BB Consolidated    |                  |                    |                  |
|--------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
|                    | Jun 30, 2021       |                  | Dec 31, 2020       |                  | Jun 30, 2021       |                  | Dec 31, 2020       |                  |
|                    | Current            | Non-current      | Current            | Non-current      | Current            | Non-current      | Current            | Non-current      |
| <b>Assets</b>      |                    |                  |                    |                  |                    |                  |                    |                  |
| Forwards           | 1,675,475          | 72,629           | 1,074,333          | 111,396          | 1,692,638          | 72,629           | 1,091,775          | 111,396          |
| Options            | 29                 | --               | --                 | --               | 29                 | --               | --                 | --               |
| Swap               | 661,455            | 202,460          | 1,933,799          | 291,071          | 661,455            | 202,460          | 1,933,799          | 291,071          |
| Other Derivatives  | 79,787             | 1,175            | 115,961            | 4,865            | 53,087             | 1,175            | 94,430             | 4,865            |
| <b>Total</b>       | <b>2,416,746</b>   | <b>276,264</b>   | <b>3,124,093</b>   | <b>407,332</b>   | <b>2,407,209</b>   | <b>276,264</b>   | <b>3,120,004</b>   | <b>407,332</b>   |
| <b>Liabilities</b> |                    |                  |                    |                  |                    |                  |                    |                  |
| Forwards           | (1,764,170)        | (258,887)        | (1,180,689)        | (288,704)        | (1,764,170)        | (258,887)        | (1,180,689)        | (288,704)        |
| Options            | (1,471,835)        | (438)            | (2,172,168)        | (375)            | (9,772)            | (438)            | (8,065)            | (375)            |
| Swap               | (173,055)          | (624,971)        | (931,138)          | (562,018)        | (173,052)          | (624,971)        | (931,117)          | (562,018)        |
| Credit derivatives | --                 | --               | (1,429)            | --               | --                 | --               | (1,429)            | --               |
| Other Derivatives  | (69,373)           | (531)            | (77,446)           | --               | (69,397)           | (531)            | (77,446)           | --               |
| <b>Total</b>       | <b>(3,478,433)</b> | <b>(884,827)</b> | <b>(4,362,870)</b> | <b>(851,097)</b> | <b>(2,016,391)</b> | <b>(884,827)</b> | <b>(2,198,746)</b> | <b>(851,097)</b> |

**b) Income from derivative financial instruments**

|                    | Banco do Brasil  |                  | BB Consolidated  |                  |
|--------------------|------------------|------------------|------------------|------------------|
|                    | 1st half/2021    | 1st half/2020    | 1st half/2021    | 1st half/2020    |
| Futures            | 212,757          | 1,710,284        | 177,931          | 1,705,709        |
| Forwards           | 339,635          | 2,865,808        | 404,794          | 2,881,856        |
| Options            | (15,722)         | (30,883)         | 4,795            | 7,080            |
| Swaps              | (981,084)        | (778,752)        | (980,978)        | (779,391)        |
| Credit derivatives | 1,478            | --               | 1,478            | --               |
| Other Derivatives  | 15,438           | 71,120           | 7,576            | 148,873          |
| <b>Total</b>       | <b>(427,498)</b> | <b>3,837,577</b> | <b>(384,404)</b> | <b>3,964,127</b> |



In thousands of Reais, unless otherwise stated

**12 – LOAN PORTFOLIO****a) Loan portfolio by modality**

|  | Banco do Brasil     |                     | BB Consolidated     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Jun 30, 2021        | Dec 31, 2020        | Jun 30, 2021        | Dec 31, 2020        |
| <b>Loans</b>   | <b>633,698,995</b>  | <b>613,470,272</b>  | <b>643,093,761</b>  | <b>624,416,758</b>  |
| Loans and discounted credit rights   | 263,246,465         | 252,596,535         | 269,634,960         | 260,104,534         |
| Financing  | 126,243,907         | 130,915,360         | 126,837,717         | 131,721,007         |
| Rural financing  | 197,130,654         | 181,110,513         | 197,130,654         | 181,110,513         |
| Real estate financing  | 46,851,507          | 48,589,142          | 49,263,968          | 51,221,982          |
| Loans sold under assignment <sup>(1)</sup>                                 | 226,462             | 258,722             | 226,462             | 258,722             |
| <b>Other receivables with loan characteristics</b>                         | <b>61,311,262</b>   | <b>55,861,814</b>   | <b>62,536,996</b>   | <b>57,187,216</b>   |
| Credit card operations   | 31,695,717          | 31,610,988          | 32,921,451          | 32,936,390          |
| Advances on exchange contracts (Note 13.d)                                 | 16,375,969          | 13,438,613          | 16,375,969          | 13,438,613          |
| Other receivables purchase under assignment <sup>(2)</sup>                 | 6,584,460           | 5,561,823           | 6,584,460           | 5,561,823           |
| Receivables acquisition  | 5,249,859           | 4,269,049           | 5,249,859           | 4,269,049           |
| Guarantees honored   | 234,815             | 223,307             | 234,815             | 223,307             |
| Other  | 1,170,442           | 758,034             | 1,170,442           | 758,034             |
| <b>Leasing</b>   | <b>--</b>           | <b>--</b>           | <b>212,546</b>      | <b>172,478</b>      |
| <b>Total loan portfolio</b>  | <b>695,010,257</b>  | <b>669,332,086</b>  | <b>705,843,303</b>  | <b>681,776,452</b>  |
| Current assets   | 168,640,333         | 157,272,039         | 174,566,602         | 164,223,867         |
| Non-current assets   | 526,369,924         | 512,060,047         | 531,276,701         | 517,552,585         |
| <b>Allowance for losses associated with credit risk</b>                    | <b>(42,614,175)</b> | <b>(44,966,048)</b> | <b>(42,802,797)</b> | <b>(45,170,370)</b> |
| (Allowance for loan losses - loans)  | (40,666,784)        | (42,788,058)        | (40,832,647)        | (42,968,298)        |
| (Allowance for other losses - other receivables with loan characteristics) | (1,947,391)         | (2,177,990)         | (1,967,343)         | (2,198,371)         |
| (Allowance for lease losses - leasing transactions)                        | --                  | --                  | (2,807)             | (3,701)             |
| <b>Total loan portfolio net of provisions</b>                              | <b>652,396,082</b>  | <b>624,366,038</b>  | <b>663,040,506</b>  | <b>636,606,082</b>  |

(1) Loans assigned with retention of the risks and benefits of the financial assets.

(2) Loans acquired with retention of the risks and benefits by the assignor of the financial assets.



In thousands of Reais, unless otherwise stated

**b) Loan portfolio income**

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 1st half/2021     | 1st half/2020     | 1st half/2021     | 1st half/2020     |
| <b>Loans income</b>   | <b>35,756,198</b> | <b>49,951,103</b> | <b>37,142,012</b> | <b>51,285,914</b> |
| Loans and discounted credit rights                                  | 21,931,130        | 21,541,926        | 22,820,104        | 22,376,394        |
| Rural financing   | 5,991,236         | 5,475,366         | 5,991,236         | 5,475,366         |
| Recovery of loans previously written-off as loss <sup>(1)</sup>     | 3,269,677         | 2,806,627         | 3,645,021         | 3,175,970         |
| Real estate financing   | 1,703,872         | 1,868,690         | 1,806,300         | 1,957,411         |
| Financing   | 1,323,405         | 15,941,233        | 1,331,344         | 15,974,099        |
| Equalization of rates - agricultural crop- Law 8,427/1992           | 851,660           | 963,420           | 851,660           | 963,420           |
| Export financing  | 418,069           | 515,371           | 418,069           | 515,371           |
| Receivables acquisition   | 110,317           | 136,450           | 110,317           | 136,450           |
| Advances to depositors  | 83,859            | 80,411            | 92,316            | 93,390            |
| Income from foreign currency financing                              | 40,797            | 579,894           | 43,469            | 576,328           |
| Guarantees honored  | 4,809             | 23,450            | 4,809             | 23,450            |
| Other   | 27,367            | 18,265            | 27,367            | 18,265            |
| <b>Leasing transactions income/(expenses)</b>                       | <b>--</b>         | <b>--</b>         | <b>13,362</b>     | <b>15,060</b>     |
| <b>Transfer of financial assets income/(expenses)<sup>(2)</sup></b> | <b>(201,061)</b>  | <b>164,520</b>    | <b>(200,192)</b>  | <b>166,481</b>    |
| <b>Total</b>  | <b>35,555,137</b> | <b>50,115,623</b> | <b>36,955,182</b> | <b>51,467,455</b> |

(1) It was received from assignments without recourse of written off credits to entities outside the financial system the amount of R\$ 226,019 thousand in the 1st half/2021 (with impact on the income of R\$ 124,310 thousand, net of taxes) and R\$ 66,001 thousand in 1st half/2020 (with impact on the income of R\$ 34,613 thousand, net of taxes), in accordance with CMN Resolution 2,836/2001. The book value of these transactions was R\$ 393,232 thousand and R\$ 140,194 thousand, respectively.

(2) The 1st half/2021 includes the amount of R\$ 349,603 thousand (R\$ 183,340 thousand, net of taxes) the result of credit operations assignments without recourse to entities outside of the financial system, in accordance with CMN Resolution 2,836/2001. These assignments generated a positive impact on the result of R\$ 446,551 thousand, net of allowance for loan losses. The book value of these transactions was R\$ 1,380,959 thousand.



### c) Breakdown of the loan portfolio by sector

|                                     | Banco do Brasil    |              |                    |              | Jun 30, 2021       |
|-------------------------------------|--------------------|--------------|--------------------|--------------|--------------------|
|                                     | Jun 30, 2021       | %            | Dec 31, 2020       | %            |                    |
| <b>Public sector</b>                | <b>63,173,181</b>  | <b>9.1</b>   | <b>71,361,303</b>  | <b>10.7</b>  | <b>63,417,045</b>  |
| Public administration               | 52,823,446         | 7.6          | 55,325,371         | 8.3          | 53,067,310         |
| Oil sector                          | 6,828,719          | 1.0          | 12,009,390         | 1.8          | 6,828,719          |
| Electricity                         | 2,830,262          | 0.4          | 3,346,430          | 0.5          | 2,830,262          |
| Services                            | 367,551            | 0.1          | 393,291            | 0.1          | 367,551            |
| Other activities                    | 323,203            | --           | 286,821            | --           | 323,203            |
| <b>Private sector</b>               | <b>631,837,076</b> | <b>90.9</b>  | <b>597,970,783</b> | <b>89.3</b>  | <b>642,426,258</b> |
| <b>Individuals</b>                  | <b>425,482,688</b> | <b>61.2</b>  | <b>399,013,143</b> | <b>59.6</b>  | <b>428,383,271</b> |
| <b>Companies</b>                    | <b>206,354,388</b> | <b>29.7</b>  | <b>198,957,640</b> | <b>29.7</b>  | <b>214,042,987</b> |
| Agribusiness of plant origin        | 33,366,655         | 4.8          | 30,823,713         | 4.6          | 34,233,978         |
| Services                            | 23,564,791         | 3.4          | 23,951,018         | 3.6          | 24,816,670         |
| Transportation                      | 14,495,267         | 2.1          | 16,617,630         | 2.5          | 14,587,040         |
| Mining and metallurgy               | 12,824,169         | 1.8          | 13,380,615         | 2.0          | 13,326,892         |
| Automotive sector                   | 12,899,498         | 1.9          | 12,398,571         | 1.9          | 13,235,939         |
| Retail commerce                     | 12,049,787         | 1.7          | 11,579,915         | 1.7          | 12,314,478         |
| Agribusiness of animal origin       | 10,632,007         | 1.5          | 9,495,065          | 1.4          | 10,968,285         |
| Financial services                  | 8,922,141          | 1.3          | 5,069,010          | 0.8          | 9,734,820          |
| Electricity                         | 8,209,618          | 1.2          | 8,077,112          | 1.2          | 8,382,437          |
| Agricultural inputs                 | 8,094,885          | 1.2          | 7,471,646          | 1.1          | 8,243,761          |
| Electronics                         | 7,522,914          | 1.1          | 6,622,077          | 1.0          | 7,557,198          |
| Wholesale and various industries    | 6,589,231          | 0.9          | 6,221,437          | 0.9          | 7,121,687          |
| Specific activities of construction | 6,896,455          | 1.0          | 6,726,150          | 1.0          | 7,099,342          |
| Chemical                            | 6,657,615          | 1.0          | 6,445,198          | 1.0          | 7,076,960          |
| Fuel                                | 6,667,476          | 1.0          | 6,980,355          | 1.0          | 6,948,215          |
| Textile and clothing                | 6,336,902          | 0.9          | 6,414,886          | 1.0          | 6,428,799          |
| Real estate agents                  | 4,591,403          | 0.7          | 6,331,230          | 0.9          | 5,297,480          |
| Woodworking and furniture market    | 4,129,163          | 0.6          | 4,019,401          | 0.6          | 4,147,513          |
| Pulp and paper                      | 3,035,022          | 0.4          | 2,670,623          | 0.4          | 3,254,834          |
| Telecommunications                  | 2,377,330          | 0.3          | 2,306,937          | 0.3          | 2,562,082          |
| Heavy construction                  | 2,016,007          | 0.3          | 2,387,953          | 0.4          | 2,283,708          |
| Other activities                    | 4,476,052          | 0.6          | 2,967,098          | 0.4          | 4,420,869          |
| <b>Total</b>                        | <b>695,010,257</b> | <b>100.0</b> | <b>669,332,086</b> | <b>100.0</b> | <b>705,843,303</b> |





**d) Loan portfolio by risk level and maturity**

|                                 | Banco do Brasil    |                   |                    |                   |                   |                  |                  |                  |
|---------------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|
|                                 | AA                 | A                 | B                  | C                 | D                 | E                | F                | G                |
| <b>Loans not past due</b>       |                    |                   |                    |                   |                   |                  |                  |                  |
| <b>Installments falling due</b> |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 30                        | 14,449,105         | 5,640,839         | 13,944,134         | 10,704,024        | 1,750,223         | 158,765          | 27,637           |                  |
| 31 to 60                        | 10,417,073         | 3,278,049         | 5,606,670          | 3,775,069         | 277,380           | 127,404          | 20,313           |                  |
| 61 to 90                        | 15,185,497         | 2,765,689         | 5,140,632          | 3,279,708         | 378,759           | 134,966          | 22,691           |                  |
| 91 to 180                       | 30,298,624         | 7,725,769         | 12,040,791         | 8,093,050         | 759,178           | 705,204          | 96,516           |                  |
| 181 to 360                      | 46,385,764         | 8,855,069         | 23,167,461         | 12,687,931        | 1,255,228         | 515,064          | 102,995          |                  |
| More than 360                   | 211,980,557        | 39,482,818        | 94,730,711         | 44,586,312        | 7,950,036         | 4,557,946        | 1,105,455        | 1,000,000        |
| <b>Installments overdue</b>     |                    |                   |                    |                   |                   |                  |                  |                  |
| Up to 14 days                   | 53,737             | 22,708            | 68,461             | 127,804           | 37,829            | 11,886           | 2,956            |                  |
| <b>Subtotal</b>                 | <b>328,770,357</b> | <b>67,770,941</b> | <b>154,698,860</b> | <b>83,253,898</b> | <b>12,408,633</b> | <b>6,211,235</b> | <b>1,378,563</b> | <b>2,000,000</b> |
| <b>Loans past due</b>           |                    |                   |                    |                   |                   |                  |                  |                  |
| <b>Installments falling due</b> |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 30                        | --                 | --                | 32,154             | 242,115           | 141,780           | 63,649           | 47,909           |                  |
| 31 to 60                        | --                 | --                | 17,209             | 69,007            | 53,296            | 30,223           | 22,750           |                  |
| 61 to 90                        | --                 | --                | 15,268             | 62,430            | 50,398            | 28,264           | 27,971           |                  |
| 91 to 180                       | --                 | --                | 40,353             | 157,320           | 136,224           | 81,697           | 58,544           |                  |
| 181 to 360                      | --                 | --                | 89,101             | 268,337           | 248,495           | 129,698          | 85,038           |                  |
| More than 360                   | --                 | --                | 1,027,353          | 1,755,933         | 1,459,803         | 876,998          | 510,617          | 600,000          |
| <b>Installments overdue</b>     |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 14                        | --                 | --                | 4,678              | 24,291            | 19,515            | 14,414           | 8,893            |                  |
| 15 to 30                        | --                 | --                | 70,032             | 180,946           | 85,252            | 19,888           | 15,572           |                  |
| 31 to 60                        | --                 | --                | 12,886             | 270,351           | 136,161           | 42,089           | 32,714           |                  |
| 61 to 90                        | --                 | --                | 3                  | 21,072            | 316,683           | 46,284           | 32,833           |                  |
| 91 to 180                       | --                 | --                | 3                  | 8,867             | 34,919            | 268,639          | 320,717          |                  |
| 181 to 360                      | --                 | --                | --                 | 37                | 5                 | 22,003           | 19,908           |                  |
| More than 360                   | --                 | --                | 107                | 348               | 126               | 768              | 11,451           |                  |
| <b>Subtotal</b>                 | <b>--</b>          | <b>--</b>         | <b>1,309,147</b>   | <b>3,061,054</b>  | <b>2,682,657</b>  | <b>1,624,614</b> | <b>1,194,917</b> | <b>1,300,000</b> |
| <b>Total</b>                    | <b>328,770,357</b> | <b>67,770,941</b> | <b>156,008,007</b> | <b>86,314,952</b> | <b>15,091,290</b> | <b>7,835,849</b> | <b>2,573,480</b> | <b>3,300,000</b> |



|                                 | BB Consolidated    |                   |                    |                   |                   |                  |                  |                  |
|---------------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|
|                                 | AA                 | A                 | B                  | C                 | D                 | E                | F                | G                |
| <b>Loans not past due</b>       |                    |                   |                    |                   |                   |                  |                  |                  |
| <b>Installments falling due</b> |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 30                        | 14,248,489         | 7,118,705         | 15,363,200         | 10,746,258        | 1,755,580         | 159,171          | 27,800           |                  |
| 31 to 60                        | 10,633,138         | 3,445,335         | 5,616,236          | 3,776,682         | 277,627           | 127,412          | 20,322           |                  |
| 61 to 90                        | 15,318,072         | 2,954,712         | 5,155,782          | 3,292,973         | 379,008           | 134,984          | 22,698           |                  |
| 91 to 180                       | 30,768,637         | 8,322,543         | 12,111,509         | 8,096,802         | 810,277           | 705,282          | 96,552           |                  |
| 181 to 360                      | 46,637,394         | 9,161,697         | 23,339,536         | 12,712,862        | 1,269,082         | 515,327          | 103,095          |                  |
| More than 360                   | 213,192,196        | 40,679,733        | 97,262,409         | 44,602,182        | 8,089,453         | 4,571,441        | 1,106,084        | 1,000,000        |
| <b>Installments overdue</b>     |                    |                   |                    |                   |                   |                  |                  |                  |
| Up to 14 days                   | 53,737             | 28,107            | 149,120            | 128,163           | 38,090            | 11,931           | 2,993            |                  |
| <b>Subtotal</b>                 | <b>330,851,663</b> | <b>71,710,832</b> | <b>158,997,792</b> | <b>83,355,922</b> | <b>12,619,117</b> | <b>6,225,548</b> | <b>1,379,544</b> | <b>2,000,000</b> |
| <b>Loans past due</b>           |                    |                   |                    |                   |                   |                  |                  |                  |
| <b>Installments falling due</b> |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 30                        | --                 | --                | 32,155             | 242,136           | 141,779           | 63,649           | 47,912           |                  |
| 31 to 60                        | --                 | --                | 17,209             | 69,029            | 53,296            | 30,223           | 22,753           |                  |
| 61 to 90                        | --                 | --                | 15,268             | 62,451            | 50,398            | 28,264           | 27,973           |                  |
| 91 to 180                       | --                 | --                | 40,353             | 157,380           | 136,224           | 81,697           | 58,544           |                  |
| 181 to 360                      | --                 | --                | 89,101             | 268,447           | 248,495           | 129,698          | 85,038           |                  |
| More than 360                   | --                 | --                | 1,027,353          | 1,756,048         | 1,459,803         | 876,998          | 510,617          | 600,000          |
| <b>Installments overdue</b>     |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 14                        | --                 | --                | 4,678              | 24,295            | 19,515            | 14,414           | 8,893            |                  |
| 15 to 30                        | --                 | --                | 103,667            | 181,577           | 86,773            | 20,021           | 15,640           |                  |
| 31 to 60                        | --                 | --                | 12,886             | 284,282           | 137,852           | 42,228           | 32,857           |                  |
| 61 to 90                        | --                 | --                | 3                  | 21,072            | 332,614           | 46,462           | 32,921           |                  |
| 91 to 180                       | --                 | --                | 3                  | 8,867             | 34,919            | 273,165          | 324,075          | 300,000          |
| 181 to 360                      | --                 | --                | --                 | 37                | 17,077            | 22,003           | 19,908           |                  |
| More than 360                   | --                 | --                | 107                | 348               | 126               | 768              | 11,451           |                  |
| <b>Subtotal</b>                 | <b>--</b>          | <b>--</b>         | <b>1,342,783</b>   | <b>3,075,969</b>  | <b>2,718,871</b>  | <b>1,629,590</b> | <b>1,198,582</b> | <b>1,300,000</b> |
| <b>Total</b>                    | <b>330,851,663</b> | <b>71,710,832</b> | <b>160,340,575</b> | <b>86,431,891</b> | <b>15,337,988</b> | <b>7,855,138</b> | <b>2,578,126</b> | <b>3,300,000</b> |



## e) Allowance for loan losses by risk level

| Level of risk | % Minimum provision | Banco do Brasil    |                            |  |                   |                    |                |                            |
|---------------|---------------------|--------------------|----------------------------|--|-------------------|--------------------|----------------|----------------------------|
|               |                     | Jun 30, 2021       |                            |  |                   | Total              | Value of loans | Minimum required allowance |
|               |                     | Value of loans     | Minimum required allowance | Supplementary allowance <sup>(1)</sup> | Total             |                    |                |                            |
| AA            |                     | 328,770,357        | --                         | --                                     | --                | 301,098,321        |                |                            |
| A             | 0.5                 | 67,770,941         | 338,855                    | 46,309                                 | 385,164           | 60,566,146         |                |                            |
| B             | 1                   | 156,008,007        | 1,560,080                  | 624,469                                | 2,184,549         | 151,983,519        |                |                            |
| C             | 3                   | 86,314,952         | 2,589,449                  | 2,361,197                              | 4,950,646         | 96,204,176         |                |                            |
| D             | 10                  | 15,091,290         | 1,509,129                  | 236,977                                | 1,746,106         | 15,982,367         |                |                            |
| E             | 30                  | 7,835,849          | 2,350,755                  | 153                                    | 2,350,908         | 9,063,556          |                |                            |
| F             | 50                  | 2,573,480          | 1,286,740                  | --                                     | 1,286,740         | 3,137,358          |                |                            |
| G             | 70                  | 3,497,781          | 2,448,447                  | 114,015                                | 2,562,462         | 1,557,333          |                |                            |
| H             | 100                 | 27,147,600         | 27,147,600                 | --                                     | 27,147,600        | 29,739,310         |                |                            |
| <b>Total</b>  |                     | <b>695,010,257</b> | <b>39,231,055</b>          | <b>3,383,120</b>                       | <b>42,614,175</b> | <b>669,332,086</b> |                |                            |

(1) Refers to the supplementary allowance to the minimum percentage required by CMN Resolution 2,682/1999. It is established based on the internal scale of

| Level of risk | % Minimum provision | BB Consolidated    |                            |  |                   |                    |                |                            |
|---------------|---------------------|--------------------|----------------------------|--|-------------------|--------------------|----------------|----------------------------|
|               |                     | Jun 30, 2021       |                            |  |                   | Total              | Value of loans | Minimum required allowance |
|               |                     | Value of loans     | Minimum required allowance | Supplementary allowance <sup>(1)</sup> | Total             |                    |                |                            |
| AA            |                     | 330,851,663        | --                         | --                                     | --                | 303,830,220        |                |                            |
| A             | 0.5                 | 71,710,832         | 358,554                    | 46,359                                 | 404,913           | 65,026,705         |                |                            |
| B             | 1                   | 160,340,575        | 1,603,406                  | 624,587                                | 2,227,993         | 156,701,836        |                |                            |
| C             | 3                   | 86,431,891         | 2,592,957                  | 2,364,936                              | 4,957,893         | 96,381,043         |                |                            |
| D             | 10                  | 15,337,988         | 1,533,799                  | 236,983                                | 1,770,782         | 16,225,097         |                |                            |
| E             | 30                  | 7,855,138          | 2,356,541                  | 154                                    | 2,356,695         | 9,067,476          |                |                            |
| F             | 50                  | 2,578,126          | 1,289,063                  | --                                     | 1,289,063         | 3,144,336          |                |                            |
| G             | 70                  | 3,518,823          | 2,463,176                  | 114,015                                | 2,577,191         | 1,578,289          |                |                            |
| H             | 100                 | 27,218,267         | 27,218,267                 | --                                     | 27,218,267        | 29,821,450         |                |                            |
| <b>Total</b>  |                     | <b>705,843,303</b> | <b>39,415,763</b>          | <b>3,387,034</b>                       | <b>42,802,797</b> | <b>681,776,452</b> |                |                            |

(1) Refers to the supplementary allowance to the minimum percentage required by CMN Resolution 2,682/1999. It is established based on the internal scale of



In thousands of Reais, unless otherwise stated

**f) Changes in allowance for losses associated with credit risk**

Includes loans, leases and other receivables with characteristics of credit.

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 1st half/2021     | 1st half/2020     | 1st half/2021     | 1st half/2020     |
| <b>Opening balance</b>                    | <b>44,966,048</b> | <b>39,592,667</b> | <b>45,170,370</b> | <b>39,799,866</b> |
| Addition/(reversal)                       | 7,086,893         | 12,380,626        | 7,126,490         | 12,418,876        |
| Minimum required allowance                | 7,245,604         | 12,302,156        | 7,285,070         | 12,339,666        |
| Supplementary allowance <sup>(1)</sup>    | (158,711)         | 78,470            | (158,580)         | 79,210            |
| Exchange fluctuation - foreign allowances | (25,996)          | 144,777           | (45,634)          | 203,557           |
| Write off                                 | (9,412,770)       | (10,708,860)      | (9,448,429)       | (10,745,639)      |
| <b>Closing balance</b>                    | <b>42,614,175</b> | <b>41,409,210</b> | <b>42,802,797</b> | <b>41,676,660</b> |

(1) Refers to the supplementary allowance to the minimum percentage required by CMN Resolution 2,682/1999. It is established based on the internal scale of credit risk level.

**g) Leasing portfolio by maturity**

|                                    | Banco do Brasil |              | BB Consolidated |                |
|------------------------------------|-----------------|--------------|-----------------|----------------|
|                                    | Jun 30, 2021    | Dec 31, 2020 | Jun 30, 2021    | Dec 31, 2020   |
| Up to 1 year <sup>(1)</sup>        | --              | --           | 93,231          | 88,126         |
| More than 1 year and up to 5 years | --              | --           | 119,299         | 84,352         |
| Over 5 years                       | --              | --           | 16              | --             |
| <b>Total present value</b>         | <b>--</b>       | <b>--</b>    | <b>212,546</b>  | <b>172,478</b> |

(1) Includes amounts related to overdue installments.

**h) Concentration of loans**

|                     | Jun 30, 2021 | % of credit portfolio | Dec 31, 2020 | % of credit portfolio |
|---------------------|--------------|-----------------------|--------------|-----------------------|
| Largest debtor      | 11,219,450   | 1.6                   | 12,140,090   | 1.8                   |
| 10 largest debtors  | 54,007,138   | 7.7                   | 62,413,919   | 9.2                   |
| 20 largest debtors  | 73,076,064   | 10.4                  | 81,548,565   | 12.0                  |
| 50 largest debtors  | 102,676,389  | 14.5                  | 109,019,299  | 16.0                  |
| 100 largest debtors | 121,450,781  | 17.2                  | 127,563,170  | 18.7                  |

**i) Renegotiated credits**

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 1st half/2021     | 1st half/2020     | 1st half/2021     | 1st half/2020     |
| <b>Credits renegotiated during the period</b>                         | <b>47,798,924</b> | <b>48,459,497</b> | <b>47,798,924</b> | <b>48,459,497</b> |
| Renegotiated when past due <sup>(1)</sup>                             | 6,495,368         | 9,468,740         | 6,495,368         | 9,468,740         |
| Renovated <sup>(2)</sup>  | 41,303,556        | 38,990,757        | 41,303,556        | 38,990,757        |
| <b>Changes on credits renegotiated when past due</b>                  |                   |                   |                   |                   |
| <b>Opening balance</b>  | <b>29,641,629</b> | <b>23,657,317</b> | <b>29,641,629</b> | <b>23,657,317</b> |
| Contracts <sup>(1)</sup>  | 6,495,368         | 9,468,740         | 6,495,368         | 9,468,740         |
| Interest (received) and appropriated                                  | (4,316,739)       | (4,994,263)       | (4,316,739)       | (4,994,263)       |
| Write off   | (3,068,318)       | (2,634,349)       | (3,068,318)       | (2,634,349)       |
| <b>Closing balance <sup>(3)</sup></b>                                 | <b>28,751,940</b> | <b>25,497,445</b> | <b>28,751,940</b> | <b>25,497,445</b> |
| Allowance for loan losses of the portfolio renegotiated when past due | 16,842,676        | 13,182,737        | 16,842,676        | 13,182,737        |
| (%) Allowance for loan losses on the portfolio                        | 58.6%             | 51.7%             | 58.6%             | 51.7%             |
| 90 days default of the portfolio renegotiated when past due           | 2,812,905         | 2,489,010         | 2,812,905         | 2,489,010         |
| (%) Portfolio default   | 9.8%              | 9.8%              | 9.8%              | 9.8%              |

(1) Renegotiated credit under debt composition as a result of payment delay by the clients.

(2) Renegotiated current credits (i.e. not past due) in the form of the extension or renewal of the credit or the granting of new loans for partial or full settlement of previous contracts or any other type of agreement that changes the maturity or the payment terms, originally agreed.

(3) Includes the amount of R\$ 16,063 thousand (R\$ 28,143 thousand as of June 30, 2020) related to renegotiated rural credits. The amount of R\$ 11,548,232 thousand (R\$ 9,396,679 thousand as of June 30, 2020), related to deferred credits from rural portfolio governed by specific legislation, is not included.



In thousands of Reais, unless otherwise stated

**j) Supplementary information**

|                                     | Banco do Brasil |              | BB Consolidated |              |
|-------------------------------------|-----------------|--------------|-----------------|--------------|
|                                     | Jun 30, 2021    | Dec 31, 2020 | Jun 30, 2021    | Dec 31, 2020 |
| Undrawn credit lines                | 148,652,727     | 127,265,525  | 149,102,940     | 127,849,028  |
| Guarantees provided <sup>(1)</sup>  | 9,276,711       | 9,868,714    | 8,770,731       | 9,569,192    |
| Contracted credit opened for import | 749,007         | 545,722      | 791,958         | 570,402      |
| Confirmed export credit             | 525,090         | 388,151      | 526,922         | 390,200      |
| Linked resources                    | 278,024         | 296,602      | 292,714         | 311,779      |

(1) For these operations, the Bank maintains a provision recorded in Provisions (Note 21 d).

**k) Loans by line of credit from Fund for Workers' Assistance (Fundo de Amparo ao Trabalhador – FAT)**

| Lines of FAT                              | TADE <sup>(1)</sup> | Jun 30, 2021   | Dec 31, 2020   |
|---|---------------------|----------------|----------------|
| <b>Loans and discounted credit rights</b> |                     | <b>5,713</b>   | <b>32,485</b>  |
| Proger Urbano Capital de Giro             | 01/2016 and 01/2020 | 5,713          | 32,209         |
| FAT Turismo - Capital de Giro             | 02/2012             | --             | 276            |
| <b>Financing</b>                          |                     | <b>691,041</b> | <b>944,872</b> |
| Proger Urbano Investimento                | 18/2005             | 621,130        | 839,264        |
| FAT Taxista                               | 02/2009             | 68,561         | 101,234        |
| FAT Turismo - Investimento                | 01/2012             | 1,249          | 4,098          |
| Proger Exportação                         | 27/2005             | 101            | 276            |
| <b>Rural financing</b>                    |                     | <b>2,579</b>   | <b>2,841</b>   |
| Pronaf Investimento                       | 05/2005             | 2,154          | 2,276          |
| Proger Rural Investimento                 | 13/2005             | 223            | 352            |
| Pronaf Custeio                            | 04/2005             | 202            | 211            |
| Proger Rural Custeio                      | 02/2006             | --             | 2              |
| <b>Total</b>                              |                     | <b>699,333</b> | <b>980,198</b> |

(1) TADE - Allocation Term of Special Deposits.

**l) Emergency Employment Support Program (Pese)**

The CMN Resolution 4,846/2020 allows financial institutions to participate in the government emergency employment support program (Programa de Empregos – Pese), under Law 14,043/2020.

According to this Program, financial institutions can provide funding to payroll of entrepreneurs, business companies and cooperatives. Every financing operation have 85% of resources coming from the national Treasury Secretariat (STN) and the remaining 15% from the institution.

The same percentage will be applied to the risk of default on credit operations and to possible financial losses.

The amount of Pese credit operations and the allowance for loan losses by risk level are presented in the table below:

| Level of risk | % Minimum provision | Jun 30, 2021   |                            |  |              | Value of loans   | Minimum allowance |
|---------------|---------------------|----------------|----------------------------|--|--------------|------------------|-------------------|
|               |                     | Value of loans | Minimum required allowance | Supplementary allowance <sup>(1)</sup> | Total        |                  |                   |
| AA            |                     | 753,759        | --                         | --                                     | --           | 884,964          |                   |
| A             | 0.5                 | 946            | 5                          | --                                     | 5            | 1,134            |                   |
| B             | 1                   | 39,087         | 391                        | 366                                    | 757          | 40,742           |                   |
| C             | 3                   | 87,705         | 2,631                      | 3,728                                  | 6,359        | 112,574          |                   |
| D             | 10                  | 1,892          | 189                        | 78                                     | 267          | 281              |                   |
| E             | 30                  | 534            | 160                        | --                                     | 160          | 497              |                   |
| F             | 50                  | 423            | 212                        | --                                     | 212          | 34               |                   |
| G             | 70                  | 804            | 563                        | --                                     | 563          | --               |                   |
| H             | 100                 | 640            | 640                        | --                                     | 640          | 37               |                   |
| <b>Total</b>  |                     | <b>885,790</b> | <b>4,791</b>               | <b>4,172</b>                           | <b>8,963</b> | <b>1,040,263</b> |                   |

(1) Refers to the supplementary allowance to the minimum percentage required by CMN Resolution 2,682/1999. It is established based on the internal scale of risk.



In thousands of Reais, unless otherwise stated

**13 - OTHER ASSETS****a) Breakdown**

|  | Banco do Brasil   |                   | BB Consolidated    |                   |
|--|-------------------|-------------------|--------------------|-------------------|
|  | Jun 30, 2021      | Dec 31, 2020      | Jun 30, 2021       | Dec 31, 2020      |
| <b>Financials</b>  | <b>99,700,253</b> | <b>94,472,748</b> | <b>100,891,523</b> | <b>96,465,178</b> |
| Sundry debtors from escrow deposits                          | 53,470,218        | 53,088,467        | 54,151,705         | 53,761,258        |
| Foreign exchange portfolio (Note 13.d)                       | 19,580,463        | 18,707,062        | 19,726,228         | 18,759,182        |
| Fund of allocation of surplus - Previ (Note 29.f)            | 10,257,821        | 9,912,387         | 10,257,821         | 9,912,387         |
| Accrued income   | 4,814,844         | 4,109,986         | 3,930,578          | 4,296,619         |
| Notes and credits receivable <sup>(1)</sup>                  | 2,650,446         | 2,986,613         | 3,136,691          | 3,496,564         |
| Fundo de Compensação de Variações Salariais                  | 2,653,400         | 2,577,555         | 2,653,400          | 2,577,555         |
| Other  | 6,273,061         | 3,090,678         | 7,035,100          | 3,661,613         |
| Current assets   | 47,882,782        | 43,791,588        | 48,131,889         | 44,855,609        |
| Non-current assets   | 51,817,471        | 50,681,160        | 52,759,634         | 51,609,569        |
| <b>Non-Financial</b>   | <b>34,293,200</b> | <b>10,944,189</b> | <b>34,862,347</b>  | <b>11,596,452</b> |
| Actuarial assets (Note 29.e)                                 | 29,068,659        | 6,080,658         | 29,068,659         | 6,080,658         |
| Sundry debtors   | 3,677,637         | 2,841,717         | 3,905,318          | 3,234,211         |
| Held for sale - Received <sup>(2)</sup>                      | 758,276           | --                | 761,382            | --                |
| Prepaid expenses   | 232,806           | 296,026           | 260,423            | 339,601           |
| Assets not for own use and materials in stock <sup>(2)</sup> | 11,981            | 786,566           | 67,642             | 848,127           |
| Held for sale - Own <sup>(2)</sup>                           | 35,315            | --                | 52,735             | --                |
| Specific credits <sup>(3)</sup>                              | --                | 392,414           | 494                | 392,908           |
| Other  | 508,526           | 546,808           | 745,694            | 700,947           |
| Current assets   | 5,141,560         | 4,389,111         | 5,690,046          | 5,021,779         |
| Non-current assets   | 29,151,640        | 6,555,078         | 29,172,301         | 6,574,673         |

(1) It includes sundry receivables from the Brazilian National Treasury, in the amount of R\$ 603,328 thousand (R\$ 855,196 thousand as of December 31, 2020). Mainly refers to amounts of subsidies in operations with funds MCR 6-2, MCR 6-4 (Rural Credit Manual) and are supported by specific legislation, such as CMN resolutions, the Bahia Cocoa Agriculture Recovery Program (CMN Resolution 2,960/2002) and regional funds (FDNE and FDCO). On December 31, 2020, the bank had credits receivable from the Federal Government, from expanded and securitized rural operations under the terms of Law 9,138/1995, assigned through Provisional Measure 2,196/2001, these operations were settled during the 1st quarter/2021. It also includes receivables from the National Treasury from interest rate equalization of agricultural crops Law 8,427/1992, of R\$ 570,393 thousand (R\$ 698,835 thousand in December 31, 2020).

(2) As of January 1, 2021, the assets not for own use were reclassified to non-financial assets held for sale, attending CMN Resolution 4,747/2019 (Note 3.p).

(3) On December 31, 2020 the bank had credits receivable from the Federal Government, from extended and securitized rural transactions under Law 9,138/1995, assigned through Provisional Measure 2,196/2001, these operations were settled during the 1st quarter/2021 alongside with liabilities payable to the Federal Government recorded in Other non-financial liabilities - Sundry creditors - domestic (Note 20.a).

**b) Allowance for losses associated with credit risk**

|                              | Banco do Brasil    |                    | BB Consolidated    |                    |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
|                              | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021       | Dec 31, 2020       |
| Notes and credits receivable | (1,107,676)        | (1,168,213)        | (1,382,389)        | (1,430,083)        |
| Sundry debtors               | (812,957)          | (878,833)          | (813,165)          | (879,031)          |
| Accrued income               | (598,941)          | (171,676)          | (598,941)          | (171,676)          |
| Other                        | (135,200)          | (129,900)          | (135,200)          | (129,900)          |
| <b>Total</b>                 | <b>(2,654,774)</b> | <b>(2,348,622)</b> | <b>(2,929,695)</b> | <b>(2,610,690)</b> |



In thousands of Reals, unless otherwise stated

**c) Breakdown of the allowance**

|   | Banco do Brasil    |                    | BB Consolidated    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 1st half/2021      | 1st half/2020      | 1st half/2021      | 1st half/2020      |
| <b>Opening balance</b>                    | <b>(2,348,622)</b> | <b>(1,965,878)</b> | <b>(2,610,690)</b> | <b>(2,195,153)</b> |
| (Addition)/reversal                       | (299,079)          | (223,671)          | (344,103)          | (242,536)          |
| Exchange fluctuation - foreign allowances | --                 | --                 | 16,532             | (6,431)            |
| Write-off/other adjustments               | (7,073)            | 1,412              | 8,566              | 729                |
| <b>Closing balance</b>                    | <b>(2,654,774)</b> | <b>(2,188,137)</b> | <b>(2,929,695)</b> | <b>(2,443,391)</b> |

**d) Foreign exchange portfolio**

|   | Banco do Brasil   |                     | BB Consolidated   |                     |
|---|-------------------|---------------------|-------------------|---------------------|
|   | Jun 30, 2021      | Dec 31, 2020        | Jun 30, 2021      | Dec 31, 2020        |
| <b>Asset position</b>                                 |                   |                     |                   |                     |
| Exchange purchases pending settlement                 | 18,599,972        | 17,880,523          | 18,705,668        | 17,927,393          |
| Receivables from sales of foreign exchange            | 10,425,287        | 29,407,245          | 10,465,356        | 29,412,495          |
| Bills of exchange and time drafts in foreign currency | 61,794            | 64,155              | 61,794            | 64,155              |
| Foreign currency receivables                          | 915               | 872                 | 915               | 872                 |
| (Advances received in national/foreign currency)      | (9,507,505)       | (28,645,733)        | (9,507,505)       | (28,645,733)        |
| <b>Total</b>  | <b>19,580,463</b> | <b>18,707,062</b>   | <b>19,726,228</b> | <b>18,759,182</b>   |
| Current assets  | 18,491,587        | 18,611,696          | 18,637,352        | 18,663,816          |
| Non-current assets                                    | 1,088,876         | 95,366              | 1,088,876         | 95,366              |
| <b>Liability position</b>                             |                   |                     |                   |                     |
| Exchange purchase liabilities                         | 19,275,239        | 17,209,178          | 19,391,105        | 17,261,661          |
| Exchange sales pending settlement                     | 10,504,623        | 34,049,369          | 10,534,639        | 34,049,369          |
| Foreign currency payables                             | 1,857             | 1,897               | 62,726            | 65,906              |
| <b>Subtotal (Note 20.a)</b>                           | <b>29,781,719</b> | <b>51,260,444</b>   | <b>29,988,470</b> | <b>51,376,936</b>   |
| (Advances on exchange contracts) (Note 12.a)          | (16,375,969)      | (13,438,613)        | (16,375,969)      | (13,438,613)        |
| <b>Total</b>  | <b>13,405,750</b> | <b>37,821,831</b>   | <b>13,612,501</b> | <b>37,938,323</b>   |
| Current liabilities                                   | 9,664,998         | 33,943,389          | 9,871,749         | 34,059,881          |
| Non-current liabilities                               | 3,740,752         | 3,878,442           | 3,740,752         | 3,878,442           |
| <b>Net foreign exchange portfolio</b>                 | <b>6,174,713</b>  | <b>(19,114,769)</b> | <b>6,113,727</b>  | <b>(19,179,141)</b> |
| <b>Off balance accounts</b>                           |                   |                     |                   |                     |
| Credit opened for imports                             | 1,489,201         | 887,011             | 1,532,152         | 911,691             |
| Confirmed export credit                               | 525,090           | 388,151             | 526,922           | 390,200             |

**e) Results from other financial assets**

|                          | Banco do Brasil  |                | BB Consolidated  |                |
|--------------------------|------------------|----------------|------------------|----------------|
|                          | 1st half/2021    | 1st half/2020  | 1st half/2021    | 1st half/2020  |
| Foreign exchange results | (714,329)        | 241,253        | (657,786)        | 185,074        |
| Other                    | 78,573           | 74,213         | 78,573           | 74,213         |
| <b>Total</b>             | <b>(635,756)</b> | <b>315,466</b> | <b>(579,213)</b> | <b>259,287</b> |





## 14 - INVESTMENTS

### a) Changes in associates and joint ventures

| Banco do Brasil   | Share capital | Adjusted shareholders' equity | Net income/(loss) - 1st half/2021 | Number of shares (in thousands) |           | Ownership interest in share capital % | Book value        |                    |
|---|---------------|-------------------------------|-----------------------------------|---------------------------------|-----------|---------------------------------------|-------------------|--------------------|
|   |               |                               |                                   | Common                          | Preferred |                                       | Dec 31, 2020      | Dividend           |
| <b>Domestic</b>   |               |                               |                                   |                                 |           |                                       | <b>26,358,058</b> | <b>(2,069,952)</b> |
| BB Elo Cartões Participações S.A.   | 7,734,513     | 9,900,423                     | 473,847                           | 17,703                          | --        | 100.00%                               | 9,368,728         |                    |
| BB Seguridade Participações S.A. <sup>(2)(3)</sup>                          | 3,396,767     | 6,251,056                     | 1,736,041                         | 1,325,000                       | --        | 66.36%                                | 3,808,088         | (690,000)          |
| BB Leasing S.A. - Arrendamento Mercantil                                    | 3,261,860     | 4,778,920                     | 35,364                            | 3,000                           | --        | 100.00%                               | 4,777,151         | (33,000)           |
| Banco Votorantim S.A. <sup>(4)</sup>  | 8,130,372     | 11,671,151                    | 815,839                           | 1,065,794                       | 584,042   | 50.00%                                | 5,372,810         |                    |
| BB Banco de Investimento S.A.   | 417,788       | 881,691                       | 265,544                           | 3,790                           | --        | 100.00%                               | 825,140           | (252,000)          |
| BB Tecnologia e Serviços <sup>(4)</sup>                                     | 282,606       | 256,652                       | 35,992                            | 248,458                         | 248,586   | 99.99%                                | 210,813           |                    |
| BB Administradora de Consórcios S.A.  | 363,783       | 701,227                       | 383,138                           | 14                              | --        | 100.00%                               | 682,070           | (363,000)          |
| BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A. | 606,573       | 1,252,855                     | 768,417                           | 100,000                         | --        | 100.00%                               | 1,213,299         | (729,000)          |
| BB Administradora de Cartões de Crédito S.A.                                | 9,300         | 35,341                        | 11,008                            | 398,158                         | --        | 100.00%                               | 24,333            |                    |
| Other investments   |               |                               |                                   |                                 |           |                                       | 75,626            |                    |
| <b>Overseas</b>   |               |                               |                                   |                                 |           |                                       | <b>5,839,422</b>  | <b>(248,800)</b>   |
| Banco Patagonia S.A.  | 37,583        | 2,351,569                     | 662,346                           | 578,117                         | --        | 80.39%                                | 1,939,499         | (248,800)          |
| BB Cayman Islands Holding   | 1,205,645     | 1,547,184                     | 41,958                            | 241,023                         | --        | 100.00%                               | 1,574,906         |                    |
| Banco do Brasil AG  | 378,052       | 1,171,738                     | (20,507)                          | 638                             | --        | 100.00%                               | 1,282,686         |                    |
| BB Securities LLC   | 25,011        | 419,697                       | 455                               | 5                               | --        | 100.00%                               | 435,543           |                    |
| Banco do Brasil Americas <sup>(5)</sup>                                     | 307,635       | 347,751                       | 15,521                            | 11,086                          | --        | 100.00%                               | 322,352           |                    |
| BB USA Holding Company  | --            | 842                           | (26)                              | --                              | --        | 100.00%                               | 902               |                    |
| Goodwill on acquisition of investments abroad                               |               |                               |                                   |                                 |           |                                       | 283,534           |                    |
| Profit/(loss) with foreign exchange in the branches                         |               |                               |                                   |                                 |           |                                       | --                | --                 |
| Profit/(loss) with foreign exchange in the affiliates and associates        |               |                               |                                   |                                 |           |                                       | --                | --                 |
| Profit/loss with exchange in the other equity                               |               |                               |                                   |                                 |           |                                       | --                | --                 |
| <b>Total investments in associates and joint ventures</b>                   |               |                               |                                   |                                 |           |                                       | <b>32,197,480</b> | <b>(2,318,800)</b> |
| (Allowance for losses)  |               |                               |                                   |                                 |           |                                       |                   | (228)              |

(1) These basically refer to the exchange fluctuation and equity valuation adjustments of available-for-sale securities and the foreign exchange variation on investments.

(2) On June 30, 2021, the price of BB Seguridade share was R\$ 23.10.

(3) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.

(4) Excluded unrealised profits on transactions with the Banco do Brasil.

(5) Including the provision for impairment loss on investment in Banco do Brasil Americas in the amount of R\$ 25,651 thousand, recorded in previous years.



| BB Consolidated   | Share capital | Adjusted shareholders' equity | Net income - 1st half/2021 | Number of shares (in thousands) |           | Ownership interest in share capital % | Book value        | Ch               |
|---|---------------|-------------------------------|----------------------------|---------------------------------|-----------|---------------------------------------|-------------------|------------------|
|   |               |                               |                            | Common                          | Preferred |                                       | Dec 31, 2020      | Dividends        |
| <b>Domestic</b>   |               |                               |                            |                                 |           |                                       | <b>15,767,954</b> | <b>(541,777)</b> |
| Banco Votorantim S.A. <sup>(2)</sup>  | 8,130,372     | 11,671,151                    | 815,839                    | 1,065,794                       | 584,042   | 50.00%                                | 5,372,810         | --               |
| Cateno Gestão de Contas de Pagamento S.A. <sup>(3)</sup>                          | 414,000       | 10,326,908                    | 216,754                    | 2,029,930                       | 1,014,965 | 30.00%                                | 3,114,837         | (81,791)         |
| Cielo S.A. <sup>(2),(4)</sup>   | 5,700,000     | 11,646,590                    | 407,070                    | 778,320                         | --        | 28.81%                                | 3,272,950         | (42,909)         |
| Brasilprev Seguros e Previdência S.A. <sup>(2),(5) (6)</sup>                      | 3,529,258     | 5,385,409                     | 307,360                    | 879                             | 1,759     | 74.99%                                | 3,319,682         | --               |
| BB Mapfre Participações S.A. <sup>(5)</sup>                                       | 1,469,848     | 1,765,674                     | 574,907                    | 944,858                         | 1,889,339 | 74.99%                                | 1,357,044         | (383,502)        |
| Brasilcap Capitalização S.A. <sup>(5)</sup>                                       | 254,393       | 423,763                       | 69,699                     | 107,989                         | 107,989   | 66.66%                                | 359,580           | (19,998)         |
| Elo Participações S.A. <sup>(7)</sup>   | 1,052,000     | 3,474,156                     | 423,008                    | 525,895                         | --        | 49.99%                                | 1,525,119         | --               |
| UBS BB Serviços de Assessoria Financeira e Participações S.A. <sup>(8)</sup>      | 2,289,917     | 1,382,855                     | 8,690                      | 1,954,245                       | --        | 49.99%                                | 687,304           | --               |
| Other investments   |               |                               |                            |                                 |           |                                       | 232,155           | (13,577)         |
| Goodwill/(bargain) purchase on acquisition of investments                         |               |                               |                            |                                 |           |                                       | (1,561)           | --               |
| Unrealised profits on transactions with equity-accounted investees <sup>(9)</sup> |               |                               |                            |                                 |           |                                       | (3,471,966)       | --               |
| <b>Overseas</b>   |               |                               |                            |                                 |           |                                       | <b>283,534</b>    | <b>--</b>        |
| Goodwill on acquisition of investments abroad                                     |               |                               |                            |                                 |           |                                       | 283,534           | --               |
| <b>Total investments in associates and joint ventures</b>                         |               |                               |                            |                                 |           |                                       | <b>16,051,488</b> | <b>(541,777)</b> |
| (Allowance for losses)  |               |                               |                            |                                 |           |                                       | (21,316)          | --               |

(1) These basically refer to the equity valuation adjustments of available-for-sale securities.

(2) Excluded unrealised profits on transactions with the Banco do Brasil.

(3) Indirect interest of the Bank in Cateno, through its subsidiary BB Elo Cartões Participações S.A. The total share of the Bank is 50.17 % (Cielo S.A. holds 70.00 %).

(4) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.

(5) Equity interest held by BB Seguros Participações S.A. It includes harmonization adjustments in accounting practices.

(6) There was a capital input in the amount of R\$ 449,969 thousand by the controlling party - BB Seguros.

(7) The equity of Elo Participações S.A. is calculated in proportion to the monthly contribution of BB Elo Cartões in the business of the company, according to Bradescard.

(8) Company arising from the strategic partnership between BB-Banco de Investimentos S.A. and UBS A.G. to operate in investment banking and securities bro

(9) Unrealised profit arising from a new strategic partnership between BB Elo Cartões Participações S.A. and Cielo S.A., forming Cateno Gestão de Contas de Pagamento S.A. partnership between BB-BI and UBS A.G.

**b) Summarized financial information of associates and joint ventures, not adjusted for the equity interest**

| Balance sheet  | Jun 30, 2021                          |                       |   |                              |
|--|---------------------------------------|-----------------------|---|------------------------------|
|  | Brasilprev Seguros e Previdência S.A. | Banco Votorantim S.A. | Cateno Gestão de Contas de Pagamento S.A. | BB Mapfre Participações S.A. |
| <b>Total assets</b>  | <b>318,619,765</b>                    | <b>118,990,226</b>    | <b>11,005,021</b>                         | <b>17,729,058</b>            |
| Cash and due from banks  | 60,711                                | 289,748               | 2,249                                     | 6,044                        |
| Short-term interbank investments   | --                                    | 7,675,030             | 2,020                                     | --                           |
| Securities and derivative financial instruments  | 316,733,167                           | 39,527,016            | 1,066,223                                 | 7,232,981                    |
| Loans  | --                                    | 51,386,825            | --  | --                           |
| Other credits and other assets   | 1,595,328                             | 17,554,181            | 790,797                                   | 10,256,330                   |
| Permanent assets   | 230,559                               | 2,557,426             | 9,143,732                                 | 233,703                      |
| <b>Total liabilities</b>   | <b>313,234,356</b>                    | <b>107,319,075</b>    | <b>678,113</b>                            | <b>15,963,384</b>            |
| Deposits, securities, borrowings, derivative financial instruments and others onlendings | 549,035                               | 90,266,124            | --  | --                           |
| Other liabilities  | 312,685,321                           | 17,052,951            | 678,113                                   | 15,963,384                   |
| Technical provisions for insurance, pension plans and capitalization                     | 312,198,310                           | --                    | --  | 12,190,181                   |
| Subordinated debts and equity and debt hybrid securities                                 | --                                    | 169,195               | --  | --                           |
| Other  | 487,011                               | 16,883,756            | 678,113                                   | 3,773,203                    |
| <b>Shareholders' equity</b>  | <b>5,385,409</b>                      | <b>11,671,151</b>     | <b>10,326,908</b>                         | <b>1,765,674</b>             |
| % of Total Share   | 74.99%                                | 50.00%                | 30.00%                                    | 74.99%                       |
| <b>Shareholders' equity (proportional to the equity interest)</b>                        | <b>4,038,787</b>                      | <b>5,835,576</b>      | <b>3,098,072</b>                          | <b>1,324,079</b>             |
| Goodwill/(bargain) purchase on acquisition of investments                                | (1,561)                               | --                    | --  | --                           |
| Other amounts <sup>(1)</sup>   | (41,263)                              | (2,848)               | (2,740,748)                               | --                           |
| <b>Investment book value</b>   | <b>3,995,963</b>                      | <b>5,832,728</b>      | <b>357,324</b>                            | <b>1,324,079</b>             |

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments. Financial Institutions - Cosif.



| Statements of income                                    | 1st half/2021                         |                       |   |                              |
|---|---------------------------------------|-----------------------|---|------------------------------|
|   | Brasilprev Seguros e Previdência S.A. | Banco Votorantim S.A. | Cateno Gestão de Contas de Pagamento S.A. | BB Mapfre Participações S.A. |
| Income from financial intermediation                    | (396,008)                             | 2,492,764             | --  | 132,961                      |
| Service fee income                                      | 1,518,445                             | 340,899               | 1,637,323                                 | --                           |
| Other administrative expenses                           | (84,491)                              | (735,745)             | (421,835)                                 | (122,702)                    |
| Other operating income/expenses                         | (520,414)                             | (691,968)             | (886,845)                                 | 724,589                      |
| Non-operating income                                    | (99)                                  | 14,070                | --  | 1,133                        |
| <b>Net income before tax</b>                            | <b>517,433</b>                        | <b>1,420,020</b>      | <b>328,643</b>                            | <b>735,981</b>               |
| Income tax and profit sharing                           | (210,073)                             | (604,181)             | (111,889)                                 | (161,074)                    |
| <b>Net income</b>                                       | <b>307,360</b>                        | <b>815,839</b>        | <b>216,754</b>                            | <b>574,907</b>               |
| % of Total Share  | 74.99%                                | 50.00%                | 30.00%                                    | 74.99%                       |
| <b>Net income (proportional to the equity interest)</b> | <b>230,505</b>                        | <b>407,920</b>        | <b>65,026</b>                             | <b>431,122</b>               |
| Other amounts <sup>(1)</sup>                            | (2,296)                               | 1,201                 | --  | --                           |
| <b>Equity income</b>                                    | <b>228,209</b>                        | <b>409,121</b>        | <b>65,026</b>                             | <b>431,122</b>               |

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments in Financial Institutions - Cosif.



| Balance sheet  | Dec 31, 2020                          |                       |   |                              |
|--|---------------------------------------|-----------------------|---|------------------------------|
|  | Brasilprev Seguros e Previdência S.A. | Banco Votorantim S.A. | Cateno Gestão de Contas de Pagamento S.A. | BB Mapfre Participações S.A. |
| <b>Total assets</b>  | <b>312,871,595</b>                    | <b>117,928,511</b>    | <b>11,082,701</b>                         | <b>17,137,752</b>            |
| Cash and due from banks  | 3,782                                 | 491,165               | 2,130                                     | 9,540                        |
| Interbank investments  | --                                    | 9,856,237             | 4,001                                     | --                           |
| Securities and derivative financial instruments  | 311,171,234                           | 38,063,112            | 840,743                                   | 7,249,134                    |
| Loans  | --                                    | 50,003,679            | --  | --                           |
| Other credits and other assets   | 1,454,805                             | 17,143,891            | 896,233                                   | 9,664,528                    |
| Permanent assets   | 241,774                               | 2,370,427             | 9,339,594                                 | 214,550                      |
| <b>Total liabilities</b>   | <b>308,543,128</b>                    | <b>107,146,286</b>    | <b>699,912</b>                            | <b>15,328,118</b>            |
| Deposits, securities, borrowings, derivative financial instruments and others onlendings | --                                    | 92,269,129            | --  | --                           |
| Other liabilities  | 308,543,128                           | 14,877,157            | 699,912                                   | 15,328,118                   |
| Technical provisions for insurance, pension plans and capitalization                     | 308,210,264                           | --                    | --  | 10,960,355                   |
| Subordinated debts and equity and debt hybrid securities                                 | --                                    | 193,542               | --  | --                           |
| Other  | 332,864                               | 14,683,615            | 699,912                                   | 4,367,763                    |
| <b>Shareholders' Equity</b>  | <b>4,328,467</b>                      | <b>10,782,225</b>     | <b>10,382,789</b>                         | <b>1,809,634</b>             |
| % of Total Share   | 74.99 %                               | 50.00 %               | 30.00 %                                   | 74.99 %                      |
| <b>Shareholders' equity (proportional to the equity interest)</b>                        | <b>3,246,134</b>                      | <b>5,391,113</b>      | <b>3,114,837</b>                          | <b>1,357,044</b>             |
| Goodwill/(bargain) purchase on acquisition of investments                                | (1,561)                               | --                    | --  | --                           |
| Other amounts <sup>(1)</sup>   | 73,548                                | (18,303)              | (2,798,654)                               | --                           |
| <b>Investment book value</b>   | <b>3,318,121</b>                      | <b>5,372,810</b>      | <b>316,183</b>                            | <b>1,357,044</b>             |

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of Financial Institutions - Cosif.



| Statements of income                                    | 1st half/2020                         |                       |   |                              |
|---|---------------------------------------|-----------------------|---|------------------------------|
|   | Brasilprev Seguros e Previdência S.A. | Banco Votorantim S.A. | Cateno Gestão de Contas de Pagamento S.A. | BB Mapfre Participações S.A. |
| Income from financial intermediation                    | (64,393)                              | 1,819,201             | --  | 178,721                      |
| Service fee income                                      | 1,401,243                             | 265,758               | 1,289,544                                 | --                           |
| Other administrative expenses                           | (108,630)                             | (730,054)             | (413,989)                                 | (127,015)                    |
| Other operating income/expenses                         | (485,856)                             | (1,203,268)           | (616,438)                                 | 918,971                      |
| Non-operating income                                    | --                                    | (8,954)               | --  | 698                          |
| <b>Net income before tax</b>                            | <b>742,364</b>                        | <b>142,683</b>        | <b>259,117</b>                            | <b>971,375</b>               |
| Income tax and profit sharing                           | (298,471)                             | 300,322               | (89,103)                                  | (266,949)                    |
| <b>Net Income</b>                                       | <b>443,893</b>                        | <b>443,005</b>        | <b>170,014</b>                            | <b>704,426</b>               |
| % of Total Share  | 75.00%                                | 50.00%                | 30.00%                                    | 74.99%                       |
| <b>Net income (proportional to the equity interest)</b> | <b>332,898</b>                        | <b>221,503</b>        | <b>51,004</b>                             | <b>528,249</b>               |
| Other amounts <sup>(1)</sup>                            | (4,341)                               | (2,853)               | --  | --                           |
| <b>Equity income</b>                                    | <b>328,557</b>                        | <b>218,650</b>        | <b>51,004</b>                             | <b>528,249</b>               |

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of Financial Institutions - Cosif.

### c) Other investments

|                           | Banco do Brasil |                |
|---------------------------|-----------------|----------------|
|                           | Jun 30, 2021    | Dec 31, 2020   |
| Tax incentive investments | 9,754           | 9,881          |
| Equity securities         | 57              | 57             |
| Stocks and shares         | 74,383          | 76,831         |
| Other investments         | 3,036           | 3,051          |
| Other equity abroad       | 117,897         | 120,991        |
| <b>Total</b>              | <b>205,127</b>  | <b>210,811</b> |
| (Allowance for losses)    | (42,360)        | (44,936)       |



In thousands of Reais, unless otherwise stated

**d) Goodwill arising on acquisition of investments**

| Changes of goodwill                         | Banco do Brasil |                | BB Consolidated |                |
|---|-----------------|----------------|-----------------|----------------|
|   | 1st half/2021   | 1st half/2020  | 1st half/2021   | 1st half/2020  |
| <b>Opening balance</b>                      | <b>283,534</b>  | <b>333,720</b> | <b>283,534</b>  | <b>333,720</b> |
| Amortizations <sup>(1)</sup>                | (11,015)        | (14,482)       | (11,015)        | (14,482)       |
| Foreign exchange fluctuation <sup>(2)</sup> | (42,928)        | 51,618         | (42,928)        | 51,618         |
| <b>Closing balance <sup>(3)</sup></b>       | <b>229,591</b>  | <b>370,856</b> | <b>229,591</b>  | <b>370,856</b> |

(1) Booked in other administrative expenses.

(2) Relates to the goodwill from Banco Patagonia.

(3) Includes provision for losses on goodwill on the acquisition of BB Americas, in the amount of R\$32,208 thousand.

**e) Expected goodwill amortization**

|                                       | 2021         | 2022          | 2023          | After 2023     | Total          |
|---------------------------------------|--------------|---------------|---------------|----------------|----------------|
| <b>Banco Patagonia <sup>(1)</sup></b> | <b>9,824</b> | <b>19,648</b> | <b>19,648</b> | <b>150,692</b> | <b>199,812</b> |
| Tax effects                           | (4,421)      | (8,842)       | (8,842)       | (67,811)       | (89,916)       |
| <b>Net total</b>                      | <b>5,403</b> | <b>10,806</b> | <b>10,806</b> | <b>82,881</b>  | <b>109,896</b> |

(1) The goodwill to be amortized does not include an amount of R\$ 29,779 thousand related to an indefinite life intangible asset and other assets not subject to amortization.

The expected amortization of goodwill arising on the acquisition of investments is based on the projections of results made at the time of the purchase, prepared by specialized firms or technical departments within the Bank, and considers the timing of the estimates and discount rates used in calculating the net present value of expected cash flows.

**f) Goodwill impairment test**

The recoverable amount of goodwill arising on acquisition of investments is determined by the value in use, which is the discounted value of the cash flow projections of the invested entity (cash-generating unit). For the evaluation of the banks, the free cash flow for shareholders discounted by the cost of equity capital calculated for each institution was used.

Assumptions used to project these cash flows are based on public information, budgets and / or business plans of the purchased entities. These assumptions consider current and past performance, as well as expected market and macroeconomic growth.

The cash flow of the entity below was actively projected for six years and considered perpetual from the last period with fixed growth rates. For the periods that exceed the terms of the budget or business plan, the growth estimates are in line with those adopted by the entity. The nominal discount rate is determined annually based on the CAPM (Capital Asset Pricing Model) adjusted for the market and the currency of each country.

| Entity (cash-generating unit) | Growth rate p.a. <sup>(1)</sup> | Discount rate p.a. <sup>(2)</sup> |
|-------------------------------|---------------------------------|-----------------------------------|
| Banco Patagonia               | 14.4 %                          | 39.5 %                            |

(1) Nominal growth in perpetuity.

(2) Geometric average used in economic evaluations.

According to the sensitivity analysis performed, there is no indication that changes in the assumptions would cause the book value of the cash-generating units to exceed the recoverable amount.

In the 1st half/2021 and in the 1st half/2020, there was no impairment loss on goodwill arising on the acquisition of investments.



In thousands of Reais, unless otherwise stated

**15 - PROPERTY AND EQUIPMENT**

|                                      | Banco do Brasil          |                  |                |                  |                   |                          |                   |                  |
|--------------------------------------|--------------------------|------------------|----------------|------------------|-------------------|--------------------------|-------------------|------------------|
|                                      | Annual depreciation rate | Dec 31, 2020     | 1st half/2021  |                  | Jun 30, 2021      |                          |                   |                  |
|                                      |                          | Book value       | Changes        | Depreciation     | Cost value        | Accumulated depreciation | Impairment losses | Book value       |
| Buildings                            | 4 a 10 %                 | 3,449,148        | 200,745        | (207,443)        | 8,515,006         | (5,039,051)              | (33,505)          | 3,442,450        |
| Furniture and equipment              | 10 %                     | 1,714,969        | 80,111         | (149,944)        | 3,819,008         | (2,173,834)              | (38)              | 1,645,136        |
| Data processing systems              | 10 a 20 %                | 1,571,018        | 85,980         | (262,406)        | 4,700,064         | (3,305,472)              | --                | 1,394,592        |
| Constructions in progress            | --                       | 608,539          | (71,969)       | --               | 536,570           | --                       | --                | 536,570          |
| Land                                 | --                       | 322,124          | (5,073)        | --               | 317,051           | --                       | --                | 317,051          |
| Communication and security equipment | 10 %                     | 227,583          | 45,430         | (24,501)         | 712,331           | (463,815)                | (4)               | 248,512          |
| Facilities                           | 10 %                     | 127,608          | 6,234          | (14,363)         | 1,023,722         | (904,243)                | --                | 119,479          |
| Vehicles                             | 10 %                     | 2,089            | (6)            | (352)            | 8,406             | (6,675)                  | --                | 1,731            |
| Furniture and equipment in stock     | --                       | 882              | (9)            | --               | 873               | --                       | --                | 873              |
| <b>Total</b>                         |                          | <b>8,023,960</b> | <b>341,443</b> | <b>(659,009)</b> | <b>19,633,031</b> | <b>(11,893,090)</b>      | <b>(33,547)</b>   | <b>7,706,394</b> |

|                                      | BB Consolidated          |                  |                |                  |                     |                   |                          |                   |                  |
|--------------------------------------|--------------------------|------------------|----------------|------------------|---------------------|-------------------|--------------------------|-------------------|------------------|
|                                      | Annual depreciation rate | Dec 31, 2020     | 1st half/2021  |                  |                     | Jun 30, 2021      |                          |                   |                  |
|                                      |                          | Book value       | Changes        | Depreciation     | Reversal for losses | Cost value        | Accumulated depreciation | Impairment losses | Book value       |
| Buildings                            | 4 a 10 %                 | 3,480,209        | 197,747        | (210,485)        | --                  | 8,581,089         | (5,080,113)              | (33,505)          | 3,467,471        |
| Furniture and equipment              | 10 %                     | 1,801,349        | 101,742        | (159,131)        | --                  | 4,005,133         | (2,261,010)              | (163)             | 1,743,960        |
| Data processing systems              | 10 a 20 %                | 1,608,408        | 105,061        | (273,507)        | 23                  | 4,823,816         | (3,383,760)              | (71)              | 1,439,985        |
| Constructions in progress            | --                       | 640,992          | (83,773)       | --               | --                  | 557,219           | --                       | --                | 557,219          |
| Land                                 | --                       | 329,730          | (5,992)        | --               | --                  | 323,738           | --                       | --                | 323,738          |
| Communication and security equipment | 10 %                     | 234,773          | 52,995         | (26,374)         | --                  | 733,970           | (472,572)                | (4)               | 261,394          |
| Facilities                           | 10 %                     | 131,281          | 8,174          | (14,639)         | --                  | 1,033,055         | (908,239)                | --                | 124,816          |
| Vehicles                             | 10 %                     | 3,230            | (169)          | (521)            | --                  | 10,106            | (7,566)                  | --                | 2,540            |
| Furniture and equipment in stock     | --                       | 882              | (9)            | --               | --                  | 873               | --                       | --                | 873              |
| <b>Total</b>                         |                          | <b>8,230,854</b> | <b>375,776</b> | <b>(684,657)</b> | <b>23</b>           | <b>20,068,999</b> | <b>(12,113,260)</b>      | <b>(33,743)</b>   | <b>7,921,996</b> |



**16 - INTANGIBLE ASSETS****a) Changes and breakdown**

|   | Banco do Brasil          |                  |                |                      |                 |                  |                                     |
|---|--------------------------|------------------|----------------|----------------------|-----------------|------------------|-------------------------------------|
|   | Annual amortization rate | Dec 31, 2020     | 1st half/2021  |                      |                 |                  |                                     |
|   |                          | Book value       | Acquisitions   | Exchange fluctuation | Write offs      | Amortization     | Allowance for losses <sup>(1)</sup> |
| Rights to manage payroll <sup>(2)</sup> | Contract                 | 3,201,374        | 27,566         | --                   | (3,481)         | (647,122)        | (959,194)                           |
| Software                                | 10%                      | 2,954,349        | 357,782        | (2,363)              | (36,246)        | (191,445)        | --                                  |
| Other intangible assets                 | Contract                 | --               | --             | --                   | --              | --               | --                                  |
| <b>Total</b>                            |                          | <b>6,155,723</b> | <b>385,348</b> | <b>(2,363)</b>       | <b>(39,727)</b> | <b>(838,567)</b> | <b>(959,194)</b>                    |

|   | BB Consolidated          |                  |                |                      |                 |                  |   |
|---|--------------------------|------------------|----------------|----------------------|-----------------|------------------|---|
|   | Annual amortization rate | Dec 31, 2020     | 1st half/2021  |                      |                 |                  |   |
|   |                          | Book value       | Acquisitions   | Exchange fluctuation | Write offs      | Amortization     | (Allowance)/ reversal for losses <sup>(1)</sup> |
| Rights to manage payroll <sup>(2)</sup> | Contract                 | 3,201,374        | 27,566         | --                   | (3,481)         | (647,122)        | (959,194)                                       |
| Software                                | 10%                      | 3,019,292        | 374,362        | (4,420)              | (43,670)        | (199,785)        | 2   |
| Other intangible assets                 | Contract                 | --               | --             | --                   | --              | --               | --  |
| <b>Total</b>                            |                          | <b>6,220,666</b> | <b>401,928</b> | <b>(4,420)</b>       | <b>(47,151)</b> | <b>(846,907)</b> | <b>(959,192)</b>                                |

(1) The reinforcement and reversal for losses are recognized in other income/expenses (Note 27).

(2) The values of acquisitions and write-offs include contracts renegotiated in the period, in which the new contract value is activated and the value of the previous contract is reversed in the statement.

**b) Estimate for amortization**

|                         | Banco do Brasil |         |         |         |
|-------------------------|-----------------|---------|---------|---------|
|                         | 2nd half/2021   | 2022    | 2023    | 2024    |
| Amounts to be amortized | 556,998         | 876,052 | 654,149 | 622,966 |

|                         | BB Consolidated |         |         |         |
|-------------------------|-----------------|---------|---------|---------|
|                         | 2nd half/2021   | 2022    | 2023    | 2024    |
| Amounts to be amortized | 561,778         | 882,422 | 660,519 | 629,336 |



In thousands of Reais, unless otherwise stated

## 17 – CUSTOMER RESOURCES

### a) Deposits

|  | Banco do Brasil    |                    | BB Consolidated    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021       | Dec 31, 2020       |
| <b>Demand deposits</b>                           | <b>116,046,782</b> | <b>94,388,414</b>  | <b>119,621,693</b> | <b>98,307,410</b>  |
| Individuals                                      | 56,521,144         | 52,131,205         | 57,670,453         | 53,213,887         |
| Corporations                                     | 41,187,616         | 29,383,049         | 43,705,430         | 32,405,615         |
| Restricted <sup>(1)</sup>                        | 11,510,458         | 6,849,446          | 11,621,727         | 6,864,873          |
| Government                                       | 2,109,615          | 2,511,563          | 2,109,615          | 2,511,563          |
| Foreign currency                                 | 1,636,606          | 531,029            | 1,636,606          | 531,029            |
| Associated                                       | 1,243,041          | 751,053            | 1,118,125          | 630,451            |
| Financial system institutions                    | 892,686            | 1,277,128          | 818,786            | 1,199,708          |
| National Treasury Special                        | 469,960            | 179,905            | 469,960            | 179,905            |
| Domiciled abroad                                 | 79,999             | 81,246             | 75,334             | 77,589             |
| Other  | 395,657            | 692,790            | 395,657            | 692,790            |
| <b>Savings deposits</b>                          | <b>223,426,548</b> | <b>219,396,331</b> | <b>223,426,548</b> | <b>219,396,331</b> |
| Individuals                                      | 215,682,541        | 211,872,717        | 215,682,541        | 211,872,717        |
| Corporations                                     | 7,286,973          | 7,120,911          | 7,286,973          | 7,120,911          |
| Associated                                       | 438,584            | 386,187            | 438,584            | 386,187            |
| Financial system institutions                    | 18,450             | 16,516             | 18,450             | 16,516             |
| <b>Time deposits</b>                             | <b>300,705,991</b> | <b>269,408,816</b> | <b>317,924,290</b> | <b>283,819,600</b> |
| Judicial   | 190,517,507        | 164,388,100        | 190,659,912        | 164,538,401        |
| National currency                                | 85,476,496         | 82,329,375         | 85,476,496         | 82,329,374         |
| Foreign currency                                 | 17,018,593         | 14,435,524         | 34,094,487         | 28,696,008         |
| Special Regime <sup>(3)</sup>                    | 2,990,245          | 2,800,973          | 2,990,245          | 2,800,973          |
| Third party collaterals <sup>(2)</sup>           | 1,933,287          | 1,832,849          | 1,933,287          | 1,832,849          |
| Fundo de Amparo ao Trabalhador - FAT (Note 17.d) | 920,648            | 1,903,053          | 920,648            | 1,903,053          |
| Funproger (Note 17.e)                            | 487,594            | 485,872            | 487,594            | 485,872            |
| Other  | 1,361,621          | 1,233,070          | 1,361,621          | 1,233,070          |
| <b>Other deposits</b>                            | <b>361,555</b>     | <b>460,924</b>     | <b>361,555</b>     | <b>460,924</b>     |
| <b>Total</b>                                     | <b>640,540,876</b> | <b>583,654,485</b> | <b>661,334,086</b> | <b>601,984,265</b> |
| Current liabilities                              | 560,559,745        | 510,122,688        | 580,528,395        | 527,711,085        |
| Non-current liabilities                          | 79,981,131         | 73,531,797         | 80,805,691         | 74,273,180         |

(1) Includes the amount of R\$ 1,060,083 thousand (R\$ 3,218,726 thousand as of December 31, 2020) relating to DAF resources - Demonstrativos da Distribuição de Arrecadação Federal e Ordens Bancárias do Tesouro. In December 31, 2020, the amount of R\$ 55,316 thousand }, relating to obligations with the Federal Government, from extended and securitized rural transactions under Law 9,138/1995, assigned through Provisional Measure 2,196/2001, was settled during the 1st quarter/2021.

(2) Cooperation agreements made between the Court houses or councils to attend Brazilian Justice National Council Resolution 98/2009.

(3) Special deposits for the Justice Courts, to comply with the Constitutional Transitory Acts pursuant to Constitutional Amendment 99/2017.



In thousands of Reais, unless otherwise stated

**b) Deposits by maturity**

|                              | Banco do Brasil    |                   |                  |                   |                   |                    | Jun 30, 2021       | Dec 31, 2020 |
|------------------------------|--------------------|-------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------|
|                              | Without maturity   | Up to 3 months    | 3 to 12 months   | 1 to 3 years      | 3 to 5 years      |                    |                    |              |
| Time deposits <sup>(1)</sup> | 198,270,725        | 13,846,460        | 8,607,675        | 14,736,240        | 65,244,891        | 300,705,991        | 269,408,816        |              |
| Savings deposits             | 223,426,548        | --                | --               | --                | --                | 223,426,548        | 219,396,331        |              |
| Demand deposits              | 116,046,782        | --                | --               | --                | --                | 116,046,782        | 94,388,414         |              |
| Other deposits               | 361,555            | --                | --               | --                | --                | 361,555            | 460,924            |              |
| <b>Total</b>                 | <b>538,105,610</b> | <b>13,846,460</b> | <b>8,607,675</b> | <b>14,736,240</b> | <b>65,244,891</b> | <b>640,540,876</b> | <b>583,654,485</b> |              |

(1) Includes the amount of R\$ 80,996,956 thousand (R\$ 77,225,836 thousand as of December 31, 2020), of time deposits with early repurchase clause (liquidity commitment), classified based on the contractual maturity dates.

|                              | BB Consolidated    |                   |                   |                   |                   |                    | Jun 30, 2021       | Dec 31, 2020 |
|------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------|
|                              | Without maturity   | Up to 3 months    | 3 to 12 months    | 1 to 3 years      | 3 to 5 years      |                    |                    |              |
| Time deposits <sup>(1)</sup> | 198,270,723        | 28,626,357        | 10,221,519        | 15,227,732        | 65,577,959        | 317,924,290        | 283,819,600        |              |
| Savings deposits             | 223,426,548        | --                | --                | --                | --                | 223,426,548        | 219,396,331        |              |
| Demand deposits              | 119,621,693        | --                | --                | --                | --                | 119,621,693        | 98,307,410         |              |
| Other deposits               | 361,555            | --                | --                | --                | --                | 361,555            | 460,924            |              |
| <b>Total</b>                 | <b>541,680,519</b> | <b>28,626,357</b> | <b>10,221,519</b> | <b>15,227,732</b> | <b>65,577,959</b> | <b>661,334,086</b> | <b>601,984,265</b> |              |

(1) Includes the amount of R\$ 80,996,956 thousand (R\$ 77,225,836 thousand as of December 31, 2020), of time deposits with early repurchase clause (liquidity commitment), classified based on the contractual maturity dates.

**c) Expenses with customer resources**

|                         | Banco do Brasil    |                    | BB Consolidated    |                    |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
|                         | 1st half/2021      | 1st half/2020      | 1st half/2021      | 1st half/2020      |
| <b>Savings deposits</b> | <b>(3,279,041)</b> | <b>(3,519,432)</b> | <b>(3,279,041)</b> | <b>(3,519,432)</b> |
| <b>Time deposits</b>    | <b>(2,919,122)</b> | <b>(4,249,863)</b> | <b>(4,283,630)</b> | <b>(4,895,518)</b> |
| Judicial                | (2,249,692)        | (2,840,731)        | (2,252,028)        | (2,841,835)        |
| Other                   | (669,430)          | (1,409,132)        | (2,031,602)        | (2,053,683)        |
| <b>Total</b>            | <b>(6,198,163)</b> | <b>(7,769,295)</b> | <b>(7,562,671)</b> | <b>(8,414,950)</b> |

**d) Fund for worker's assistance (Fundo de Amparo ao Trabalhador – FAT)**

|                                | Resolution/<br>TADE <sup>(1)</sup> | Repayment of FAT Funds |              | Jun 30, 2021                 |                                      |                | Dec 31, 2020                 |                                      |                  |
|--------------------------------|------------------------------------|------------------------|--------------|------------------------------|--------------------------------------|----------------|------------------------------|--------------------------------------|------------------|
|                                |                                    | Type <sup>(2)</sup>    | Initial date | Available TMS <sup>(3)</sup> | Invested TJLP and TLP <sup>(4)</sup> | Total          | Available TMS <sup>(3)</sup> | Invested TJLP and TLP <sup>(4)</sup> | Total            |
| <b>Proger Rural and Pronaf</b> |                                    |                        |              | <b>8,694</b>                 | <b>2,170</b>                         | <b>10,864</b>  | <b>419</b>                   | <b>11,571</b>                        | <b>11,990</b>    |
| Pronaf Custeio                 | 04/2005                            | RA                     | 11/2005      | 6                            | 117                                  | 123            | 10                           | 127                                  | 137              |
| Pronaf Investimento            | 05/2005                            | RA                     | 11/2005      | 8,657                        | 1,383                                | 10,040         | 283                          | 10,734                               | 11,017           |
| Rural Custeio                  | 02/2006                            | RA                     | 11/2005      | --                           | --                                   | --             | --                           | 1                                    | 1                |
| Rural Investimento             | 13/2005                            | RA                     | 11/2005      | 31                           | 670                                  | 701            | 126                          | 709                                  | 835              |
| <b>Proger Urbano</b>           |                                    |                        |              | <b>153,769</b>               | <b>660,198</b>                       | <b>813,967</b> | <b>868,766</b>               | <b>885,941</b>                       | <b>1,754,707</b> |
| Urbano Investimento            | 18/2005                            | RA                     | 11/2005      | 150,908                      | 653,532                              | 804,440        | 444,683                      | 853,032                              | 1,297,715        |
| Urbano Capital de Giro         | 01/2016                            | RA                     | 06/2016      | 1,381                        | 2,757                                | 4,138          | 129,800                      | 27,432                               | 157,232          |
| Urbano Capital de Giro 2020    | 01/2020                            | RA                     | 04/2020      | 1,480                        | 3,909                                | 5,389          | 294,283                      | 5,477                                | 299,760          |
| <b>Other</b>                   |                                    |                        |              | <b>22,667</b>                | <b>73,150</b>                        | <b>95,817</b>  | <b>29,753</b>                | <b>106,603</b>                       | <b>136,356</b>   |
| Proger Exportação              | 27/2005                            | RA                     | 11/2005      | 1                            | 58                                   | 59             | 1,022                        | 98                                   | 1,120            |
| FAT Taxista                    | 02/2009                            | RA                     | 09/2009      | 21,391                       | 71,835                               | 93,226         | 25,299                       | 102,593                              | 127,892          |
| FAT Turismo Investimento       | 01/2012                            | RA                     | 08/2012      | 1,275                        | 1,257                                | 2,532          | 3,432                        | 3,912                                | 7,344            |
| <b>Total</b>                   |                                    |                        |              | <b>185,130</b>               | <b>735,518</b>                       | <b>920,648</b> | <b>898,938</b>               | <b>1,004,115</b>                     | <b>1,903,053</b> |

(1) TADE - Allocation Term of Special Deposits.

(2) RA - Automatic Return (monthly, 2% of the total balance).

(3) Funds remunerated by the Taxa Média Selic (average selic rate - TMS).

(4) Funds remunerated by Long-term interest rate (TJLP) for resources released until December 31, 2017 and Long-Term Rate (TLP) for those released as of January 1, 2018.



In thousands of Reais, unless otherwise stated

FAT is a special accounting and financial fund, established by Law 7,998/1990, associated with the Ministério da Economia (Ministry of Economy) and managed by the Executive Council of the Fundo de Amparo ao Trabalhador (Fund for Workers' Assistance) – Codefat. Codefat is a collective, tripartite, equal level organization, composed of representatives of workers, employers and government, who acts as manager of the FAT.

The main actions to promote employment using FAT funds are structured around the Employment and Earnings Generating Program (Proger), which resources are invested through special deposits, established by Law 8,352/1991, in official federal financial institutions. These programs include, among others, the urban Proger program (Investment and Working Capital), Popular Entrepreneur, the National Program for Strengthening Family Farming – Pronaf, in addition to special lines such as FAT Taxista, FAT Turismo Investimento and FAT Turismo Capital de Giro.

The FAT special deposits invested in Banco do Brasil are daily accrued the Average Selic Rate (TMS), when not lent out. As they are invested in the financing, they will be remunerated by the Long Term Rate (TLP) as of January 1, 2018 and TJLP (Long Term Interest Rate) for funds released through December 31, 2017, until maturity. The accruals are paid to FAT on a monthly basis, as established in Codefat Resolutions 439/2005, 489/2006 and 801/2017.

#### **e) Endorsement fund for the generation of employment and income (Funproger)**

The Endorsement fund for the generation of employment and income (Funproger) is a special accounting fund established on November 23, 1999 by Law 9,872/1999, amended by Law 10,360/2001 and by Law 11,110/2005 and regulated by Codefat Resolution 409/2004, and its amendments. It is managed by Banco do Brasil under the supervision of Codefat.

The objective of Funproger is to provide endorsement to entrepreneurs who do not have the necessary guarantees to contract financing by Proger Urbano and Programa Nacional de Microcrédito Produtivo Orientado, through the payment of a commission. The Funproger equity where incorporated from the spread between TMS and TJLP accrued over FAT special deposits. Other sources of funds are the operations accruals and the income paid by Banco do Brasil, the fund manager.



In thousands of Reais, unless otherwise stated

**18 - FINANCIAL INSTITUTIONS RESOURCES****a) Breakdown**

|  | Banco do Brasil    |                    | BB Consolidated    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021       | Dec 31, 2020       |
| Securities sold under repurchase agreements (b)  | 593,336,568        | 519,049,785        | 578,111,296        | 503,722,822        |
| Borrowings and onlendings (c)                    | 139,708,695        | 147,301,946        | 68,207,480         | 73,884,058         |
| Interbank deposits                               | 23,962,960         | 25,081,389         | 24,641,031         | 25,686,889         |
| Liabilities for operations linked to assignments | 226,233            | 258,493            | 226,233            | 258,493            |
| <b>Total</b>                                     | <b>757,234,456</b> | <b>691,691,613</b> | <b>671,186,040</b> | <b>603,552,262</b> |
| Current liabilities                              | 658,563,445        | 586,833,204        | 636,284,449        | 565,348,523        |
| Non-current liabilities                          | 98,671,011         | 104,858,409        | 34,901,591         | 38,203,739         |

**b) Securities sold under repurchase agreements**

|                              | Banco do Brasil    |                    | BB Consolidated    |                    |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
|                              | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021       | Dec 31, 2020       |
| <b>Own portfolio</b>         | <b>68,548,343</b>  | <b>175,652,834</b> | <b>53,532,002</b>  | <b>160,325,871</b> |
| Private securities           | 9,318,013          | 13,675,125         | 9,318,012          | 13,675,125         |
| Financial Treasury bills     | 53,404,545         | 156,326,238        | 42,488,178         | 145,274,215        |
| Securities abroad            | 5,825,785          | 5,651,471          | 1,725,812          | 1,376,531          |
| <b>Third-party portfolio</b> | <b>524,788,225</b> | <b>343,396,951</b> | <b>524,579,294</b> | <b>343,396,951</b> |
| Financial Treasury bills     | 279,862,678        | 173,148,914        | 279,666,747        | 173,148,914        |
| National Treasury bills      | 53,498,666         | 8,532,956          | 53,498,666         | 8,532,956          |
| National Treasury notes      | 191,426,881        | 161,715,081        | 191,413,881        | 161,715,081        |
| <b>Total</b>                 | <b>593,336,568</b> | <b>519,049,785</b> | <b>578,111,296</b> | <b>503,722,822</b> |
| Current liabilities          | 582,862,986        | 508,055,826        | 571,752,472        | 497,004,107        |
| Non-current liabilities      | 10,473,582         | 10,993,959         | 6,358,824          | 6,718,715          |

**c) Borrowings and onlendings****Borrowings**

|   | Banco do Brasil  |                     |                   |                   | Jun 30, 2021      | Dec 31, 2020      |
|---|------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
|   | up to 90 days    | from 91 to 360 days | from 1 to 3 years | from 3 to 5 years |                   |                   |
| <b>Overseas</b>                           | <b>2,522,173</b> | <b>9,542,404</b>    | <b>38,029,499</b> | <b>520,131</b>    | <b>50,614,207</b> | <b>51,850,980</b> |
| Borrowings from BB Group companies abroad | 4,331            | 1,416,196           | 36,005,818        | --                | 37,426,345        | 36,674,498        |
| Borrowings from bankers abroad            | 2,466,869        | 7,996,546           | 1,901,534         | 501,006           | 12,865,955        | 14,997,098        |
| Imports                                   | 48,172           | 129,595             | 122,145           | 19,125            | 319,037           | 179,384           |
| Exports                                   | 2,801            | 67                  | 2                 | --                | 2,870             | --                |
| <b>Total</b>                              | <b>2,522,173</b> | <b>9,542,404</b>    | <b>38,029,499</b> | <b>520,131</b>    | <b>50,614,207</b> | <b>51,850,980</b> |
| Current liabilities                       |                  |                     |                   |                   | 12,064,577        | 12,641,428        |
| Non-current liabilities                   |                  |                     |                   |                   | 38,549,630        | 39,209,552        |



In thousands of Reais, unless otherwise stated

|                                | BB Consolidated  |                     |                   |                   |                   | Jun 30, 2021      | Dec 31, 2020 |
|--------------------------------|------------------|---------------------|-------------------|-------------------|-------------------|-------------------|--------------|
|                                | up to 90 days    | from 91 to 360 days | from 1 to 3 years | from 3 to 5 years |                   |                   |              |
| <b>Overseas</b>                | <b>2,587,977</b> | <b>8,126,869</b>    | <b>2,077,905</b>  | <b>561,062</b>    | <b>13,353,813</b> | <b>15,552,734</b> |              |
| Borrowings from bankers abroad | 2,537,006        | 7,997,211           | 1,955,758         | 541,937           | 13,031,912        | 15,373,357        |              |
| Imports                        | 48,170           | 129,591             | 122,145           | 19,125            | 319,031           | 179,377           |              |
| Exports                        | 2,801            | 67                  | 2                 | --                | 2,870             | --                |              |
| <b>Total</b>                   | <b>2,587,977</b> | <b>8,126,869</b>    | <b>2,077,905</b>  | <b>561,062</b>    | <b>13,353,813</b> | <b>15,552,734</b> |              |
| Current liabilities            |                  |                     |                   |                   | 10,714,846        | 12,846,812        |              |
| Non-current liabilities        |                  |                     |                   |                   | 2,638,967         | 2,705,922         |              |

## Onlendings

### Domestic – official institutions

|  | Finance charges  | Banco do Brasil   |                   | BB Consolidated   |                   |
|--|--|-------------------|-------------------|-------------------|-------------------|
|  |  | Jun 30, 2021      | Dec 31, 2020      | Jun 30, 2021      | Dec 31, 2020      |
| <b>National Treasury - rural credits resources</b> |  | <b>153,845</b>    | <b>172,994</b>    | <b>153,845</b>    | <b>172,994</b>    |
| Pronaf   | TMS (if available) or<br>Fixed 0.50 % p.a. to 4.00 % p.a. (if applied)   | 23,519            | 13,605            | 23,519            | 13,605            |
| Cacau (cocoa)                                      | IGP-M + 8.00 % p.a. or<br>TJLP + 0.60 % p.a. or<br>Fixed 6.35 % p.a.   | 114,289           | 144,272           | 114,289           | 144,272           |
| Recoop   | Fixed 5.75 % p.a. to 8.25 % p.a. or<br>IGP-DI + 1.00 % p.a. or<br>IGP-DI + 2.00 % p.a.   | 10,770            | 10,770            | 10,770            | 10,770            |
| Other  |  | 5,267             | 4,347             | 5,267             | 4,347             |
| <b>BNDES</b>                                       | <b>Fixed 0.00 % p.a. to 8.00 % p.a.<br/>TJLP + 0.50 % p.a. to 4.00 % p.a.<br/>IPCA + 7.02 % p.a. to 9.41 % p.a.<br/>Selic + 2.08 % p.a.<br/>FX Variation + 0.90 % p.a. to 3.00 % p.a.<br/>TLP + 1.30 % p.a. to 2.10 % p.a.</b> | <b>18,138,539</b> | <b>19,161,196</b> | <b>18,138,539</b> | <b>19,161,196</b> |
| <b>Caixa Econômica Federal</b>                     | <b>Fixed 4.87 % p.a. (average)</b>   | <b>29,283,991</b> | <b>30,259,319</b> | <b>29,283,991</b> | <b>30,259,319</b> |
| <b>Finame</b>                                      | <b>Fixed 0.00 % p.a. to 8.50 % p.a.<br/>TJLP + 0.90 % p.a. to 4.00 % p.a.<br/>Selic + 2.08 % p.a. to 2.45 % p.a.<br/>FX Variation + 1.40 % p.a. to 3.00 % p.a.<br/>TLP + 1.42 % p.a. to 2.25 % p.a.</b>                        | <b>7,132,735</b>  | <b>8,587,353</b>  | <b>7,132,735</b>  | <b>8,587,353</b>  |
| <b>Other official institutions</b>                 |  | <b>144,557</b>    | <b>150,462</b>    | <b>144,557</b>    | <b>150,462</b>    |
| Funcafé  | TMS (if available)<br>Fixed 5.25 % p.a. to 6.75 % p.a.   | 144,529           | 150,434           | 144,529           | 150,434           |
| Other  |  | 28                | 28                | 28                | 28                |
| <b>Total</b>                                       |  | <b>54,853,667</b> | <b>58,331,324</b> | <b>54,853,667</b> | <b>58,331,324</b> |
| Current liabilities                                |  | 35,648,913        | 36,417,742        | 35,648,913        | 36,417,742        |
| Non-current liabilities                            |  | 19,204,754        | 21,913,582        | 19,204,754        | 21,913,582        |



In thousands of Reais, unless otherwise stated

**Overseas**

|   | Banco do Brasil   |                   | BB Consolidated |              |
|---|-------------------|-------------------|-----------------|--------------|
|   | Jun 30, 2021      | Dec 31, 2020      | Jun 30, 2021    | Dec 31, 2020 |
| Funds obtained under the terms of Resolution CMN 3,844/2010 | 34,240,821        | 37,119,642        | --              | --           |
| <b>Total</b>  | <b>34,240,821</b> | <b>37,119,642</b> | <b>--</b>       | <b>--</b>    |
| Current liabilities   | 9,219,757         | 9,982,115         | --              | --           |
| Non-current liabilities                                     | 25,021,064        | 27,137,527        | --              | --           |

**d) Expenses from financial institutions resources**

|   | Banco do Brasil    |                     | BB Consolidated    |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | 1st half/2021      | 1st half/2020       | 1st half/2021      | 1st half/2020       |
| <b>Securities sold under repurchase agreements</b>            | <b>(7,565,651)</b> | <b>(8,581,222)</b>  | <b>(7,367,916)</b> | <b>(8,308,034)</b>  |
| Third-party portfolio   | (6,507,727)        | (7,523,397)         | (6,398,869)        | (7,347,214)         |
| Own portfolio   | (1,057,924)        | (1,057,825)         | (969,047)          | (960,820)           |
| <b>Interbank deposits</b>                                     | <b>(201,298)</b>   | <b>(382,133)</b>    | <b>(218,059)</b>   | <b>(382,949)</b>    |
| <b>Borrowings expenses <sup>(1)</sup></b>                     | <b>733,797</b>     | <b>(22,532,658)</b> | <b>2,226,368</b>   | <b>(20,895,366)</b> |
| <b>Onlendings expenses</b>                                    | <b>(906,839)</b>   | <b>(13,335,916)</b> | <b>(252,617)</b>   | <b>(12,329,681)</b> |
| Overseas <sup>(1)</sup>                                       | 476,052            | (11,901,838)        | 1,130,274          | (10,895,603)        |
| Caixa Econômica Federal                                       | (747,394)          | (781,729)           | (747,394)          | (781,729)           |
| BNDES   | (512,140)          | (498,735)           | (512,140)          | (498,735)           |
| Finame  | (103,812)          | (130,455)           | (103,812)          | (130,455)           |
| Tesouro Nacional  | (12,289)           | (9,994)             | (12,289)           | (9,994)             |
| Other   | (7,256)            | (13,165)            | (7,256)            | (13,165)            |
| <b>Foreign exchange profit/(loss) on overseas investments</b> | <b>--</b>          | <b>--</b>           | <b>(665,511)</b>   | <b>4,964,241</b>    |
| <b>Total</b>  | <b>(7,939,991)</b> | <b>(44,831,929)</b> | <b>(6,277,735)</b> | <b>(36,951,789)</b> |

(1) The credit balances presented arise from the negative exchange variation of the period (depreciation of the Real against the Dollar).



In thousands of Reals, unless otherwise stated

## 19 – RESOURCES FROM ISSUANCE OF DEBT SECURITIES

### a) Breakdown

|                                       | Banco do Brasil    |                    | BB Consolidated    |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021       | Dec 31, 2020       |
| Funds from issuance of securities (b) | 114,334,407        | 118,381,903        | 120,449,903        | 124,768,859        |
| Subordinated debts (c)                | 38,901,326         | 50,009,050         | 38,894,699         | 49,963,306         |
| Equity and debt hybrid securities (d) | 35,448,240         | 36,576,405         | 27,345,147         | 28,459,975         |
| <b>Total</b>                          | <b>188,683,973</b> | <b>204,967,358</b> | <b>186,689,749</b> | <b>203,192,140</b> |
| Current liabilities                   | 53,713,414         | 43,853,991         | 53,769,131         | 43,913,905         |
| Non-current liabilities               | 134,970,559        | 161,113,367        | 132,920,618        | 159,278,235        |

### b) Funds from issuance of securities

| Funding   | Currency | Issued value             | Remuneration p.a.                                       | Issue date | Maturity | BB Consolidated    |                    |
|---|----------|--------------------------|---|------------|----------|--------------------|--------------------|
|   |          |                          |   |            |          | Jun 30, 2021       | Dec 31, 2020       |
| <b>Banco do Brasil</b>  |          |                          |   |            |          | <b>114,334,407</b> | <b>118,381,903</b> |
| <b>Global Medium - Term Notes Program</b>   |          |                          |   |            |          | <b>14,978,493</b>  | <b>15,850,558</b>  |
|   | USD      | 1,000,000                | 4.63 %  | 2017       | 2025     | 5,090,889          | 5,286,224          |
|   | BRL      | 293,085                  | 10.15 %   | 2017       | 2027     | 329,135            | 366,360            |
|   | USD      | 750,000                  | 4.88 %  | 2018       | 2023     | 3,786,069          | 3,932,664          |
|   | COL      | 160,000,000              | 8.51 %  | 2018       | 2025     | 253,262            | 304,179            |
|   | USD      | 750,000                  | 4.75 %  | 2019       | 2024     | 3,797,568          | 3,944,455          |
|   | BRL      | 398,000                  | 9.50 %  | 2019       | 2026     | 426,268            | 469,785            |
|   | MXN      | 1,900,000                | 8.50 %  | 2019       | 2026     | 532,913            | 604,458            |
|   | COL      | 520,000,000              | 6.50 %  | 2019       | 2027     | 762,389            | 942,433            |
| <b>"Senior Notes"</b>   |          |                          |   |            |          | <b>9,105,152</b>   | <b>9,448,593</b>   |
|   | USD      | 1,809,700 <sup>(1)</sup> | 3.88 %  | 2012       | 2022     | 9,105,152          | 9,448,593          |
| <b>Structured notes</b>   |          |                          |   |            |          | --                 | <b>305,850</b>     |
|   | EUR      | 18,400                   | 1.93 to 3.55 %  |            | 2021     | --                 | 118,508            |
|   | USD      | 35,000                   | 3.80 to 4.10 %  |            | 2021     | --                 | 187,342            |
| <b>Certificates of deposits (2)</b>   |          |                          |   |            |          | <b>5,525,533</b>   | <b>5,748,485</b>   |
| Short term  |          |                          | 0.00 to 3.80 %  |            |          | 4,946,407          | 4,334,395          |
| Long term   |          |                          | 1.35 to 3.02 %  |            | 2024     | 579,126            | 1,414,090          |
| <b>Certificates of structured operations</b>                                      |          |                          |   |            |          | <b>2,191</b>       | <b>2,563</b>       |
| Short term  |          |                          | 2.99% to 6.60 % of DI                                   |            |          | 593                | 1,084              |
| Long term   |          |                          | 3.93 to 10.07 % of DI                                   |            | 2023     | 1,598              | 1,479              |
| <b>Letters of credit - real estate</b>  |          |                          | <b>65.00 to 98.00 % of DI<br/>TR + 7.7151 %</b>         |            |          | <b>12,778,153</b>  | <b>12,437,868</b>  |
| Short term  |          |                          |   |            |          | 2,001,677          | 1,863,775          |
| Long term   |          |                          |   |            | 2026     | 10,776,476         | 10,574,093         |
| <b>Letters of credit - agribusiness</b>   |          |                          | <b>70.00 to 103.00 % of DI<br/>Fixed 1.81 to 6.46 %</b> |            |          | <b>71,914,686</b>  | <b>74,210,446</b>  |
| Short term  |          |                          |   |            |          | 34,989,968         | 25,537,358         |
| Long term   |          |                          |   |            | 2024     | 36,924,718         | 48,673,088         |
| <b>Financial letters</b>  |          |                          | <b>98.25 to 98.75 % og DI<br/>Fixed 7.65 %</b>          |            |          | <b>30,199</b>      | <b>377,540</b>     |
| Short term  |          |                          |   |            |          | 30,199             | 376,529            |
| Long term   |          |                          |   |            | 2022     | --                 | 1,011              |
| <b>Banco Patagonia</b>  |          |                          | <b>Fixed 38.50 %<br/>500 pts + Badlar</b>               |            |          | <b>62,344</b>      | <b>60,287</b>      |
| Short term  | ARS      |                          |   |            |          | 62,344             | 60,287             |
| <b>Special purpose entities SPE abroad <sup>(3)</sup></b>                         |          |                          |   |            |          | <b>6,111,822</b>   | <b>6,349,294</b>   |
| <b>Securitization of future flow of payment orders from abroad <sup>(3)</sup></b> |          |                          |   |            |          |                    |                    |
|   | USD      | 200,000                  | Libor 3m+1.20 %   | 2019       | 2024     | 995,270            | 1,033,053          |
|   | USD      | 200,000                  | 3.70 %  | 2019       | 2026     | 1,001,795          | 1,040,718          |
| <b>Structured notes <sup>(3)</sup></b>  |          |                          |   |            |          |                    |                    |
|   | USD      | 500,000                  | Libor 6m + 2.50 %                                       | 2014/2015  | 2034     | 2,511,817          | 2,610,030          |
|   | USD      | 320,000                  | Libor 6m + 3.20 %                                       | 2015       | 2030     | 1,602,940          | 1,665,493          |
| <b>Eliminated amount on consolidation <sup>(4)</sup></b>                          |          |                          |   |            |          | <b>(58,670)</b>    | <b>(22,625)</b>    |
| <b>Total</b>  |          |                          |   |            |          | <b>120,449,903</b> | <b>124,768,859</b> |
| Current liabilities   |          |                          |   |            |          | 42,031,188         | 32,479,278         |
| Non-current liabilities   |          |                          |   |            |          | 78,418,715         | 92,289,581         |

(1) Refers to the outstanding value since partial repurchases occurred.

(2) Securities issued abroad in USD.

(3) Information about SPEs may be found in Note 2.e.

(4) Refers to securities issued by Banco do Brasil Conglomerate, which are in possession of overseas subsidiaries/entities.





In thousands of Reais, unless otherwise stated

**c) Subordinated debts**

| Funding   | Currency | Issued value | Remuneration p.a.           | Issue date | Maturity  | Jun 30, 2021      | Dec 31, 2020      |
|---|----------|--------------|-----------------------------|------------|-----------|-------------------|-------------------|
| <b>FCO – Resources from Fundo Constitucional do Centro-Oeste</b>  |          |              |                             |            |           | <b>23,469,518</b> | <b>26,403,208</b> |
| <b>Subordinated debt abroad</b>                                   |          |              |                             |            |           | <b>11,435,327</b> | <b>15,387,511</b> |
|   | USD      | 660,000      | 5.38 %                      | 2010       | 2021      | --                | 3,514,727         |
|   | USD      | 1,490,000    | 5.88 %                      | 2011       | 2022      | 7,635,995         | 7,927,674         |
|   | USD      | 741,115      | 5.88 %                      | 2012       | 2023      | 3,799,332         | 3,945,110         |
| <b>Subordinated letters of credit</b>                             |          |              |                             |            |           | <b>3,996,481</b>  | <b>8,218,331</b>  |
|   |          | 7,202,138    | 113.00 % to 115.00 % of CDI | 2014       | 2021      | 2,960,092         | 7,283,702         |
|   |          | 870,237      | 8.08 % + IPCA               | 2014       | 2022      | 1,015,968         | 934,629           |
|   |          | 20,000       | 100% of CDI + 2.75 %        | 2021       | Perpetual | 20,421            | --                |
| <b>Total subordinated debt issued by Banco do Brasil</b>          |          |              |                             |            |           | <b>38,901,326</b> | <b>50,009,050</b> |
| Eliminated amount on consolidation                                |          |              |                             |            |           | (6,627)           | (45,744)          |
| <b>Total subordinated debt issued consolidated <sup>(1)</sup></b> |          |              |                             |            |           | <b>38,894,699</b> | <b>49,963,306</b> |
| Current liabilities   |          |              |                             |            |           | 11,448,700        | 11,134,396        |
| Non-current liabilities   |          |              |                             |            |           | 27,445,999        | 38,828,910        |

(1) The amount of R\$ 24,209,844 thousand (R\$ 29,676,974 thousand as of December 31, 2020) comprise the tier II of the Referential Equity (RE).

**d) Equity and debt hybrid securities**

| Funding  | Currency | Issued value <sup>(1)</sup> | Remuneration p.a.     | Issue date | Jun 30, 2021      | Dec 31, 2020      |
|--|----------|-----------------------------|-----------------------|------------|-------------------|-------------------|
| <b>Perpetual bonds</b>                                 |          |                             |                       |            |                   |                   |
|  | USD      | 1,285,950                   | 9.25 %                | 2012       | 6,635,398         | 6,915,600         |
|  | USD      | 1,950,000                   | 6.25 %                | 2013       | 9,869,109         | 10,250,286        |
|  | BRL      | 8,100,000                   | 5.50 % <sup>(2)</sup> | 2012       | 8,170,560         | 8,221,320         |
|  | USD      | 2,150,000                   | 9.00 %                | 2014       | 10,773,173        | 11,189,199        |
| <b>Total Banco do Brasil</b>                           |          |                             |                       |            | <b>35,448,240</b> | <b>36,576,405</b> |
| Eliminated amount on consolidation                     |          |                             |                       |            | (3,093)           | (16,430)          |
| Total reclassified to shareholders' equity (Note 23.c) |          |                             |                       |            | (8,100,000)       | (8,100,000)       |
| <b>Total BB Consolidated</b>                           |          |                             |                       |            | <b>27,345,147</b> | <b>28,459,975</b> |
| Current liabilities                                    |          |                             |                       |            | 289,243           | 300,231           |
| Non-current liabilities                                |          |                             |                       |            | 27,055,904        | 28,159,744        |

(1) Refers to the outstanding value in US dollars funding, as partial repurchases of these instruments occurred.

(2) The remuneration is fully variable since August 28, 2014 (Note 23.c).

The amount of R\$ 26,906,825 thousand of the Perpetual bonds is included in the Referential Equity (R\$ 27,932,263 thousand as of December 31, 2020), as supplementary capital, see PR calculation table presented in Note 30.c.

Banco do Brasil exercised on October 20, 2020 the call option of the total perpetual debt security issued in 2009 of USD 1,500,000 thousand (outstanding value USD 851,012 thousand), in force under the Basel II rules. The redemption was for 100% of its face value and interest accrued and unpaid to date, amounting R\$ 4,953 billion.

The bonds issued in January 2012 and March 2012 (reopening) of USD 1,750,000 thousand (outstanding value USD 1,285,950 thousand), and the bonds issued in January 2013 of USD 2,000,000 thousand (outstanding value USD 1,950,000 thousand), had their terms and conditions modified on September 27, 2013, in order to adjust them to the rules of Bacen through CMN Resolution 4,192, which regulates the implementation of Basel III in Brazil. The changes were effective from October 1, 2013, when the instruments were submitted to Bacen to obtain authorization to be included in the Supplementary Capital (Tier I) of the Bank. The authorization was granted on October 30, 2013.



In thousands of Reais, unless otherwise stated

The bonds issued in June 2014 of USD 2,500,000 thousand (outstanding value USD 2,150,000 thousand), have the option of redemption at the discretion of the Bank from June 18, 2024 or on each subsequent, semi-annual interest payment date, as long as it has been previously authorized by the Central Bank of Brazil. If the Bank does not exercise the option to redeem in June 2024, the interest on the bonds will be adjusted to 6.362% plus the traded rate on 10-year North American Treasury bonds.

If the Bank does not exercise the redemption option in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, the rate of bond interest is adjusted on that date and every 10 years according to the 10-year North American Treasury bonds at the time plus the initial credit spread. The bonds have the following options of redemption, subject to prior authorization of Bacen:

- (i) the Bank may, at its option, redeem the bonds in whole but not in part in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, and on each subsequent, semi-annual interest payment date, at the base redemption price;
- (ii) the Bank may, at its option, redeem the bonds in whole, but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, before April 2024 for the bonds issued in 2013, and before April 2024 for the bonds issued in 2014, as a result of a tax event, at the base redemption price;
- (iii) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, and in April 2024 for the bonds issued in 2013, on the occurrence of a regulatory event, at the higher value between the base redemption price and the Make-whole amount;
- (iv) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue as long as it is before June 2024 for the bonds issued in 2014, on the occurrence of a regulatory event at the base redemption price.

The bonds issued in January and March 2012, in January 2013 and in June 2014 determine that the Bank suspend the semi-annual payments of interest and/or accessories on those securities issued (which will not be due or accrued) if:

- (i) distributable income for the period are not sufficient for making the payment (discretionary condition of the Bank);
- (ii) the Bank does not comply or the payment of such charges does not allow the Bank to comply with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;
- (iii) Bacen or the regulatory authorities determine the suspension of payment of such charges;
- (iv) any event of insolvency or bankruptcy occurs; or
- (v) a default occurs.

According to Basel III rules, the bonds issued in January 2012, March 2012, in January 2013 and in June 2014 have mechanisms of loss absorption. Moreover, if the item (i) occurs, the payment of dividends by Bank to its shareholders will be limited to the minimum required determined by applicable law until the semi-annual interest payments and / or accessories on those titles have been resumed in full. Finally, these bonds will expire permanently and at the minimum value corresponding to the balance recorded in the Tier I capital of the Bank if:

- (i) the main capital of the Bank is less than 5.125% of the amount of risk-weighted assets (RWA);
- (ii) the decision to make a capital injection from the public sector or an equivalent capital contribution to the Bank is taken, in order to maintain the bank's viability; the Central Bank, on a discretionary assessment regulated by the CMN, sets out, in writing, the expiration of the bonds to enable the continuity of the Bank.



In thousands of Reais, unless otherwise stated

**e) Expenses from Issuance of Debt Securities**

|   | Banco do Brasil    |                    | BB Consolidated    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 1st half/2021      | 1st half/2020      | 1st half/2021      | 1st half/2020      |
| <b>Funds from acceptance and issuance of securities</b> | <b>(1,497,246)</b> | <b>(2,325,590)</b> | <b>(1,682,820)</b> | <b>(2,495,256)</b> |
| Letters of credit – agribusiness                        | (869,534)          | (1,181,754)        | (869,534)          | (1,181,754)        |
| Financial bills   | (158,098)          | (237,395)          | (158,098)          | (237,395)          |
| Securities issued abroad                                | (323,617)          | (677,114)          | (509,191)          | (846,780)          |
| Letters of credit – real estate                         | (145,904)          | (229,146)          | (145,904)          | (229,146)          |
| Certificates of structured operations                   | (93)               | (181)              | (93)               | (181)              |
| <b>Subordinated debt abroad</b>                         | <b>(367,989)</b>   | <b>(420,167)</b>   | <b>(367,989)</b>   | <b>(420,167)</b>   |
| <b>Equity and debt hybrid securities</b>                | <b>(1,250,148)</b> | <b>(1,308,341)</b> | <b>(1,179,588)</b> | <b>(1,265,603)</b> |
| <b>Total</b>  | <b>(3,115,383)</b> | <b>(4,054,098)</b> | <b>(3,230,397)</b> | <b>(4,181,026)</b> |

**20 - OTHER LIABILITIES****a) Breakdown**

|   | Banco do Brasil   |                    | BB Consolidated   |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | Jun 30, 2021      | Dec 31, 2020       | Jun 30, 2021      | Dec 31, 2020       |
| <b>Financial</b>                                  | <b>96,723,695</b> | <b>109,389,378</b> | <b>96,254,412</b> | <b>108,424,340</b> |
| Foreign exchange portfolio (Note 13.d)            | 29,781,719        | 51,260,444         | 29,988,470        | 51,376,936         |
| Credit/debit card operations                      | 30,720,408        | 30,591,884         | 30,973,029        | 30,774,028         |
| Financial and development funds (Note 20.b)       | 26,053,435        | 21,650,544         | 26,053,435        | 21,650,544         |
| Other   | 10,168,133        | 5,886,506          | 9,239,478         | 4,622,832          |
| Current liabilities                               | 74,214,948        | 90,989,430         | 75,015,048        | 91,689,574         |
| Non-current liabilities                           | 22,508,747        | 18,399,948         | 21,239,364        | 16,734,766         |
| <b>Non-financial</b>                              | <b>31,383,375</b> | <b>27,620,367</b>  | <b>35,221,798</b> | <b>31,270,138</b>  |
| Actuarial liabilities (Note 29.e)                 | 12,724,197        | 16,033,679         | 12,724,197        | 16,033,679         |
| Sundry creditors <sup>(1)</sup>                   | 3,758,263         | 4,305,854          | 6,847,383         | 7,266,865          |
| Billing and collection of taxes and contributions | 6,830,429         | 388,859            | 6,839,885         | 392,242            |
| Third party payment obligations                   | 3,273,954         | 2,861,625          | 3,273,954         | 2,861,625          |
| Shareholders and statutory distributions          | 2,319,895         | 2,065,789          | 2,811,115         | 2,486,199          |
| Liabilities for official agreements               | 1,457,757         | 893,291            | 1,457,757         | 893,291            |
| Unearned revenues                                 | --                | --                 | 137,750           | 142,583            |
| Other   | 1,018,880         | 1,071,270          | 1,129,757         | 1,193,654          |
| Current liabilities                               | 31,293,339        | 27,489,087         | 33,486,911        | 29,705,397         |
| Non-current liabilities                           | 90,036            | 131,280            | 1,734,887         | 1,564,741          |

(1) Includes the amount of R\$ 22,247 thousand (R\$ 492,918 thousand on December 31, 2020) relating to obligations with the Federal Government, from extended and securitized rural transactions under Law 9,138/1995, assigned through Provisional Measure 2,196/2001.



In thousands of Reais, unless otherwise stated

**b) Financial and development funds**

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Jun 30, 2021      | Dec 31, 2020      | Jun 30, 2021      | Dec 31, 2020      |
| Fundo Constitucional do Centro Oeste - FCO <sup>(1)</sup> | 14,620,695        | 9,771,373         | 14,620,695        | 9,771,373         |
| Marinha Mercante  | 7,596,864         | 8,103,425         | 7,596,864         | 8,103,425         |
| Fundo de Desenvolvimento do Nordeste - FDNE               | 1,733,384         | 1,719,753         | 1,733,384         | 1,719,753         |
| Funds from Governo do Estado de São Paulo                 | 748,865           | 756,060           | 748,865           | 756,060           |
| Pasep <sup>(2)</sup>                                      | 320,624           | 314,982           | 320,624           | 314,982           |
| Fundo de Desenvolvimento do Centro Oeste - FDCO           | 231,771           | 258,860           | 231,771           | 258,860           |
| Other   | 801,232           | 726,091           | 801,232           | 726,091           |
| <b>Total</b>  | <b>26,053,435</b> | <b>21,650,544</b> | <b>26,053,435</b> | <b>21,650,544</b> |
| Current liabilities                                       | 8,844,024         | 9,278,885         | 8,844,025         | 9,278,885         |
| Non-current liabilities                                   | 17,209,411        | 12,371,659        | 17,209,410        | 12,371,659        |

(1) CMN Resolution 4,192/2013 limited FCO resources to be considered as tier II of the Referential Equity - RE (Note 30.c), thus the amount disclosed refers to what exceed this value. The amount of R\$ 14,147,871 thousand refers to funds applied (remunerated at the rates on the loans funded with these amounts less the del credere of the financial institution, according to article 9 of Law 7,827/1989) and R\$ 472,824 thousand refers resources available (remunerated based on extra-market rate announced by the Banco Central do Brasil, according to article 9 of Law 7,827/1989).

(2) The Bank is administrator of the Public Servant Heritage Formation Program (Pasep), guaranteeing a minimum return equal to the Long-Term Interest Rate - TJLP.

**c) Other funding expenses**

|  | Banco do Brasil  |                    | BB Consolidated  |                    |
|--|------------------|--------------------|------------------|--------------------|
|  | 1st half/2021    | 1st half/2020      | 1st half/2021    | 1st half/2020      |
| Financial and development funds <sup>(1)</sup> | 31,133           | (2,142,296)        | 31,133           | (2,142,296)        |
| Other  | (362,023)        | (283,688)          | (291,743)        | (241,335)          |
| <b>Total</b>                                   | <b>(330,890)</b> | <b>(2,425,984)</b> | <b>(260,610)</b> | <b>(2,383,631)</b> |

(1) Includes the interest payment about FCO financial intermediation, according to Law 7,827/1989 (Note 20.b).



In thousands of Reais, unless otherwise stated

## 21 - PROVISIONS

### a) Breakdown

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Jun 30, 2021      | Dec 31, 2020      | Jun 30, 2021      | Dec 31, 2020      |
| <b>Provisions for civil, tax and labor claims</b>                   | <b>28,493,429</b> | <b>26,807,922</b> | <b>28,756,235</b> | <b>27,288,400</b> |
| Civil lawsuits (b)  | 10,619,079        | 9,195,502         | 10,787,957        | 9,579,206         |
| Labor lawsuits (b)  | 4,534,838         | 4,442,070         | 4,593,447         | 4,499,477         |
| Tax lawsuits (b)  | 478,256           | 408,370           | 506,306           | 440,539           |
| Provision for tax risks (restatement of deposit) (c) <sup>(1)</sup> | 12,861,256        | 12,761,980        | 12,868,525        | 12,769,178        |
| <b>Other provisions</b>   | <b>6,407,549</b>  | <b>6,185,624</b>  | <b>7,008,734</b>  | <b>6,747,770</b>  |
| Provisions for pending payments                                     | 4,121,444         | 4,031,911         | 4,721,746         | 4,593,046         |
| Financial guarantees (d)  | 695,904           | 752,249           | 696,119           | 752,473           |
| Other   | 1,590,201         | 1,401,464         | 1,590,869         | 1,402,251         |
| <b>Total</b>  | <b>34,900,978</b> | <b>32,993,546</b> | <b>35,764,969</b> | <b>34,036,170</b> |

(1) It includes, in BB Consolidated, the amount of R\$ 7,269 thousand (R\$ 7,198 thousand on December 31, 2020) related to BB Consórcio.

### b) Provisions, contingent assets and liabilities

#### Contingent assets

Contingent assets are not recognized in the financial statements according to CPC 25 – Provisions, Contingent Liabilities and Contingent Assets.

#### Labor lawsuits

The Bank is a party to labor claims involving mainly former employees, banking industry unions or former employees of companies that provide services (outsourced). These claims cover requests of compensation, overtime, incorrect working hours, and additional functions bonus, subsidiary liability, among others.

#### Tax lawsuits

The Bank, in spite of its conservative profile, may receive tax inquiries during inspections by the tax authorities, which could lead to the issuance of tax notices. These notices relate to the calculation base for income/social contribution taxes (mainly regarding deductibility) and matters involving payment of other taxes (based upon the occurrence of certain events). Most claims arising from the notices relate to service tax (ISSQN), income tax, social contribution (CSLL), the Social Integration Program (PIS), Contribution to Social Security Financing (Cofins), Tax on Financial Transactions (IOF), and Employer Social Security Contributions (INSS). As a guarantee in some of these cases, the Bank has pledged collateral in the form of cash, bonds, real estate or judicial deposits when necessary, preventing the Bank to be included in restrictive registration, as well as not to obstruct the semiannual renewal of its tax regularity certificate.

#### Civil lawsuits

Civil lawsuits relate mainly to claims from customers and users of the Bank's network. In most cases, they are requesting indemnification for material or moral damages arising from banking products or services, inflationary deductions from Economic Plans about financial investments, judicial deposits and rural credit, return of payment due to revision of contractual clauses on financial responsibilities and actions of demanding accounts proposed by customers to explain entries made in checking accounts.

Indemnifications for material and moral damages are ordinarily based on consumer protection laws and generally settled in specific civil courts. The awards are limited to forty times the minimum wage.



In thousands of Reais, unless otherwise stated

The Bank is a defendant in claims seeking the payment and refunding the overpayment of the difference between the actual inflation rate and the inflation rate used for the adjustment of financial investments and rural credit when Economic Plans (Bresser Plan, Verão Plans and Collor Plans I and II) were implemented in the late 1980's and early 1990's.

Although it complied with prevailing laws and regulations at the time, the Bank set-up provisions for these lawsuits. The provisions consider claims brought against the Bank and the loss risk. Loss probabilities are determined after an analysis of each claim considering the most recent decisions in the Superior Courts of Justice (STJ) in the Federal Supreme Court (STF).

With respect to cases involving the financial investments related to Economic Plans, the Federal Supreme Court (STF) suspended prosecution of all cases in the knowledge phase. This will be the case until the court issues a definitive ruling. In the end of 2017, Febraban and the entities representing the savers signed an agreement about the demands involving the economic plans in savings accounts. This agreement has already been approved by the Federal Supreme Court. Since May 2018, savers will can join the agreement, through a tool made available by Febraban. On March 12, 2020, the contract was extended for another 30 months, extendable for another 30 months, according to the Amendment signed by the entities representing financial institutions and consumers, according to the ratification ruling rendered by the STF Plenary on May 29, 2020, published on Jun 18, 2020.

Regarding lawsuits related to inflationary purges in judicial deposits, Minister Edson Fachin of the Federal Supreme Court, after acknowledging the general repercussion of the constitutional matter dealt with in the Extraordinary Appeal interposed by the Bank, the Caixa Econômica Federal, the Federal Government and the Febraban (RE no. 1,141,156/RJ), has ordered the suspension of the processes that deal with the matter and that process in the national territory, wich was confirmed by STF on September 11, 2019.

The Bank is a defendant on civil lawsuits moved by rural credit borrowers linked to Collor Plan I. The plaintiffs motioned that the Bank indexed their loans incorrectly and is liable to pay the difference. In 2015, Superior Courts of Justice (STJ) decided on the Special Appeal RESP 1,319,232-DF in the Public Civil Lawsuit ACP 94,008514-1, that the Federal Government, the Brazilian Central Bank and the Bank are jointly and severally liable for the indexation differences between the Customer Price Index (IPC - 84.32%) and the National Treasure Bonus (BTN - 41.28%), as found in March 1990, monetarily correcting the amounts from the overpayment, by the index applicable to judicial debts, plus interest for late payment. The defendants appealed and the litigation has yet to be resolved. A suspensive effect was attributed to the Extraordinary Appeal interposed by Banco do Brasil until the STF judges Extraordinary Appeal 1,101,937/SP, wich deals about the territorial extension of the collective sentence. Considering the conclusion of the judgment of RE 1,101,937/SP with the establishment of the thesis of unconstitutionality of art. 16, of Law 7,347/1985, and the consequent possibility of national coverage of the collective judgment, on March 24, 2021, the Vice President of the STJ revoked the suspensive effect previously attributed to the Extraordinary Appeal filed by the Bank and dismissed it on June 22, 2021, with the appeal period open.

### **Provisions for labor, tax and civil claims – probable loss**

The Bank recorded a provision for labor, tax and civil demands with risk of loss probable, quantified using individual or aggregated methodology (includes processes with the author's probability of success equal to remote, possible or probable), according to the nature and / or process value.

The estimates of outcome and financial effect are determined by the nature of the claims, the management's judgment, by the opinion of legal counsel on the basis of process elements, complemented by the complexity and the experience of similar demands.

The Management considers to be sufficient the provision for losses of labor, tax and civil claims.



In thousands of Reais, unless otherwise stated

**Changes in the provisions for civil, tax and labor claims classified as probable**

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 1st half/2021     | 1st half/2020     | 1st half/2021     | 1st half/2020     |
| <b>Labor lawsuits</b>                         |                   |                   |                   |                   |
| <b>Opening balance</b>                        | <b>4,442,070</b>  | <b>3,610,333</b>  | <b>4,499,477</b>  | <b>3,663,769</b>  |
| Addition                                      | 937,597           | 891,453           | 944,245           | 897,718           |
| Reversal of the provision                     | (111,798)         | (255,858)         | (116,312)         | (261,996)         |
| Write off                                     | (880,606)         | (535,417)         | (882,437)         | (537,329)         |
| Inflation correction and exchange fluctuation | 147,575           | 113,594           | 148,474           | 116,636           |
| <b>Closing balance</b>                        | <b>4,534,838</b>  | <b>3,824,105</b>  | <b>4,593,447</b>  | <b>3,878,798</b>  |
| <b>Tax lawsuits</b>                           |                   |                   |                   |                   |
| <b>Opening balance</b>                        | <b>408,370</b>    | <b>382,388</b>    | <b>440,539</b>    | <b>415,396</b>    |
| Addition                                      | 105,233           | 91,481            | 110,350           | 94,017            |
| Reversal of the provision                     | (13,865)          | (70,047)          | (21,540)          | (73,412)          |
| Write off                                     | (24,592)          | (22,820)          | (24,592)          | (22,820)          |
| Inflation correction and exchange fluctuation | 3,110             | 4,301             | 1,549             | 6,278             |
| <b>Closing balance</b>                        | <b>478,256</b>    | <b>385,303</b>    | <b>506,306</b>    | <b>419,459</b>    |
| <b>Civil lawsuits</b>                         |                   |                   |                   |                   |
| <b>Opening balance</b>                        | <b>9,195,502</b>  | <b>8,697,684</b>  | <b>9,579,206</b>  | <b>8,851,582</b>  |
| Addition                                      | 2,843,641         | 1,253,163         | 2,894,760         | 1,274,392         |
| Reversal of the provision                     | (60,335)          | (249,971)         | (328,075)         | (265,436)         |
| Write off                                     | (1,496,059)       | (1,211,760)       | (1,496,487)       | (1,213,673)       |
| Inflation correction and exchange fluctuation | 136,330           | 101,591           | 138,553           | 114,886           |
| <b>Closing balance</b>                        | <b>10,619,079</b> | <b>8,590,707</b>  | <b>10,787,957</b> | <b>8,761,751</b>  |
| <b>Total labor, tax and civil</b>             | <b>15,632,173</b> | <b>12,800,115</b> | <b>15,887,710</b> | <b>13,060,008</b> |

**Expected outflows of economic benefits**

|               | Banco do Brasil  |                |                   | BB Consolidated  |                |                   |
|---------------|------------------|----------------|-------------------|------------------|----------------|-------------------|
|               | Labor            | Tax            | Civil             | Labor            | Tax            | Civil             |
| Up to 5 years | 4,193,733        | 175,849        | 9,055,016         | 4,252,029        | 195,021        | 9,163,841         |
| Over 5 years  | 341,105          | 302,407        | 1,564,063         | 341,418          | 311,285        | 1,624,116         |
| <b>Total</b>  | <b>4,534,838</b> | <b>478,256</b> | <b>10,619,079</b> | <b>4,593,447</b> | <b>506,306</b> | <b>10,787,957</b> |

The scenario of unpredictability of the duration of proceedings, and the possibility of changes in the case law of the courts, make values and the expected outflows of economic benefits uncertain.

**Contingent liabilities – possible loss**

The labor, tax and civil lawsuits for which the risk of loss is considered possible do not require provisions when the final outcome of the process is unclear and when the probability of losing is less than probable and higher than the remote.



In thousands of Reais, unless otherwise stated

**The balances of contingent liabilities classified as possible loss**

|                             | Banco do Brasil   |                   | BB Consolidated   |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
|                             | Jun 30, 2021      | Dec 31, 2020      | Jun 30, 2021      | Dec 31, 2020      |
| Labor lawsuits              | 88,385            | 98,276            | 129,710           | 155,729           |
| Tax lawsuits <sup>(1)</sup> | 13,054,808        | 13,115,848        | 13,950,447        | 14,000,019        |
| Civil lawsuits              | 2,288,267         | 2,351,648         | 2,365,716         | 2,527,303         |
| <b>Total</b>                | <b>15,431,460</b> | <b>15,565,772</b> | <b>16,445,873</b> | <b>16,683,051</b> |

(1) The main contingencies originate from (i) notices of labor infraction from the National Social Security Institute (INSS) aiming at the payment of contributions applicable on year-end bonuses paid under the collective agreements in the period from 1995 to 2006, in the amount of R\$ 1,379,597 thousand, public transport pay and use of private car by employees of Banco do Brasil, in the amount of R\$ 888,297 thousand and employee profit sharing corresponding to the period from April 2001 to October 2003, in the amount of R\$ 1,254,784 thousand; and (ii) notices of tax assessment drawn by the Treasuries of the Municipalities, which amounts R\$ 1,719,432 thousand.

**Deposits in guarantee****Deposits given in guarantee of contingencies**

|                | Banco do Brasil   |                   | BB Consolidated   |                   |
|----------------|-------------------|-------------------|-------------------|-------------------|
|                | Jun 30, 2021      | Dec 31, 2020      | Jun 30, 2021      | Dec 31, 2020      |
| Labor lawsuits | 6,513,207         | 6,242,101         | 6,547,058         | 6,275,600         |
| Tax lawsuits   | 8,973,770         | 8,852,638         | 9,531,131         | 9,411,760         |
| Civil lawsuits | 18,535,789        | 18,643,924        | 18,590,137        | 18,687,428        |
| <b>Total</b>   | <b>34,022,766</b> | <b>33,738,663</b> | <b>34,668,326</b> | <b>34,374,788</b> |

**c) Legal liabilities**

The Bank has a record in Provisions – Provisions for civil, tax and labor claims and Tax liabilities – Current tax liabilities the amount of R\$ 19,432,929 thousand (R\$ 19,333,653 thousand on December 31, 2020) relating to the following action:

In 1998, the Bank requested full compensation of the accumulated tax losses of income tax and the negative calculation bases of social contribution. Thus, the Bank began to fully offset tax losses (until October 2005) and negative bases (until February 2009) with the amount due from these taxes. The Bank obtained, at an injunction, the suspension of the payment of these taxes, by means of a judicial deposit (guarantee) of the amount due (70% of the amount offset).

In June 26, 2019, the STF finalized the Extraordinary Appeal judgment (RE 591,340-SP) and concluded that the 30% limitation of the right to offset tax losses and the negative basis is constitutional. This conclusion of the STF will be reflected in the judgment of the Extraordinary Appeal interposed by the Bank.

After the judgment of the Bank's Extraordinary Appeal, the amounts deposited in escrow will be converted into income in favor of the Federal Government.

**The amounts related to this matter**

|  | Jun 30, 2021      | Dec 31, 2020      |
|--|-------------------|-------------------|
| <b>Judicial deposits</b>   | <b>19,432,929</b> | <b>19,333,653</b> |
| Amount realized (70%)  | 7,817,011         | 7,817,011         |
| Inflation correction   | 11,615,918        | 11,516,642        |
| <b>Legal liability – provision for lawsuit</b>   | <b>19,432,929</b> | <b>19,333,653</b> |
| Tax losses of income tax (Tax liabilities – Current tax liabilities)   | 3,002,033         | 3,002,033         |
| Social contribution negative bases/social contribution recoverable (Tax liabilities – Current tax liabilities) | 3,569,640         | 3,569,640         |
| Provision for tax risks (restatement of deposit)   | 12,861,256        | 12,761,980        |





In thousands of Reais, unless otherwise stated

**d) Financial Guarantees**

|  | Banco do Brasil   |                |                   |                | BB Consolidated   |                |                   |                |
|--|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
|  | Jun 30, 2021      |                | Dec 31, 2020      |                | Jun 30, 2021      |                | Dec 31, 2020      |                |
|  | Guaranteed values | Provision      | Guaranteed values | Provision      | Guaranteed values | Provision      | Guaranteed values | Provision      |
| Other financial guarantees provided <sup>(1)</sup>                               | 2,331,362         | 568,355        | 2,976,940         | 598,932        | 1,828,815         | 568,570        | 2,671,307         | 599,156        |
| Sureties or guarantees in lawsuits and in tax-based administrative proceedings   | 501,125           | 59,619         | 456,289           | 55,680         | 372,059           | 59,619         | 327,223           | 55,680         |
| Guarantees related to bidding, auctions, service rendering or execution of works | 1,140,859         | 59,087         | 906,105           | 89,646         | 1,140,859         | 59,087         | 906,105           | 89,646         |
| Other bank guarantees  | 5,152,939         | 8,757          | 5,320,997         | 7,883          | 5,276,427         | 8,757          | 5,453,866         | 7,883          |
| Guarantees related to the supply of goods  | 46,321            | 50             | 161,941           | 53             | 46,321            | 50             | 161,941           | 53             |
| Guarantees related to international trade of goods                               | 104,105           | 36             | 46,442            | 55             | 104,105           | 36             | 46,442            | 55             |
| Other guarantees   | --                | --             | --                | --             | 2,145             | --             | 2,308             | --             |
| <b>Total</b>   | <b>9,276,711</b>  | <b>695,904</b> | <b>9,868,714</b>  | <b>752,249</b> | <b>8,770,731</b>  | <b>696,119</b> | <b>9,569,192</b>  | <b>752,473</b> |

(1) Refers mainly to guarantees provided in foreign currency.

The operations of financial guarantees provided are evaluated through the risk classification models of operations in force in the institution, in the same format as the credit operations, which follow the provisions of CMN Resolutions 2,682 and 2,697 disclosed on December 21, 1999 and February 24, 2000, respectively, which set out the classification criteria for credit operations and the rules for the constitution of allowance for losses associated with credit risk.

The risk classification of operations is carried out by applying methodologies developed that take into account the characteristics of customers, operations and guarantees. The final result of the classification is the assignment of risk according to the scale contained in CMN Resolution 2,682/1999, which defines the percentage of provision that should be allocated to the operation.

**e) Provisions expenses**

|  | Banco do Brasil    |                    | BB Consolidated    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 1st half/2021      | 1st half/2020      | 1st half/2021      | 1st half/2020      |
| <b>Civil, tax and labor claims</b>               | <b>(3,331,307)</b> | <b>(1,532,105)</b> | <b>(3,370,256)</b> | <b>(1,570,566)</b> |
| Civil  | (2,164,179)        | (710,304)          | (2,204,143)        | (740,394)          |
| Labor  | (973,374)          | (717,115)          | (976,407)          | (724,272)          |
| Tax  | (94,478)           | (25,735)           | (90,359)           | (26,883)           |
| Provision for tax risks (restatement of deposit) | (99,276)           | (78,951)           | (99,347)           | (79,017)           |
| <b>Other</b>                                     | <b>(139,525)</b>   | <b>(109,262)</b>   | <b>(139,525)</b>   | <b>(113,044)</b>   |
| Financial guarantees                             | 57,138             | (85,866)           | 57,138             | (85,053)           |
| Other  | (196,663)          | (23,396)           | (196,663)          | (27,991)           |
| <b>Total</b>                                     | <b>(3,470,832)</b> | <b>(1,641,367)</b> | <b>(3,509,781)</b> | <b>(1,683,610)</b> |



In thousands of Reais, unless otherwise stated

**22 - TAXES****a) Breakdown of income tax (IR) and social contribution expenses (CSLL)**

|   | Banco do Brasil  |                  | BB Consolidated    |                    |
|---|------------------|------------------|--------------------|--------------------|
|   | 1st half/2021    | 1st half/2020    | 1st half/2021      | 1st half/2020      |
| <b>Current values</b>   | <b>(344,636)</b> | <b>(39,617)</b>  | <b>(1,915,282)</b> | <b>(1,676,453)</b> |
| Domestic income tax and social contribution                   | (307,076)        | (1,851)          | (1,845,299)        | (1,364,555)        |
| Foreign income tax  | (37,560)         | (37,766)         | (69,983)           | (311,898)          |
| <b>Deferred values</b>  | <b>749,552</b>   | <b>3,817,339</b> | <b>787,868</b>     | <b>3,752,218</b>   |
| <b>Deferred tax liabilities</b>                               | <b>(723,579)</b> | <b>(694,268)</b> | <b>(715,937)</b>   | <b>(709,541)</b>   |
| Leasing - portfolio adjustment and accelerated depreciation   | --               | --               | (3,427)            | (1,914)            |
| Fair value  | (244,899)        | (43,210)         | (233,830)          | (56,569)           |
| Interest and inflation adjustment of fiscal judicial deposits | (44,674)         | (61,207)         | (44,674)           | (61,207)           |
| Foreign profits   | (370,231)        | (582,449)        | (370,231)          | (582,449)          |
| Transactions carried out on the futures market                | --               | 5,835            | --                 | 5,835              |
| Recovered term credits  | (63,775)         | (13,237)         | (63,775)           | (13,237)           |
| <b>Deferred tax assets</b>                                    | <b>1,473,131</b> | <b>4,511,607</b> | <b>1,503,805</b>   | <b>4,461,759</b>   |
| Temporary differences   | 1,445,353        | 1,844,493        | 1,428,188          | 1,781,425          |
| Tax losses/CSLL negative bases                                | (126,351)        | 2,643,136        | (126,351)          | 2,643,136          |
| Fair value  | 175,004          | (18,861)         | 222,843            | (5,641)            |
| Transactions carried out on the futures market                | (20,875)         | 42,839           | (20,875)           | 42,839             |
| <b>Total</b>  | <b>404,916</b>   | <b>3,777,722</b> | <b>(1,127,414)</b> | <b>2,075,765</b>   |

**b) Reconciliation of income tax and social contribution charges**

|  | Banco do Brasil   |                  | BB Consolidated    |                  |
|--|-------------------|------------------|--------------------|------------------|
|  | 1st half/2021     | 1st half/2020    | 1st half/2021      | 1st half/2020    |
| <b>Profit Before Taxation and Profit Sharing</b> | <b>10,567,936</b> | <b>3,395,660</b> | <b>12,847,088</b>  | <b>5,932,861</b> |
| Total charges of IR (25%) and CSLL (20%)         | (4,755,571)       | (1,528,047)      | (5,781,190)        | (2,669,788)      |
| Charges upon interest on own capital             | 1,283,934         | 798,373          | 1,283,934          | 798,373          |
| Net gains from equity method investments         | 1,513,315         | 3,890,701        | 695,137            | 625,159          |
| Employee profit sharing                          | 556,776           | 366,474          | 558,806            | 367,052          |
| Other amounts <sup>(1) (2)</sup>                 | 1,806,462         | 250,221          | 2,115,899          | 2,954,969        |
| <b>Income tax and social contribution</b>        | <b>404,916</b>    | <b>3,777,722</b> | <b>(1,127,414)</b> | <b>2,075,765</b> |

(1) Includes, in BB Consolidated, the amount of R\$ 169,718 (negative) thousand in the 1st half/2021 related to foreign exchange net income on foreign investments (R\$ 2,221,494 thousand in the 1st half/2020).

(2) Includes, in the 1st half/2021, R\$ 719,641 thousand related to the recognition of deferred tax assets and liabilities due to the increase in the CSLL rate (Law 14,183/2021).

**c) Tax expenses**

|              | Banco do Brasil    |                    | BB Consolidated    |                    |
|--------------|--------------------|--------------------|--------------------|--------------------|
|              | 1st half/2021      | 1st half/2020      | 1st half/2021      | 1st half/2020      |
| Cofins       | (1,366,561)        | (951,878)          | (1,700,836)        | (1,263,447)        |
| ISSQN        | (432,251)          | (449,426)          | (569,609)          | (572,895)          |
| PIS/Pasep    | (222,149)          | (153,605)          | (289,647)          | (215,947)          |
| Other        | (90,310)           | (77,349)           | (336,402)          | (239,260)          |
| <b>Total</b> | <b>(2,111,271)</b> | <b>(1,632,258)</b> | <b>(2,896,494)</b> | <b>(2,291,549)</b> |



In thousands of Reais, unless otherwise stated

**d) Deferred tax liabilities**

|   | Banco do Brasil   |                  | BB Consolidated   |                  |
|---|-------------------|------------------|-------------------|------------------|
|   | Jun 30, 2021      | Dec 31, 2020     | Jun 30, 2021      | Dec 31, 2020     |
| Financial instruments fair value                              | 1,175,665         | 994,183          | 1,266,021         | 1,055,198        |
| Interest and inflation adjustment of fiscal judicial deposits | 361,318           | 361,318          | 361,318           | 361,318          |
| Recovered term credits  | 598,563           | 534,788          | 598,563           | 534,788          |
| Foreign entities  | 48,010            | 21,389           | 99,814            | 102,232          |
| Leasing portfolio adjustment                                  | --                | --               | 22,269            | 18,842           |
| Foreign income  | 370,231           | --               | 370,231           | --               |
| Positive adjustments of benefits plans                        | 12,291,763        | 525,452          | 12,291,763        | 525,452          |
| Other   | 52,539            | 52,539           | 52,539            | 52,539           |
| <b>Total Deferred Tax Liabilities</b>                         | <b>14,898,089</b> | <b>2,489,669</b> | <b>15,062,518</b> | <b>2,650,369</b> |
| Income tax  | 7,249,325         | 1,458,573        | 7,345,935         | 1,553,699        |
| Social contribution <sup>(1)</sup>                            | 6,766,539         | 932,110          | 6,825,471         | 991,565          |
| Cofins  | 758,484           | 84,730           | 766,129           | 89,994           |
| PIS/Pasep   | 123,741           | 14,256           | 124,983           | 15,111           |

(1) Includes, in the 1st half/2021, R\$ 39,559 thousand related to the recognition of deferred tax liabilities due to the increase in the CSLL rate (Law 14,183/2021).

**e) Deferred tax assets (tax credit)**

|  | Banco do Brasil   |                   |                    |                   |
|--|-------------------|-------------------|--------------------|-------------------|
|  | Dec 31, 2020      | 1st half/2021     |                    | Jun 30, 2021      |
|  | Balance           | Constitution      | Write off          | Balance           |
| Temporary differences                            | 53,989,119        | 10,607,748        | (8,833,476)        | 55,763,391        |
| Allowance for losses associated with credit risk | 31,977,932        | 4,219,975         | (4,408,186)        | 31,789,721        |
| Provisions - taxes and social security           | 1,085,459         | 106,312           | (221)              | 1,191,550         |
| Provisions - others                              | 13,066,486        | 3,225,202         | (2,145,483)        | 14,146,205        |
| Negative adjustments of benefits plans           | 4,065,523         | 1,734,026         | (2,111,735)        | 3,687,814         |
| Fair value adjustments (MTM)                     | 807,542           | 781,553           | (148,303)          | 1,440,792         |
| Other provisions                                 | 2,986,177         | 540,680           | (19,548)           | 3,507,309         |
| CSLL written to 18% (MP 2,158/2001)              | 636,538           | --                | --                 | 636,538           |
| Tax losses carryforward/negative bases           | 2,299,999         | 762,695           | (889,049)          | 2,173,645         |
| <b>Total deferred tax assets</b>                 | <b>56,925,656</b> | <b>11,370,443</b> | <b>(9,722,525)</b> | <b>58,573,574</b> |
| Income tax                                       | 31,208,029        | 4,833,279         | (5,081,835)        | 30,959,473        |
| Social contribution <sup>(1)</sup>               | 25,619,910        | 6,463,199         | (4,626,189)        | 27,456,920        |
| Cofins   | 84,058            | 63,626            | (12,474)           | 135,210           |
| PIS/Pasep  | 13,659            | 10,339            | (2,027)            | 21,971            |

(1) Includes, in the 1st half/2021, R\$ 759,200 thousand related to the recognition of deferred tax assets due to the increase in the CSLL rate (Law 514,183/2021).



In thousands of Reais, unless otherwise stated

|  | BB Consolidated   |                   |                    |                   |
|--|-------------------|-------------------|--------------------|-------------------|
|  | Dec 31, 2020      | 1st half/2021     |                    | Jun 30, 2021      |
|  | Balance           | Constitution      | Write off          | Balance           |
| Temporary differences                  | 55,158,475        | 10,721,401        | (8,981,489)        | 56,898,387        |
| Allowance for loan losses              | 32,060,635        | 4,233,563         | (4,411,465)        | 31,882,733        |
| Provisions – taxes and social security | 1,094,553         | 106,691           | (2,747)            | 1,198,497         |
| Provisions – others                    | 13,130,069        | 3,226,714         | (2,146,385)        | 14,210,398        |
| Negative adjustments of benefits plans | 4,065,523         | 1,734,026         | (2,111,735)        | 3,687,814         |
| Fair value adjustments (MTM)           | 891,536           | 830,371           | (196,148)          | 1,525,759         |
| Other provisions                       | 3,916,159         | 590,036           | (113,009)          | 4,393,186         |
| CSLL written to 18% (MP 2,158/2001)    | 636,538           | --                | --                 | 636,538           |
| Tax losses/excess depreciation         | 34,399            | --                | (3,188)            | 31,211            |
| Tax losses carryforward/negative bases | 2,313,163         | 823,764           | (889,046)          | 2,247,881         |
| <b>Total deferred tax assets</b>       | <b>58,142,575</b> | <b>11,545,165</b> | <b>(9,873,723)</b> | <b>59,814,017</b> |
| Income tax                             | 32,162,809        | 4,953,230         | (5,192,993)        | 31,923,046        |
| Social contribution <sup>(1)</sup>     | 25,872,142        | 6,513,177         | (4,660,498)        | 27,724,821        |
| Cofins                                 | 92,580            | 67,749            | (17,404)           | 142,925           |
| PIS/Pasep                              | 15,044            | 11,009            | (2,828)            | 23,225            |

(1) Includes, in the 1st half/2021, R\$ 759,200 thousand related to the recognition of deferred tax assets due to the increase in the CSLL rate (Law 14,183/2021).

#### f) Deferred tax assets (tax credit - not recorded)

|  | Banco do Brasil  |                  | BB Consolidated  |                  |
|--|------------------|------------------|------------------|------------------|
|  | Jun 30, 2021     | Dec 31, 2020     | Jun 30, 2021     | Dec 31, 2020     |
| Foreign deferred tax assets            | 1,209,667        | 1,672,771        | 1,209,667        | 1,672,771        |
| Tax losses carryforward/negative bases | --               | --               | 21,518           | 19,530           |
| Temporary differences                  | --               | --               | 5,131            | 3,734            |
| <b>Total deferred tax assets</b>       | <b>1,209,667</b> | <b>1,672,771</b> | <b>1,236,316</b> | <b>1,696,035</b> |
| Income tax                             | 672,037          | 929,317          | 691,632          | 946,423          |
| Social contribution                    | 537,630          | 743,454          | 544,684          | 749,612          |

#### Realization expectative

The expectation of realization of the deferred tax assets (tax credits) is based on a technical study, prepared on June 30, 2021, and the present value is determined based on the average rate of funding of Banco do Brasil.

|  | Banco do Brasil   |                   | BB Consolidated   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Future value      | Present value     | Future value      | Present value     |
| In 2021  | 7,504,412         | 7,490,797         | 7,645,971         | 7,561,016         |
| In 2022  | 17,569,017        | 17,056,449        | 17,813,794        | 17,133,174        |
| In 2023  | 17,542,954        | 16,594,938        | 17,737,541        | 16,624,989        |
| In 2024  | 14,373,129        | 13,248,852        | 14,585,138        | 13,314,802        |
| In 2025  | 891,581           | 800,832           | 1,209,486         | 1,039,616         |
| In 2026  | 607,764           | 531,949           | 629,371           | 543,439           |
| In 2027  | 41,897            | 35,733            | 53,250            | 42,976            |
| In 2028  | 986               | 819               | 11,680            | 7,448             |
| In 2029  | 20,522            | 16,620            | 30,686            | 22,417            |
| In 2030  | --                | --                | 8,883             | 4,799             |
| In 2031  | 21,312            | 16,389            | 88,217            | 50,204            |
| <b>Total deferred tax assets on Jun 30, 2021</b> | <b>58,573,574</b> | <b>55,793,378</b> | <b>59,814,017</b> | <b>56,344,880</b> |



In thousands of Reais, unless otherwise stated

In the 1st half/2021, it was possible to observe the realization of tax credits at Banco do Brasil, in the amount of R\$ 9,722,525 thousand corresponding to 45.74% of the projection of use for the period of 2021 contained in the technical study prepared on December 31, 2020.

The realization of the nominal value of tax credits registered, considering the recovery of those written-off during the lawsuits (Note 21.b), based on a technical study conducted by Banco do Brasil on June 30, 2021, is projected for 10 years in the following proportions:

|           | Banco do Brasil                            |                                      | BB Consolidated                            |                                      |
|-----------|--|--------------------------------------|--|--------------------------------------|
|           | Tax losses/CSLL recoverable <sup>(1)</sup> | Temporary Differences <sup>(2)</sup> | Tax losses/CSLL recoverable <sup>(1)</sup> | Temporary Differences <sup>(2)</sup> |
| In 2021   | 6%   | 13%                                  | 7%   | 13%                                  |
| In 2022   | 16%  | 31%                                  | 17%  | 30%                                  |
| In 2023   | 20%  | 30%                                  | 19%  | 30%                                  |
| From 2024 | 58%  | 26%                                  | 57%  | 27%                                  |

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

(2) The consumption capacity results from the movements of provisions (expectation of reversals, write offs and uses).

## 23 - SHAREHOLDERS' EQUITY

### a) Book value and market value per common share

|   | Jun 30, 2021 | Dec 31, 2020 |
|---|--------------|--------------|
| Shareholders' equity - Banco do Brasil    | 135,443,994  | 116,723,222  |
| Book value per share (R\$) <sup>(1)</sup> | 47.47        | 40.91        |
| Fair value per share (R\$)                | 32.13        | 38.80        |
| Shareholders' equity - consolidated       | 145,807,081  | 126,971,109  |

(1) Calculated based on the equity attributable to shareholders of Banco do Brasil.

### b) Capital

Banco do Brasil's share capital of R\$ 90,000,023 thousand (R\$ 90,000,023 thousand on December 31, 2020) is fully subscribed and paid-in and consists of 2,865,417,020 common shares with no par value. The Federal Government is the largest shareholder and holds a majority of the Bank's voting shares.

The Bank may, even without amending its by-laws, if approved by the Meeting of Shareholders, and in the conditions established therein, increase its capital up to the limit of R\$ 120,000,000 thousand by issuing common shares, for which shareholders should be granted preference in the subscription in proportion to the number of shares held.

### c) Instruments qualifying as common equity tier 1 capital

The Bank signed a loan agreement with the federal government on September 26, 2012, as hybrid capital and debt instrument, in the amount up to R\$ 8,100,000 thousand, whose resources were designated to finance agribusiness. The Bank signed an amendment to the contract on August 28, 2014, under the terms of Law 12,793 of April 2, 2013. The purpose of the amendment was to allow the instrument to qualify as common equity in Tier I capital, under Article 16 of CMN Resolution 4,192/2013.

As result of the amendment, the interest rate was changed to variable rate, and the interest period was changed to match the Bank's fiscal year (January 1 to December 31). Each years' interest is paid in a single annual installment, adjusted by the Selic rate up to the effective payment date. Payment must be made within 30 calendar days after the dividend payment for the fiscal year.



In thousands of Reais, unless otherwise stated

The interest payment must be made from profits or profit reserves available for distribution at the end of the fiscal year preceding the calculation date. Payment is at Management's discretion. Unpaid interest does not accumulate. If the payment or dividend distribution is not made (including in the form of interest on own capital) prior to the end of the subsequent fiscal year, the accrued interest is no longer owed.

If the Bank's retained earnings, profit reserves (including the legal reserve) and capital reserve cannot fully absorb losses calculated at the end of a fiscal year, the Bank will no longer be obligated to the interest. The Bank will apply the accrued interest and principal balance, in this order, to offset any remaining losses. This will be considered a pay-down of the instrument.

The instrument does not have a maturity date. It is only payable if the Bank is dissolved or Bacen authorizes the repurchase of the instrument. If the Bank is dissolved, the payment of principal and interest is subordinated to payment of the Bank's other liabilities. There will be no preferred interest on the loan under any circumstances, including in relation to other equity instruments included in Reference Equity.

As the instrument is qualifying as Common Equity Tier I Capital, its balance is reclassified to the Shareholders' Equity, for disclosure purposes.

According to the Information to the Market, dated April 8, 2021, the Bank presented a proposal to return the referred instrument in seven annual installments of R\$ 1 billion and a final installment of R\$ 1.1 billion, based on a schedule between July 2022 and July 2029, still pending analysis and deliberation by the competent bodies.

#### d) Revaluation reserves

The revaluation reserves, totaling R\$ 2,005 thousand (R\$ 2,040 thousand as of December 31, 2020), refer to revaluations of assets made by the associates/subsidiaries.

In the 1st half/2021, there was a reserve realization of R\$ 35 thousand (R\$ 35 thousand in the 1st half/2020), due to depreciation, transferred to Retained Earnings (Accumulated Losses), net of taxes. In accordance with CMN Resolution 3,565/2008, the remaining amount will be recognized until the date of its effective realization.

#### e) Capital and profit reserves

|                             | Banco do Brasil |              | BB Consolidated |              |
|-----------------------------|-----------------|--------------|-----------------|--------------|
|                             | Jun 30, 2021    | Dec 31, 2020 | Jun 30, 2021    | Dec 31, 2020 |
| Capital reserves            | 1,399,561       | 1,397,697    | 1,401,177       | 1,399,152    |
| Profit reserves             | 46,115,858      | 39,454,038   | 45,814,896      | 39,198,468   |
| Legal reserve               | 9,745,293       | 9,259,072    | 9,745,293       | 9,259,072    |
| Statutory reserves          | 36,370,565      | 30,194,966   | 36,069,603      | 29,939,396   |
| Operating margin            | 27,688,392      | 21,581,142   | 27,266,228      | 21,225,998   |
| Capital payout equalization | 8,682,173       | 8,613,824    | 8,803,375       | 8,713,398    |

The capital reserve is intended, among others, to recognize the amounts related to transactions with share based payments or other share capital instruments to be settled with the delivery of equity instruments, as well as the profit earned on the sale of treasury shares.

The legal reserve ensures the adequacy of the Bank's capital structure and can only be used to offset losses or increase capital. Five percent of net income, before any other allocations, is transferred to the legal reserve. The amount of the reserve cannot exceed 20% of the share capital.

The operating margin statutory reserve ensures the adequacy of the Bank's operating margins in accordance with its business activities. The reserve consists of up to 100% of net income after allocation to legal reserve (including dividends) and is limited to 80% of the share capital.

The reserve for capital payout equalization provides funds for the capital payout. The reserve consists of up to 50% of net income after allocation to legal reserve (including dividends) and is limited to 20% of the share capital.



In thousands of Reais, unless otherwise stated

**f) Earnings per share**

|  | 1st half/2021 | 1st half/2020 |
|--|---------------|---------------|
| Net income Banco do Brasil (R\$ thousand)                  | 9,724,433     | 6,347,858     |
| Weighted average number of shares (basic)                  | 2,853,577,298 | 2,852,103,067 |
| Weighted average number of shares (diluted) <sup>(1)</sup> | 2,853,319,744 | 2,851,860,111 |
| Earnings per share (basic and diluted) (R\$)               | 3.41          | 2.23          |

(1) The reconciliation of the weighted average number of shares is represented by the future distribution of shares to the executives of the Bank according to the Variable Remuneration Program (Notes 23.m and 23.n), of 257,554 and 242,956, respectively, in each of the periods in the table above.

**g) Interest on own capital/dividends and destination of the income**

In accordance with Laws 9,249/1995, 9,430/1996 and the Bank's Bylaws, Management decided on the payment of Interest on own capital to its shareholders.

In compliance with the income tax as well as social contribution legislation, the interest on own capital is calculated based on adjusted net equity value. It is limited, on a pro rata die basis, to the variation of long-term interest rate, as long as there is profit (before the deduction of interest on own capital) or reserves for retained earnings and profit reserves of at least twice its value, being deductible in the calculation of the taxable income.

The total interest on own capital in the 1st half/2021, in the amount of R\$ 2,853,187 thousand (R\$ 1,774,163 thousand in the 1st half/2020), provided an expense reduction on tax charges totaling R\$ 1,333,239 thousand (R\$ 798,373 thousand in the 1st half/2020).

Calculation base of dividends and the destination of the income of the period are shown below:

|   | 1st half/2021    | 1st half/2020    |
|---|------------------|------------------|
| <b>1) Net income - Banco do Brasil</b>                                      | <b>9,724,433</b> | <b>6,347,858</b> |
| Domestic  | 8,899,590        | 4,710,655        |
| Overseas  | 824,843          | 1,637,203        |
| (±) Retained earnings/losses  | 2,691            | 1,689            |
| (-) Legal reserve   | 486,221          | 317,393          |
| <b>2) Adjusted Net Income<sup>(1)</sup></b>                                 | <b>9,240,903</b> | <b>6,032,154</b> |
| <b>3) Interest on instrument qualifying as common equity tier 1 capital</b> | <b>70,560</b>    | <b>42,738</b>    |
| <b>4) Calculation base of dividends (item 2 + item 3)<sup>(1)</sup></b>     | <b>9,311,463</b> | <b>6,032,154</b> |
| <b>5) Allocation</b>  |                  |                  |
| Dividends and interest on own capital <sup>(1)</sup>                        | 3,065,294        | 1,774,163        |
| Minimum required dividend   | 2,310,225        | 1,508,039        |
| Additional dividend   | 327,090          | --               |
| Withholding tax applied to the interest on own capital <sup>(2)</sup>       | 427,979          | 266,124          |
| Statutory reserves  | 8,724,657        | 5,862,066        |
| Statutory reserves used for equalization of dividends                       | (2,549,049)      | (1,604,075)      |

(1) In compliance with CMN Resolution 4,820/2020, as amended by CMN Resolution 4,885/2020, in the 1st half/2020, the capital remuneration was limited to the minimum required dividend defined in the Bank's Bylaws (25% of the adjusted net income), with the payout calculation base being the same as the minimum and mandatory dividend required by law.

(2) Withholding tax applied to the interest on own capital attributed to dividends, with the exception of shareholders who are exempted or immune.



In thousands of Reais, unless otherwise stated

## Payment schedule of interest on own capital and dividends:

|  | Amount           | Amount per share (R\$) | Base date of payment | Payment date |
|--|------------------|------------------------|----------------------|--------------|
| <b>1st quarter/2021</b>                              |                  |                        |                      |              |
| Dividends  | 212,107          | 0.074                  | May 21, 2021         | May 28, 2021 |
| Interest on own capital <sup>(1)</sup>               | 415,758          | 0.146                  | Mar 11, 2021         | Mar 31, 2021 |
| Complementary Interest on own capital <sup>(1)</sup> | 970,473          | 0.340                  | May 21, 2021         | May 28, 2021 |
| <b>2nd quarter/2021</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 480,852          | 0.169                  | Jun 11, 2021         | Jun 30, 2021 |
| Complementary Interest on own capital <sup>(1)</sup> | 986,104          | 0.346                  | Aug 23, 2021         | Aug 31, 2021 |
| <b>Total allocated to the shareholders</b>           | <b>3,065,294</b> | <b>1.075</b>           |                      |              |
| Dividends  | 212,107          | 0.074                  |                      |              |
| Interest on own capital <sup>(1)</sup>               | 2,853,187        | 1.001                  |                      |              |

(1) Amounts subject to Withholding Tax, with the exception of shareholders who are exempted or immune.

|  | Amount           | Amount per share (R\$) | Base date of payment | Payment date |
|--|------------------|------------------------|----------------------|--------------|
| <b>1st quarter/2020</b>                    |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>     | 517,440          | 0.181                  | Mar 11, 2020         | Mar 31, 2020 |
| <b>2nd quarter/2021</b>                    |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>     | 1,256,723        | 0.441                  | Aug 21, 2020         | Aug 31, 2020 |
| <b>Total allocated to the shareholders</b> | <b>1,774,163</b> | <b>0.662</b>           |                      |              |

(1) Amounts subject to Withholding Tax, with the exception of shareholders who are exempted or immune.

## h) Reconciliation of net income and shareholders' equity

|   | Net income       |                  | Shareholders' Equity |                    |
|---|------------------|------------------|----------------------|--------------------|
|   | 1st half/2021    | 1st half/2020    | Jun 30, 2021         | Dec 31, 2020       |
| <b>Banco do Brasil</b>  | <b>9,724,433</b> | <b>6,347,858</b> | <b>135,443,994</b>   | <b>116,723,222</b> |
| Instruments qualifying to common equity tier 1 capital <sup>(1)</sup> | 70,560           | 42,738           | 8,100,000            | 8,100,000          |
| Unrealized gains <sup>(2)</sup>                                       | (45,392)         | 22,833           | (300,962)            | (255,570)          |
| Non-controlling interests   | --               | --               | 2,564,049            | 2,403,457          |
| <b>BB Consolidated</b>  | <b>9,749,601</b> | <b>6,413,429</b> | <b>145,807,081</b>   | <b>126,971,109</b> |

(1) The instrument qualifying as CET1 was registered in the liabilities in the Individual Financial Statements and its interest recognized as expenses with securities sold under repurchase agreements. This Instrument was reclassified to Shareholder's Equity in the consolidated financial statements. (Notes 2.e and 23.c).

(2) Refers to unrealized results arising from the assignment of credits from the Bank to Ativos S.A.

## i) Accumulated other comprehensive income

|  | Banco do Brasil and BB Consolidated |                     |
|--|-------------------------------------|---------------------|
|  | Jun 30, 2021                        | Dec 31, 2020        |
| <b>Banco do Brasil</b>                             |                                     |                     |
| Securities available for sale                      | (170,285)                           | 1,293,372           |
| Actuarial gains/(losses) on pension plans          | 125,651                             | (13,765,159)        |
| <b>Subsidiaries, associates and joint ventures</b> |                                     |                     |
| Securities available for sale                      | 28,554                              | 133,482             |
| Cash flow hedge                                    | 62,561                              | (56,459)            |
| Foreign exchange variation in investments abroad   | (1,843,797)                         | (1,460,612)         |
| Actuarial gains/(losses) on pension plans          | (840)                               | 3,987               |
| <b>Total</b>                                       | <b>(1,798,156)</b>                  | <b>(13,851,389)</b> |

## j) Noncontrolling interests





In thousands of Reais, unless otherwise stated

|  | Net Income     |                | Shareholders' Equity |                  |
|--|----------------|----------------|----------------------|------------------|
|  | 1st half/2021  | 1st half/2020  | Jun 30, 2021         | Dec 31, 2020     |
| Banco Patagonia S.A.                                     | 129,890        | 145,693        | 461,157              | 473,131          |
| Besc Distribuidora de Títulos e Valores Mobiliários S.A. | --             | (1)            | --                   | --               |
| BB Tecnologia e Serviços                                 | 5              | 2              | 34                   | 29               |
| BB Seguridade S.A.                                       | 584,005        | 620,321        | 2,102,858            | 1,930,297        |
| <b>Non-controlling interest</b>                          | <b>713,900</b> | <b>766,015</b> | <b>2,564,049</b>     | <b>2,403,457</b> |

### k) Shareholdings (number of shares)

Number of shares issued by the Bank to shareholders which, directly or indirectly, hold more than 5% of the shares:

| Shareholders   | Jun 30, 2021         |              | Dec 31, 2020         |              |
|--|----------------------|--------------|----------------------|--------------|
|  | Shares               | % Total      | Shares               | % Total      |
| Federal government - Tesouro Nacional                            | 1,432,708,542        | 50.0         | 1,432,708,542        | 50.0         |
| Caixa de Previdência dos Funcionários do Banco do Brasil - Previ | 134,346,614          | 4.7          | 134,751,214          | 4.7          |
| Treasury shares <sup>(1)</sup>                                   | 12,017,619           | 0.4          | 12,175,335           | 0.4          |
| Other shareholders   | 1,286,344,245        | 44.9         | 1,285,781,929        | 44.9         |
| <b>Total</b>   | <b>2,865,417,020</b> | <b>100.0</b> | <b>2,865,417,020</b> | <b>100.0</b> |
| Resident shareholders  | 2,227,585,899        | 77.7         | 2,220,240,434        | 77.5         |
| Non resident shareholders  | 637,831,121          | 22.3         | 645,176,586          | 22.5         |

(1) It includes, on June 30, 2021, 42,983 shares of the Bank held by BB DTVM (31,496 on December 31, 2020).

Number of shares issued by the Bank, held by the Board of Directors, the Executive Board, Fiscal Council and the Audit Committee:

|  | Common shares (ON) <sup>(1)</sup> |              |
|--|-----------------------------------|--------------|
|  | Jun 30, 2021                      | Dec 31, 2020 |
| Board of Directors (except for Bank's CEO, listed in the Bank's Executive Committee) | 3,599                             | 4,628        |
| Executive Committee  | 130,283                           | 114,966      |
| Fiscal Council   | 7,012                             | --           |
| Audit Committee  | 2,012                             | 57           |

(1) The shareholding interest of the Board of Directors, Executive Committee, Fiscal Council and Audit Committee represents approximately 0.005% of the Bank's capital stock.

### l) Movement of shares outstanding/free float

|  | Jun 30, 2021         |              | Dec 31, 2020         |              |
|--|----------------------|--------------|----------------------|--------------|
|  | Total                | %            | Total                | %            |
| Free float at the beginning of the period                          | 1,420,413,540        | 49.6         | 1,397,382,845        | 48.8         |
| Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND | --                   |              | 20,785,200           |              |
| Other changes <sup>(1)</sup>                                       | 143,423              |              | 2,245,495            |              |
| Free float at the end of the period <sup>(2)</sup>                 | 1,420,556,963        | 49.6         | 1,420,413,540        | 49.6         |
| <b>Outstanding shares</b>  | <b>2,865,417,020</b> | <b>100.0</b> | <b>2,865,417,020</b> | <b>100.0</b> |

(1) It includes changes coming from Technical and Advisory Bodies.

(2) According to the Law 6,404/1976 and the regulation of B3's New Market. The shares held by the Board of Directors and Executive Committee are not included. The shares held by the Caixa de Previdência dos Funcionários do Banco do Brasil - Previ compose the free float shares.



In thousands of Reais, unless otherwise stated

**m) Treasury shares**

The composition of the treasury shares is shown below:

|   | Banco do Brasil   |              |                   |              | BB Consolidated   |              |                   |              |
|---|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|   | Jun 30, 2021      |              | Dec 31, 2020      |              | Jun 30, 2021      |              | Dec 31, 2020      |              |
|   | Shares            | % Total      | Shares            | % Total      | Shares            | % Total      | Shares            | % Total      |
| <b>Treasury shares</b>  | <b>11,974,636</b> | <b>100.0</b> | <b>12,143,839</b> | <b>100.0</b> | <b>12,017,619</b> | <b>100.0</b> | <b>12,175,335</b> | <b>100.0</b> |
| Received in order to comply with operations secured by the FGCN - Fundo de Garantia para a Construção Naval | 8,075,350         | 67.4         | 8,075,350         | 66.5         | 8,075,350         | 67.2         | 8,075,350         | 66.3         |
| Repurchase Programs (2012 and 2015)   | 3,570,196         | 29.8         | 3,764,352         | 31.0         | 3,570,196         | 29.7         | 3,764,352         | 30.9         |
| Share-based payment   | 329,027           | 2.7          | 304,074           | 2.5          | 372,010           | 3.1          | 335,570           | 2.8          |
| Mergers   | 63                | --           | 63                | --           | 63                | --           | 63                | --           |
| <b>Book value</b>   | <b>(275,297)</b>  |              | <b>(279,187)</b>  |              | <b>(276,913)</b>  |              | <b>(280,642)</b>  |              |

**n) Share-based payment****The Program of Variable Remuneration**

The program of variable remuneration was based on the CMN Resolution 3,921 of November 25, 2010, which governs compensation policies for executives of financial institution.

The program has a yearly basis period. It is established according to the risks and the activity overseen by the executive and has as pre requirements: the activation of the Participation in Profit and Results Program and the achievement of accounting profit by the Bank.

The calculation of variable remuneration is based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil - ECBB for the period. The program also determines that 50% of the remuneration should be paid in cash, CPC 33 (R1) - Employee benefits, and the remaining 50% should be paid in shares.

The number of Banco do Brasil shares to be allocated to each participant is calculated by dividing the net amount equivalent to 50% of variable remuneration to which one is entitled, to the average price of the share in the week prior to the payment. The average price is the simple arithmetic mean of the daily average prices of the week prior to the payment. At the time of calculation of deferred installments, if fractions occur, they are accumulated in the first installment to be made available.

The distribution of compensation in shares occurs in a way that 20% is immediately transferred for the beneficiary's ownership and 80% is deferred for a period of four years, in which: 20% within one year, 20% within two years, 20% within three years and 20% within four years.

The effects of the Program of Variable Remuneration on the income of Banco do Brasil were R\$ 11,138 thousand in the 1st half/2021 (R\$ 11,138 thousand in the 1st half/2020).

BB DTVM, in accordance to the resolution mentioned above, also adopted variable remuneration policy for its directors, directly acquiring treasury shares of the Banco do Brasil. All shares acquired are BBAS3 and its fair value is the quoted market price on the date of grant.



In thousands of Reais, unless otherwise stated

We present the statement of acquired shares, its distribution and its transfer schedule:

|                                       | Total Program Shares | Average Cost | Shares Distributed | Shares to Distribute <sup>(1)</sup> | Estimated Schedule Transfers |
|---------------------------------------|----------------------|--------------|--------------------|-------------------------------------|------------------------------|
| <b>2017 Program</b>                   |                      |              |                    |                                     |                              |
| Banco do Brasil                       | 193,976              | 42.65        | 154,039            | 38,762                              | Mar 2022                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>39,937</b>                       |                              |
| BB DTVM                               | 20,270               | 42.65        | 16,218             | 4,052                               | Mar 2022                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>4,052</b>                        |                              |
| <b>2018 Program</b>                   |                      |              |                    |                                     |                              |
| Banco do Brasil                       | 127,860              | 53.44        | 75,945             | 25,556                              | Mar 2022                     |
|                                       |                      |              |                    | 25,556                              | Mar 2023                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>51,915</b>                       |                              |
| BB DTVM                               | 14,218               | 53.44        | 8,534              | 2,842                               | Mar 2022                     |
|                                       |                      |              |                    | 2,842                               | Mar 2023                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>5,684</b>                        |                              |
| <b>2019 Program</b>                   |                      |              |                    |                                     |                              |
| Banco do Brasil                       | 162,641              | 46.05        | 57,848             | 32,509                              | Mar 2022                     |
|                                       |                      |              |                    | 32,509                              | Mar 2023                     |
|                                       |                      |              |                    | 32,509                              | Mar 2024                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>104,793</b>                      |                              |
| BB DTVM                               | 15,998               | 46.07        | 6,407,210          | 3,197                               | Mar 2022                     |
|                                       |                      |              |                    | 3,197                               | Mar 2023                     |
|                                       |                      |              |                    | 3,197                               | Mar 2024                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>9,591</b>                        |                              |
| <b>2020 Program</b>                   |                      |              |                    |                                     |                              |
| Banco do Brasil                       | 164,146              | 29.65        | 32,193             | 32,809                              | Mar 2022                     |
|                                       |                      |              |                    | 32,809                              | Mar 2023                     |
|                                       |                      |              |                    | 32,809                              | Mar 2024                     |
|                                       |                      |              |                    | 32,809                              | Mar 2025                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>131,953</b>                      |                              |
| BB DTVM                               | 29,585               | 29.65        | 5,929              | 5,914                               | Mar 2022                     |
|                                       |                      |              |                    | 5,914                               | Mar 2023                     |
|                                       |                      |              |                    | 5,914                               | Mar 2024                     |
|                                       |                      |              |                    | 5,914                               | Mar 2025                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>23,656</b>                       |                              |

(1) Any difference between the total number of shares to be distributed and the transfer schedule results from specific cases of shares pending transfer/reversal.

## The Program of Gratified Performance (PDG)

The Program of Gratified Performance is a semiannual reward aiming to strengthen the partnership between the employees and the Bank, recognition of the participants' effort in the results attainment and the alignment of these results with the Bank strategies.

The qualification and classification of the participants are based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil - ECBB for the period.

As decided by the Bank, the payment of the Program of Gratified Performance started to be made through a 100% credit in a current account, no longer being classified as a share-based payment. In the 1<sup>st</sup> half/2020, 695,319 treasury shares were distributed, with an effect on the income of R\$ 114,460 thousand.



In thousands of Reais, unless otherwise stated

**24 - SERVICE FEE INCOME**

|  | Banco do Brasil  |                  | BB Consolidated   |                   |
|--|------------------|------------------|-------------------|-------------------|
|  | 1st half/2021    | 1st half/2020    | 1st half/2021     | 1st half/2020     |
| Fund management  | 2,074,821        | 1,946,632        | 3,491,226         | 3,396,328         |
| Account fee  | 3,171,101        | 3,839,049        | 3,172,409         | 3,840,413         |
| Commissions on insurance, pension plans and capitalization     | 172,734          | 130,490          | 2,103,831         | 1,860,814         |
| Card income  | 890,402          | 865,437          | 1,026,135         | 1,004,564         |
| Consortium management fees                                     | --               | --               | 811,524           | 625,964           |
| Loans and guarantees provided                                  | 808,845          | 752,965          | 807,751           | 752,850           |
| Billing  | 703,982          | 631,905          | 726,452           | 650,019           |
| Collection   | 500,588          | 498,323          | 485,263           | 485,984           |
| Capital market income  | 55,789           | 44,217           | 194,382           | 211,682           |
| National Treasury and official funds management <sup>(1)</sup> | 183,510          | 196,112          | 183,510           | 196,112           |
| Interbank  | 64,677           | 68,000           | 64,677            | 68,000            |
| Other  | 632,548          | 587,726          | 1,016,391         | 939,644           |
| <b>Total</b>   | <b>9,258,997</b> | <b>9,560,856</b> | <b>14,083,551</b> | <b>14,032,374</b> |

(1) Includes the amount of R\$ 16,664 thousand in the 1st half/2021 related to the collection of contributions and federal tax (R\$ 13,316 thousand in the 1st half/2020).

**25- PERSONNEL EXPENSES**

|                                       | Banco do Brasil    |                    | BB Consolidated     |                    |
|---------------------------------------|--------------------|--------------------|---------------------|--------------------|
|                                       | 1st half/2021      | 1st half/2020      | 1st half/2021       | 1st half/2020      |
| Wages and salaries                    | (4,502,697)        | (4,402,232)        | (5,069,787)         | (4,925,014)        |
| Personnel administrative provisions   | (2,010,366)        | (1,303,742)        | (2,010,367)         | (1,303,742)        |
| Benefits                              | (1,555,740)        | (1,632,005)        | (1,621,299)         | (1,703,671)        |
| Social charges                        | (1,464,797)        | (1,401,244)        | (1,590,994)         | (1,524,892)        |
| Pension plans                         | (402,518)          | (420,020)          | (407,814)           | (426,052)          |
| Director's and officer's remuneration | (18,916)           | (16,975)           | (26,480)            | (25,035)           |
| Training                              | (15,309)           | (16,765)           | (17,414)            | (18,673)           |
| <b>Total</b>                          | <b>(9,970,343)</b> | <b>(9,192,983)</b> | <b>(10,744,155)</b> | <b>(9,927,079)</b> |



In thousands of Reais, unless otherwise stated

**26 - OTHER ADMINISTRATIVE EXPENSES**

|                                   | Banco do Brasil    |                    | BB Consolidated    |                    |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                   | 1st half/2021      | 1st half/2020      | 1st half/2021      | 1st half/2020      |
| Amortization                      | (849,582)          | (884,769)          | (857,922)          | (892,417)          |
| Rent                              | (666,338)          | (638,911)          | (710,598)          | (676,964)          |
| Depreciation                      | (659,009)          | (618,162)          | (684,657)          | (637,952)          |
| Security services                 | (553,858)          | (555,829)          | (569,192)          | (570,700)          |
| Financial system services         | (451,251)          | (370,810)          | (508,117)          | (417,554)          |
| Expenses with outsourced services | (459,666)          | (409,843)          | (505,340)          | (451,419)          |
| Maintenance and upkeep            | (502,000)          | (478,766)          | (364,398)          | (367,731)          |
| Transport                         | (273,758)          | (444,113)          | (303,828)          | (471,534)          |
| Communications                    | (230,584)          | (336,722)          | (261,245)          | (367,420)          |
| Data processing                   | (397,522)          | (391,446)          | (251,402)          | (224,599)          |
| Water, electricity and gas        | (236,942)          | (240,209)          | (244,022)          | (247,217)          |
| Advertising and marketing         | (196,679)          | (177,517)          | (202,166)          | (181,934)          |
| Specialized technical services    | (140,106)          | (158,338)          | (179,233)          | (191,383)          |
| Promotion and public relations    | (37,954)           | (71,919)           | (39,641)           | (76,733)           |
| Materials                         | (27,563)           | (40,426)           | (29,749)           | (44,552)           |
| Domestic travel                   | (5,688)            | (18,751)           | (13,982)           | (28,226)           |
| Other                             | (546,547)          | (474,544)          | (577,543)          | (550,091)          |
| <b>Total</b>                      | <b>(6,235,047)</b> | <b>(6,311,075)</b> | <b>(6,303,035)</b> | <b>(6,398,426)</b> |

**27 - OTHER OPERATING INCOME/EXPENSES****a) Other operating income**

|  | Banco do Brasil  |                  | BB Consolidated  |                  |
|--|------------------|------------------|------------------|------------------|
|  | 1st half/2021    | 1st half/2020    | 1st half/2021    | 1st half/2020    |
| Recovery of charges and expenses                               | 1,052,372        | 1,168,552        | 845,250          | 974,671          |
| Surplus allocation update - Previ Plan 1 (Note 29.f)           | 624,891          | 256,674          | 624,891          | 256,674          |
| Update of deposits in guarantee                                | 361,248          | 634,491          | 361,248          | 634,491          |
| Clube de Benefícios BB   | 244,648          | 36,072           | 244,648          | 36,072           |
| Defined benefit plan income                                    | 239,439          | 5,730            | 239,439          | 5,729            |
| Reversal of provisions - other                                 | 31,546           | 22,671           | 92,082           | 51,483           |
| Reversal of provisions - administrative and personnel expenses | 50,946           | 89,195           | 50,946           | 89,195           |
| Cards transactions   | 17,039           | 242,609          | 46,542           | 251,867          |
| From non-financial subsidiaries                                | --               | --               | 30,234           | 35,676           |
| Receivables income   | 30,074           | 25,172           | 30,074           | 25,172           |
| Convictions, costs and court settlements income                | 21,944           | 15,108           | 21,944           | 15,108           |
| Adjustment of recoverable tax                                  | 7,909            | 13,482           | 7,909            | 13,482           |
| Dividends received   | 7,473            | 34,836           | 2,580            | 4,219            |
| Other  | 108,117          | 166,188          | 49,897           | 243,094          |
| <b>Total</b>   | <b>2,797,646</b> | <b>2,710,780</b> | <b>2,647,684</b> | <b>2,636,933</b> |



In thousands of Reais, unless otherwise stated

**b) Other operating expenses**

|   | Banco do Brasil    |                    | BB Consolidated    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 1st half/2021      | 1st half/2020      | 1st half/2021      | 1st half/2020      |
| Impairment losses <sup>(1)</sup>                        | (959,194)          | --                 | (959,231)          | --                 |
| Cards transactions                                      | (801,879)          | (779,484)          | (871,177)          | (834,990)          |
| Discounts granted on renegotiations                     | (713,399)          | (479,765)          | (713,399)          | (479,765)          |
| Business relationship bonus                             | (628,873)          | (601,578)          | (628,873)          | (601,578)          |
| Actuarial liabilities update                            | (588,023)          | (870,933)          | (588,023)          | (870,933)          |
| Outsourced services                                     | (510,901)          | (441,106)          | (485,864)          | (408,506)          |
| From non-financial subsidiaries                         | --                 | --                 | (256,580)          | (217,259)          |
| ATM Network   | (169,036)          | (232,848)          | (169,036)          | (232,848)          |
| Failures/frauds and other losses                        | (152,528)          | (56,356)           | (156,667)          | (61,313)           |
| Compensation for transactions of banking correspondents | (136,163)          | (114,503)          | (136,163)          | (114,503)          |
| INSS - Social Security                                  | (121,578)          | (126,251)          | (121,578)          | (126,251)          |
| Life insurance premium - consumer credit                | (107,426)          | (89,947)           | (107,426)          | (89,947)           |
| Other expenses - operational provisions                 | (39)               | (23,397)           | (31,869)           | (27,992)           |
| Compliance bonus  | (7,104)            | (13,003)           | (7,104)            | (13,003)           |
| Compensation for transactions of Banco Postal           | --                 | (17,580)           | --                 | (17,580)           |
| Other   | (478,917)          | (348,257)          | (407,047)          | (348,435)          |
| <b>Total</b>  | <b>(5,375,060)</b> | <b>(4,195,008)</b> | <b>(5,640,037)</b> | <b>(4,444,903)</b> |

(1) In the 1st half/2021, there was impairment of R\$ 959,194 thousand, related to intangible assets (Note 16).

**28 - RELATED PARTY TRANSACTIONS****a) Bank's key management personnel**

Salaries and other benefits paid the Bank's key management personnel (Executive Board and Board of Directors) are as follows:

|   | 1st half/2021 | 1st half/2020 |
|---|---------------|---------------|
| <b>Short-term benefits</b>                      | <b>23,856</b> | <b>29,071</b> |
| Fees and social security contributions          | 15,674        | 15,818        |
| Executive Board                                 | 15,485        | 15,635        |
| Board of Directors                              | 189           | 183           |
| Variable remuneration (cash) and social charges | 6,657         | 11,338        |
| Other <sup>(1)</sup>                            | 1,525         | 1,915         |
| <b>Termination benefits</b>                     | <b>1,027</b>  | <b>607</b>    |
| <b>Share-based payment benefits</b>             | <b>5,719</b>  | <b>10,801</b> |
| <b>Total</b>                                    | <b>30,602</b> | <b>40,479</b> |

(1) Includes contributions to pension plan and complementary healthy plan, housing and relocation benefits, among others.

The Bank's variable compensation policy (developed in accordance with CMN Resolution 3,921/2010) requires variable compensation for the Executive Directors to be paid partially in shares (Note 23.n).

The Bank does not offer post-employment benefits to its key management personnel, except for those who are part of the staff of the Bank.

**b) Details of related party transactions**

The Bank has the policy of related party transactions approved by the Board of Directors and disclosed to the market. The policy aims to establish rules to assure that all decisions, especially those involving related party and other situations potentially conflicted, are made observing the interests of the Bank and its shareholders. It is applicable to all staff and directors of the company.



In thousands of Reais, unless otherwise stated

The policy forbids related party transactions under conditions other than those of the market or that may adversely affect the Bank's interest. Therefore, the transactions are conducted under normal market conditions. The terms and conditions reflect comparable transactions with unrelated parties (including interest rates and collateral requirements). These transactions do not involve unusual payment risks, as disclosed in other notes.

The transactions between the consolidated companies are eliminated in the consolidated financial statements.

The main transactions carried out by the Bank with related parties are:

- i. intercompany transactions, such as: interbank deposits, securities, loans, interest bearing and non-interest bearing deposits, securities sold under repurchase agreements, borrowings and onlendings, guarantees given and others;
- ii. receivables from the National Treasury for interest rate equalization under Federal Government programs (Law 8,427/1992). Interest rate equalization represents an economic subsidy for rural credit, which provides borrowers with discounted interest rates compared to the Bank's normal funding costs (including administrative and tax expenses). The equalization payment is updated by the Selic rate in accordance with the National Treasury's budgeting process (as defined by law) and is designed to preserve the Bank's earnings;
- iii. Previ uses the Bank's internal systems for voting, selective processes and access to common internal standards, which generates cost savings for both parties involved;
- iv. related parties loan physical space to the Bank free of charge with the Bank, using the spaces mainly for the installation of self-service terminals, banking service offices and branches. These free of charge loans with related parties do not represent significant value, because the most of them are carried out with third parties;
- v. provision of business support services for controlled and sponsored entities for which the Bank is reimbursed for its costs with employees, technology and materials. Sharing of structure aims to gain efficiency for the Conglomerate. Additional information regarding the assignment of employees can be obtained in Note 32.d - Assignment of employees to outside agencies;
- vi. contracts in which the Bank rents property owned by the entities sponsored to carry out its activities;
- vii. acquisition of portfolio of loans transferred by Banco Votorantim;
- viii. assignment of credits arising from loans written off as losses to Ativos S.A; and
- ix. hiring specialized services from BB Tecnologia S.A (BBTS) for specialized technical assistance, digitization and copy of documents, telemarketing, extrajudicial collection, support and backing for financial and non- financial business processes, monitoring, supervision and execution of activities inherent to equipment and environments, software development, support and testing, data center support and operation, management of cell phone electronic messages, outsourcing and monitoring of physical security systems and telephony outsourcing.

The Bank and Caixa Econômica Federal (CEF) signed a credit opening agreement for real estate loans, in the amount up to R\$ 457,193 thousand, related to the 1st half/2021 (up to R\$ 4,100,200 thousand in 2020).

The balances arising from the transactions above mentioned are disclosed in the "Summary of related party transactions" segregated by nature and category of related parties.

Some transactions are disclosed in other notes: the resources applied in federal government securities are listed in Note 10; information about the government funds are related in Note 20; and additional information about the Bank's contributions and other transactions with sponsored entities are listed in Note 29.

Fundação Banco do Brasil (FBB) promotes, encourages and sponsors actions in the areas of education, culture, health, social welfare, recreation and sports, science, technology and community development. In the 1st half/2021, the Bank's contributions to FBB totaled R\$ 53,568 thousand (R\$ 79,099 thousand in the 1st half/2020).













In thousands of Reais, unless otherwise stated

**29 - EMPLOYEE BENEFITS**

Banco do Brasil sponsors the following pension and health insurance plans for its employees, that ensure the complementation of retirement benefits and medical assistance:

|   | Plans   | Benefits               | Classification        |
|---|---|------------------------|-----------------------|
| Previ - Caixa de Previdência dos Funcionários do Banco do Brasil                            | Previ Futuro                                    | Retirement and Pension | Defined contribution  |
|   | Plano de Benefícios 1                           | Retirement and Pension | Defined benefit       |
|   | Plano Informal                                  | Retirement and Pension | Defined benefit       |
| Cassi - Caixa de Assistência dos Funcionários do Banco do Brasil                            | Plano de Associados                             | Health Care            | Defined benefit       |
| Economus - Instituto de Seguridade Social   | Prevmais  | Retirement and Pension | Variable contribution |
|   | Regulamento Geral                               | Retirement and Pension | Defined benefit       |
|   | Regulamento Complementar 1                      | Retirement and Pension | Defined benefit       |
|   | Grupo B'  | Retirement and Pension | Defined benefit       |
|   | Plano Unificado de Saúde - PLUS                 | Health Care            | Defined benefit       |
|   | Plano Unificado de Saúde - PLUS II              | Health Care            | Defined benefit       |
| Fusesc - Fundação Codesc de Seguridade Social   | Plano de Assistência Médica Complementar - PAMC | Health Care            | Defined benefit       |
|   | Multifuturo I                                   | Retirement and Pension | Variable contribution |
|   | Plano de Benefícios I                           | Retirement and Pension | Defined benefit       |
| SIM - Caixa de Assistência dos Empregados dos Sistemas Besc e Codesc, do Badesc e da Fusesc | Plano de Saúde                                  | Health Care            | Defined contribution  |
| Prevbep - Caixa de Previdência Social   | Plano BEP                                       | Retirement and Pension | Defined benefit       |

**Number of participants covered by benefit plans sponsored by the Bank**

|                                     | Jun 30, 2021           |                |                | Dec 31, 2020           |                |                |
|-------------------------------------|------------------------|----------------|----------------|------------------------|----------------|----------------|
|                                     | Number of participants |                |                | Number of participants |                |                |
|                                     | Active                 | Retired/users  | Total          | Active                 | Retired/users  | Total          |
| <b>Retirement and pension plans</b> | <b>87,876</b>          | <b>123,347</b> | <b>211,223</b> | <b>94,026</b>          | <b>119,972</b> | <b>213,998</b> |
| Plano de Benefícios 1 - Previ       | 4,412                  | 101,303        | 105,715        | 6,722                  | 99,812         | 106,534        |
| Plano Previ Futuro                  | 72,406                 | 3,182          | 75,588         | 74,760                 | 2,344          | 77,104         |
| Plano Informal                      | --                     | 2,333          | 2,333          | --                     | 2,480          | 2,480          |
| Other plans                         | 11,058                 | 16,529         | 27,587         | 12,544                 | 15,336         | 27,880         |
| <b>Health care plans</b>            | <b>88,793</b>          | <b>108,535</b> | <b>197,328</b> | <b>94,704</b>          | <b>106,104</b> | <b>200,808</b> |
| Cassi                               | 79,720                 | 102,415        | 182,135        | 84,523                 | 99,885         | 184,408        |
| Other plans                         | 9,073                  | 6,120          | 15,193         | 10,181                 | 6,219          | 16,400         |

**Bank's contributions to benefit plans**

|  | 1st half/2021    | 1st half/2020    |
|--|------------------|------------------|
| <b>Retirement and pension plans</b>          | <b>828,211</b>   | <b>853,344</b>   |
| Plano de Benefícios 1 - Previ <sup>(1)</sup> | 279,457          | 307,422          |
| Plano Previ Futuro                           | 359,625          | 352,946          |
| Plano Informal                               | 69,878           | 73,093           |
| Other plans                                  | 119,251          | 119,883          |
| <b>Health care plans</b>                     | <b>885,133</b>   | <b>1,710,017</b> |
| Cassi <sup>(2)</sup>                         | 796,966          | 1,622,605        |
| Other plans                                  | 88,167           | 87,412           |
| <b>Total</b>                                 | <b>1,713,344</b> | <b>2,563,361</b> |

(1) Refers to the contributions relating to participants subject to Agreement 97 and Plan 1, whereby these contributions occur by the realization of Fundo Paridade until 2018 and Fundo de Utilização (Note 29.f). Agreement 97 aims to regulate the funding required to constitute a portion equivalent to 53.7% of guaranteed amount relating to the supplementary pension due to the participants who joined the Bank up to April 14, 1967 and who have retired or will retire after the aforementioned date, except for those participants who are part of the Plano Informal.

(2) In the 1st half/2020, it includes contributions retroactive to January 2019, referring to the temporary administration fee and employer contribution on dependents, as well as the early settlement of the Bank to the group of indirect dependents (GDI) (Note 32.g).



In thousands of Reais, unless otherwise stated

The Bank's contributions to defined benefit plans (post-employment) are estimated at R\$ 995,378 thousand for the next 6 months and R\$ 1,865,933 thousand for the next 12 months.

### Values recognized in income

|                                     | 1st half/2021      | 1st half/2020      |
|-------------------------------------|--------------------|--------------------|
| <b>Retirement and pension plans</b> | <b>(314,982)</b>   | <b>(875,511)</b>   |
| Plano de Benefícios 1 - Previ       | 177,548            | (360,367)          |
| Plano Previ Futuro                  | (359,625)          | (352,946)          |
| Plano Informal                      | (46,638)           | (60,048)           |
| Other plans                         | (86,267)           | (102,150)          |
| <b>Health care plans</b>            | <b>(1,011,335)</b> | <b>(1,057,001)</b> |
| Cassi                               | (912,232)          | (967,694)          |
| Other plans                         | (99,103)           | (89,307)           |
| <b>Total</b>                        | <b>(1,326,317)</b> | <b>(1,932,512)</b> |

Detailed information regarding defined benefit plans is provided in Note 29.d.4.

#### a) Retirement and pension plans

##### Previ Futuro (Previ)

Participants in this plan include Bank employees hired after December 24, 1997. Depending on time of service and salary, active participants may contribute between 7% and 17% of their salary (retired participants do not contribute). The plan sponsor matches participants' contributions up to 14% of their salaries.

##### Plano de Benefícios 1 (Previ)

Participants in this plan include Bank employees hired prior to December 23, 1997. Active and retired participants may contribute between 1.8% and 7.8% of their salary or pension.

##### Plano Informal (Previ)

Banco do Brasil is fully responsible for this plan. The Bank's contractual obligations include to:

- (i) providing retirement benefits to the initial group of participants and pension payments to the beneficiaries of participants who died prior to April 14, 1967;
- (ii) paying additional retirement benefits to plan participants who retired prior to April 14, 1967, or had the right to retire based on time of service and at least 20 years of service with the Bank; and
- (iii) increasing retirement and pension benefits due to judicial and administrative decisions related to changes in the Bank's career, salary and incentive plans (in excess of the plan's original benefits).

The Bank and Previ formalized an agreement on December 31, 2012. Under the agreement, Banco do Brasil paid 100% of the mathematical reserves for the so-called Grupo Especial (for which it was fully liable) using funds from the Fundo Paridade. As a result, this group migrated from the Plano Informal to Plano de Benefícios 1. The Grupo Especial included participants from Plano de Benefícios 1 (Previ) listed in the paragraph of first clause of the agreement signed on December 24, 1997. These participants received additional retirement benefits due to administrative and/or judicial decisions.

##### Prevmias (Economus)

Participants in this plan include employees of Banco Nossa Caixa (a bank acquired by Banco do Brasil on November 30, 2009) who enrolled after August 1, 2006, or were part of the Regulamento Geral benefit plan and opted to receive their vested account balances. The sponsor and participants make equal contributions, which may



In thousands of Reais, unless otherwise stated

not exceed 8% of participants' salaries. The plan provides additional risk coverage, including supplemental health, work-related accident, disability and death benefits.

### **Regulamento Geral (Economus)**

Participants in this plan include employees of Banco Nossa Caixa who enrolled prior to July 31, 2006. This plan is closed to new members. The sponsor and participants contribute equally.

### **Regulamento Complementar 1 (Economus)**

Participants in this plan include employees of Banco Nossa Caixa. This plan offers supplemental health benefits and annuities upon death or disability. The sponsor, participants and retired/other beneficiaries fund the plan.

### **Grupo B' (Economus)**

Group of employees and retirees of Banco Nossa Caixa admitted between January 22, 1974, and May 13, 1974, and their beneficiaries. Benefit levels are based on the fulfillment of certain conditions outlined in the plan regulation.

### **Multifuturo I (Fusesc)**

Participants in this plan include employees of the State Bank of Santa Catarina – Besc (acquired by Banco do Brasil on September 30, 2008) who enrolled after January 12, 2003, or were part of the Plano de Benefícios I (Fusesc) and chose to participate in this plan. Participants may contribute from 2.33% to 7% of their salaries. The plan sponsor matches these contributions.

### **Plano de Benefícios I (Fusesc)**

Participants in this plan include employees of Besc who enrolled prior to January 11, 2003. This plan is closed to new members. The sponsor and participants contribute equally.

### **Plano BEP (Prevbep)**

Participants in this plan include employees of the State Bank of Piauí – BEP (acquired by Banco do Brasil on November 30, 2008). The sponsor and participants contribute equally.

## **b) Health Care Plans**

### **Plano de Associados (Cassi)**

The Bank sponsors a health care plan managed by Cassi. The plan covers health care services related to prevention, protection, recovery and rehabilitation for participants and their beneficiaries. Each month, the Bank contributes 4.5% of participants' salaries or pension benefits, in addition to 3% per dependent of active employee (up to three dependents), plus a temporary administration fee, corresponding to 10% on the sum of employers' and personal contributions (active holders), until 2021.

Monthly contributions by participants and pensioners total 4% of their salary or pension, copayments for certain hospital procedures, in addition to the contribution per dependent, following the rules provided for in the Cassi Statute and in the plan's regulations.

### **Plano Unificado de Saúde - PLUS (Economus)**

Participants in this plan include employees from Banco Nossa Caixa, who enrolled prior to December 12, 2000. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents (both preferred and non-preferred).

### **Plano Unificado de Saúde - PLUS II (Economus)**



In thousands of Reais, unless otherwise stated

Participants in this plan include employees from Banco Nossa Caixa, who enrolled after January 1, 2001. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents and adult children. This plan does not cover non-preferred dependents.

#### **Plano de Assistência Médica Complementar - PAMC (Economus)**

Participants in this plan include employees of Banco Nossa Caixa located in the state of São Paulo. The plan serves disabled employees under the Complementar and Regulamento Geral and their dependents. Participant costs vary based on usage and in accordance with a progressive salary table.

#### **Plano de Saúde (SIM)**

Participants in this plan include employees of Besc and other sponsors of the plan (including Badesc, Codesc, Bescor, Fusc and SIM). For active members, monthly contributions total 4.55% of salary, including their 13th salary. For inactive members, monthly contributions total 11.72% of salary, while the plan sponsors contribute 7.17%. Beneficiaries also contribute 0.99% per dependent. The plan requires a copayment for ambulatory care procedures.

#### **c) Risk factors**

The Bank may need to make unplanned contributions to Previ, Economus, Fusc and Prevbep, which could negatively affect operating income.

Determination of the Bank's obligations to these entities is based on long-term actuarial and financial estimates and the application and interpretation of current regulatory standards. Inaccuracies inherent to the estimation process could result in differences between recorded amounts and the actual obligations in the future. This could have a negative impact on the Bank's operating results.



In thousands of Reais, unless otherwise stated

## d) Actuarial valuations

Actuarial evaluations are performed every six months. The information contained in the below tables refers to the calculations at June 30, 2021 and December 31, 2020.

### d.1) Changes in present value of defined benefit actuarial obligations

|  | Plano 1 - Previ      |                      | Plano Informal - Previ |                    | Plano de Associados - Cassi |                     | Other plans         |                     |
|--|----------------------|----------------------|------------------------|--------------------|-----------------------------|---------------------|---------------------|---------------------|
|  | 1st half/2021        | 2020                 | 1st half/2021          | 2020               | 1st half/2021               | 2020                | 1st half/2021       | 2020                |
| <b>Opening balance</b>                                 | <b>(197,181,895)</b> | <b>(211,164,640)</b> | <b>(1,058,846)</b>     | <b>(1,100,658)</b> | <b>(12,359,453)</b>         | <b>(13,234,231)</b> | <b>(11,411,961)</b> | <b>(11,833,607)</b> |
| Interest cost  | (7,177,530)          | (14,289,666)         | (34,031)               | (68,305)           | (456,449)                   | (907,097)           | (416,570)           | (813,178)           |
| Current service cost                                   | (106,927)            | (275,589)            | --                     | --                 | (52,124)                    | (94,355)            | (4,113)             | (9,911)             |
| Past service cost                                      | --                   | --                   | (12,606)               | (37,482)           | --                          | (56,700)            | --                  | --                  |
| Benefits paid using plan assets                        | 7,068,150            | 13,117,049           | 69,878                 | 150,481            | 393,307                     | 763,559             | 347,034             | 725,222             |
| Reductions/settlements <sup>(1)</sup>                  | --                   | --                   | --                     | --                 | --                          | 450,920             | --                  | --                  |
| Remeasurements of actuarial gain/(losses)              | 33,475,375           | 15,430,951           | 129,565                | (2,882)            | 2,174,895                   | 718,451             | 1,965,434           | 519,513             |
| Experience adjustment                                  | (5,651,146)          | (3,704,965)          | (8,680)                | (36,898)           | (245,174)                   | (499,419)           | (127,794)           | (265,968)           |
| Changes to biometric/demographic assumptions           | --                   | --                   | --                     | --                 | --                          | --                  | --                  | (48,938)            |
| Changes to financial assumptions                       | 39,126,521           | 19,135,916           | 138,245                | 34,016             | 2,420,069                   | 1,217,870           | 2,093,228           | 834,419             |
| <b>Closing balance</b>                                 | <b>(163,922,827)</b> | <b>(197,181,895)</b> | <b>(906,040)</b>       | <b>(1,058,846)</b> | <b>(10,299,824)</b>         | <b>(12,359,453)</b> | <b>(9,520,176)</b>  | <b>(11,411,961)</b> |
| Present value of actuarial liabilities with surplus    | (163,922,827)        | (197,181,895)        | --                     | --                 | (80,750)                    | (80,750)            | (8,137,586)         | (7,922,125)         |
| Present value of actuarial liabilities without surplus | --                   | --                   | (906,040)              | (1,058,846)        | (10,219,074)                | (12,278,703)        | (1,382,590)         | (3,489,836)         |

(1) Settlement of the Bank's contractual obligation to the Group of Indirect Dependents (GDI), belonging to the Plano de Associados, managed by Cassi.

### d.2) Changes in fair value of plan assets

|   | Plano 1 - Previ    |                    | Plano Informal - Previ |           | Plano de Associados - Cassi |                | Other plans <sup>(1)</sup> |                  |
|---|--------------------|--------------------|------------------------|-----------|-----------------------------|----------------|----------------------------|------------------|
|   | 1st half/2021      | 2020               | 1st half/2021          | 2020      | 1st half/2021               | 2020           | 1st half/2021              | 2020             |
| <b>Opening balance</b>                  | <b>208,906,421</b> | <b>194,700,370</b> | --                     | --        | <b>80,750</b>               | <b>161,500</b> | <b>7,922,125</b>           | <b>7,416,701</b> |
| Interest income                         | 7,639,552          | 13,237,239         | --                     | --        | --                          | --             | 292,711                    | 529,344          |
| Advance of consideration <sup>(2)</sup> | --                 | --                 | --                     | --        | --                          | (80,750)       | --                         | --               |
| Contributions received                  | 557,117            | 1,209,842          | 69,878                 | 150,480   | 393,307                     | 763,559        | 185,506                    | 398,249          |
| Participants                            | 277,660            | 587,996            | --                     | --        | --                          | --             | 70,903                     | 152,858          |
| Sponsor <sup>(3)</sup>                  | 279,457            | 621,846            | 69,878                 | 150,480   | 393,307                     | 763,559        | 114,603                    | 245,391          |
| Benefits paid using plan assets         | (7,068,150)        | (13,117,049)       | (69,878)               | (150,480) | (393,307)                   | (763,559)      | (347,035)                  | (725,221)        |
| Actuarial gain/(loss) on plan assets    | 11,307,965         | 12,876,019         | --                     | --        | --                          | --             | 84,279                     | 303,052          |
| <b>Closing balance</b>                  | <b>221,342,905</b> | <b>208,906,421</b> | --                     | --        | <b>80,750</b>               | <b>80,750</b>  | <b>8,137,586</b>           | <b>7,922,125</b> |

(1) Refers to the following plans: Regulamento Geral (Economus), Prevmair (Economus), Regulamento Complementar 1 (Economus), Multifuturo I (Fusesc), Plano I (Fusesc) and Plano BEP (Prevbep).

(2) Refers to the Advance of employer contributions on Christmas bonus (13th salary) corresponding to the period from 2018 to 2021.

(3) Includes in Plano 1 - Previ, the amount of R\$ 1,797 thousand (R\$ 33,850 thousand on 2020), related to the Agreement 97 and Grupo Especial).

### d.3) Amounts recognized in the balance sheet

|  | Plano 1 - Previ   |                  | Plano Informal - Previ |                    | Plano de Associados - Cassi |                     | Other plans        |                    |
|--|-------------------|------------------|------------------------|--------------------|-----------------------------|---------------------|--------------------|--------------------|
|  | Jun 30, 2021      | Dec 31, 2020     | Jun 30, 2021           | Dec 31, 2020       | Jun 30, 2021                | Dec 31, 2020        | Jun 30, 2021       | Dec 31, 2020       |
| 1) Fair value of the plan assets                         | 221,342,905       | 208,906,421      | --                     | --                 | 80,750                      | 80,750              | 8,137,586          | 7,922,125          |
| 2) Present value of actuarial liabilities                | (163,922,827)     | (197,181,895)    | (906,040)              | (1,058,846)        | (10,299,824)                | (12,359,453)        | (9,520,176)        | (11,411,961)       |
| 3) Surplus/(deficit) (1+2)                               | 57,420,078        | 11,724,526       | (906,040)              | (1,058,846)        | (10,219,074)                | (12,278,703)        | (1,382,590)        | (3,489,836)        |
| <b>4) Net actuarial asset/(liability) <sup>(1)</sup></b> | <b>28,710,039</b> | <b>5,862,263</b> | <b>(906,040)</b>       | <b>(1,058,846)</b> | <b>(10,219,074)</b>         | <b>(12,278,703)</b> | <b>(1,240,463)</b> | <b>(2,477,735)</b> |

(1) Refers to the portion of the surplus/(deficit) due from the sponsor.





In thousands of Reals, unless otherwise stated

**d.4) Breakdown of the amounts recognized in statement of income relating to defined benefit plans**

|   | Plano 1 - Previ |                  | Plano Informal - Previ |                 | Plano de Associados - Cassi |                  | Other plans      |                  |
|---|-----------------|------------------|------------------------|-----------------|-----------------------------|------------------|------------------|------------------|
|   | 1st half/2021   | 1st half/2020    | 1st half/2021          | 1st half/2020   | 1st half/2021               | 1st half/2020    | 1st half/2021    | 1st half/2020    |
| Current service cost  | (53,463)        | (80,153)         | --                     | --              | (52,124)                    | (43,872)         | (2,056)          | (2,797)          |
| Interest cost   | (3,588,765)     | (3,586,050)      | (34,031)               | (34,205)        | (456,449)                   | (451,379)        | (235,092)        | (226,913)        |
| Expected yield on plan assets                                 | 3,819,776       | 3,305,836        | --                     | --              | --                          | --               | 145,977          | 127,509          |
| Unrecognized past service cost                                | --              | --               | (12,607)               | (25,843)        | --                          | (56,700)         | --               | --               |
| Expense with active employees                                 | --              | --               | --                     | --              | (403,659)                   | (415,743)        | (95,599)         | (90,910)         |
| Other adjustments/reversals                                   | --              | --               | --                     | --              | --                          | --               | 1,400            | 1,654            |
| <b>(Expense)/income recognized in the statement of income</b> | <b>177,548</b>  | <b>(360,367)</b> | <b>(46,638)</b>        | <b>(60,048)</b> | <b>(912,232)</b>            | <b>(967,694)</b> | <b>(185,370)</b> | <b>(191,457)</b> |

**d.5) Amounts recognized in the shareholders' equity**

|  | Plano 1 - Previ    |                     | Plano Informal - Previ |                  | Plano de Associados - Cassi |                    | Other plans        |                    |
|--|--------------------|---------------------|------------------------|------------------|-----------------------------|--------------------|--------------------|--------------------|
|  | Jun 30, 2021       | Dec 31, 2020        | Jun 30, 2021           | Dec 31, 2020     | Jun 30, 2021                | Dec 31, 2020       | Jun 30, 2021       | Dec 31, 2020       |
| <b>Opening balance</b>                 | <b>(9,715,783)</b> | <b>(17,490,891)</b> | <b>(227,609)</b>       | <b>(226,025)</b> | <b>(2,813,815)</b>          | <b>(3,208,963)</b> | <b>(1,007,952)</b> | <b>(1,236,627)</b> |
| Accumulated other comprehensive income | 22,390,771         | 14,136,560          | 129,566                | (2,880)          | 2,174,895                   | 718,451            | 1,213,841          | 417,576            |
| Tax effects                            | (10,431,776)       | (6,361,452)         | (58,304)               | 1,296            | (978,703)                   | (323,303)          | (549,480)          | (188,901)          |
| <b>Closing balance</b>                 | <b>2,243,212</b>   | <b>(9,715,783)</b>  | <b>(156,347)</b>       | <b>(227,609)</b> | <b>(1,617,623)</b>          | <b>(2,813,815)</b> | <b>(343,591)</b>   | <b>(1,007,952)</b> |

**d.6) Maturity profile of defined benefit actuarial obligations**

|                                       | Duration <sup>(1)</sup> | Expected benefit payments <sup>(2)</sup> |              |              |              |             | Total |
|---------------------------------------|-------------------------|--|--------------|--------------|--------------|-------------|-------|
|                                       |                         | Up to 1 year                             | 1 to 2 years | 2 to 3 years | Over 3 years |             |       |
| Plano 1 (Previ)                       | 11.09                   | 14,512,358                               | 14,379,459   | 14,175,208   | 305,682,023  | 348,749,048 |       |
| Plano Informal (Previ)                | 6.27                    | 149,714                                  | 137,146      | 121,435      | 918,834      | 1,327,129   |       |
| Plano de Associados (Cassi)           | 12.00                   | 915,566                                  | 907,939      | 896,623      | 22,384,263   | 25,104,391  |       |
| Regulamento Geral (Economus)          | 10.86                   | 599,861                                  | 599,846      | 599,433      | 13,083,470   | 14,882,610  |       |
| Regulamento Complementar 1 (Economus) | 13.11                   | 3,082                                    | 3,231        | 3,390        | 136,601      | 146,304     |       |
| Plus I e II (Economus)                | 15.55                   | 42,232                                   | 43,463       | 45,073       | 2,185,082    | 2,315,850   |       |
| Grupo B' (Economus)                   | 9.88                    | 20,945                                   | 20,770       | 20,574       | 382,396      | 444,685     |       |
| Prevmais (Economus)                   | 14.28                   | 17,221                                   | 17,888       | 18,413       | 750,815      | 804,337     |       |
| Multifuturo I (Fusesc)                | 15.95                   | 7,439                                    | 7,579        | 7,732        | 408,238      | 430,988     |       |
| Plano I (Fusesc)                      | 9.06                    | 47,279                                   | 46,429       | 45,524       | 707,609      | 846,841     |       |
| Plano BEP (Prevbep)                   | 11.06                   | 6,150                                    | 6,411        | 6,618        | 144,907      | 164,086     |       |

(1) Weighted average duration, in years, of the defined benefit actuarial obligation.

(2) Amounts considered without discounting at present value.

**d.7) Composition of the plan assets**

|  | Plano 1 - Previ    |                    | Other plans      |                  |
|--|--------------------|--------------------|------------------|------------------|
|  | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021     | Dec 31, 2020     |
| Fixed income   | 107,240,637        | 95,762,703         | 6,597,638        | 6,431,346        |
| Equity securities and similar instruments <sup>(1)</sup> | 95,642,269         | 95,240,437         | 793,000          | 719,745          |
| Real estate investments                                  | 11,045,011         | 11,239,165         | 290,149          | 312,911          |
| Loans and financing                                      | 5,334,364          | 5,368,895          | 169,556          | 172,841          |
| Other <sup>(2)</sup>                                     | 2,080,624          | 1,295,221          | 367,993          | 366,032          |
| <b>Total</b>   | <b>221,342,905</b> | <b>208,906,421</b> | <b>8,218,336</b> | <b>8,002,875</b> |
| Amounts listed in fair value of plan assets              |                    |                    |                  |                  |
| In the entity's own financial instruments                | 11,819,711         | 7,510,061          | 13,497           | 30,554           |
| In properties or other assets used by the entity         | 1,305,923          | 82,975             | 34,511           | 38,701           |

(1) Includes, in Plano 1 - Previ, the amount of R\$ 8,195,905 thousand (R\$ 41,919,306 thousand on December 31, 2020), related to the assets that are not quoted in active markets.

(2) Includes, in Other Plans, the amount of R\$ 80,750 thousand related to the assets of Cassi.



In thousands of Reais, unless otherwise stated

**d.8) Main actuarial assumptions adopted**

|  | Plano 1 - Previ       |              | Plano Informal - Previ |              | Plano de Associados - Cassi |              | Other plans           |              |
|--|-----------------------|--------------|------------------------|--------------|-----------------------------|--------------|-----------------------|--------------|
|  | Jun 30, 2021          | Dec 31, 2020 | Jun 30, 2021           | Dec 31, 2020 | Jun 30, 2021                | Dec 31, 2020 | Jun 30, 2021          | Dec 31, 2020 |
| Inflation rate (p.a.)                        | 3.42 %                | 3.31 %       | 3.49 %                 | 3.36 %       | 3.41 %                      | 3.31 %       | 3.40 %                | 3.29 %       |
| Real discount rate (p.a.)                    | 6.22 %                | 4.24 %       | 5.64 %                 | 3.58 %       | 6.29 %                      | 4.33 %       | 6.25 %                | 4.25 %       |
| Nominal rate of return on investments (p.a.) | 9.85 %                | 7.69 %       | --                     | --           | --                          | --           | 9.86 %                | 7.69 %       |
| Real rate of expected salary growth (p.a.)   | 0.93 %                | 0.93 %       | --                     | --           | --                          | --           | 0.92 %                | 0.92 %       |
| Actuarial life table                         | BR-EMSsb-2015         |              | BR-EMSsb-2015          |              | BR-EMSsb-2015               |              | AT-2000 / AT-83       |              |
| Capitalization method                        | Projected credit unit |              | Projected credit unit  |              | Projected credit unit       |              | Projected credit unit |              |

In order to determine the values for the defined benefit plans, the Bank uses methods and assumptions different from those submitted by the entities sponsored.

CPC 33 (R1) prescribes the accounting, as well as the effects that occurred or that will occur in the entities that sponsor employee benefits plans. However, the sponsored entities themselves must comply with the rules issued by the Ministério da Economia Social, through the Conselho Nacional de Previdência Complementar (CNPC) and the Superintendência Nacional de Previdência Complementar (Previc). The most significant differences are in the definition of the assumptions used in Plano 1 – Previ.

**d.9) Differences in assumptions of the Plano 1 - Previ**

|                               | Bank                  | Previ                         |
|-------------------------------|-----------------------|-------------------------------|
| Real discount rate (p.a.)     | 6.22 %                | 4.75 %                        |
| Evaluation of assets          |                       |                               |
| Federal Government securities | Fair value            | Amortized Cost                |
| Equity stakes                 | Fair value            | Adjusted Value <sup>(1)</sup> |
| Capitalization method         | Projected credit unit | Aggregate method              |

(1) Previ evaluates the investment on Litel through a valuation method that considers the average trading price of Vale's share, the Litel group's main asset, on the last business day of each month, with adjustments.

**d.10) Reconciliation of amounts calculated in Plan 1 - Previ/Bank**

|   | Plan assets        |                    | Actuarial liabilities |                      | Effect in surplus/(deficit) |                   |
|---|--------------------|--------------------|-----------------------|----------------------|-----------------------------|-------------------|
|   | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021          | Dec 31, 2020         | Jun 30, 2021                | Dec 31, 2020      |
| <b>Value determined - Previ <sup>(1)</sup></b>                      | <b>216,448,841</b> | <b>185,396,375</b> | <b>(190,043,907)</b>  | <b>(171,558,201)</b> | <b>26,404,934</b>           | <b>13,838,174</b> |
| Incorporation of values from agreement 97 <sup>(1)</sup>            | --                 | 12,531,309         | --                    | (12,531,309)         | --                          | --                |
| Incorporation of values from Grupo Especial <sup>(1)</sup>          | --                 | 1,070,509          | --                    | (1,070,509)          | --                          | --                |
| Adjustment in the value of plan assets <sup>(2)</sup>               | 4,894,064          | 9,908,228          | --                    | --                   | 4,894,064                   | 9,908,228         |
| Adjustment in the liabilities - discount rate/capitalization method | --                 | --                 | 26,121,080            | (12,021,876)         | 26,121,080                  | (12,021,876)      |
| <b>Value determined - Bank</b>                                      | <b>221,342,905</b> | <b>208,906,421</b> | <b>(163,922,827)</b>  | <b>(197,181,895)</b> | <b>57,420,078</b>           | <b>11,724,526</b> |

(1) From the year 2021, the values from agreement 97 and from Grupo Especial are included in the value determined – Previ, in accordance with Previc Instruction 31/2020, making it unnecessary to apply these adjustments by the Bank

(2) Refers mainly to adjustments made by the Bank in determining the fair value of the investments in Litel and in securities held to maturity.

**d.11) Sensitivity analysis**

The sensitivity analysis is performed for changes in a single assumption while maintaining all others constant. This is unlikely in reality, since some of the assumptions are correlated.

The same methodology was used to perform the sensitivity analysis in each of the periods presented. However, the discount rate was updated to reflect market conditions.

The table below presents the sensitivity analysis of the most relevant actuarial assumptions, showing the increase/(decrease) in defined benefit obligations, with variations reasonably possible for June 30, 2021.



In thousands of Reais, unless otherwise stated

|                                       | Discount rate |           | Life expectancy |             | Salary increase |          |
|---------------------------------------|---------------|-----------|-----------------|-------------|-----------------|----------|
|                                       | +0.25 %       | -0.25 %   | +1 age          | -1 age      | +0.25 %         | -0.25 %  |
| Plano 1 (Previ)                       | (3,643,356)   | 3,799,856 | 2,743,238       | (2,790,001) | 29,374          | (29,195) |
| Plano Informal (Previ)                | (11,872)      | 12,215    | 29,583          | (29,092)    | --              | --       |
| Plano de Associados (Cassi)           | (217,342)     | 227,019   | 134,167         | (135,455)   | 795             | (776)    |
| Regulamento Geral (Economus)          | (163,812)     | 170,495   | 125,584         | (129,433)   | --              | --       |
| Regulamento Complementar 1 (Economus) | (1,731)       | 1,808     | (709)           | 732         | --              | --       |
| Plus I e II (Economus)                | (22,155)      | 23,364    | 33,455          | (32,620)    | --              | --       |
| Grupo B' (Economus)                   | (4,698)       | 4,871     | 4,984           | (5,142)     | --              | --       |
| Prevmias (Economus)                   | (7,940)       | 8,317     | 1,283           | (1,210)     | 1,248           | (1,231)  |
| Multifuturo I (Fusesc)                | (3,846)       | 3,889     | 892             | (1,147)     | 1,313           | (1,450)  |
| Plano I (Fusesc)                      | (9,702)       | 8,508     | 9,268           | (10,915)    | 755             | (757)    |
| Plano BEP (Prevbep)                   | (1,796)       | 1,872     | 1,185           | (1,214)     | 19              | (19)     |

**e) Overview of actuarial asset/(liability) recorded by the Bank**

|                                       | Actuarial assets  |                  | Actuarial liabilities |                     |
|---------------------------------------|-------------------|------------------|-----------------------|---------------------|
|                                       | Jun 30, 2021      | Dec 31, 2020     | Jun 30, 2021          | Dec 31, 2020        |
| Plano 1 (Previ)                       | 28,710,039        | 5,862,263        | --                    | --                  |
| Plano Informal (Previ)                | --                | --               | (906,040)             | (1,058,846)         |
| Plano de Associados (Cassi)           | --                | --               | (10,219,074)          | (12,278,703)        |
| Regulamento Geral (Economus)          | --                | --               | (624,459)             | (1,364,974)         |
| Regulamento Complementar 1 (Economus) | 4,908             | --               | --                    | (3,578)             |
| Plus I e II (Economus)                | --                | --               | (742,946)             | (1,052,895)         |
| Grupo B' (Economus)                   | --                | --               | (231,678)             | (274,683)           |
| Prevmias (Economus)                   | 122,869           | 69,947           | --                    | --                  |
| Multifuturo I (Fusesc)                | 94,240            | 67,904           | --                    | --                  |
| Plano I (Fusesc)                      | 108,482           | 63,645           | --                    | --                  |
| Plano BEP (Prevbep)                   | 28,121            | 16,899           | --                    | --                  |
| <b>Total</b>                          | <b>29,068,659</b> | <b>6,080,658</b> | <b>(12,724,197)</b>   | <b>(16,033,679)</b> |

**f) Allocations of the Surplus - Plano 1**

|  | 1st half/2021     | 1st half/2020    |
|--|-------------------|------------------|
| <b>Fundo de Utilização<sup>(1)</sup></b> |                   |                  |
| <b>Opening balance</b>                   | <b>9,912,387</b>  | <b>9,572,386</b> |
| Contributions to Plano 1                 | (279,457)         | (307,422)        |
| Restatement                              | 624,891           | 256,674          |
| <b>Closing balance</b>                   | <b>10,257,821</b> | <b>9,521,638</b> |

(1) Contains resources transferred from the Allocation Fund (because of the plan's surplus). The Bank can use for repayments or to reduce future contributions (after first meeting all applicable legal requirements). The fund is recalculated based on the actuarial target (INPC + 4.75 % p.a.).



### 30 - RISK AND CAPITAL MANAGEMENT

#### a) Risk management process

For Banco do Brasil, risk management is one of the most important elements of the decision-making process.

The institution has a process to identify the risks that comprise the corporate set of relevant risks, performed by analyzing the business segments, direct and indirectly, considering Banco do Brasil related entities.

Risk definition is carried out considering quantitative and qualitative criteria, and results in the following relevant risks:

- a) Credit Risk;
- b) Market Risk;
- c) Banking Book Interest Rate Risk;
- d) Liquidity Risk;
- e) Operational Risk;
- f) Legal Risk;
- g) Environmental Risk;
- h) Climate Risk;
- i) Strategic Risk;
- j) Reputational Risk;
- k) Actuarial Risk;
- l) Model Risk;
- m) Cybernetic Risk;
- n) IT Risk;
- o) Safety Risk
- p) Contagion Risk;
- q) Compliance Risk;
- r) Behavioral Risk; and
- s) Supplier Risk.

In the Bank, the collegiate risk management is parted from the business units and internal auditors. Risk management policies are approved by the Board of Directors, with the opinion of the Advisory Committees. Risk management is performed in accordance with the Bank's Senior Management policies and strategies.

To learn more about the risk and capital management process in Banco do Brasil, visit the information available in the Risk Management Report and in the Recovery Plan at the website [bb.com.br/ir](http://bb.com.br/ir).



In thousands of Reais, unless otherwise stated

**Financial instruments - fair value**

Financial instruments recorded in balance sheet accounts, compared to fair value:

|   | Jun 30, 2021 |             | Dec 31, 2020 |             | Unrealized gain/(loss) without tax effects |                   |                         |                   |
|---|--------------|-------------|--------------|-------------|--|-------------------|-------------------------|-------------------|
|   | Book value   | Fair value  | Book value   | Fair value  | On income                                  |                   | On shareholders' equity |                   |
|   |              |             |              |             | Jun 30, 2021                               | Dec 31, 2020      | Jun 30, 2021            | Dec 31, 2020      |
| <b>Assets</b>   |              |             |              |             |  |                   |                         |                   |
| Cash and due from banks                                 | 25,389,101   | 25,389,101  | 16,784,560   | 16,784,560  | --   | --                | --                      | --                |
| Central bank compulsory reserves                        | 72,023,509   | 72,023,509  | 60,308,542   | 60,308,542  | --   | --                | --                      | --                |
| Short-term interbank investments                        | 571,754,274  | 571,754,273 | 510,645,791  | 510,645,484 | (1)  | (307)             | (1)                     | (307)             |
| Securities  | 293,174,228  | 292,420,110 | 294,912,849  | 293,835,221 | (1,207,379)                                | 312,682           | (754,118)               | (1,077,628)       |
| Adjustment of securities available for sale (Note 10.a) |              |             |              |             | (453,261)                                  | 1,390,310         | --                      | --                |
| Adjustment of securities held to maturity (Note 10.a)   |              |             |              |             | (754,118)                                  | (1,077,628)       | (754,118)               | (1,077,628)       |
| Derivative financial instruments                        | 2,683,473    | 2,683,473   | 3,527,336    | 3,527,336   | --   | --                | --                      | --                |
| Loans portfolio   | 705,843,303  | 750,671,379 | 681,776,452  | 709,622,236 | 44,828,076                                 | 27,845,784        | 44,828,076              | 27,845,784        |
| Other financial assets                                  | 100,891,523  | 100,891,523 | 96,465,178   | 96,465,178  | --   | --                | --                      | --                |
| <b>Liabilities</b>                                      |              |             |              |             |  |                   |                         |                   |
| Customers resources                                     | 661,334,086  | 661,550,544 | 601,984,265  | 601,882,881 | (216,458)                                  | 101,384           | (216,458)               | 101,384           |
| Financial institutions resources                        | 671,186,040  | 673,273,564 | 603,552,262  | 604,917,932 | (2,087,524)                                | (1,365,670)       | (2,087,524)             | (1,365,670)       |
| Securities resources                                    | 186,689,749  | 186,689,749 | 203,192,140  | 203,192,140 | --   | --                | --                      | --                |
| Derivative financial instruments                        | 2,901,218    | 2,901,218   | 3,049,843    | 3,049,843   | --   | --                | --                      | --                |
| Other financial liabilities                             | 96,254,412   | 96,254,412  | 108,424,340  | 108,424,340 | --   | --                | --                      | --                |
| <b>Unrealized gain/(loss) without tax effects</b>       |              |             |              |             | <b>41,316,714</b>                          | <b>26,893,873</b> | <b>41,769,975</b>       | <b>25,503,563</b> |

**Determination of fair value of financial instruments**

**Short-term interbank investments:** The fair value was obtained by discounting future cash flows, using interest rates traded by the market in similar operations on the balance sheet date.

**Securities:** accounted by fair value, according to Bacen Circular 3,068/2001, except for securities held to maturity. The fair value of the securities, including those held to maturity, was obtained from rates practiced in the market.

**Loan operations:** For the operations of this group, remunerated at post-fixed rates, the fair value of the book value itself was considered, due to the equivalence between them. The operations remunerated at prepaid interest rates were estimated by discounting future cash flows, adopting market interest rates to contract similar operations at the balance sheet date.

**Interbank deposits:** The fair value was calculated by the discount of the future cash flows using rates currently applicable in the market for fixed rate deposits. For post-fixed operations whose maturities were less than 30 days, the book value was deemed approximately equivalent to the fair value.

**Time deposits:** The same criteria adopted for interbank deposits are utilized in the determination of the fair value.

**Liabilities related to repurchase agreement:** For operations at fixed rates, the fair value was determined calculating the discount of the estimated cash flows adopting a discount rate equivalent to the rates applied in contracting similar operations on the last trading day. For post-fixed operations, book values have been deemed approximately equivalent to fair value.

**Borrowings and onlendings:** Such operations are exclusive to the Bank with no similar operations in the market. Given their specific characteristics, the exclusive rates for each fund, the inexistence of an active market or similar traded instruments, the fair values of such operations are considered equivalent to the book value.

**Other liabilities:** Fair values have been determined by the discounted cash flow method, which takes into account interest rates offered in the market for obligations with similar maturities, risks and terms.



In thousands of Reais, unless otherwise stated

**Derivatives financial instruments:** Derivatives were booked at fair value, according to Bacen Circular 3,082/2002. The fair value of derivatives was estimated in accordance with internal pricing models, using the interest rates disclosed for transactions with similar terms and indices on the last business day of the period.

**Other financial instruments:** Included or not in the balance sheet, fair value is approximately equivalent to the corresponding book value.

### Source of information regarding assets and liabilities measured at fair value in the balance sheet

The Bank's fair value measurements consider the following input levels:

**Level 1** – Price quotations are derived from active markets for identical financial instruments. Financial instruments are considered to be quoted in an active market if prices are readily available and are based on regularly occurring arm's length transactions.

**Level 2** – Requires the use of information obtained from the market that is not Level 1. This includes prices quoted in non-active markets for similar assets and liabilities and information that can be corroborated in the market.

**Level 3** – Requires the use of information not obtained from the market to measure fair value. When there is not an active market for an instrument, the Bank uses valuation techniques that incorporate internal data. The Bank's methodologies are consistent with commonly used techniques for pricing financial instruments.

### Assets and liabilities measured at fair value in the consolidated balance sheet

|   | Balance at Jun 30, 2021 | Level 1            | Level 2            | Level 3          |
|---|-------------------------|--------------------|--------------------|------------------|
| <b>Assets</b>   | <b>272,117,151</b>      | <b>231,303,851</b> | <b>37,711,813</b>  | <b>3,101,487</b> |
| Hedge interbank deposit                               | 2,901,340               | --                 | 2,901,340          | --               |
| Trading securities, measured by fair value            | 10,720,474              | 9,092,319          | 1,598,261          | 29,894           |
| Derivative financial instruments                      | 2,683,473               | --                 | 1,819,558          | 863,915          |
| Available-for-sale securities, measured by fair value | 255,811,864             | 222,211,532        | 31,392,654         | 2,207,678        |
| <b>Liabilities</b>                                    | <b>(5,205,185)</b>      | <b>--</b>          | <b>(4,407,162)</b> | <b>(798,023)</b> |
| Hedge funding   | (2,303,967)             | --                 | (2,303,967)        | --               |
| Derivative financial instruments                      | (2,901,218)             | --                 | (2,103,195)        | (798,023)        |

|   | Balance at Dec 31, 2020 | Level 1            | Level 2            | Level 3            |
|---|-------------------------|--------------------|--------------------|--------------------|
| <b>Assets</b>   | <b>279,631,704</b>      | <b>242,939,698</b> | <b>32,369,841</b>  | <b>4,322,165</b>   |
| Hedge interbank deposit                               | 3,115,079               | --                 | 3,115,079          | --                 |
| Trading securities, measured by fair value            | 17,774,838              | 16,517,985         | 1,255,818          | 1,035              |
| Derivative financial instruments                      | 3,527,336               | --                 | 1,302,466          | 2,224,870          |
| Available-for-sale securities, measured by fair value | 255,214,451             | 226,421,713        | 26,696,478         | 2,096,260          |
| <b>Liabilities</b>                                    | <b>(5,737,058)</b>      | <b>--</b>          | <b>(4,243,923)</b> | <b>(1,493,135)</b> |
| Hedge funding   | (2,687,215)             | --                 | (2,687,215)        | --                 |
| Derivative financial instruments                      | (3,049,843)             | --                 | (1,556,708)        | (1,493,135)        |

### Sensitivity analysis

Banco do Brasil manages its risks in a dynamic process, identifying, measuring, assessing, monitoring, reporting, controlling, and mitigating market risk exposure arising on its positions. In this context, the Bank takes into account the risk limits defined by the Strategic Committees and possible scenarios, to act in a timely manner to reverse any adverse results.

In accordance with CMN Resolution 4,557/2017 and with Bacen Circular 3,354/2007, to manage more efficiently its transactions exposed to market risks, Banco do Brasil separates its transactions, including derivative financial instruments, as follows:



In thousands of Reais, unless otherwise stated

1) **Trading Book:** consisting of own positions held for trading or as a hedge for its trading portfolio, for which there is an intention of trading prior to their contractual maturity, subject to normal market conditions and that do not have a non-trading clause.

2) **Banking Book:** consisting of transactions not classified in the Trading Book whose feature is held to maturity.

In order to determine the sensitivity of the Bank's capital to the impacts of market volatility, simulations were performed with three likely scenarios, two of which assume adverse movements for the Bank. The scenarios used are set out below:

**Scenario I:** Likely situation, which reflects the perception of the Bank's senior management, the scenario most likely to occur for a 3-month horizon, considering macroeconomic factors and market information (B3, Anbima, etc.). Assumptions: exchange rate real/dollar of R\$ 5.12 and increase the Selic rate to 6.25% per annum based on market conditions observed on June 30, 2021.

**Scenario II:** Possible situation. Assumptions adopted: parallel shock of 25.00% in the risk variables, based on market conditions observed on June 30, 2021 considering the worst losses by risk factor and, therefore, ignoring the dynamics of correlation between macroeconomic factors.

**Scenario III:** Possible situation. Assumptions adopted: parallel shock of 50.00% in the risk variables, based on market conditions observed on June 30, 2021 considering the worst losses by risk factor and thus ignoring the dynamics of correlation between macroeconomic factors.

The tables below summarize the results for the Trading Portfolio (Trading), composed of public and private securities, derivative financial instruments and funds obtained through repurchase agreements:

| Risk factor              | Concept                                      | Scenario I         |                  |                    |                  |
|--------------------------|--|--------------------|------------------|--------------------|------------------|
|                          |  | Jun 30, 2021       |                  | Dec 31, 2020       |                  |
|                          |  | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate            | Risk of variation of prefixed interest rates | Increase           | (58,501)         | Maintenance        | --               |
| TMS and CDI indices      | Risk of variation of interest rate indices   | Decrease           | 42,471           | Increase           | (49)             |
| IPCA index               | Risk of variation of inflation indices       | Increase           | (67,811)         | Maintenance        | --               |
| Exchange rates variation | Risk of variation of foreign exchange rates  | Increase           | 12,923           | Increase           | 10,401           |

| Risk factor              | Concept                                      | Scenario II        |                  |                    |                  |
|--------------------------|--|--------------------|------------------|--------------------|------------------|
|                          |  | Jun 30, 2021       |                  | Dec 31, 2020       |                  |
|                          |  | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate            | Risk of variation of prefixed interest rates | Increase           | (54,161)         | Increase           | (14,845)         |
| TMS and CDI indices      | Risk of variation of interest rate indices   | Increase           | (1,255)          | Increase           | (10)             |
| IPCA index               | Risk of variation of inflation indices       | Increase           | (34,679)         | Increase           | (3,631)          |
| Exchange rates variation | Risk of variation of foreign exchange rates  | Decrease           | (137,187)        | Decrease           | (130,805)        |



In thousands of Reais, unless otherwise stated

| Risk factor              | Concept                                      | Scenario III       |                  |                    |                  |
|--------------------------|--|--------------------|------------------|--------------------|------------------|
|                          |  | Jun 30, 2021       |                  | Dec 31, 2020       |                  |
|                          |  | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate            | Risk of variation of prefixed interest rates | Increase           | (104,541)        | Increase           | (29,352)         |
| TMS and CDI indices      | Risk of variation of interest rate indices   | Increase           | (2,508)          | Increase           | (21)             |
| IPCA index               | Risk of variation of inflation indices       | Increase           | (66,435)         | Increase           | (7,092)          |
| Exchange rates variation | Risk of variation of foreign exchange rates  | Decrease           | (274,373)        | Decrease           | (261,609)        |

For transactions classified in the Banking Book, appreciations or depreciations resulting from changes in interest rates practiced in the market do not imply in a significant financial or accounting impact on the Bank's income as a result of the portfolio composition which is principally: loan operations (consumer credit, agribusiness, working capital, etc.); retail funding (demand, time, and savings deposits), and securities, which are booked by the contracted interest rates. In addition, it should be pointed out that these portfolios, except the securities available for sale, have as their principal characteristic the intention to hold the respective operations to maturity and, hence they are not subject to the effects of fluctuating interest rates, or the fact that such transactions are naturally related to other instruments (natural hedge), hence minimizing the impacts of a stress scenario.

The tables below show a summary of the Trading Portfolio (Trading) and of the Banking Book for the financial and non-financial entities controlled by the bank:

| Risk factor            | Concept                                       | Scenario I         |                  |                    |                  |
|------------------------|---|--------------------|------------------|--------------------|------------------|
|                        |   | Jun 30, 2021       |                  | Dec 31, 2020       |                  |
|                        |   | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate          | Risk of variation of prefixed interest rates  | Increase           | (14,369,014)     | Maintenance        | --               |
| TR                     | Risk of variation of interest rate indices    | Increase           | 12,472,035       | Maintenance        | --               |
| TBF                    |   | Increase           | 937              | Increase           | 874              |
| TJLP                   |   | Increase           | 1,707,883        | Increase           | 173,053          |
| TMS and CDI            |   | Decrease           | 1,767,364        | Increase           | (304,611)        |
| IGP-M                  | Risk of variation of inflation indices        | Increase           | (67,831)         | Maintenance        | --               |
| INPC                   |   | Increase           | (327,593)        | Maintenance        | --               |
| IPCA                   |   | Increase           | (138,547)        | Maintenance        | --               |
| Foreign currency rates | Risk of variation of foreign currency indices | Increase           | 902,601          | Increase           | 1,118,634        |
| Exchange rate          | Risk of variation of foreign exchange rates   | Increase           | 178,183          | Increase           | 113,302          |

| Risk factor            | Concept                                       | Scenario II        |                  |                    |                  |
|------------------------|---|--------------------|------------------|--------------------|------------------|
|                        |   | Jun 30, 2021       |                  | Dec 31, 2020       |                  |
|                        |   | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate          | Risk of variation of prefixed interest rates  | Increase           | (13,414,343)     | Increase           | (10,330,984)     |
| TR                     | Risk of variation of interest rate indices    | Decrease           | (13,349,511)     | Decrease           | (6,960,855)      |
| TBF                    |   | Decrease           | (181)            | Decrease           | (153)            |
| TJLP                   |   | Decrease           | (457,135)        | Decrease           | (384,922)        |
| TMS and CDI            |   | Increase           | (86,419)         | Decrease           | (31,616)         |
| IGP-M                  | Risk of variation of inflation indices        | Increase           | (28,285)         | Increase           | (34,437)         |
| INPC                   |   | Increase           | (96,417)         | Increase           | (154,100)        |
| IPCA index             |   | Increase           | (74,530)         | Increase           | (31,942)         |
| Foreign currency rates | Risk of variation of foreign currency indices | Decrease           | (396,116)        | Decrease           | (379,024)        |
| Exchange rate          | Risk of variation of foreign exchange rates   | Decrease           | (1,891,564)      | Decrease           | (1,424,966)      |





In thousands of Reais, unless otherwise stated

| Risk factor            | Concept                                       | Scenario III       |                  |                    |                  |
|------------------------|---|--------------------|------------------|--------------------|------------------|
|                        |   | Jun 30, 2021       |                  | Dec 31, 2020       |                  |
|                        |   | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate          | Risk of variation of prefixed interest rates  | Increase           | (25,827,620)     | Increase           | (19,949,072)     |
| TR                     | Risk of variation of interest rate indices    | Decrease           | (27,728,378)     | Decrease           | (14,204,528)     |
| TBF                    |   | Decrease           | (363)            | Decrease           | (307)            |
| TJLP                   |   | Decrease           | (936,304)        | Decrease           | (784,332)        |
| TMS and CDI            |   | Increase           | (172,725)        | Decrease           | (63,269)         |
| IGP-M                  |   | Increase           | (56,149)         | Increase           | (68,208)         |
| INPC                   | Risk of variation of inflation indices        | Increase           | (191,242)        | Increase           | (304,213)        |
| IPCA index             |   | Increase           | (143,091)        | Increase           | (62,398)         |
| Foreign currency rates | Risk of variation of foreign currency indices | Decrease           | (799,099)        | Decrease           | (764,112)        |
| Exchange rate          | Risk of variation of foreign exchange rates   | Decrease           | (3,783,128)      | Decrease           | (2,849,932)      |

The scenarios used for preparing the framework for sensitivity analysis must use situations of deterioration of at least 25% and 50% of the variable risks, on an individualized basis. Thus, the combined analysis of the results does not reflect real expectations, for example, simultaneous shocks of increase in the prefixed interest rate and reduction of the TR rate are not consistent from the macroeconomic perspective.

The derivative transactions classified in the Banking Book, do not represent a relevant market risk to Banco do Brasil, as these positions are usually originated with the following objectives:

- Swapping the index of funding and lending transactions performed to meet customer needs;
- Hedging market risk, the purpose and effectiveness of which are described in Note 11.a.5. Also in this transaction, the interest and exchange rate variations have no effects on the Bank's income.

On June 30, 2021, Banco do Brasil did not enter into any transaction classified as an exotic derivative.

## b) Capital management

### Objectives and policies

On 2017, Bacen issued CMN Resolution 4,557, which defines the scope and requirements of the risk management structure and the capital management structure for financial institutions.

In compliance with the Resolution, the Board of Directors has established Coris and has appointed as the Chief Risk Officer (CRO), responsible for risk and capital management, the Vice President of Internal Controls and Risk Management.

Capital management aims to ensure the Institution's future solvency concurrent with the implementation of business strategies.

Capital management is carried out through an organizational structure appropriate to the nature of its operations, the complexity of its business and the extent of exposure to relevant risks.

There are defined and documented capital management strategies that establish mechanisms and procedures to keep capital compatible with the Risk Appetite and Tolerance Statement (RAS).

In addition, the Bank has specific policies, approved by the Board, which aim to guide the development of functions or behaviors, through strategic drivers that guide capital management actions. These specific policies apply to all businesses that involve risk and capital at the Bank.



Elements comprised by capital management:

Strategic plans, business goals and budgets respect the risk appetite and tolerance and indicators of capital adequacy and risk-adjusted return.

The Capital Plan is prepared in consistency with the business strategy, seeking to maintain capital indicators at appropriate levels. This Plan highlights the capital planning of Banco do Brasil and the prospective assessment of any need for capital contribution.

The Capital Plan preparation is referenced in the guidelines and limits contained in RAS and the Bank's Corporate Budget (BB Budget), considering that this represents the materialization of the guidelines of ECBB, the Master Plan (PD), the Markets Business Plan, the Fixed Investment Plan and the Strategic Information Technology Plan.

The budgeted amounts must correspond to the goals and objectives defined by the Board of Directors for the Banco do Brasil Conglomerate. Thus, premises such as business growth, credit growth in operations with higher profitability, restrictions on operations in segments with lower profitability, among others, are contained in the BB Budget.

In addition, the BB Budget considers the macroeconomic scenario prepared by the Global Treasury Unit (Tesou) and the legislation applied to the Brazilian Banking Industry (SFN).

The review of the ECBB and the PD results from the application of a set of strategic planning methodologies, observing the best market practices. It is noteworthy that the review of the ECBB and the PD takes place in an integrated manner with the budgeting process, with the RAS and with the other documents of the strategic architecture, which ensures the alignment between such documents, giving greater internal consistency to the strategic planning process.

The BB Budget follows the guidelines defined in the ECBB, respects the RAS and aims to meet the floors and ceilings defined in the indicators approved in the PD. The BB Budget allows the quantification in financial values of the strategic objectives defined in the ECBB.

The RAS is the strategic document that guides the planning of the business strategy, directing budget and capital towards a sustainable and optimized allocation, according to the Institution's capacity to assume risks and its strategic objectives, in addition to promoting understanding and dissemination of the risk culture.

This statement is applied to the Bank and considers potential impacts on the capital of the Banco do Brasil Prudential Conglomerate. It is expected that the Subsidiaries, Affiliates and Investment companies (ELBB) define their drivers based on these guidelines considering specific needs and legal and regulatory aspects to which they are subject.

As defined in the RAS, risk appetite is the maximum level of risk that the Institution accepts to incur in order to achieve its objectives, materialized by indicators that define an aggregate view of risk exposure. Tolerance, in turn, induces risk management in a more granular way, considering the defined appetite.

RAS defines prudential minimum limits that aim to perpetuate the strategy of strengthening the Bank's capital structure. These limits are established above the regulatory minimum, represent the Bank's Risk Appetite and are effective as of January of each year.

The capital target is the level of capital desired by the Bank, which is why its management actions must be guided by this driver. The goals are distinguished from tolerance and risk appetite because the latter defines the level at which the Institution does not accept to operate, and must take timely measures for readjustment, which may trigger contingency measures



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**Integration:**

Adopting a prospective stance, the Bank assesses the capital status, classified as Critical, Alert or Surveillance, according to the time horizon that precedes the projected deadline for the breach of the prudential minimum capital limits defined by Senior Management and detailed in the RAS, as the figure below:

|                       | Capital Ratio              | Period of noncompliance (months) |         |          |              |              |              |
|-----------------------|----------------------------|----------------------------------|---------|----------|--------------|--------------|--------------|
|                       |                            | 0 to 6                           | 7 to 12 | 13 to 18 | 19 to 24     | 25 to 30     | over 31      |
| Target <sup>1</sup>   | ICP                        | ALERT                            |         |          | SURVEILLANCE |              |              |
| Appetite <sup>2</sup> | Common Equity Tier 1 Ratio | CRITICAL                         |         |          | ALERT        |              | SURVEILLANCE |
|                       | Tier 1 Ratio               | CRITICAL                         |         | ALERT    |              | SURVEILLANCE |              |
|                       | Basel Prudential Ratio     | CRITICAL                         | ALERT   |          | SURVEILLANCE |              |              |

<sup>1</sup> level of capital desired by the institution  
<sup>2</sup> maximum level of risk that institution agrees to incur in order to achieve its goals

The Capital Forum has the responsibility of identify the capital status of the Bank and occurs through the control of Common Equity Tier 1 Capital Ratio (ICP), Tier I Ratio and Capital Adequacy Ratio projected for a time horizon of at least 36 months. When the projections indicate a potential breach of the prudential minimum capital limits (risk appetite), the Institution will have enough time to promote strategic changes that avoid extrapolation, according to the deadlines defined for each indicator.

The assessment of the sufficiency of capital maintained by the Bank contemplates a 3-year time horizon and considers: i) the types of risks and respective levels to which the Institution is exposed and willing to assume; ii) the Institution's ability to manage risks effectively and prudently; iii) the Institution's strategic objectives; and iv) the conditions of competitiveness and the regulatory environment in which it operates.

In compliance with the provisions of Bacen Circular 3,846/2017, this analysis is also part of the Internal Capital Adequacy Assessment Process (Icaap) and must cover, at least:

- I - the assessment and measurement of the need for capital to cover credit risks (includes concentration and credit risk of the counterparty), market risk, interest rate variations for instruments classified in the bank portfolio (IRRBB) and operational;
- II - the assessment of the capital need to cover the other relevant risks to which the Institution is exposed, considering, at least, the strategy, reputation and socio-environmental risks; and
- III - the assessment of capital requirements based on the results of the stress test program.

The Icaap, implemented by the Bank on June 30, 2013, follows the disposed on CMN Resolution 4,557/2017. At the Bank, the responsibility for coordinating Icaap was assigned to the Risk Management Directorship. In turn, the Internal Controls Directorship is the responsible for validating the Icaap. Finally, Internal Audit is responsible for performing an annual evaluation of the overall capital management process.

**Procedures:**

Capital management is an ongoing process of planning, evaluating, controlling and monitoring capital. It supports the Board in the decision process that will lead the Institution to adopt a posture capable of absorbing eventual losses arising from business risks or changes in the financial environment.

Capital simulations are carried out, integrating the results of risk and business stress tests, based on macroeconomic and / or idiosyncratic scenarios. Stress tests are carried out periodically and their impacts are assessed from the perspective of capital.



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It is conducted monthly monitoring of the variables used in the preparation of the Capital Plan due to the review of the behavior projected in the preparation of the BB Budget, based on the observed numbers, market expectations and business dynamics. The relevant deviations are presented and discussed, by the Boards participating in the process, in the monthly meetings of the Capital Forum.

Management reports on capital adequacy are disclosed to the areas and strategic intervening committees, supporting the decision-making process by the Board of Directors.

The adoption of a prospective stance, by conducting continuous assessments of the capital need, makes it possible to proactively identify events with a non-zero probability of occurrence or changes in market conditions that may have an adverse effect on capital adequacy, including in stress scenarios.

### **c) Capital Adequacy Ratio**

The Bank has calculated the Capital Adequacy Ratio in accordance with the requirements established by CMN Resolutions 4,192/2013 and 4,193/2013. Those requirements are related to the calculation of Referential Equity (RE) and Minimum Referential Equity Required (MRER) as a percentage of Risk Weighted Assets (RWA).

Bacen published its Basel III capital regulations on March 2013. The regulations came into force on October 1, 2013 and apply to all banks. Recommend by the Basel Committee, Basel III represents a new set of regulations governing the capital structure of financial institutions. The new rules establish the following:

- a new methodology for calculating regulatory capital, which continues to be divided into Tier I and Tier II. Tier I consists of Common Equity Tier I Capital – CET1 (net of regulatory adjustments) and Additional Tier I Capital;
- a new methodology for calculating capital requirements, establishing minimum requirements for RE, Tier I and CET1, and introducing the Additional CET1.

Regulatory adjustments listed below are considered for calculating CET1 ratio:

- goodwill;
- intangible assets;
- actuarial assets related to defined benefit pension plans, net of deferred tax liabilities;
- significant investments (greater than 10% of the share capital) in: non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies and open-ended pension funds; and institutions authorized by Bacen that are not part of the Prudential Conglomerate.
- non-controlling interests;
- deferred tax assets on temporary differences that rely on the generation of future taxable profits or income to be realized;
- deferred tax assets resulting from tax losses on excess depreciation;
- deferred tax assets resulting from tax losses carry forward;
- value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013.

On August 28, 2014, Bacen authorized the R\$ 8,100,000 thousand perpetual bond included in Additional Tier I Capital to be considered as Common Equity Tier I Capital, as described in Note 23.c.

According to the Resolution 4,192/2013 and 4,193/2013, the calculation of the RE and the amount of RWA should be based on Prudential Conglomerate.



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|   | Jun 30, 2021       | Dec 31, 2020       |
|---|--------------------|--------------------|
| <b>RE - Referential Equity</b>  | <b>163,153,192</b> | <b>161,924,480</b> |
| <b>Tier I</b>   | <b>138,943,348</b> | <b>132,247,506</b> |
| <b>Common Equity Tier 1 Capital (CET1)</b>  | <b>112,036,523</b> | <b>104,315,243</b> |
| Shareholders' Equity  | 135,604,189        | 116,940,782        |
| Instrument qualifying as CET1   | 8,100,000          | 8,100,000          |
| Regulatory adjustments  | (31,667,666)       | (20,725,539)       |
| <b>Additional Tier 1 Capital (AT1)</b>  | <b>26,906,825</b>  | <b>27,932,263</b>  |
| Hybrid instruments authorized in accordance with CMN Resolution 4,192/2013                          | 26,886,825         | 27,932,263         |
| Perpetual subordinated notes  | 20,000             | --                 |
| <b>Tier II</b>  | <b>24,209,844</b>  | <b>29,676,974</b>  |
| Subordinated debt qualifying as capital   | 24,209,844         | 29,676,974         |
| Subordinated debt authorized in accordance with CMN Resolution 4,192/2013 - Financial bills         | --                 | 186,926            |
| Subordinated Debt authorized in accordance with regulations preceding the CMN Resolution 4,192/2013 | 24,209,844         | 29,490,048         |
| Funds obtained from the FCO <sup>(1)</sup>  | 23,469,518         | 26,403,208         |
| Funds raised in financial bills and CD <sup>(2)</sup>   | 740,326            | 3,086,840          |
| <b>Risk Weighted Assets (RWA)</b>   | <b>830,490,949</b> | <b>766,064,658</b> |
| Credit risk (RWA <sub>CPAD</sub> )  | 705,828,225        | 677,256,134        |
| Market risk (RWA <sub>MPAD</sub> )  | 20,884,937         | 21,125,396         |
| Operational risk (RWA <sub>OPAD</sub> )   | 103,777,787        | 67,683,128         |
| <b>Minimum referential equity requirements <sup>(3)</sup></b>                                       | <b>66,439,276</b>  | <b>61,285,173</b>  |
| <b>Margin on the minimum referential equity required <sup>(4)</sup></b>                             | <b>96,713,916</b>  | <b>100,639,307</b> |
| <b>Tier I Ratio (Tier I/RWA) <sup>(4)</sup></b>   | <b>16.73%</b>      | <b>17.26%</b>      |
| Common Equity Tier 1 Capital Ratio (CET1/RWA) <sup>(4)</sup>  | 13.49%             | 13.62%             |
| <b>Capital Adequacy Ratio (RE/RWA) <sup>(4)</sup></b>   | <b>19.65%</b>      | <b>21.14%</b>      |

(1) According to CMN Resolution 4,192/2013, the balance of FCO is limited to 80% of the amount that composed the Tier II of the RE on June 30, 2018.

(2) On June 30, 2021 it was considered the current value of subordinated debt instruments, applying on it the factor due to maturity date as determined by CMN Resolution 4,192/2013, in its 29th article.

(3) According to CMN Resolution 4,193/2013, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals 8%.

(4) Values from DLO (Operational Threshold Statement).

### Regulatory adjustments deducted from CET1:

|  | Jun 30, 2021        | Dec 31, 2020        |
|--|---------------------|---------------------|
| Actuarial assets related to defined benefit pension funds net of deferred tax liabilities  | (15,624,819)        | (4,588,635)         |
| Significant investments and tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 15% threshold) | (7,509,304)         | (6,702,085)         |
| Intangible assets  | (4,755,523)         | (6,211,770)         |
| Tax assets resulting from tax losses carry forward <sup>(1)</sup>  | (1,576,752)         | (1,609,596)         |
| Significant investments (excess of 10%) <sup>(2)</sup>   | (1,540,986)         | (1,375,048)         |
| Tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 10% threshold)                             | (487,099)           | --                  |
| Shortfall of the value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013  | (66,653)            | (56,518)            |
| Non-controlling interests <sup>(3)</sup>   | (47,672)            | (112,462)           |
| Tax assets resulting from tax loss of excess depreciation  | (31,211)            | (34,399)            |
| Goodwill   | (27,647)            | (35,026)            |
| <b>Total</b>   | <b>(31,667,666)</b> | <b>(20,725,539)</b> |

(1) It was applied the CMN Resolution 4,192/2013, which determines the non-deduction of the tax assets resulting from tax losses, recognized from January 1, 2018 to December 31, 2020, arising from short position in foreign currency for the purpose of providing hedge of investments in foreign operations.

(2) It refers to significant investments in non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies, open-ended pension funds and non-consolidated financial institutions.

(3) The adjustment of non-controlling interests was calculated according to CMN Resolution 4,192/2013, 1st paragraph of the article 9.



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**d) Fixed asset ratio and margin**

|                                       | Jun 30, 2021 | Dec 31, 2020 |
|---------------------------------------|--------------|--------------|
| Fixed asset ratio                     | 14.28%       | 14.12%       |
| Margin in relation to the fixed asset | 58,274,428   | 58,099,596   |

Bacen defines the fixed asset ratio as the percentage of fixed assets to Referential Equity. The maximum rate allowed is 50%, according to CMN Resolution 2,669/1999.

Margin refers to the difference between the 50% limit of Referential Equity and total fixed assets.

**e) Regulatory indicators vs. observed indicators**

CMN Resolution 4,783/2020 reduced, for a determined period, the percentages to be applied on RWA amount, for calculating the conservation capital buffer referred by CMN Resolution 4,193/2013, which, between April 1, 2021 and September 30, 2021, is 1.625%. This reduction impacted the minimum regulatory requirement, as shown in the table below:

|   | Regulatory | Jun 30, 2021 |
|---|------------|--------------|
| Common Equity Tier 1 Capital Ratio <sup>(1)</sup> | 7.125%     | 13.49%       |
| Tier I Ratio <sup>(1)</sup>                       | 8.625%     | 16.73%       |
| Capital Adequacy Ratio <sup>(1)</sup>             | 10.625%    | 19.65%       |
| Fixed asset ratio                                 | Up to 50%  | 14.28%       |

(1) Includes additional main conservation, countercyclical and systemic capital

On June 30, 2021, the compliance with the regulatory indicators is observed. The Bank, through the capital management strategies already listed, aims to surpass the minimum regulatory indicators, keeping them at levels capable of perpetuating the strategy of reinforcing the structure of capital of the Bank. In this way, the Bank defines the minimum prudential limits of capital indicators and the main capital target to be reached in each period. Following RAS and the Capital Plan, the goal to 2022 is to maintain a minimum of 11% Core Capital Ratio.

**f) Instruments eligible as capital**

The instruments eligible as capital are described in the Notes 19.c, 19.d and 23.c.

For subordinated financial bills issued up to the present date, there are the possibilities described in the emission instrument, as listed below:

- 1) There is no possibility of repurchase or redemption, total or partially, by the security holder and the expected cash flows will occur only on the maturity or on the exercise of the repurchase option by the Bank, as applicable.
- 2) For the perpetual instruments, there is a repurchase or redemption option, observing the following requirements:
  - a. minimum of five years interval between the issue date and the first exercise date of the repurchase or redemption option;
  - b. the exercise of the repurchase or redemption option is subject, on the exercise date, to the authorization of the Central Bank of Brazil;
  - c. lack of characteristics that lead to the expectation that the repurchase or redemption option will be exercised, constituting an attribution of the Issuer;
  - d. the interval between the repurchase or redemption option must be, at least, 180 days.

For securities issued abroad, there is, until now, no possibility for the holder of the security to request repurchase or redemption, total or partial. The expected cash flows will occur when the coupon is paid, upon maturity or when exercising the repurchase by the Bank, as applicable.

The Instrument qualifying as Common Equity Tier I Capital does not have a maturity date and can only be settled in situations of dissolution of the issuing institution or of repurchases authorized by the Central Bank of Brazil. The expected cash flows occur only through the payment of annual remuneration interest. According to the



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Information to the Market, on April 8, 2021, the Bank presented a proposal to return the referred instrument in seven annual installments of R\$ 1 billion and a final installment of R\$ 1.1 billion, based on a schedule between July 2022 and July 2029, still pending analysis and deliberation by the competent bodies.

Regarding the dynamics of the FCO, the monthly flows contemplate the inflows/origins, such as the transfers from the National Treasury resulting from the collection of taxes (made every ten days of the month), returns originating from payments of credit operations and remuneration on the available resources and the exits, such as the reimbursement of payment / rebate bonuses, the audit, del credere, provision and remuneration expenses in the operationalization of Pronaf - National Program for Strengthening Family Agriculture. The use of FCO resources as an instrument eligible as capital is limited by CMN Resolution 4,192/2013 (Art.29-A).

### 31 - RECURRING AND NON-RECURRING NET INCOME

As defined by BCB Resolution 2/2020, non-recurring results are those that are not related or are only incidentally related to the institution's typical activities, and are not expected to occur frequently in future years.

During the reporting period, the events recorded in the table below were identified as "Non-recurring items", with the respective tax effect and profit sharing, detailed below, when necessary for better understanding:

Economic plans: Provision expenses from lawsuits related to economic plans.

Tax Credit: Tax credit activation due to the increase in the CSLL ratio, from 20% to 25%, according to Law 14,183 from July 14, 2021.

Termination Programs: Expenses from the Staff Adequacy Program – PAQ, and from the Extraordinary Termination Program – PDE, as disclosed in the Information to the Market issued on April 8, 2021.

#### a) Breakdown of Net Income for the period into non-recurring items and recurring income

|  | 1st half/2021    | 1st half/2020    |
|--|------------------|------------------|
| <b>Net income <sup>(1)</sup></b>   | <b>9,749,601</b> | <b>6,413,429</b> |
| <b>Non-recurring items</b>   | <b>(202,383)</b> | <b>(293,049)</b> |
| Economic plans   | (904,347)        | (548,184)        |
| Termination Programs - PAQ and PDE   | (794,829)        | --               |
| Extraordinary provision for contingent claims                                      | --               | 1,540            |
| Tax Credit   | 719,641          | --               |
| Tax effect and employee and directors profit sharing effect on non-recurring items | 777,152          | 253,595          |
| <b>Recurring net income</b>  | <b>9,951,984</b> | <b>6,706,478</b> |

(1) Consolidated Net Income from the Statement of Income. Reconciliation of Banco do Brasil and BB Consolidated net income disclosed in Note 23.h.



In thousands of Reais, unless otherwise stated

**32 - OTHER INFORMATION****a) Investment funds management**

Funds managed by BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.:

|                      | Numbers of funds/portfolios (in Units) |              | Balance              |                      |
|----------------------|--|--------------|----------------------|----------------------|
|                      | Jun 30, 2021                           | Dec 31, 2020 | Jun 30, 2021         | Dec 31, 2020         |
| <b>Managed funds</b> | <b>1,034</b>                           | <b>983</b>   | <b>1,281,691,550</b> | <b>1,177,122,743</b> |
| Investment funds     | 1,027                                  | 976          | 1,259,089,462        | 1,155,405,598        |
| Managed portfolios   | 7                                      | 7            | 22,602,088           | 21,717,145           |

**b) Details in relation to overseas branches, subsidiaries and associates**

|                                | Banco do Brasil    |                    | BB Consolidated    |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                | Jun 30, 2021       | Dec 31, 2020       | Jun 30, 2021       | Dec 31, 2020       |
| <b>Assets</b>                  |                    |                    |                    |                    |
| BB Group                       | 87,379,373         | 88,879,047         | 85,528,656         | 86,875,056         |
| Third parties                  | 76,422,773         | 90,324,300         | 107,810,018        | 119,676,281        |
| <b>TOTAL ASSETS</b>            | <b>163,802,146</b> | <b>179,203,347</b> | <b>193,338,674</b> | <b>206,551,337</b> |
| <b>Liabilities</b>             |                    |                    |                    |                    |
| BB Group                       | 25,012,525         | 34,011,374         | 24,152,502         | 32,888,815         |
| Third parties                  | 126,976,239        | 132,238,117        | 151,953,706        | 155,089,538        |
| <b>Shareholders' Equity</b>    | <b>11,813,382</b>  | <b>12,953,856</b>  | <b>17,232,466</b>  | <b>18,572,984</b>  |
| Attributable to parent company | 11,813,382         | 12,953,856         | 16,771,309         | 18,099,853         |
| Non-controlling interests      | --                 | --                 | 461,157            | 473,131            |
| <b>TOTAL LIABILITIES</b>       | <b>163,802,146</b> | <b>179,203,347</b> | <b>193,338,674</b> | <b>206,551,337</b> |

|                                | Banco do Brasil |                  | BB Consolidated |                  |
|--------------------------------|-----------------|------------------|-----------------|------------------|
|                                | 1st half/2021   | 1st half/2020    | 1st half/2021   | 1st half/2020    |
| <b>Net income</b>              | <b>256,858</b>  | <b>1,000,275</b> | <b>956,150</b>  | <b>1,745,576</b> |
| Attributable to parent company | 256,858         | 1,000,275        | 826,260         | 1,599,883        |
| Non-controlling interest       | --              | --               | 129,890         | 145,693          |

**c) Consortium funds**

|  | Jun 30, 2021  | Dec 31, 2020  |
|--|---------------|---------------|
| Monthly forecast of purchase pool members receivable funds         | 523,882       | 536,685       |
| Obligations of the groups due to contributions                     | 27,316,433    | 23,225,234    |
| Purchase pool members - assets to be delivered                     | 25,252,835    | 21,351,283    |
| (In units)   |               |               |
| Quantity of groups managed   | 233           | 218           |
| Quantity of active consortium members                              | 1,217,537     | 1,115,774     |
| Quantity of assets deliverable to members (drawn or winning offer) | 108,451       | 86,616        |
|  | 1st half/2021 | 1st half/2020 |
| Quantity of assets (in units) delivered in the period              | 97,293        | 64,030        |





In thousands of Reais, unless otherwise stated

**d) Assignment of employees to outside agencies**

Federal government assignments are regulated by Law 10,470/2002 and Decree 9,144/2017.

|   | 1st half/2021                                 |                    | 1st half/2020                                 |                    |
|---|---|--------------------|---|--------------------|
|   | Quantity of assigned employees <sup>(1)</sup> | Cost in the period | Quantity of assigned employees <sup>(1)</sup> | Cost in the period |
| <b>With costs for the Bank</b>                                      |   |                    |   |                    |
| Labor unions  | 210   | 21,390             | 217   | 21,756             |
| Other organizations/entities  | 2   | 424                | 2   | 441                |
| Subsidiaries and associates   | 3   | 1,068              | 3   | 1,283              |
| <b>Without cost to the Bank<sup>(2)</sup></b>                       |   |                    |   |                    |
| Federal, state and municipal governments                            | 170   | --                 | 171   | --                 |
| External organizations (Cassi, Previ, Economus, Fusesc and PrevBep) | 517   | --                 | 538   | --                 |
| Employee entities   | 69  | --                 | 78  | --                 |
| Subsidiaries and associates   | 578   | --                 | 566   | --                 |
| <b>Total</b>  | <b>1,549</b>                                  | <b>22,882</b>      | <b>1,575</b>                                  | <b>23,480</b>      |

(1) Balance on the last day of the period.

(2) In 1st half/2021, the Bank was reimbursed in the amount of R\$ 259,209 thousand (R\$ 245,284 thousand in 1st half/2020), referring to the costs of assigned employees.

**e) Remuneration of employees and managers**

Monthly wages paid to employees and Directors of the Banco do Brasil (in Reais):

|                            | Jun 30, 2021 | Dec 31, 2020 |
|----------------------------|--------------|--------------|
| Lowest salary              | 3,022.37     | 3,022.37     |
| Highest salary             | 50,569.51    | 50,569.51    |
| Average salary             | 8,432.92     | 8,379.41     |
| President                  | 68,781.86    | 68,781.86    |
| Vice-president             | 61,564.83    | 61,564.83    |
| Director                   | 52,177.45    | 52,177.45    |
| Fiscal council             | 5,914.84     | 5,914.84     |
| Board of Directors         | 5,914.84     | 5,914.84     |
| Audit Committee - member   | 46,959.71    | 46,959.71    |
| Capital and Risk Committee | 46,959.71    | 46,959.71    |

**f) Insurance policy of assets**

Despite the reduced level of risk to which its assets are subject, the Bank insured its assets in amounts rendered enough to hedge any losses.

**Insurance contracted by the Bank in force on June 30, 2021**

| Covered risks  | Amounts covered  | Value of the premium |
|--|------------------|----------------------|
| Property insurance for the relevant fixed assets   | 1,054,280        | 4,305                |
| Life insurance and collective personal accident insurance for the Executive Board <sup>(1)</sup> | 105,260          | 306                  |
| Other  | 1,300            | 1                    |
| <b>Total</b>   | <b>1,160,840</b> | <b>4,612</b>         |

(1) Refers to individual coverage for members of the Executive Board.



### **g) Cassi**

On July 22, 2019, the National Agency of Supplementary Health (ANS) published Operational Resolution 2,439, which establishes fiscal administration at Cassi. ANS clarifies that the fiscal administration regime is not an intervention. The agency has appointed a tax director, with no management powers at the operator, to evaluate Cassi's situation in person. The director will analyze the remedial measures proposed by the operator and subsidize the ANS in its decisions. The fiscal administration has a duration of up to 365 days and the regime may be renewed.

After 90 days subject to a financial accounting audit, the ANS issued the Directive Instruction No. 12, on October 23, 2019, ratifying that Cassi meet the precepts required by accounting control standards and recommended two specific adjustments. Moreover, the Fiscal Director gave 30 days to present a Sanitation Program, which must imply actions and goals to revert all the noncompliance indicators.

On October 31, 2019, the Bank announced that the Board of Officers has approved a new proposal for Bylaw reform presented by the Deliberative Council of Cassi. On November 28, 2019, the Bank announced that associates approved the new proposal. In 2019, there was an additional administrative expense of R\$ 549 million, related to funding the new model, that was recognized in Personnel expenses.

On January 17, 2020, the Bank published Transaction with Related Party informing the settlement of the Bank's contractual obligation to the Group of Indirect Dependents (GDI), belonging to the Associates Plan, managed by Cassi, for the amount of R\$ 451 million. The settlement of this obligation represents a decrease in the Bank's provisions, resulting from CVM Deliberation 695/2012, this not generating a financial impact on Banco do Brasil.

On January 20, 2020, the Bank published Transaction with Related Party informing the following resources were made to Cassi, retroactive to January 2019: a payment of the Management Fee, in the amount of R\$ 124 million about the Administration Fee, and a payment of the Employer's Contribution on Dependents of Cassi's Associates Plan, for the amount of R\$ 425 million. The increase in expenses does not impact the actuarial liability, calculated in accordance with CVM Deliberation 695/2012.

On June 15, 2020, ANS published the Operational Resolution No. 2,556, announcing the end of the special fiscal administration at CASSI. The decision attests that CASSI regularized all the economic and financial indicators that led to the establishment of fiscal administration in July 2019 and fulfills the projections that make up the Sanitation Program, presented to ANS in December of the same year.

### **h) BB Seguridade Share Capital Reduction**

On September 25, 2019, the Board of Directors of BB Seguridade Participações S.A., a subsidiary of Banco do Brasil, approved the submission of a proposal to the Extraordinary Shareholders Meeting to reduce the share capital in the amount of R\$ 2.7 billion, without cancelling shares, for considering it excessive, pursuant to article 173 of Law 6,404/1976.

On October 30, 2019, the BB Seguridade's Extraordinary Shareholders Meeting approved the proposal to reduce the share capital, that will be effective 60 (sixty) days after the meeting's protocol.

On April 30, 2020, with this approval, the Bank has received the approximate amount of R\$ 1.8 billion as a refund of part of the value of its shares. This amount did not affect the Bank's profit or loss.

### **i) Assignment of credit portfolio**

On July 1, 2020, the Bank assigned a loan portfolio, mostly in losses, to the Non-Standardized and Exclusive Credit Rights Investment Fund (FIDC-NP), managed by BTG Pactual Serviços Financeiros S.A. DTVM.

The assigned portfolio has a book value of R\$ 2.9 billion and the financial impact of the transaction was R\$ 371 million, before taxes, recorded in the 3<sup>rd</sup> quarter/2020 net income.



## **j) Call option for perpetual debt security**

Banco do Brasil exercised on October 20, 2020 the call option of the total perpetual debt security issued in 2009 (Banbra 8.5%), in force under the Basel II rules. The redemption was for 100% of its face value and interest accrued and unpaid to date, amounting R\$ 4.953 billion (Note 19.d).

The redemption was paid in cash and will not have any significant impact on the institution's liquidity and capital levels.

## **k) Review and resizing of the organizational structure and incentive termination**

As disclosed in the Relevant Fact to the market on January 11, 2021, the Bank approved a set of measures related to the revision and resizing of its organizational structure, in line with the strategic objectives of centrality in the client and increase of operational efficiency.

The full implementation of the measures is expected to occur during the 1st half/2021, providing efficiency and optimization gains in 870 service points in the country, including: i) deactivation of units; ii) conversion of branches into service stations and service stations transformed into branches; iii) transformation of business units into BB Stores, without cashier counters, with a greater vocation for advisory and relationship; iv) shared relocation of business units; and v) creation of specialized branches for agribusiness customers and Leve Digital Offices (specialized services to customers with digital maturity).

The reorganization of the service network is being adapted driven by the new profile and behavior of customers and includes, in addition to the structure optimization measures described above, other revision and resizing measures in the directorships, support areas and service network, favoring the specialization of service and expanding the offer of digital solutions.

Furthermore, with the measures, BB expands its capacity of serving customers with managed advisory, expanding relationship and businesses and enhancing satisfaction and loyalty.

At the same time, two modalities of voluntary termination incentive program were approved: the Staff Adequacy Program (PAQ), in order to optimize the distribution of the workforce, addressing the situations of vacancies and excesses in the bank units, and the Extraordinary Dismissal Program (PDE), available to all employees that meet the prerequisites. The Programs have specific regulations that define the rules for adhesion.

After completing the phase of voluntary expression of interest in the incentive termination programs, the terminations of 5,533 employees in the PAQ and PDE were validated, whose financial impacts are estimated at R\$ 795 thousand, in the 1st half/2021.

## **l) Tax rate increase**

On July 14, 2021 the Provisional Measure (MP) 1,034 was converted in to the Law 14,183/2021, that modify the Law 7,689/1988 to increase the social contribution rate (CSLL) due by financial sector entities. The CSLL tax rate was fixed at 25% in the period from July to December 2021, returning to 20% from January 1, 2022.

## **m) Coronavirus Pandemic (Covid-19)**

Since the 1st quarter/2020, the world economy was negatively impacted by the spread of respiratory disease caused by the new Coronavirus (Covid-19), raised to the level of a pandemic by the World Health Organization (WHO).

Banco do Brasil adopted several preventive measures recommended by specialists, by the Ministry of Health and by the authorities of the countries where it operates, reaffirming the commitment to the health and safety of employees, collaborators, customers and the society.

At the same time, Banco do Brasil is working to guarantee quality financial services, being prepared to continue attending its demands, as communicated to the market on March 24, 2020.



Among the measures taken, it stands out:

### **Collective Labor Agreement (CLA)**

The Bank signed the Collective Labor Agreement (CLA) with Union Entities on July 16, 2020, reaching to minimize Covid-19 impacts. The new rules are specific to this period and temporary, and they are valid up to 2 (two) years from the signing date. Main themes celebrated in the CLA:

- Working from home, remote work or home office: prioritized use by risk group employees.
- Vacation: must be informed up to 5 days before the absence date, there will be preserved 15 days from the acquisition period to be used in the future, when anticipating. In addition, an allowance on April 7, 8, 9, 28 and 29, 2020 to the employees who received a vacation notice at the initiative of the company and were in a situation other than “real workforce”.
- Bank of negative hours: applies to all employees subject to journey control, without the need for accession; 18-month deadline to compensate for negative hours made since July 7, 2020; in order to use the hour bank, the need for negotiation between the employee and the manager remains; 10% discount on the negative hours accumulated until July and on the month-to-month balance from August to December, 2020.
- Other commitments arising from the negotiation: no decommissioning due to performance during the pandemic; possibility of using the positive balance of the hour bank, together with other situations of absences, for post-pandemic rest, primarily for employees who are in person attendance; maintenance of the possibility, even if on a rotating basis, of the manager paying 1 or 2 hours for employees who are in person at the branches.

Additionally to signing the agreement, the Bank adopted these actions:

### **Employees and collaborators**

- Communication with employees, guiding constantly about work conditions and customer service, according to the disease evolution in the country.
- Creation of a Strategic Group for the Crisis Management to properly deal with the matter, ensuring uniqueness and opportune dissemination of information to the internal and external public.
- Suspension of international and national travels.
- Replacement of physical meetings for videoconferences and audio conferences.
- Increased cleanliness and sanitation of the ambience and spaces.
- Work leave for 14 days of employees who have symptoms and who had contact with confirmed or suspected cases (social isolation).
- Work leave for seven days of employees arriving from any country from the date of departure of any foreign country (social isolation).
- Prioritization of home office according to the process criticality and to the type of work, and for employees considered as risk group.
- Distinguished working hours, change on vacation period and licenses.



### Customers and users

- Securing essential banking services to the population, prioritizing the continued supply and operation of ATMs in self-service rooms.
- Providing physical assistance for services considered essential exceptionally at the branches.
- Special hours (9 am to 10 am) exclusive for INSS retirees and the public of greater risk.
- Encouraging the use of digital channels for services and customer relations through internet and mobile phones, expanding access to other customer profiles for customer service through messages, as well as the possibility of performing banking transactions directly by message apps for all the customers.
- Availability of up to R\$100 billion of loans to individuals, companies, agribusiness, in addition to health supplies for city halls and governments. The funds refer to existing credit lines, mainly consumer loans and working capital.
- Complying with the note issued by Febraban on March 16, 2020, and in order to minimize the momentary impacts of this situation, the bank is offering an option to extend the installments falling due in the next 60 days, upon the customer's manifestation, available in the Bank's digital channels. Customers can also adjust their financial commitments, through loans renegotiation, with a grace period for payment of the first installment between 60 and 180 days, depending on the loan line, and the payment term lengthening. This renegotiation process is also available through digital channels.

### Society

- Resources donation by the Group companies to promote pandemic combat actions.
- Fundação Banco do Brasil performance in actions to implement assistance and awareness projects with communities.

Banco do Brasil continues to evaluate and monitor the potential impacts on the credit portfolio, considering the various segments and sectors and has adopted proactive measures for risk management.

In addition, the Bank is working to preserve the regularity of its activities and the continuity of operations.

### Accounting and Capital Implications of COVID-19 Effects

The Covid-19 pandemic crisis is significantly affecting the economic environment of countries affected by the virus. Despite the mitigating actions adopted to date, implications for the Bank's financial statements are expected. The main reflexes and measures are presented below.

#### i) Main judgments and uncertainties

Because of the uncertainties caused by the Covid-19 pandemic scenario, the Bank revised some judgments and estimates historically adopted so that the accounting information derived from these judgments and estimates would reflect with higher reliability the equity position and the results for the period disclosed.

#### ii) Consolidation

Despite the challenging economic scenario arising from the confrontation of the pandemic, Banco do Brasil Conglomerate did no corporate restructuring or increased significant intragroup transactions that were not initially foreseen by the Bank's Management, so that there were no changes in the Conglomerate's consolidation process.

**iii) Profit Distribution**

According to the Material Fact released on January 25, 2021, the Board of Directors approved, in accordance with CMN Resolution 4,885, dated December 23, 2020, which amended CMN Resolution 4,820, dated May 29, 2020, the payout ratio of 35.29% for the fiscal year of 2020. The Board of Directors also approved a policy revision and established a 40 % payout in 2021, through dividends and/or interest on shareholders' equity.

**iv) Risk and capital management**

- Capitalization - Sufficiency for protection in a stress event.

**Releasing the Capital Conservation Buffer – CMN Resolution 4,783/2020**

The Capital Conservation Buffer (CCoB) was reduced from 2.5% to 1.25% with an additional year to gradually reestablish the original buffer rate by March 2022. The measure aims at strengthening banks confidence in providing credit, supporting the credit flow. Expected impact: a capital relief (specifically banks' CET1 capital) — creating room for credit supply expansion (Note 30.c).

**FX overhedge of equity abroad – CMN Resolution 4,192/2013 (amended by CMN Resolution 4,851/2020)**

The measure establishes no capital deduction for the tax effects arising from the FX hedge operations of banks foreign equity investments. Banks hedge their investments on equity held abroad in order to obtain protection against Exchange rate (FX) fluctuations. Specifically, the measure provides financial institutions with confidence to implement or expand their credit grant plans.

- Liquidity - Sufficiency to withstand long periods of stress.

**Enhancement of the Leverage Coverage Ratio's (LCR) regulation - Bacen Circular 3,986/2020**

The measure safely reduced liquidity requirements for Brazilian institutions. The reduction in the need for financial institutions to carry other HQLA will allow an expansion in the ability to grant credit.

Credit, Market and Business - Strategy to mitigate increased volatility in earnings (such as concentration limits and incentives to diversify revenues).

Operational Risk - Identification and mitigation of operational risk events (remote work, occurrence monitoring, fraud prevention).

Reputation - Monitoring the assertiveness of the measures and their impacts in order to mitigate any negative consequences on brand value and reputation.

Credit risk - Monitoring, provisioning, policy review and risk appetite.

**v) Impairment of Assets**

Banco do Brasil carried out studies to identify whether its non-financial assets showed signs of devaluation due to the reduction in their value in use or by discounted cash flows, which may indicate an Impairment of Assets.

On the 1st half/2020, the Bank recognized R\$ 959 million impairment losses, related to rights to manage payroll contracts booked as intangible assets (Note 16). The Bank did not identify relevant impacts on the recoverable amounts of property and investments.

**vi) Fair value of financial instruments**

As established in the risk and capital management item, Banco do Brasil adapted its procedures for daily monitoring of the financial market, carrying out simulations and projections that aimed to identify significant variations in the fair value of the financial instruments held or traded by the Bank.



In thousands of Reais, unless otherwise stated

The Bank revised mark-to-market models to take into account the possible impacts of the Covid-19 on the economic and financial indicators used in the projection of scenarios, especially in the calculation of the fair value of financial instruments classified at level 2 and level 3 in the fair value hierarchy.

Changes in the fair value of the financial instruments, caused by the Covid-19 pandemic and so far identified, have already affected these financial statements.

There was no change in the intention to hold or trade the Conglomerate's securities that may give rise to a change in the category of financial instruments, as defined in Bacen Circular 3,068/2001, which the Bank initially intended to hold until maturity and booked at amortized cost.

The Bank reviewed the market value of the main asset securities and recognize an impairment amounting to R\$ 720 million on 1st half/2021 (R\$ 1,723 million on 1st half/2020) to some financial instruments.

#### **vii) Provision for losses associated with credit risk of the loans portfolio**

The internal model developed to comply with CMN Resolution 2,682/99 (amended by Resolution 2697/00) implies the attribution of a risk to customer, to the economic group to which this customer belongs and the country risk in which the customer conducts its main business.

The pandemic caused by the Covid-19 generated an increase in the credit risk of customers located in the main affected countries, in which there was a noticeable reduction in economic activity and, therefore, possibly in the ability of these customers to honor their contracts.

In March 2020, CMN Resolution 4,782/2020, updated by CMN Resolutions 4,791/2020 and 4,856/2020, established for a determined period of time, for the purposes of credit risk management, due to the eventual impacts of Covid-19 on the economy, temporary criteria for the characterization of the restructuring of loans up to September 30, 2020.

In September 2020, CMN Resolution 4,856/2020 was issued, changing the deadlines in CMN Resolution 4,782/2020 to December 31, 2020, and CMN Resolution 4,855/2020, establishing standards for the provision for loan losses measurement within the scope of the programs addressing the effects of the Covid-19 pandemic on the economy.

On the 1st half/2021, the Bank did not change its constitution of prudential provision (R\$ 4,047 million on 1st half/2020).

#### **viii) Use of recognized deferred tax assets**

The Bank carried out studies for the recognized deferred tax asset consumptions, in view of the projections of results from the Bank or its subsidiaries in 10 years period.

The study concluded that there would be no change in the expectation of deferred tax assets realization.

#### **ix) Impacts in the discount rate and in the fair value of assets guaranteeing defined benefit plans**

In the period, the Bank identified an increase in the discount rate used in actuarial calculations, due to changes in the fair value of Brazilian government bonds, as well as a reduction in the fair value of certain assets guaranteeing defined benefit plans, including publicly traded company shares. These effects jointly generate net adjustments to actuarial liabilities, with an impact of R\$ 13.89 billion on the 1st half (1,64 billion on 1st half/2020) in shareholders' equity, net of taxes (Note 29.d.5). However, given the situation of uncertainty at the present economic moment, we observe that these two premises have presented important fluctuations to follow-up.

#### **x) Provisions for labor, tax and civil lawsuits**

The Bank reassessed the risks involved, especially with regard to civil and labor claims, with no relevant impacts identified so far, in view of the existing provisions.

**xi) Restructuring plans**

There is no expectation that restructuring will occur, such as the sale or closing of part of business or the reduction of operations due to the Covid-19 crisis.

**xii) Other possible identified/expected effects****Governmental assistance**

During the pandemic confrontation period, governmental and regulatory measures took place that provided support to the business and improved the Bank's performance. We list some of these measures and their impacts in the national financial system:

**Taxes:**

Postponement of tax collection, in compliance with ordinance Ministry's of Economy 139/2020. The Group did not adopt the option granted.

**Business support:**

Reduction of the IOF tax rate charged to borrowers of loans (Decrees 10,305, 10,414, 10,504, 10,551 and 10,572/2020). Reduction to zero of IOF rates on loans specified in the Decrees, acquired between April 3 and November 26, 2020 and between December 15 and December 31, 2020.

**Emergency Employment Support Program provides emergency payroll financing for small and medium-sized businesses - CMN Resolution 4,846/2020**

The program was instituted for Law 14,043 on August 19, 2020. Total amount of the credit goes down to R\$ 29 billion, of which R\$ 12 billion on guarantees for loans of Pronampe (Programa Nacional de Apoio à Microempresas e Empresas de Pequeno Porte) and R\$ 17 billion to be injected from de federal government on the BNDES (Banco Nacional de Desenvolvimento Econômico e Social) for funding the credit line. The resources are still 85% from the BNDES and the remaining from participating financial institutions. The measure provides for return to federal government up to 50% of resources that had not been passed to the banks as of September 30, 2020. In 2020, the Bank lent the amount of R\$ 8.0 billion on the program. This Resolution determined that the loans fund must be dealt until October.

**Additional reduction in reserve requirements - Bacen Resolution 78/ 2020**

Resolution 78/2021 revoked Resolution 21/2020, however, the BC reduced the rate off reserve requirements 20% to 17%, released R\$68 billions in reserve requirements. The measure aims to the strategic increase of liquidity to the economy. The releases adds up to the amount of R\$50 billion already released from March 16, 2020 due to the previous reduction from 31% to 25%.

**Dollar sovereign bond repos - Bacen Resolution 76/2021**

The Resolution 76 revoked the Bacen Circular 3,992/2020 and others. The measure aims to review, update, simplify and consolidate the normative acts, to rationalize the regulatory capital. The Bank ceased to do liquidity operations in US dollars through repos of Brazilian sovereign bonds denominated in dollars (global bonds) held by national financial institutions. The measure regulates the definitive purchase or sale of foreign currency in the spot markets, with settlement on a future and forward date, including a resale commitment together with a repurchase commitment, assumed by the counterparty, for settlement on a pre-established date, within a period of up to 360 days.

**New Time Deposit with Special Guarantees - CMN Resolution 4,785/2020.**

The New Time Deposit with Special Guarantees (NDPGE) is an additional option for fundraising accessible to the financial institutions associated with the Credit Guarantee Fund (FGC). It is about the possibility of these





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institutions taking deposits guaranteed by the FGC, which also contributes to the continuity of the credit offer for the real sector. The FGC coverage, previously limited to R\$ 20 million, was increased to R\$ 40 million per holder. This guarantee does not involve public funds, since the FGC is a 100% private entity.

#### **Flexibility in Agribusiness Letters of Credit (LCAs) – Manual de Crédito Rural (MCR)**

The calculation basis was adjusted in order to allow more institutions to raise funds with LCAs, increasing their liquidity. Thus, the funds application rules from agribusiness funding activities were relaxed. CMN Resolution 4,903/2021 revoked the CMN Resolution 4,787/2020 to comply with the review and consolidation of normative acts lower than the decree referred to in Decree 10,139, of November 28, 2019.

#### **Loan backed by debentures - CMN Resolution 4,786/2020.**

The Bacen now has the possibility to grant loans backed by debentures (private securities) to financial institutions. The resources that financial institutions compulsorily maintain in their reserve accounts with the Bacen also guarantees these operations, eliminating the risk to the monetary authority. This is a Special Temporary Liquidity Line, which aims to guarantee liquidity and the normal functioning of the private corporate credit market during the crisis.

#### **Greater possibility for banks to repurchase their own financial bills - CMN Resolution 4,788/2020**

The largest banks will be able to repurchase a larger volume of their own financial bills. As a result, holders of these securities (mostly investment funds) will find it easier to redeem the funds invested, if necessary. The allowed repurchase percentage went from 5% to 20%.

#### **Loan backed by financial bills guaranteed by credit operations**

The Bacen is developing legal and operational framework for granting loans to financial institutions with the guarantee of the institutions' credit portfolios. The measure will provide liquidity and guarantee the normal functioning of the credit market in the country.

#### **Injection of longer-term funds by Bacen via repo operations backed by Federal Public Securities**

In times of crisis, institutions may find it difficult to access liquid resources for longer periods. In order to provide liquidity to the SFN, Bacen started to offer longer repo operations at the donor end, through its open market operations. As a result, institutions can obtain liquid resources for longer terms as opposed to the demand for very short-term liquidity by market agents. This measure also facilitates the management of liquidity in its balance sheets, as it provides a reduction in the cost of maintaining a longer-term portfolio (duration cost).

#### **US dollar liquidity swap line**

The Bacen established a US\$ 60 billion liquidity swap line in cooperation with the Federal Reserve (FED). The line expands the potential supply of dollars in the domestic market and does not imply economic policy conditionalities. If necessary, it can be used to increase the funds available for operations in the foreign exchange market by the Bacen. The swap agreement between the Bacen and the FED will remain effective until March 31, 2021.

#### **Working Capital Program for the Preservation of Companies (CGPE)**

On July 16, 2020, the Provisional Measure 992/2020 was issued, which provides, among other purposes, for the financing to micro and small and medium-sized companies within the scope of the Working Capital Program for the Preservation of Companies (CGPE). In addition, it provides for the use of presumed credit calculated based on credits arising from temporary differences and the sharing of fiduciary alienation. On July 21, 2020, the Resolution CMN 4,838 was issued, which provides for credit operations contracted within the scope of the CGPE. In 2020, the Bank registered the amount of R\$ 10.2 billion in program operations. The measure was effective until November 12, 2020.



In thousands of Reais, unless otherwise stated

### **Credit Incentive Program (PEC)**

The Program was established by Provisional Measure 1,057, of July 6, 2021, which also establish the presumed credit calculated from credits arising on temporary differences. The MP allows loaning to individual microentrepreneurs, microenterprises, small businesses and rural producers, with annual gross revenue up to R\$ 4.8 million, until December 31, 2021, in exchange for presumed credits to temporary differences, in the framework of this MP, and which have not yet been used for loans under MP No. 992/2020.

### **33 - SUBSEQUENT EVENTS**

No subsequent events were identified in the period.



**DECLARATION OF THE EXECUTIVE BOARD MEMBERS  
ABOUT THE FINANCIAL STATEMENTS**

According to the article 25, item VI, of CVM Instruction No. 480 of December 07, 2009, we declare that the Financial Statements of the Banco do Brasil S.A. related to the period ended June 30, 2021 were reviewed and, based on subsequent discussions, we agree that such statement fairly reflects, in all material facts, the financial position for the periods presented.

Brasília (DF), August 03, 2021.

Fausto de Andrade Ribeiro  
Chief Executive Officer (CEO)

Ana Paula Teixeira de Sousa  
Chief Internal Controls and Risk Management Officer  
(CRO)

Carlos Motta dos Santos  
Chief Retail Business Officer

João Carlos de Nobrega Pecego  
Chief Wholesale Officer

Marcelo Cavalcante de Oliveira Lima  
Chief Business Development Officer (CTO)

Antônio José Barreto de Araújo Júnior  
Chief Government Affairs And Sustainability Officer

Ênio Mathias Ferreira  
Chief Corporate Officer

José Ricardo Fagonde Forni  
Chief Financial Management, Payments Solutions  
And Investor Relations Officer (CFO)

Renato Luiz Bellinetti Naegele  
Chief Agribusiness And Financing Solutions Officer



**DECLARATION OF THE EXECUTIVE BOARD MEMBERS  
ABOUT THE REPORT OF INDEPENDENT AUDITORS**

According to article 25, item V, of CVM Instruction No. 480 of December 07, 2009, we affirm based on our knowledge, on auditor's plan and on discussions about the audit results, that we agree, with no dissent, to the opinions expressed in the Report of Independent Auditors for Financial Statements.

Brasília (DF), August 3, 2021.

Fausto de Andrade Ribeiro  
Chief Executive Officer (CEO)

Ana Paula Teixeira de Sousa  
Chief Internal Controls and Risk Management Officer  
(CRO)

Carlos Motta dos Santos  
Chief Retail Business Officer

João Carlos de Nobrega Pecego  
Chief Wholesale Officer

Marcelo Cavalcante de Oliveira Lima  
Chief Business Development Officer (CTO)

Antônio José Barreto de Araújo Júnior  
Chief Government Affairs And Sustainability Officer

Ênio Mathias Ferreira  
Chief Corporate Officer

José Ricardo Fagonde Forni  
Chief Financial Management, Payments Solutions  
And Investor Relations Officer (CFO)

Renato Luiz Bellinetti Naegele  
Chief Agribusiness And Financing Solutions Officer



## MEMBERS OF MANAGEMENT

### CHIEF EXECUTIVE IN OFFICE (CEO)

Fausto de Andrade Ribeiro

### VICE-PRESIDENTS

Ana Paula Teixeira de Sousa  
Antônio José Barreto de Araújo Júnior  
Carlos Motta dos Santos  
Ênio Mathias Ferreira  
João Carlos de Nobrega Pecego  
José Ricardo Fagonde Forni  
Marcelo Cavalcante de Oliveira Lima  
Renato Luiz Bellinetti Naegele

### BOARD OF DIRECTORS

Aramis Sá de Andrade  
Débora Cristina Fonseca  
Fausto de Andrade Ribeiro  
Iêda Aparecida de Moura Cagni  
Paulo Roberto Evangelista de Lima  
Rachel de Oliveira Maia  
Walter Eustáquio Ribeiro

### DIRETORS

Adelar Valentim Dias  
Antonio Carlos Wagner Chiarello  
Carla Nesi  
Eder Luiz Menezes de Faria  
Edson Rogério da Costa  
Eduardo Cesar Pasa  
Felipe Guimarães Geissler Prince  
Francisco Augusto Lassalvia  
Gerson Eduardo de Oliveira  
Guilherme Alexandre Rossi  
Jayme Pinto Junior  
João Leocir Dal Rosso Frescura  
João Vagnes de Moura Silva  
Lucinéia Possar  
Marco Túlio de Oliveira Mendonça  
Márvio Melo Freitas  
Mauricio Nogueira  
Paula Sayão Carvalho Araujo  
Paulo Augusto Ferreira Bouças  
Pedro Bramont  
Rodrigo Mulinari  
Thiago Affonso Borsari  
Thompson Soares Pereira César

### FISCAL COUNCIL

Aloisio Macário Ferreira de Souza  
Carlos Alberto Rechelo Neto  
Lucas Pedreira do Couto Ferraz  
Rafael Cavalcanti de Araújo  
Samuel Yoshiaki Oliveira Kinoshita

### AUDIT COMMITTEE

Egídio Otmar Ames  
Luiz Serafim Spinola Santos  
Marcos Tadeu de Siqueira  
Vera Lucia de Almeida Pereira Elias

### ACCOUNTING DEPT.

Eduardo Cesar Pasa  
General Accountant  
Accountant CRC-DF 017601/O-5  
CPF 541.035.920-87

Pedro Henrique Duarte Oliveira  
Accountant CRC-DF 023407/O-3  
CPF 955.476.143-00

(Convenience Translation into English from the  
Original Previously Issued in Portuguese)

## **Banco do Brasil S.A. and Subsidiaries**

Individual and Consolidated  
Financial Statements for the  
Six-month Period and Year Ended  
December 31, 2020 and  
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors, Management and Shareholders of Banco do Brasil S.A.

### **Opinion**

We have audited the accompanying individual and consolidated financial statements of Banco do Brasil S.A. and its subsidiaries ("Banco do Brasil"), identified as Banco do Brasil and BB Consolidated, respectively, which comprise the individual and consolidated balance sheet as at December 31, 2020 and the related individual and consolidated statements of income, of comprehensive income, of changes in shareholders' equity and of cash flows for the six-month period and year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Banco do Brasil S.A. as at December 31, 2020, and its individual and consolidated financial performance and its individual and consolidated cash flows for the six-month period and year then ended in accordance with accounting practices adopted in Brazil applicable to the financial institutions authorized to operate by the Central Bank of Brazil ("BACEN").

### **Basis for opinion**

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements" section of our report. We are independent of Banco do Brasil in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our 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 current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## 1. Allowance for loan losses

The recognition of an allowance for loan losses involves a high degree of judgment and the use of estimates by Banco do Brasil's Management. As disclosed in notes 3.g), 4.b) and 12 to the individual and consolidated financial statements, loan transactions and other receivables with loan characteristics are classified by risk level, based on Management's judgment, taking into consideration the economic scenario, past experience and the risks specific to the transactions and to the debtors, considering the parameters established by CMN (National Monetary Council) Resolution 2682/99, and the impacts arising from CMN Resolution 4803, issued in April 2020, and CMN Resolution 4855, issued in September 2020, which provide for certain effects of COVID-19. For this purpose, Banco do Brasil uses internal credit risk classification models for debtors and their respective transactions, involving Management's assumptions and judgments in order to represent its best estimate of the credit risk of its portfolio, including the impacts of COVID-19.

The allowance for loan losses was considered a key audit matter due to the complexity of the allowance for loan losses model, the use of estimates, and the high degree of judgment by Management in determining the allowances recognized.

### *How was the matter addressed in our audit?*

Our audit procedures included, among others: (a) understanding the provisioning criteria adopted by Banco do Brasil for loan transactions and other credits with loan characteristics, including the impacts of COVID-19; (b) understanding and testing the design, implementation, and effectiveness of the relevant internal controls over the rating process of debtors and their related transactions; (c) reviewing the allowance recognition criteria and challenging the assumptions used by Management and their compliance with the parameters set by CMN Resolution 2682/99, on a sampling basis, with the involvement of senior members of our team and specialists; (d) reviewing the level of the total allowance for the existing portfolios, including the impacts of COVID-19; and (e) assessing the disclosures made in the individual and consolidated financial statements.

We consider that the criteria and assumptions adopted by Management to estimate the allowance for loan losses are acceptable in the context of the individual and consolidated financial statements taken as a whole.

## 2. Fair value measurement of certain financial instruments

Banco do Brasil applies internal pricing models for the fair value measurement of certain financial instruments, as disclosed in notes 3.e), 3.f) and 4.a) to the individual and consolidated financial statements, when there are no market prices and parameters available, including assumptions such as credit risk curves, internal perspective of expected loss, future interest rate, foreign exchange and price index curves, and in 2020 the impacts of COVID-19.

The fair value measurement of certain financial instruments was considered a key audit matter due to their materiality in the context of the individual and consolidated financial statements, the use of judgment by Management and the use of pricing techniques based on internal models which take into consideration observable inputs or market references, including the impacts of COVID-19. These financial instruments are mainly comprised of derivative financial instruments and private securities.



## *How was the matter addressed in our audit?*

Our audit procedures included, among others: (a) understanding the design and implementation of the relevant internal controls that involve the fair value measurement of certain financial instruments; (b) understanding and reviewing the mark-to-market methodology developed internally by Banco do Brasil, and challenging the assumptions used in building the projected curves, including the impacts of COVID-19; (c) recalculating the market value for a sample of transactions by assessing the reasonableness of inputs and parameters used in internal pricing models, or observable market inputs, when available; and (d) assessing the disclosures in the individual and consolidated financial statements.

We consider that the criteria and assumptions adopted by Management for the fair value measurement of these financial instruments are acceptable, considering the market practices, in the context of the individual and consolidated financial statements taken as a whole.

### 3. Provision for tax, civil, and labor claims

As disclosed in notes 3.n), 4.h) and 21 to the individual and consolidated financial statements, Banco do Brasil recognizes a provision for tax, civil and labor claims, arising from past events, based on Management's assessment, supported by its legal counsel's opinion by measuring the amounts to be provisioned using the "Collective" and "Individualized" methods, depending on the type and amounts of the lawsuits. The "Collective" method is used for lawsuits considered to be similar and usual, whose individual amount is not relevant and which were developed internally by Management according to statistical parameters. The "Individualized" method is assessed periodically by the legal counsel in relation to the likelihood of loss and amounts to be provisioned.

Due to the materiality in the context of the individual and consolidated financial statements and the complexity, subjectivity, and degree of judgment of the methods used by Management, we considered this a key audit matter.

## *How was the matter addressed in our audit?*

Our audit procedures included, among others: (a) understanding the design and implementation of the relevant internal controls involving the control of tax, civil and labor claims and the measurement of the amounts provisioned based on the "Individualized" and "Collective" methods; (b) involving our statistics specialists for understanding the statistical parameters used in the Collective method; (c) confirming the claims with the in-house and outside legal counsel; (d) analyzing on a sampling basis the appropriateness of the assumptions used in the measurement of the selected lawsuits; and (e) analyzing the appropriateness of the disclosures in the individual and consolidated financial statements in accordance with applicable accounting pronouncements.

We consider that the criteria and assumptions adopted by Management to estimate the provision for tax, civil and labor claims are acceptable in the context of the individual and consolidated financial statements taken as a whole.

### 4. Employee benefits

Banco do Brasil is the sponsor of private pension entities and supplementary healthcare plans, which ensure the supplementation of retirement and healthcare benefits to its employees. As disclosed in notes 3.l), 4.g) and 29 to the individual and consolidated financial statements, post-employment benefits sponsored by Banco do Brasil related to supplementary pension and healthcare are assessed in accordance with the criteria established in CPC 33 (R1) - Employee Benefits, as approved by CVM Pronouncement 695/2012 and CMN Resolution 4424/2015.

The estimated defined benefit plan obligations involve significant actuarial assumptions, including discount rates, family structure of the pensioners and general mortality table, among others, which are sensitive, involve Management subjectivity and judgment, and cause material effects on the individual and consolidated financial statements. Therefore, we considered this matter as a key audit matter.

*How was the matter addressed in our audit?*

Our audit procedures included, among others: (a) understanding the design and implementation of the relevant internal controls involving the measurement of actuarial liabilities; (b) involving our actuarial specialists for understanding the databases and assumptions used in the calculations of actuarial liabilities by external actuaries engaged by Management; (c) involving our actuarial specialists for challenging the main actuarial assumptions used; (d) analyzing on a sampling basis the appropriateness of databases involving our actuarial specialists for recalculating the actuarial obligations; and (e) analyzing the appropriateness of the disclosures in the individual and consolidated financial statements in accordance with the applicable accounting pronouncements.

We considered that the calculation methodology, databases and the main actuarial assumptions adopted by Management, together with its external actuaries, to estimate the employee benefit plan obligations are acceptable in the context of the individual and consolidated financial statements taken as a whole.

## 5. Realization of deferred tax assets

The expected realization of deferred tax assets, arising from temporary differences and tax loss carryforwards, is based on projections of future results that require the use of a high degree of judgment on the assumptions used by Management. As disclosed in notes 3.h), 4.f), 22.e), and 22.f) to the individual and consolidated financial statements, these assumptions are based on its corporate strategies and macroeconomic scenario, considering the expected growth in its market.

Due to the subjectivity of the assumptions adopted in the business plans projected by Management and the materiality in the context of the individual and consolidated financial statements taken as a whole, we considered this a key audit matter.

*How was the matter addressed in our audit?*

Our audit procedures included, among others: (a) understanding the design and implementation of the relevant internal controls involved in the preparation, analysis and approval of the study of the realization of the deferred tax assets; (b) involving our tax specialists in the assessment of the tax bases used in determining the temporary differences and tax loss carryforwards; and (c) understanding and assessing the reasonableness of the critical assumptions included in the projections of results; and (d) analyzing the appropriateness of the disclosures in the individual and consolidated financial statements in accordance with the applicable accounting pronouncements.

We considered that the criteria and assumptions adopted by Management to support the recording and realization of deferred tax assets are acceptable in the context of the individual and consolidated financial statements taken as a whole.

## 6. Information technology environment

The transactions of Banco do Brasil depend on an IT and infrastructure environment capable of supporting a high volume of transactions processed daily in its legacy information systems that provide input to its accounting records. The IT-related processes, associated with its controls, may pose risks in the processing and generation of critical information, including those used in financial reporting, justifying our consideration as a key audit matter due to the significance in the context of the individual and consolidated financial statements.

### *How was the matter addressed in our audit?*

Upon the involvement of our IT specialists, we identified the significant systems that support the key business activities of Banco do Brasil, and assessed the design of the general IT controls and tested the operating effectiveness of these controls, including, when necessary, the tests of compensating controls, related to information security, the development and maintenance of significant systems and the operation of information technology environment related to the infrastructure that supports Banco do Brasil's business.

Considering the information technology environment's processes and controls, associated with the tests previously mentioned, we concluded that they allowed us to consider the information obtained from certain systems to plan the nature, timing and extent of our substantive procedures in the context of the individual and consolidated financial statements taken as a whole.

## **Other matters**

### *Statements of value added*

The individual and consolidated statements of value added ("DVA") for the six-month period and year ended December 31, 2020, prepared under the responsibility of Banco do Brasil's Management, whose presentation is not required by accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil, was subject to audit procedures performed together with the audit of the individual and consolidated financial statements of Banco do Brasil. In forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were appropriately prepared, in all material respects, in accordance with the criteria set out in such technical pronouncement and are consistent in relation to the individual and consolidated financial statements taken as a whole.

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

The Management of Banco do Brasil is responsible for the other information that comprises the Management Report.

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

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

## **Management's responsibilities and those charged with governance for the individual and consolidated financial statements**

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance accounting practices adopted in Brazil applicable to the financial institutions authorized to operate by the 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 individual and consolidated financial statements, Management is responsible for assessing Banco do Brasil's and its subsidiaries' 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 Banco do Brasil and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Banco do Brasil's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 individual 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 Banco do Brasil 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 ability of Banco do Brasil and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Banco do Brasil and its subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated 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 group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.


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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current year 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.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Brasília, February 9, 2021

  
DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

  
Luiz Carlos Oseliero Filho  
Engagement Partner



Banco do Brasil S.A.  
Financial Statements  
2020 Results



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In thousand of Reais, unless otherwise stated

**BALANCE SHEET**

| ASSETS   | Note | Banco do Brasil      |                      | BB Consolidated      |                      |
|--|------|----------------------|----------------------|----------------------|----------------------|
|  |      | Dec 31, 2020         | Dec 31, 2019         | Dec 31, 2020         | Dec 31, 2019         |
| <b>Cash and due from banks</b>                             | 7    | <b>14,239,838</b>    | <b>12,800,038</b>    | <b>16,784,560</b>    | <b>14,171,188</b>    |
| <b>Financial assets</b>                                    |      | <b>1,693,389,093</b> | <b>1,464,469,179</b> | <b>1,647,636,148</b> | <b>1,406,740,438</b> |
| Central Bank compulsory reserves                           | 8    | 60,308,542           | 65,124,107           | 60,308,542           | 65,124,107           |
| Interbank investments                                      | 9    | 583,328,103          | 501,970,231          | 510,645,791          | 425,477,358          |
| Securities   | 10   | 282,416,189          | 192,997,852          | 294,912,849          | 202,120,768          |
| Derivative financial instruments                           | 11   | 3,531,425            | 823,113              | 3,527,336            | 820,935              |
| Loan portfolio   | 12   | 669,332,086          | 610,786,159          | 681,776,452          | 621,344,555          |
| Other financial assets                                     | 13   | 94,472,748           | 92,767,717           | 96,465,178           | 91,852,715           |
| <b>(Allowance for losses associated with credit risk)</b>  |      | <b>(47,314,670)</b>  | <b>(41,558,545)</b>  | <b>(47,781,060)</b>  | <b>(41,995,019)</b>  |
| (Loan portfolio)   | 12   | (44,966,048)         | (39,592,667)         | (45,170,370)         | (39,799,866)         |
| (Other financial assets)                                   | 13   | (2,348,622)          | (1,965,878)          | (2,610,690)          | (2,195,153)          |
| <b>Tax assets</b>  |      | <b>64,737,934</b>    | <b>67,223,491</b>    | <b>66,694,029</b>    | <b>68,835,569</b>    |
| Current tax assets   |      | 7,812,278            | 8,792,228            | 8,551,454            | 9,372,637            |
| Deferred tax assets (tax credit)                           | 22   | 56,925,656           | 58,431,263           | 58,142,575           | 59,462,932           |
| <b>Investments</b>   | 14   | <b>32,363,137</b>    | <b>28,297,912</b>    | <b>16,290,239</b>    | <b>14,959,449</b>    |
| Investments in subsidiaries, associates and joint ventures |      | 32,197,480           | 28,134,582           | 16,051,488           | 14,690,382           |
| Other investments  |      | 210,821              | 183,928              | 305,772              | 320,560              |
| (Impairment losses)  |      | (45,164)             | (20,598)             | (67,021)             | (51,493)             |
| <b>Property for use</b>                                    | 15   | <b>8,023,960</b>     | <b>7,698,876</b>     | <b>8,230,854</b>     | <b>7,882,695</b>     |
| Property and equipment                                     |      | 19,515,238           | 18,183,285           | 19,938,808           | 18,554,259           |
| (Accumulated depreciation)                                 |      | (11,457,731)         | (10,462,033)         | (11,674,188)         | (10,647,816)         |
| (Impairment losses)  |      | (33,547)             | (22,376)             | (33,766)             | (23,748)             |
| <b>Intangible</b>  | 16   | <b>6,155,723</b>     | <b>5,784,356</b>     | <b>6,220,666</b>     | <b>5,920,549</b>     |
| Intangible assets  |      | 13,693,901           | 11,759,011           | 13,830,738           | 12,033,513           |
| (Accumulated amortization)                                 |      | (6,516,516)          | (4,964,994)          | (6,588,408)          | (5,103,282)          |
| (Impairment losses)  |      | (1,021,662)          | (1,009,661)          | (1,021,664)          | (1,009,682)          |
| <b>Other assets</b>  | 13   | <b>10,944,189</b>    | <b>6,044,802</b>     | <b>11,596,452</b>    | <b>4,580,295</b>     |
| <b>TOTAL ASSETS</b>  |      | <b>1,782,539,204</b> | <b>1,550,760,109</b> | <b>1,725,671,888</b> | <b>1,481,095,164</b> |

See the accompanying notes to the financial statements.





In thousand of Reais, unless otherwise stated

| LIABILITIES AND SHAREHOLDERS' EQUITY                   | Note      | Banco do Brasil      |                      | BB Consolidated      |                      |
|--|-----------|----------------------|----------------------|----------------------|----------------------|
|  |           | Dec 31, 2020         | Dec 31, 2019         | Dec 31, 2020         | Dec 31, 2019         |
| <b>Financial liabilities</b>                           |           | <b>1,594,916,801</b> | <b>1,374,117,762</b> | <b>1,520,202,850</b> | <b>1,286,176,395</b> |
| Customers resources                                    | 17        | 583,654,485          | 473,726,182          | 601,984,265          | 485,002,305          |
| Financial institutions resources                       | 18        | 691,691,613          | 605,979,736          | 603,552,262          | 512,689,942          |
| Funds from issuance of securities                      | 19        | 204,967,358          | 209,499,082          | 203,192,140          | 206,330,526          |
| Derivative financial instruments                       | 11        | 5,213,967            | 3,050,673            | 3,049,843            | 961,612              |
| Other financial liabilities                            | 20        | 109,389,378          | 81,862,089           | 108,424,340          | 81,192,010           |
| <b>Provisions</b>                                      | <b>21</b> | <b>32,993,546</b>    | <b>31,036,523</b>    | <b>34,036,170</b>    | <b>31,552,612</b>    |
| Provisions for civil, tax and labor claims             |           | 26,807,922           | 25,239,763           | 27,288,400           | 25,480,105           |
| Other provisions                                       |           | 6,185,624            | 5,796,760            | 6,747,770            | 6,072,507            |
| <b>Tax liabilities</b>                                 |           | <b>10,285,268</b>    | <b>9,798,845</b>     | <b>13,191,621</b>    | <b>12,571,121</b>    |
| Current tax liabilities                                |           | 7,795,599            | 7,877,064            | 10,541,252           | 10,501,481           |
| Deferred tax liabilities                               | 22        | 2,489,669            | 1,921,781            | 2,650,369            | 2,069,640            |
| <b>Other liabilities</b>                               | <b>20</b> | <b>27,620,367</b>    | <b>36,910,980</b>    | <b>31,270,138</b>    | <b>42,230,142</b>    |
| <b>Shareholders' Equity</b>                            | <b>23</b> | <b>116,723,222</b>   | <b>98,895,999</b>    | <b>126,971,109</b>   | <b>108,564,894</b>   |
| Capital  | 23.b      | 90,000,023           | 67,000,000           | 90,000,023           | 67,000,000           |
| Instruments qualifying as common equity tier 1 capital | 23.c      | --                   | --                   | 8,100,000            | 8,100,000            |
| Capital reserves                                       | 23.e      | 1,397,697            | 1,365,081            | 1,399,152            | 1,366,443            |
| Revaluation reserves                                   | 23.d      | 2,040                | 2,169                | 2,040                | 2,169                |
| Profit reserves  | 23.e      | 39,454,038           | 54,134,135           | 39,198,468           | 53,814,656           |
| Other comprehensive income                             | 23.i      | (13,851,389)         | (23,280,948)         | (13,851,389)         | (23,282,394)         |
| (Treasury shares)                                      | 23.m      | (279,187)            | (324,438)            | (280,642)            | (339,636)            |
| Non-controlling interests                              | 23.j      | --                   | --                   | 2,403,457            | 1,903,656            |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>      |           | <b>1,782,539,204</b> | <b>1,550,760,109</b> | <b>1,725,671,888</b> | <b>1,481,095,164</b> |

See the accompanying notes to the financial statements.



In thousand of Reais, unless otherwise stated

**STATEMENT OF INCOME**

|   | Note | Banco do Brasil     |                     |                     | BB Consolidated     |                     |                     |
|---|------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   |      | 2nd half/2020       | 2020                | 2019                | 2nd half/2020       | 2020                | 2019                |
| <b>Income from financial intermediation</b>             |      | <b>44,613,665</b>   | <b>121,738,381</b>  | <b>128,406,187</b>  | <b>45,239,307</b>   | <b>122,337,424</b>  | <b>128,633,575</b>  |
| Loan portfolio  | 12.b | 34,143,180          | 84,258,803          | 79,956,752          | 35,722,626          | 87,190,081          | 82,577,083          |
| Interbank investments                                   | 9.b  | 7,720,602           | 18,767,747          | 33,409,448          | 5,428,810           | 13,814,500          | 28,511,229          |
| Securities  | 10.b | 2,084,570           | 13,089,010          | 11,047,182          | 3,310,483           | 15,527,576          | 13,137,804          |
| Derivative financial instruments                        | 11.b | (593,306)           | 3,244,271           | 433,208             | (556,606)           | 3,407,521           | 639,632             |
| Reserve requirement                                     | 8.b  | 519,797             | 1,324,262           | 2,371,998           | 519,797             | 1,324,262           | 2,371,998           |
| Other financial assets                                  | 13.d | 738,822             | 1,054,288           | 1,187,599           | 814,197             | 1,073,484           | 1,395,829           |
| <b>Expenses from financial intermediation</b>           |      | <b>(15,735,902)</b> | <b>(74,817,208)</b> | <b>(78,114,163)</b> | <b>(14,547,328)</b> | <b>(66,478,724)</b> | <b>(73,626,522)</b> |
| Financial institutions resources                        | 18.d | (6,247,661)         | (51,079,590)        | (42,832,715)        | (4,054,662)         | (41,006,451)        | (36,574,031)        |
| Customers resources                                     | 17.c | (5,721,539)         | (13,490,834)        | (23,763,058)        | (6,688,274)         | (15,103,224)        | (25,513,303)        |
| Funds from issuance of securities                       | 19.e | (3,415,742)         | (7,469,840)         | (10,083,536)        | (3,531,712)         | (7,712,738)         | (10,212,423)        |
| Other funding expenses                                  | 20.c | (350,960)           | (2,776,944)         | (1,434,854)         | (272,680)           | (2,656,311)         | (1,326,765)         |
| <b>Allowance for losses associated with credit risk</b> |      | <b>(13,314,931)</b> | <b>(25,919,228)</b> | <b>(22,530,428)</b> | <b>(13,416,019)</b> | <b>(26,077,431)</b> | <b>(22,469,862)</b> |
| Loan portfolio  | 12.f | (13,153,053)        | (25,533,679)        | (22,823,565)        | (13,141,920)        | (25,560,796)        | (22,682,333)        |
| Other financial assets                                  | 13.b | (161,878)           | (385,549)           | 293,137             | (274,099)           | (516,635)           | 212,471             |
| <b>Net income from financial intermediation</b>         |      | <b>15,562,832</b>   | <b>21,001,945</b>   | <b>27,761,596</b>   | <b>17,275,960</b>   | <b>29,781,269</b>   | <b>32,537,191</b>   |
| <b>Other operating income/expenses</b>                  |      | <b>(6,554,650)</b>  | <b>(6,991,731)</b>  | <b>(7,802,170)</b>  | <b>(5,433,991)</b>  | <b>(10,465,390)</b> | <b>(8,557,351)</b>  |
| Service fee income                                      | 24   | 9,669,903           | 19,230,759          | 19,900,857          | 14,669,514          | 28,701,888          | 29,208,671          |
| Personnel expenses                                      | 25   | (9,462,916)         | (18,655,899)        | (19,134,606)        | (10,235,436)        | (20,162,515)        | (20,450,738)        |
| Other administrative expenses                           | 26   | (6,552,594)         | (12,863,669)        | (12,568,452)        | (6,654,762)         | (13,053,188)        | (12,793,029)        |
| Tax expenses  | 22.c | (2,105,191)         | (3,737,449)         | (3,530,007)         | (2,837,019)         | (5,128,568)         | (4,930,459)         |
| Net gains from equity method investments                | 14.a | 3,545,530           | 12,191,532          | 10,540,219          | 1,721,159           | 3,110,401           | 4,048,925           |
| Other operating income/expenses                         | 27   | (1,649,382)         | (3,157,005)         | (3,010,181)         | (2,097,447)         | (3,933,408)         | (3,640,721)         |
| <b>Provisions</b>                                       | 21.d | <b>(3,157,552)</b>  | <b>(4,775,524)</b>  | <b>(11,374,714)</b> | <b>(3,425,548)</b>  | <b>(5,081,167)</b>  | <b>(11,500,899)</b> |
| Civil, tax and labor claims                             |      | (2,340,015)         | (3,870,486)         | (11,290,115)        | (2,607,186)         | (4,176,118)         | (11,417,264)        |
| Other   |      | (817,537)           | (905,038)           | (84,599)            | (818,362)           | (905,049)           | (83,635)            |
| <b>Operating income</b>                                 |      | <b>5,850,630</b>    | <b>9,234,690</b>    | <b>8,584,712</b>    | <b>8,416,421</b>    | <b>14,234,712</b>   | <b>12,478,941</b>   |
| <b>Net non-operating income</b>                         |      | <b>(23,123)</b>     | <b>(11,523)</b>     | <b>22,425</b>       | <b>40,331</b>       | <b>154,901</b>      | <b>3,642,236</b>    |
| <b>Profit before taxation and profit sharing</b>        |      | <b>5,827,507</b>    | <b>9,223,167</b>    | <b>8,607,137</b>    | <b>8,456,752</b>    | <b>14,389,613</b>   | <b>16,121,177</b>   |
| <b>Income tax and social contribution</b>               | 22.a | <b>1,073,606</b>    | <b>4,851,328</b>    | <b>11,621,925</b>   | <b>(622,900)</b>    | <b>1,452,865</b>    | <b>6,860,500</b>    |
| <b>Employee and directors profit sharing</b>            |      | <b>(736,816)</b>    | <b>(1,562,340)</b>  | <b>(2,329,713)</b>  | <b>(739,389)</b>    | <b>(1,568,571)</b>  | <b>(2,337,743)</b>  |
| <b>Non-controlling interests</b>                        | 23.j | <b>--</b>           | <b>--</b>           | <b>--</b>           | <b>(810,507)</b>    | <b>(1,576,522)</b>  | <b>(2,481,867)</b>  |
| <b>Net Income</b>                                       |      | <b>6,164,297</b>    | <b>12,512,155</b>   | <b>17,899,349</b>   | <b>6,283,956</b>    | <b>12,697,385</b>   | <b>18,162,067</b>   |
| <b>Net income attributable to shareholders</b>          |      |                     |                     |                     |                     |                     |                     |
| Shareholders of the bank                                |      | 6,164,297           | 12,512,155          | 17,899,349          | 6,283,956           | 12,697,385          | 18,162,067          |
| Non-controlling interests                               |      | --                  | --                  | --                  | 810,507             | 1,576,522           | 2,481,867           |
| <b>Earnings per share</b>                               | 23.f |                     |                     |                     |                     |                     |                     |
| Weighted average number of shares - basic               |      | 2,853,115,777       | 2,852,522,381       | 2,799,325,330       |                     |                     |                     |
| Weighted average number of shares - diluted             |      | 2,852,780,207       | 2,852,322,673       | 2,799,054,753       |                     |                     |                     |
| Basic and diluted earnings per share (R\$)              |      | 2.16                | 4.39                | 6.39                |                     |                     |                     |

See the accompanying notes to the financial statements.

**STATEMENT OF COMPREHENSIVE INCOME**

|   | Banco do Brasil   |                   |                    |     |
|---|-------------------|-------------------|--------------------|-----|
|   | 2nd half/2020     | 2020              | 2019               | 2nd |
| <b>Net income attributable to controlling interests</b>   | <b>6,164,297</b>  | <b>12,512,155</b> | <b>17,899,349</b>  |     |
| Net income attributable to non-controlling interests  | --                | --                | --                 |     |
| <b>Net income attributable to shareholders</b>  | <b>6,164,297</b>  | <b>12,512,155</b> | <b>17,899,349</b>  |     |
| <b>Items that may be subsequently reclassified to the Statement of Income</b>                   |                   |                   |                    |     |
| <b>Financial assets available for sale</b>  | <b>1,512,848</b>  | <b>1,073,684</b>  | <b>1,543,514</b>   |     |
| Unrealized gains/(losses) on financial assets available for sale                                | 558,974           | (608,341)         | 1,879,300          |     |
| Realized (gains)/losses on financial assets available for sale - reclassified to profit or loss | 921,196           | 1,708,921         | 187,208            |     |
| Tax effect  | 32,678            | (26,896)          | (522,994)          |     |
| <b>Share in the comprehensive income of subsidiaries, associates and joint ventures</b>         | <b>218,390</b>    | <b>(5,796)</b>    | <b>134,776</b>     |     |
| Unrealized gains/(losses) on financial assets available for sale                                | 371,120           | (9,422)           | 211,929            |     |
| Unrealized gains/(losses) on cash flow hedge  | 4,830             | 19,703            | (32,516)           |     |
| Unrealized gains/(losses) on other comprehensive income   | 3,821             | 10,608            | (6,786)            |     |
| Tax effect  | (161,381)         | (26,685)          | (37,851)           |     |
| <b>Foreign currency exchange adjustments</b>  | <b>(549,446)</b>  | <b>(35,676)</b>   | <b>(728,329)</b>   |     |
| <b>Items that will not be subsequently reclassified to the Statement of Income</b>              |                   |                   |                    |     |
| <b>Defined benefit pension plans</b>  | <b>6,756,559</b>  | <b>8,397,347</b>  | <b>(8,076,793)</b> |     |
| Gains/(losses) related to remeasurement of defined benefit pension plans                        | 12,285,013        | 15,269,708        | (16,820,887)       |     |
| Tax effect  | (5,528,454)       | (6,872,361)       | 8,744,094          |     |
| <b>Other comprehensive income net of tax effects</b>  | <b>7,938,351</b>  | <b>9,429,559</b>  | <b>(7,126,832)</b> |     |
| <b>Comprehensive income</b>   | <b>14,102,648</b> | <b>21,941,714</b> | <b>10,772,517</b>  |     |
| <b>Comprehensive income attributable to controlling interests</b>                               | <b>14,102,648</b> | <b>21,941,714</b> | <b>10,772,517</b>  |     |
| <b>Comprehensive income attributable to non-controlling interests</b>                           | <b>--</b>         | <b>--</b>         | <b>--</b>          |     |

See the accompanying notes to the financial statements.



STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| Banco do Brasil   |      |                   |                  |                      |                  |                     |
|---|------|-------------------|------------------|----------------------|------------------|---------------------|
|   | Note | Capital           | Capital reserves | Revaluation reserves | Profit reserves  |                     |
|   |      |                   |                  |                      | Legal reserve    | Statutory reserves  |
| <b>Balances at Dec 31, 2018</b>   |      | <b>67,000,000</b> | <b>13,468</b>    | <b>2,240</b>         | <b>7,738,497</b> | <b>35,221,664</b>   |
| Accumulated other comprehensive income of financial instruments, net of taxes | 23.i | --                | --               | --                   | --               | --                  |
| Accumulated other comprehensive income - benefit plans, net of taxes          | 23.i | --                | --               | --                   | --               | --                  |
| Foreign exchange variation of investments abroad                              | 23.i | --                | --               | --                   | --               | --                  |
| Cash flow hedge   | 23.i | --                | --               | --                   | --               | --                  |
| Share-based payment transactions  |      | --                | 43,846           | --                   | --               | --                  |
| Disposal of treasury shares   | 23.m | --                | 1,307,767        | --                   | --               | --                  |
| Expired dividends/interest on own capital                                     |      | --                | --               | --                   | --               | --                  |
| Realization of revaluation reserve in associates and subsidiaries             | 23.d | --                | --               | (71)                 | --               | --                  |
| Net income  | 23.h | --                | --               | --                   | --               | --                  |
| Allocation - Reserves   |      | --                | --               | --                   | 894,967          | 15,992,656          |
| - Interest on own capital   | 23.g | --                | --               | --                   | --               | (5,713,649)         |
| <b>Balances at Dec 31, 2019</b>   |      | <b>67,000,000</b> | <b>1,365,081</b> | <b>2,169</b>         | <b>8,633,464</b> | <b>45,500,671</b>   |
| <b>Changes in the period</b>  |      | <b>--</b>         | <b>1,351,613</b> | <b>(71)</b>          | <b>894,967</b>   | <b>10,279,007</b>   |
| <b>Balances at Jun 30, 2020</b>   |      | <b>67,000,000</b> | <b>1,388,439</b> | <b>2,134</b>         | <b>8,950,857</b> | <b>49,758,662</b>   |
| Capital increase - capitalization of reserves                                 | 23.b | 23,000,000        | --               | --                   | --               | (23,000,000)        |
| Capital increase - incorporation of associates and subsidiaries               | 5.c  | 23                | --               | --                   | --               | --                  |
| Accumulated other comprehensive income of financial instruments, net of taxes | 23.i | --                | --               | --                   | --               | --                  |
| Accumulated other comprehensive income - benefit plans, net of taxes          | 23.i | --                | --               | --                   | --               | --                  |
| Foreign exchange variation of investments abroad                              | 23.i | --                | --               | --                   | --               | --                  |
| Cash flow hedge   | 23.i | --                | --               | --                   | --               | --                  |
| Share-based payment transactions  |      | --                | 9,258            | --                   | --               | --                  |
| Expired dividends/interest on own capital                                     |      | --                | --               | --                   | --               | --                  |
| Realization of revaluation reserve in associates and subsidiaries             | 23.d | --                | --               | (94)                 | --               | --                  |
| Net income  | 23.h | --                | --               | --                   | --               | --                  |
| Allocation - Reserves   |      | --                | --               | --                   | 308,215          | 5,019,440           |
| - Interest on own capital   | 23.g | --                | --               | --                   | --               | (1,583,136)         |
| <b>Balances at Dec 31, 2020</b>   |      | <b>90,000,023</b> | <b>1,397,697</b> | <b>2,040</b>         | <b>9,259,072</b> | <b>30,194,966</b>   |
| <b>Changes in the period</b>  |      | <b>23,000,023</b> | <b>9,258</b>     | <b>(94)</b>          | <b>308,215</b>   | <b>(19,563,696)</b> |
| <b>Balances at Dec 31, 2019</b>   |      | <b>67,000,000</b> | <b>1,365,081</b> | <b>2,169</b>         | <b>8,633,464</b> | <b>45,500,671</b>   |
| Capital increase - capitalization of reserves                                 | 23.b | 23,000,000        | --               | --                   | --               | (23,000,000)        |
| Capital increase - incorporation of associates and subsidiaries               | 5.c  | 23                | --               | --                   | --               | --                  |
| Accumulated other comprehensive income of financial instruments, net of taxes | 23.i | --                | --               | --                   | --               | --                  |
| Accumulated other comprehensive income - benefit plans, net of taxes          | 23.i | --                | --               | --                   | --               | --                  |
| Foreign exchange variation of investments abroad                              | 23.i | --                | --               | --                   | --               | --                  |
| Cash flow hedge   | 23.i | --                | --               | --                   | --               | --                  |
| Share-based payment transactions  |      | --                | 31,797           | --                   | --               | --                  |
| Subsequent offering of shares (follow on)                                     |      | --                | 819              | --                   | --               | --                  |
| Expired dividends/interest on own capital                                     |      | --                | --               | --                   | --               | --                  |
| Realization of revaluation reserve in associates and subsidiaries             | 23.d | --                | --               | (129)                | --               | --                  |
| Net income  | 23.h | --                | --               | --                   | --               | --                  |
| Allocation - Reserves   |      | --                | --               | --                   | 625,608          | 10,881,506          |
| - Interest on own capital   | 23.g | --                | --               | --                   | --               | (3,187,211)         |
| <b>Balances at Dec 31, 2020</b>   |      | <b>90,000,023</b> | <b>1,397,697</b> | <b>2,040</b>         | <b>9,259,072</b> | <b>30,194,966</b>   |
| <b>Changes in the period</b>  |      | <b>23,000,023</b> | <b>32,616</b>    | <b>(129)</b>         | <b>625,608</b>   | <b>(15,305,705)</b> |

See the accompanying notes to the financial statements.



## Banco do Brasil S.A. – Financial Statements 2020 Results

|   | Note | BB Consolidated   |  |                  |                      |                  |                     |
|---|------|-------------------|--|------------------|----------------------|------------------|---------------------|
|   |      | Capital           | Instruments qualifying to common equity tier 1 Capital | Capital reserves | Revaluation reserves | Profit reserves  |                     |
|   |      |                   |  |                  |                      | Legal reserve    | Statutory reserves  |
| <b>Balances at Dec 31, 2018</b>   |      | <b>67,000,000</b> | <b>8,100,000</b>                                       | <b>14,692</b>    | <b>2,240</b>         | <b>7,738,497</b> | <b>34,874,085</b>   |
| Accumulated other comprehensive income of financial instruments, net of taxes | 23.i | --                | --   | --               | --                   | --               | --                  |
| Accumulated other comprehensive income - benefit plans, net of taxes          | 23.i | --                | --   | --               | --                   | --               | --                  |
| Foreign exchange variation of investments abroad                              | 23.i | --                | --   | --               | --                   | --               | --                  |
| Cash flow hedge   | 23.i | --                | --   | --               | --                   | --               | --                  |
| Share-based payment transactions  |      | --                | --   | 43,984           | --                   | --               | --                  |
| Subsequent offering of shares (follow on)                                     | 23.h | --                | --   | --               | --                   | --               | --                  |
| Expired dividend/interest on own capital                                      |      | --                | --   | --               | --                   | --               | --                  |
| Disposal of treasury shares   |      | --                | --   | 1,307,767        | --                   | --               | --                  |
| Realization of revaluation reserve in associates and subsidiaries             | 23.d | --                | --   | --               | (71)                 | --               | --                  |
| Change in noncontrolling interest   |      | --                | --   | --               | --                   | --               | --                  |
| Net income  | 23.h | --                | --   | --               | --                   | --               | --                  |
| Interest on instruments qualifying to common equity                           |      | --                | --   | --               | --                   | --               | --                  |
| Unrealized gains  |      | --                | --   | --               | --                   | --               | 28,100              |
| Allocation - Reserves   |      | --                | --   | --               | --                   | 894,967          | 15,992,656          |
| - Interest on own capital   | 23.g | --                | --   | --               | --                   | --               | (5,713,649)         |
| <b>Balances at Dec 31, 2019</b>   |      | <b>67,000,000</b> | <b>8,100,000</b>                                       | <b>1,366,443</b> | <b>2,169</b>         | <b>8,633,464</b> | <b>45,181,192</b>   |
| <b>Changes in the period</b>  |      | <b>--</b>         | <b>--</b>  | <b>1,351,751</b> | <b>(71)</b>          | <b>894,967</b>   | <b>10,307,107</b>   |
| <b>Balances at Jun 30, 2020</b>   |      | <b>67,000,000</b> | <b>8,100,000</b>                                       | <b>1,389,894</b> | <b>2,134</b>         | <b>8,950,857</b> | <b>49,462,016</b>   |
| Capital increase - capitalization of reserves                                 | 23.b | 23,000,000        | --   | --               | --                   | --               | (23,000,000)        |
| Capital increase - incorporation of associates and subsidiaries               | 5.c  | 23                | --   | --               | --                   | --               | --                  |
| Accumulated other comprehensive income of financial instruments, net of taxes | 23.i | --                | --   | --               | --                   | --               | --                  |
| Accumulated other comprehensive income - benefit plans, net of taxes          | 23.i | --                | --   | --               | --                   | --               | --                  |
| Foreign exchange variation of investments abroad                              | 23.i | --                | --   | --               | --                   | --               | --                  |
| Cash flow hedge   | 23.i | --                | --   | --               | --                   | --               | --                  |
| Share-based payment transactions  |      | --                | --   | 9,258            | --                   | --               | --                  |
| Expired dividend/interest on own capital                                      |      | --                | --   | --               | --                   | --               | --                  |
| Realization of revaluation reserve in associates and subsidiaries             | 23.d | --                | --   | --               | (94)                 | --               | --                  |
| Change in noncontrolling interest   |      | --                | --   | --               | --                   | --               | --                  |
| Net income  | 23.h | --                | --   | --               | --                   | --               | --                  |
| Interest on instruments qualifying to common equity                           |      | --                | --   | --               | --                   | --               | --                  |
| Unrealized gains  |      | --                | --   | --               | --                   | --               | 41,076              |
| Allocation - Reserves   |      | --                | --   | --               | --                   | 308,215          | 5,019,440           |
| - Interest on own capital   | 23.g | --                | --   | --               | --                   | --               | (1,583,136)         |
| <b>Balances at Dec 31, 2020</b>   |      | <b>90,000,023</b> | <b>8,100,000</b>                                       | <b>1,399,152</b> | <b>2,040</b>         | <b>9,259,072</b> | <b>29,939,396</b>   |
| <b>Changes in the period</b>  |      | <b>23,000,023</b> | <b>--</b>  | <b>9,258</b>     | <b>(94)</b>          | <b>308,215</b>   | <b>(19,522,620)</b> |
| <b>Balances at Dec 31, 2019</b>   |      | <b>67,000,000</b> | <b>8,100,000</b>                                       | <b>1,366,443</b> | <b>2,169</b>         | <b>8,633,464</b> | <b>45,181,192</b>   |
| Capital increase - capitalization of reserves                                 | 23.b | 23,000,000        | --   | --               | --                   | --               | (23,000,000)        |
| Capital increase - incorporation of associates and subsidiaries               | 5.c  | 23                | --   | --               | --                   | --               | --                  |
| Accumulated other comprehensive income of financial instruments, net of taxes | 23.i | --                | --   | --               | --                   | --               | --                  |
| Accumulated other comprehensive income - benefit plans, net of taxes          | 23.i | --                | --   | --               | --                   | --               | --                  |
| Foreign exchange variation of investments abroad                              | 23.i | --                | --   | --               | --                   | --               | --                  |
| Cash flow hedge   | 23.i | --                | --   | --               | --                   | --               | --                  |
| Share-based payment transactions  |      | --                | --   | 31,890           | --                   | --               | --                  |
| Expired dividend/interest on own capital                                      |      | --                | --   | --               | --                   | --               | --                  |
| Disposal of treasury shares (follow on)                                       |      | --                | --   | 819              | --                   | --               | --                  |
| Realization of revaluation reserve in associates and subsidiaries             | 23.d | --                | --   | --               | (129)                | --               | --                  |
| Change in noncontrolling interest   |      | --                | --   | --               | --                   | --               | --                  |
| Net income  | 23.h | --                | --   | --               | --                   | --               | --                  |
| Interest on instruments qualifying to common equity                           |      | --                | --   | --               | --                   | --               | --                  |
| Unrealized gains  |      | --                | --   | --               | --                   | --               | 63,909              |
| Allocation - Reserves   |      | --                | --   | --               | --                   | 625,608          | 10,881,506          |
| - Interest on own capital   | 23.g | --                | --   | --               | --                   | --               | (3,187,211)         |
| <b>Balances at Dec 31, 2020</b>   |      | <b>90,000,023</b> | <b>8,100,000</b>                                       | <b>1,399,152</b> | <b>2,040</b>         | <b>9,259,072</b> | <b>29,939,396</b>   |
| <b>Changes in the period</b>  |      | <b>23,000,023</b> | <b>--</b>  | <b>32,709</b>    | <b>(129)</b>         | <b>625,608</b>   | <b>(15,241,796)</b> |

See the accompanying notes to the financial statements.



In thousand of Reais, unless otherwise stated

## STATEMENT OF CASH FLOWS

|  | Note      | Banco do Brasil     |                     |                     | BB Consolidated     |                     |                     |
|--|-----------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  |           | 2nd half/2020       | 2020                | 2019                | 2nd half/2020       | 2020                | 2019                |
| <b>Cash flows from operating activities</b>  |           |                     |                     |                     |                     |                     |                     |
| <b>Income before taxation and profit sharing</b>                                       |           | <b>5,827,507</b>    | <b>9,223,167</b>    | <b>8,607,137</b>    | <b>8,456,752</b>    | <b>14,389,613</b>   | <b>16,121,177</b>   |
| <b>Adjustments to income before taxation and profit sharing</b>                        |           | <b>11,696,379</b>   | <b>32,703,011</b>   | <b>30,183,505</b>   | <b>11,315,417</b>   | <b>34,684,847</b>   | <b>32,318,481</b>   |
| Provision for credit losses  | 12 and 13 | 13,314,931          | 25,919,228          | 22,530,428          | 13,416,019          | 26,077,431          | 22,469,862          |
| Depreciation and amortization  |           | 1,580,079           | 3,068,528           | 2,788,019           | 1,611,649           | 3,127,536           | 2,816,519           |
| Exchange (gain) loss on the conversion of assets and liabilities into foreign currency |           | (3,934,092)         | 21,648,464          | 2,392,495           | (7,315,540)         | 14,185,930          | 538,309             |
| (Reversal) expenses from impairment  |           | 32,668              | 50,627              | 971,813             | 32,163              | 49,455              | 971,835             |
| Share of (earnings) losses of subsidiaries, associates and joint ventures              | 14. a     | (3,545,530)         | (12,191,532)        | (10,540,219)        | (1,721,159)         | (3,110,401)         | (4,048,925)         |
| (Gain) loss on the disposal of assets  |           | (13,429)            | (47,088)            | (48,752)            | (41,569)            | (79,448)            | (95,545)            |
| Capital (gain) loss  |           | 30,174              | 57,884              | 57,186              | (88,424)            | (171,025)           | (3,525,673)         |
| (Reversal) provision for devaluation of other assets                                   |           | 14,892              | 16,181              | 1,858               | 14,902              | 16,205              | 1,963               |
| Amortization of goodwill   | 14. d     | 13,188              | 27,670              | 37,379              | 13,188              | 27,670              | 219,662             |
| Tax, civil and labor lawsuits provisions   | 21. d     | 2,340,015           | 3,870,486           | 11,290,115          | 2,607,186           | 4,176,118           | 11,417,264          |
| Adjustment of actuarial assets/liabilities and surplus allocation funds                | 29. d.4/f | 245,323             | 1,063,216           | 607,062             | 245,323             | 1,063,216           | 607,062             |
| Commissions income deferred  |           | --                  | --                  | --                  | (296,588)           | (324,596)           | (363,575)           |
| Effect of changes in foreign exchange rates in cash and cash equivalents               |           | 1,917,286           | (10,741,051)        | (1,243,532)         | 3,135,934           | (10,320,668)        | 158,785             |
| Other adjustments  |           | (299,126)           | (39,602)            | 1,339,653           | (297,667)           | (32,574)            | 1,150,938           |
| <b>Income adjusted before taxation and profit sharing</b>                              |           | <b>17,523,886</b>   | <b>41,926,178</b>   | <b>38,790,642</b>   | <b>19,772,169</b>   | <b>49,074,460</b>   | <b>48,439,658</b>   |
| <b>Changes in assets and liabilities</b>   |           | <b>132,764,290</b>  | <b>153,267,437</b>  | <b>12,228,419</b>   | <b>129,479,970</b>  | <b>160,255,898</b>  | <b>6,934,383</b>    |
| (Increase) decrease in central bank compulsory reserves                                |           | 7,278,116           | 4,815,565           | (6,008,753)         | 7,278,116           | 4,815,565           | (6,008,753)         |
| (Increase) decrease in short-term interbank investments                                |           | 134,460,563         | 20,889,841          | (735,987)           | 115,126,757         | 16,471,679          | 641,815             |
| (Increase) decrease in trading securities  |           | 13,388,508          | 2,042,738           | (17,311,434)        | 14,545,073          | 2,217,427           | (16,947,009)        |
| (Increase) decrease in derivatives   |           | (330,755)           | (545,019)           | (1,816,815)         | (324,307)           | (618,170)           | 14,637              |
| (Increase) decrease in loans, net of provision   |           | (37,192,135)        | (67,365,973)        | 1,039,284           | (36,336,516)        | (69,407,259)        | 4,502,056           |
| (Increase) decrease in other financial assets  |           | 8,310,246           | 6,782,248           | 14,282,853          | 8,520,413           | 5,192,848           | 13,552,630          |
| (Increase) decrease in other assets  |           | (4,932,648)         | (8,075,516)         | 4,507,486           | (5,008,982)         | (5,788,048)         | 5,816,477           |
| Income tax and social contribution paid  |           | (59,438)            | (79,682)            | (360,575)           | (684,252)           | (3,260,299)         | (4,532,583)         |
| (Decrease) increase in customer resources  |           | 51,265,661          | 113,720,252         | 35,588,778          | 50,592,721          | 120,858,630         | 32,657,567          |
| (Decrease) increase in financial institution resources                                 |           | (35,987,129)        | 62,445,821          | (9,020,162)         | (7,942,917)         | 88,033,571          | (14,702,080)        |
| (Decrease) increase in funds from issuance of securities                               |           | (2,566,633)         | (2,702,251)         | 2,667,578           | (3,603,005)         | (1,647,281)         | (3,087,745)         |
| (Decrease) increase in other financial liabilities                                     |           | 23,370              | 19,847,707          | 4,610,847           | (12,352,447)        | 1,877,901           | 2,913,101           |
| (Decrease) increase in other liabilities   |           | (893,436)           | 1,491,706           | (15,214,681)        | (330,684)           | 1,509,334           | (7,885,730)         |
| <b>CASH PROVIDED BY OPERATING ACTIVITIES</b>   |           | <b>150,288,176</b>  | <b>195,193,615</b>  | <b>51,019,061</b>   | <b>149,252,139</b>  | <b>209,330,358</b>  | <b>55,374,041</b>   |
| <b>Cash flows from investing activities</b>  |           |                     |                     |                     |                     |                     |                     |
| Purchase of securities available for sale  |           | (93,737,752)        | (196,055,292)       | (147,294,483)       | (101,169,274)       | (213,784,964)       | (150,372,171)       |
| Disposal of securities available for sale  |           | 55,419,710          | 110,276,495         | 114,399,921         | 62,874,958          | 125,617,520         | 116,287,253         |
| Purchase of securities held to maturity  |           | (1,997,507)         | (4,955,070)         | (1,305,494)         | (2,562,343)         | (6,133,568)         | (1,477,342)         |
| Disposal of securities held to maturity  |           | 6,189               | 346,477             | 4,088,856           | 6,189               | 346,477             | 2,348,583           |
| Dividends received from associates and joint ventures                                  |           | 1,581,449           | 7,016,288           | 8,316,487           | 1,077,155           | 2,265,323           | 1,473,059           |
| Purchase of property and equipment   |           | (956,984)           | (1,654,437)         | (1,651,586)         | (959,190)           | (1,700,104)         | (1,651,586)         |
| Disposal of property and equipment   |           | 38,932              | 40,907              | 69,820              | 8,291               | 22,221              | 69,820              |
| Acquisition of investments   |           | --                  | --                  | (895,000)           | (12,849)            | (25,599)            | --                  |
| Disposal of investments  |           | --                  | --                  | 2,201               | 8,582               | 11,207              | 11,534              |
| Purchase of intangible assets  |           | (267,582)           | (2,068,206)         | (2,743,101)         | (269,698)           | (2,069,300)         | (2,742,067)         |
| Cash received on BB Seguridade's capital decrease                                      |           | --                  | 1,791,795           | --                  | --                  | --                  | --                  |
| Redemption of preferred shares of UBS BB   |           | --                  | --                  | --                  | 145,000             | 145,000             | --                  |
| Capital Investment - Brasilprev Seguros e Previdência S.A.                             |           | --                  | --                  | --                  | (899,939)           | (899,939)           | --                  |
| Redemption of Cateno shares  |           | --                  | --                  | --                  | 559,313             | 559,313             | --                  |
| Net cash received on disposal of IRB – Brasil Resseguros S.A.                          |           | --                  | --                  | --                  | --                  | --                  | 4,181,779           |
| Net cash received on disposal of Neoenergia S.A.                                       |           | --                  | --                  | --                  | --                  | --                  | 1,732,689           |
| <b>CASH USED IN INVESTING ACTIVITIES</b>   |           | <b>(39,913,545)</b> | <b>(85,261,043)</b> | <b>(27,012,379)</b> | <b>(41,193,805)</b> | <b>(95,646,413)</b> | <b>(30,138,449)</b> |
| <b>Cash flows from financing activities</b>  |           |                     |                     |                     |                     |                     |                     |
| (Decrease) increase in subordinated debts  |           | (987,686)           | (4,861,276)         | (8,337,734)         | (976,073)           | (4,854,332)         | (8,341,410)         |
| (Decrease) increase in equity and debt hybrid securities                               |           | (5,883,297)         | (7,925,255)         | 1,039,162           | (5,884,806)         | (7,933,298)         | 1,057,119           |
| (Acquisition) disposal of treasury shares  |           | --                  | --                  | 2,819,200           | --                  | 15,268              | 2,805,364           |
| Dividends paid to non-controlling shareholders   |           | --                  | --                  | --                  | (587,776)           | (1,871,080)         | (1,876,305)         |
| Interest on own capital paid   |           | (2,439,626)         | (4,199,577)         | (7,121,003)         | (2,439,626)         | (4,199,577)         | (7,121,003)         |
| Amount paid to non controlling interests due to BB Seguridade's capital decrease       |           | --                  | --                  | --                  | --                  | (908,109)           | --                  |
| <b>CASH USED IN FINANCING ACTIVITIES</b>   |           | <b>(9,310,609)</b>  | <b>(16,986,108)</b> | <b>(11,600,375)</b> | <b>(9,888,281)</b>  | <b>(19,751,128)</b> | <b>(13,476,235)</b> |
| <b>Net variation of cash and cash equivalents</b>                                      |           | <b>101,064,022</b>  | <b>92,946,464</b>   | <b>12,406,307</b>   | <b>98,170,053</b>   | <b>93,932,817</b>   | <b>11,759,357</b>   |
| At the beginning of the period   |           | 74,254,017          | 69,713,238          | 56,063,399          | 81,155,389          | 71,936,023          | 60,335,451          |
| Effect of changes in foreign exchange rates in cash and cash equivalents               |           | (1,917,286)         | 10,741,051          | 1,243,532           | (3,135,934)         | 10,320,668          | (158,785)           |
| At the end of the period   |           | 173,400,753         | 173,400,753         | 69,713,238          | 176,189,508         | 176,189,508         | 71,936,023          |
| <b>Increase (decrease) in cash and cash equivalents</b>                                |           | <b>101,064,022</b>  | <b>92,946,464</b>   | <b>12,406,307</b>   | <b>98,170,053</b>   | <b>93,932,817</b>   | <b>11,759,357</b>   |

See the accompanying notes to the financial statements.



## STATEMENT OF VALUE ADDED

|  | Note | Banco do Brasil     |                     |                     |                     |
|--|------|---------------------|---------------------|---------------------|---------------------|
|  |      | 2nd half/2020       | 2020                | 2019                | 2nd half/2019       |
| <b>Income</b>  |      | <b>37,056,775</b>   | <b>108,266,628</b>  | <b>113,368,280</b>  | <b>41,871,275</b>   |
| Income from financial intermediation   |      | 44,613,665          | 121,738,381         | 128,406,187         | 45,239,307          |
| Service fee income   |      | 9,669,903           | 19,230,759          | 19,900,857          | 14,669,514          |
| Allowance for losses associated with credit risk   |      | (13,314,931)        | (25,919,228)        | (22,530,428)        | (13,416,019)        |
| Capital gains  |      | 8,015               | 13,236              | 14,751              | 130,490             |
| Other income/(expenses)  |      | (3,919,877)         | (6,796,520)         | (12,423,087)        | (4,752,017)         |
| <b>Expenses from Financial Intermediation</b>  |      | <b>(15,735,902)</b> | <b>(74,817,208)</b> | <b>(78,114,163)</b> | <b>(14,547,328)</b> |
| <b>Inputs purchased from third parties</b>   |      | <b>(3,806,461)</b>  | <b>(7,501,150)</b>  | <b>(7,605,135)</b>  | <b>(3,762,980)</b>  |
| Materials, water, electric and gas   | 26   | (243,563)           | (524,198)           | (579,747)           | (260,049)           |
| Expenses with outsourced services  | 26   | (467,634)           | (877,477)           | (833,612)           | (521,696)           |
| Communications   | 26   | (317,223)           | (653,945)           | (698,899)           | (347,281)           |
| Data processing  | 26   | (420,154)           | (811,600)           | (795,863)           | (233,661)           |
| Transport  | 26   | (323,979)           | (768,092)           | (788,172)           | (355,605)           |
| Security services  | 26   | (575,933)           | (1,131,762)         | (1,127,160)         | (592,725)           |
| Financial system services  | 26   | (465,469)           | (836,279)           | (755,848)           | (508,732)           |
| Advertising and marketing  | 26   | (254,896)           | (432,413)           | (475,389)           | (260,892)           |
| Maintenance and upkeep   | 26   | (482,323)           | (961,089)           | (976,949)           | (369,345)           |
| Other  |      | (255,287)           | (504,295)           | (573,496)           | (312,994)           |
| <b>Gross added value</b>   |      | <b>17,514,412</b>   | <b>25,948,270</b>   | <b>27,648,982</b>   | <b>23,560,967</b>   |
| Depreciation and amortization  | 26   | (1,593,267)         | (3,096,198)         | (2,825,398)         | (1,624,837)         |
| <b>Value added produced by entity</b>  |      | <b>15,921,145</b>   | <b>22,852,072</b>   | <b>24,823,584</b>   | <b>21,936,130</b>   |
| <b>Value added received through transfer</b>   |      | <b>3,545,530</b>    | <b>12,191,532</b>   | <b>10,540,219</b>   | <b>1,721,159</b>    |
| Net gains from equity method investments   |      | 3,545,530           | 12,191,532          | 10,540,219          | 1,721,159           |
| <b>Added value to distribute</b>   |      | <b>19,466,675</b>   | <b>35,043,604</b>   | <b>35,363,803</b>   | <b>23,657,289</b>   |
| <b>Value added distributed</b>   |      | <b>19,466,675</b>   | <b>35,043,604</b>   | <b>35,363,803</b>   | <b>23,657,289</b>   |
| <b>Personnel</b>   |      | <b>10,392,702</b>   | <b>20,024,149</b>   | <b>21,888,274</b>   | <b>11,145,778</b>   |
| Salaries and fees  |      | 6,335,281           | 12,040,962          | 13,457,697          | 6,907,928           |
| Employee and directors profit sharing  |      | 736,816             | 1,562,340           | 2,329,713           | 739,389             |
| Benefits and staff training  |      | 1,645,227           | 3,364,363           | 3,659,832           | 1,724,784           |
| FGTS (Government severance indemnity fund for employees)                                     |      | 375,765             | 729,769             | 750,901             | 387,109             |
| Other charges  |      | 1,299,613           | 2,326,715           | 1,690,131           | 1,386,568           |
| <b>Taxes, rates and contributions</b>  |      | <b>2,270,414</b>    | <b>1,229,127</b>    | <b>(5,706,735)</b>  | <b>4,738,298</b>    |
| Federal  |      | 1,721,938           | 153,876             | (6,798,711)         | 3,873,725           |
| State  |      | 299                 | 737                 | 1,104               | 299                 |
| Municipal  |      | 548,177             | 1,074,514           | 1,090,872           | 864,274             |
| <b>Interest on third parties' capital</b>  |      | <b>639,262</b>      | <b>1,278,173</b>    | <b>1,282,915</b>    | <b>678,750</b>      |
| Rent   | 26   | 639,262             | 1,278,173           | 1,282,915           | 678,750             |
| <b>Interest on own capital</b>   |      | <b>6,164,297</b>    | <b>12,512,155</b>   | <b>17,899,349</b>   | <b>7,094,463</b>    |
| Federal government's interest on own capital   |      | 1,211,363           | 2,098,445           | 3,415,107           | 1,211,363           |
| Other shareholders' interest on own capital  |      | 1,211,363           | 2,098,444           | 3,317,434           | 1,211,363           |
| Interest on the instrument eligible to the federal government's common equity tier 1 capital |      | --                  | --                  | --                  | 78,582              |
| Retained earnings  |      | 3,741,571           | 8,315,266           | 11,166,808          | 3,782,648           |
| Non-controlling interest in retained earnings  |      | --                  | --                  | --                  | 810,507             |

See the accompanying notes to the financial statements.



## 1 - THE BANK AND ITS OPERATIONS

Banco do Brasil S.A. (Banco do Brasil or the Bank) is a publicly-traded company, which explores economic activity pursuant to art. 173 of the Brazilian Federal Constitution, subject to the rules of Brazilian Corporate Law, and is governed by Laws 4,595/1964, 13,303/2016 and the respective ruling Decree. The Brazilian Federal Government controls the Bank. Its headquarters and domicile are located at Setor de Autarquias Norte, Quadra 5, Lote B, Edifício Banco do Brasil, Brasília, Federal District, Brazil.

The Bank has its shares traded in the segment known as Novo Mercado of B3 S.A. - Brasil, Bolsa, Balcão (B3), under the ticker "BBAS3" and its American Depositary Receipts (ADRs) on the over-the-counter market in the United States under the ticker "BDORY". The Bank's shareholders, managers and members of the Fiscal Council are subject to the provisions of B3's Novo Mercado Regulation. The provisions of Novo Mercado will prevail over the statutory provisions, in case of prejudice to the rights of the recipients of the public offers provided for in the Bylaws.

The Bank is a multiple bank with operations throughout the national territory also develops activities in important global financial centers. The Bank's business activities include the following:

- all active, passive and ancillary banking operations;
- banking and financial services, including foreign exchange transactions and other services such as insurance, pension plans, capitalization bonds, securities brokerage, credit/debit card management, consortium management, investment funds and managed portfolios; and
- all other types of transactions available to banks within Brazil's National Financial System.

The Bank also acts as an agent for execution of the Brazilian Federal Government's credit and financial policies, Brazilian Law requires the Bank to perform functions, specifically those under Art. 19 of Law 4,595/1964:

- (i) act as financial agent for the National Treasury;
- (ii) provide banking services on behalf of the Federal Government and other governmental agencies;
- (iii) collect voluntary deposits from financial institutions in the form of cash or due from banks;
- (iv) provide clearing services for checks and other documents;
- (v) buy and sell foreign currencies as determined by the National Monetary Council (CMN) for the Bank's own account and for the account of the Brazilian Central Bank (Bacen);
- (vi) provide receipt and payment services for Bacen, in addition to other services;
- (vii) finance the purchase and development of small and medium-sized farms; and
- (viii) disseminate and provide credit.

With a history of 212 years, the Bank operates in a responsible manner to promote social inclusion through the generation of jobs and income.

The Bank finances the production and commercialization of agricultural products; foster rural investments such as storage, processing, industrialization of agricultural products and modernization of machinery and implements; and adjust rural properties to environmental law. Accordingly, the Bank supports the Brazilian agribusiness in all stages of the production chain.

The Bank offers to micro and small companies working capital, financings for investments, and foreign trade solutions, in addition to several other options related to cash flow, social security, pension plan, and services. The Bank provides financing alternatives and business models that promote the transition to an inclusive economy to several companies, including Individual Microentrepreneurs (Microempreendedores Individuais – MEI).

In foreign trade financing, the Bank operates government policy instruments regarding productive development, entrepreneurship, social and financial inclusion, including the Income Generation Program (Programa de Geração e Renda – Proger) and the Export Financing Program (Programa de Financiamento às Exportações – Proex).

More information about the subsidiaries is included in Note 2, while Note 6 contains a description of the Bank's business segments.





## 2 - PRESENTATION OF FINANCIAL STATEMENTS

### a) Statement of compliance

These financial statements have been prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (Bacen), including accounting guidelines issued by the Brazilian Corporate Law in compliance with the rules and instructions of the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM), when applicable. All relevant information specific to the financial statements is disclosed and corresponds to that used by Management in its administration.

These individual and consolidated financial statements were approved by the Executive Board of Directors and authorized for issuance on February 8, 2021.

### b) Functional and presentation currency

These individual and consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. Unless otherwise indicated, the quantitative financial information is presented in thousands of Reais (R\$ thousand).

### c) Going concern

Management has assessed the Bank's ability to continue its normal operations and is convinced that it has the resources to continue its business in the future. In addition, Management is not aware of any material uncertainty that could generate significant doubts about its ability to continue operating. Thus, these individual and consolidated financial statements were prepared based on the assumption of going concern.

Although the economic slowdown, resulting from the adoption of social isolation measures to contain the Covid-19 pandemic, has affected several companies in Brazil and worldwide, the Bank has sufficient capital and liquidity to support any projected losses for its business in that period and in the following ones. Among other reasons, this is based on the fact that a large part of the Bank's business continues to be conducted on digital platforms with remote access and service. In addition, the Bank keeps qualified advisors and special credit conditions.

Despite the seriousness and unprecedented nature of the current situation in recent history, considering the Bank's experience in managing and monitoring capital and liquidity risks, as well as information existing at the time of this assessment, there was no evidence of any events that could interrupt operations in a foreseeable future. Countercyclical economic policies adopted by all countries are helping to reduce uncertainty, as well as adverse effects on companies and families.

### d) Changes in accounting policies

These individual and consolidated financial statements were prepared using the same policies and accounting methods used to prepare the consolidated financial statements for the year ended December 31, 2019.

### e) Changes in the presentation of the individual and consolidated financial statements

The CMN Resolution 4,720/2019 and its complementary regulations changed, as of January 1<sup>st</sup>, 2020, the general criteria for preparation and disclosure of financial statements. Based on that Resolution and BCB Resolution 2/2020, the Bank made changes to the disclosure of the Financial Statements to comply with the respective Circular. Among other changes, the Bank highlights:

#### Balance Sheet

- Presentation of assets and liabilities exclusively in order of liquidity and enforceability. The segregation opening between current and non-current is being disclosed in the respective notes;
- Adoption of new nomenclatures and groupings of equity items, such as: financial assets, allowance for losses associated with credit risk, financial liabilities, tax assets and liabilities and provision.



In thousand of Reais, unless otherwise stated

### Statement of Income

- Use of new nomenclatures of income and expenses from financial intermediation according to the groups presented in the Balance Sheet;
- Highlight for allowance for losses associated with credit risk and provisions for tax, civil and labor claims;
- Disclosure of the participation of controlling and non-controlling shareholders in net income in a specific line.

### Notes to the Financial Statements

Readjustment of the presentation structure of the Notes to the Financial Statements due to the adoption of new nomenclatures and groupings of equity and income items. Inclusion of Note 04 - Main accounting judgments and estimates.

### Other Information

Statement of Comprehensive Income (DRA) is disclosed as a mandatory financial statement.

In compliance with BCB Resolution 2/2020, the Bank is presenting leasing portfolio at the present value of the total amounts to be receivable, including allowance for losses associated with credit risk. The Bank also observed CPC 41 to calculate earnings per share.

### f) Consolidated financial statements

The consolidated financial statements include the operations of the Bank performed by their domestic and abroad agencies, and the operations of its controlled entities. The consolidated financial statements reflect assets, liabilities, income and expenses of Banco do Brasil and its controlled entities, in accordance with CPC 36 (R3) - Consolidated financial statements.

In the preparation of the consolidated financial statements, amounts resulting from transactions between consolidated companies, including the equity interest held by one in another, balances of balance sheet accounts, revenues, expenses and unrealized profits, net of tax effects, were eliminated. Non-controlling interest in net equity and in income were separately disclosed in the financial statements. The profit and loss with foreign exchange from branches operations are presented in the groupings of income in which the charges and income on these transactions are recognized. The foreign exchange profit and loss on abroad investments are presented in the grouping of Borrowings and onlendings, in order to eliminate the effect of protection for the exchange rate fluctuations of these investments.

In the consolidated financial statements, there was a reclassification of the Instrument qualifying as CET1 - hybrid capital and debt instrument to Shareholder's equity. This adjustment is also performed in the Prudential Conglomerate financial statement and to the financial statement prepared according to the IFRS, in order to improve the quality and transparency of these consolidated financial statements.



In thousand of Reais, unless otherwise stated

**Equity interest included in the consolidated financial statements, segregated by business segments:**

|  | Activity            | Functional currency | Dec 31, 2020     | Dec 31, 2019 |
|--|---------------------|---------------------|------------------|--------------|
|  |                     |                     | % of Total Share |              |
| <b>Banking segment</b>   |                     |                     |                  |              |
| Banco do Brasil AG   | Banking             | Real                | 100.00%          | 100.00%      |
| BB Leasing S.A. - Arrendamento Mercantil   | Leasing             | Real                | 100.00%          | 100.00%      |
| BB Securities Asia Pte. Ltd.   | Broker              | Real                | 100.00%          | 100.00%      |
| Banco do Brasil Securities LLC.  | Broker              | Real                | 100.00%          | 100.00%      |
| BB Securities Ltd.   | Broker              | Real                | 100.00%          | 100.00%      |
| BB USA Holding Company, Inc.   | Holding             | Real                | 100.00%          | 100.00%      |
| BB Cayman Islands Holding  | Holding             | Real                | 100.00%          | 100.00%      |
| Banco do Brasil Americas   | Banking             | American Dollar     | 100.00%          | 100.00%      |
| Banco Patagonia S.A.   | Banking             | Argentinian Peso    | 80.39%           | 80.39%       |
| <b>Investment segment</b>  |                     |                     |                  |              |
| BB Banco de Investimento S.A.  | Investment bank     | Real                | 100.00%          | 100.00%      |
| <b>Segment of fund management</b>  |                     |                     |                  |              |
| BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.                      | Asset management    | Real                | 100.00%          | 100.00%      |
| Besc Distribuidora de Títulos e Valores Mobiliários S.A. <sup>(1)</sup>                          | Asset management    | Real                | --               | 99.62%       |
| <b>Segment of insurance, private pension fund and capitalization</b>                             |                     |                     |                  |              |
| BB Seguridade Participações S.A. <sup>(2)</sup>  | Holding             | Real                | 66.36%           | 66.36%       |
| BB Corretora de Seguros e Administradora de Bens S.A. <sup>(2)</sup>                             | Broker              | Real                | 66.36%           | 66.36%       |
| BB Seguros Participações S.A. <sup>(2)</sup>   | Holding             | Real                | 66.36%           | 66.36%       |
| <b>Segment of payment methods</b>  |                     |                     |                  |              |
| BB Administradora de Créditos de Crédito S.A.  | Service rendering   | Real                | 100.00%          | 100.00%      |
| BB Elo Cartões Participações S.A.  | Holding             | Real                | 100.00%          | 100.00%      |
| <b>Other segments</b>  |                     |                     |                  |              |
| Ativos S.A. Securitizadora de Créditos Financeiros   | Credits acquisition | Real                | 100.00%          | 100.00%      |
| Ativos S.A. Gestão de Cobrança e Recuperação de Crédito  | Credits acquisition | Real                | 100.00%          | 100.00%      |
| BB Administradora de Consórcios S.A.   | Consortium          | Real                | 100.00%          | 100.00%      |
| BB Tur Viagens e Turismo Ltda. <sup>(3)</sup>  | Tourism             | Real                | 100.00%          | 100.00%      |
| BB Asset Management Ireland Limited  | Credits acquisition | Real                | 100.00%          | 100.00%      |
| BB Tecnologia e Serviços <sup>(2)</sup>  | IT                  | Real                | 99.99%           | 99.99%       |
| <b>Investment Funds <sup>(4)</sup></b>   |                     |                     |                  |              |
| Compesa Fundo de Investimento em Direitos Creditórios Cia. Pernambuco de Saneamento (FI Compesa) | Investment funds    | Real                | 75.41%           | 83.72%       |
| BB Asset Ações US Biotech BDR Nível I Fundo de Investimento <sup>(5)</sup>                       | Investment funds    | Real                | 97.03%           | --           |
| BB Espelho Ações Leblon <sup>(5)</sup>   | Investment funds    | Real                | 82.20%           | --           |
| BB Asset Ações Nordea Global Climate and Environment <sup>(5)</sup>                              | Investment funds    | Real                | 100.00%          | --           |
| BB Asset Multimercado Nordea Alpha 15 <sup>(5)</sup>   | Investment funds    | Real                | 99.55%           | --           |
| BB Espelho Multimercado Canvas Vector <sup>(5)</sup>   | Investment funds    | Real                | 90.32%           | --           |
| BB Espelho Multimercado Occam Equity Hedge <sup>(5)</sup>  | Investment funds    | Real                | 84.87%           | --           |
| BB Renda Fixa Longo Prazo Tesouro Inflação Curta <sup>(5)</sup>                                  | Investment funds    | Real                | 61.87%           | --           |
| BB Renda Fixa Longo Prazo Tesouro Inflação <sup>(5)</sup>  | Investment funds    | Real                | 59.42%           | --           |
| BB Renda Fixa Longo Prazo Tesouro Prefixado <sup>(5)</sup>                                       | Investment funds    | Real                | 60.61%           | --           |

(1) Incorporated company on December 09, 2020 (Note 5).

(2) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.

(3) The financial statements refers to november/2020.

(4) Investment funds in which the Bank substantially assumes or retains risks and benefits.

(5) Non-exclusive and open funds from the initial application of BB DTVM's own resources, destined for sale to external investors, the referred entity does not have the intention to substantially assume or retain risks and benefits in these investment funds, which the Bank consolidates only in the months when most of the shares are still held by BB DTVM.

The consolidated financial statements also include securitization vehicles controlled by the Bank, directly or indirectly, described below.

**Dollar Diversified Payment Rights Finance Company (SPE Dollar)**

SPE Dollar was organized under the laws of the Cayman Islands for the following purposes:

- fund raising by issuance of securities in the international market;
- use of resources obtained by issuing securities to pay for the purchase, with the Bank, of the rights to payment orders issued by banking correspondents located in the U.S. and by the agency of BB New York, in U.S. dollars, for any agency in Brazil (Rights on Consignment); and
- making payments of principal and interest on securities issued and other payments defined in the contract of issuance of these securities.

The SPE pays the obligations under the securities with USD funds received from the payment orders. The SPE has no material assets or liabilities other than rights and obligations under the securities contracts. The SPE has no subsidiaries or employees.



In thousand of Reais, unless otherwise stated

**Loans Finance Company Limited (SPE Loans)**

SPE Loans was organized under the laws of the Cayman Islands for the following purposes:

- fund raising by issuance of securities in the international market;
- closing and booking repurchase agreements with the Bank;
- purchasing of protection against credit risk of the Bank through a credit derivative, which is actionable only in case of Bank's default in any of the obligations assumed in repurchase agreements.

The amounts, terms, currencies, rates and cash flows of the repurchase agreements are identical to those of the securities. The rights and income created from the repurchase agreements cover and match the obligations and expenses created by the securities. As a result, the SPE does not generate profit or loss. The SPE does not hold any assets and liabilities other than those from the repurchase agreements, credit default swap and outstanding securities.

**Other information**

Despite the challenging economic scenario arising from the Covid-19 pandemic, the Banco do Brasil Conglomerate did not carry out corporate restructuring or increased significant intra-group transactions that were not initially planned by Management, so that there were no changes in the Conglomerate's consolidation process.

**g) Convergence to international accounting standards**

The Accounting Pronouncements Committee (CPC) issues pronouncements and accounting interpretations aligned with international accounting standards and approved by the CVM. CMN and Bacen approved the following pronouncements, fully observed by the Bank, when applicable:

| CPC  | Resolutions               |
|--|---------------------------|
| CPC 00 (R1) - Conceptual framework for Financial Reporting               | CMN Resolution 4,144/2012 |
| CPC 01 - Impairment of Assets  | CMN Resolution 3,566/2008 |
| CPC 03 (R2) - Statement of Cash Flows                                    | CMN Resolution 4,720/2019 |
| CPC 05 (R1) - Related Party Disclosures                                  | CMN Resolution 4,636/2018 |
| CPC 10 (R1) - Share-based Payment  | CMN Resolution 3,989/2011 |
| CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors | CMN Resolution 4,007/2011 |
| CPC 24 - Events after the Reporting Period                               | CMN Resolution 3,973/2011 |
| CPC 25 - Provisions, Contingent Liabilities and Contingent Assets        | CMN Resolution 3,823/2009 |
| CPC 33 (R1) - Employee Benefits  | CMN Resolution 4,424/2015 |
| CPC 41 - Earnings per Share  | BCB Resolution 2/2020     |
| CPC 46 - Fair Value Measurement  | CMN Resolution 4,748/2019 |

CMN also issued proprietary rules that partially incorporate the pronouncements issued by the CPC and are applicable to the individual and consolidated financial statements:

| CMN Standart   | CPC Pronunciament Equivalent |
|--|------------------------------|
| CMN Resolution 4,524/2016 - recognition of the effects of foreign exchange variations resulting from the conversion of transactions into foreign currency and financial statements of investees abroad and to foreign exchange hedge operations of investments abroad. | CPC 02 (R2)                  |
| CMN Resolution 4,534/2016 - accounting recognition and measurement of intangible asset components.   | CPC 04 (R1)                  |
| CMN Resolution 4,535/2016 - recognition and accounting record of components of property and equipment in use.  | CPC 27                       |

In addition, it was published the CMN Resolution 3,533/2008, whose term began in January 2012, which established procedures for classification, recording and disclosure of sales operations or transfer of financial assets.

The Bank also applied the following pronouncements that are not in conflict with Bacen rules, as determined by art. 22, paragraph 2, of Law 6,385/1976:

| CPC Pronunciament                               |
|---|
| CPC 09 - Statement of Added Value (DVA)         |
| CPC 12 - Present Value Adjustment               |
| CPC 22 - Operating Segments                     |
| CPC 36 (R3) - Consolidated Financial Statements |



## h) Standards to be adopted in future periods

Below is a summary of the new standards that have recently been issued by regulatory bodies, to be adopted by the Bank at a date after December 31, 2020:

**CMN Resolution 4,817, of May 29, 2020.** The standard establishes the criteria for accounting measurement and recognition, by financial institutions, of investments in associates, subsidiaries and jointly controlled companies, in Brazil and abroad, including operations for the acquisition of interests; valuation using the equity method; investments held for sale; and incorporation, merger and spin-off operations.

CMN Resolution 4,817/2020 is effective as of January 1<sup>st</sup>, 2022.

**CMN Resolution 4,818, of May 29, 2020.** CMN Resolution 4,818, of May 29, 2020. The standard consolidates the general criteria for the preparation and disclosure of individual and consolidated financial statements by financial institutions. It also defines for January 1<sup>st</sup>, 2022 the preparation of consolidated interim financial in accordance with the IFRS, translated into portuguese by a brazilian entity authorized by the International Financial Reporting Standards Foundation (IFRS Foundation).

CMN Resolution 4,818/2020 comes into force as of January 1<sup>st</sup>, 2021, except for the preparation of consolidated interim financial statements adopting IFRS, which will only be effective in January 1<sup>st</sup>, 2022, and early application is prohibited (art. 10, sole paragraph).

**CMN Resolution 4,877, of December 23, 2020.** The standard consolidates the general criteria for measuring and recognizing social and labor obligations by financial institutions, establishing that institutions must comply with Technical Pronouncement CPC 33 (R1) - Benefits to Employees in measuring, recognizing and disclosing employee benefits.

The standard will provide the determination of the discount rate dealt with in items 83 to 86 of Pronouncement CPC 33 (R1) based on the average market yield determined in the six months prior to the date specified as accounted for, observing the other production provisions without pronouncement. When using this faculty, as necessary institutions (i) apply it prospectively; (ii) show, in an explanatory note, the amount of the effect on shareholders' equity if the rate referred to in item 83 of CPC 33 (R1) is used; and (iii) applying an average discount rate consistently over time.

This Resolution takes effect as of January 1<sup>st</sup>, 2021.

The Bank has began to assess the impacts of adopting the new standards. Any impacts resulting from the assessment of these standards are being evaluated and will be concluded by the effective date of each standard.



### 3 - DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

The accounting practices adopted by Banco do Brasil are applied consistently in all periods presented in these financial statements and applied to all Group entities.

#### a) Statement of income

In accrual basis accounting, revenues and expenses are reported in the closing process of the period in which they are incurred, regardless of receipt or payment. The operations with floating rates are adjusted pro rata die, based on the variation of the indexes agreed, and operations with fixed rates are recorded at future redemption value, adjusted for the unearned income or prepaid expenses for future periods. The operations indexed to foreign currencies are converted at the reporting date using current rates.

#### b) Present value measurement

Financial assets and liabilities are presented at present value due to the application of the accrual basis in the recognition of their interest income and expenses.

Non-contractual liabilities are primarily represented by provisions for lawsuit and legal obligations, for which the disbursement date is uncertain and is not under the Bank's control. They are measured at present value because they are initially recognized at estimated disbursement value on the valuation date and are updated monthly.

#### c) Cash and cash equivalents

Cash and cash equivalents comprise available funds in local currency, foreign currency, securities purchased under resale agreements – guaranteed by securities not repledged/re-sold, interbank deposits and investments in foreign currencies, with high liquidity and insignificant risk of change in value, with maturity at time of acquisition not exceeding 90 days.

#### d) Interbank investments

Interbank investments are recorded at their investment or acquisition amount, plus income accrued up to the balance sheet date and adjustments for allowance for losses.

#### e) Securities

The securities purchased for the Bank's portfolio are recorded at the actual amount paid, including brokerage charges and fees, and are classified based on management's intention, in one of three categories, according to Bacen Circular 3,068/2001:

Held for trading securities: these are securities purchased to be actively and frequently traded. They are adjusted monthly to fair value. The increases and decreases in value are recorded in income and expense accounts for the period;

Available for sale securities: these are securities that may be traded at any time, but are not acquired to be actively and frequently traded. They are adjusted monthly to market value and their increases and decreases in value are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity; and

Held to maturity securities: these are securities that the Bank owns and has the financial capacity and intent to hold to maturity. These securities are not adjusted to market value. The Bank's financial capacity to hold to maturity is supported by a cash flow projection that does not consider the possibility of sale of these securities.

The fair value methodology used for securities was established following consistent, verifiable criteria, which consider the average price of trading on the day of calculation or, if not available, the indicative price reported by Anbima (Brazilian Financial and Capital Markets Association), or relationship between the unit price and the latest business value in the last 30 day, or the net expected realizable value obtained through pricing models, using credit risk curves, expected credit losses, future values of interest rates, foreign exchange rates, price and currency indices, and similar financial instruments.



In thousand of Reais, unless otherwise stated

Income accrued on the securities, irrespective of the category in which they are classified, is appropriated on a pro rata die basis on an accrual basis until the date of maturity or final sale, using the cumulative or straight-line method, based on the contractual remuneration and purchase price, and recorded directly in the statement of income for the period.

Impairment of securities classified as available for sale and held to maturity, if considered not to be temporary, are recorded directly in expense for the period and a new cost basis for the asset is determined.

Upon sale, the difference between the sale amount and the cost of purchase plus accrued income is considered as a result of the transaction and is recorded on the date of the transaction as a gain or loss on securities.

#### **f) Derivative financial instruments**

Derivative financial instruments are adjusted to market value at each monthly trial balance and balance sheet date. Increases or decreases in value are recorded in the appropriate income or expense accounts.

The fair value methodology used for derivative financial instruments was established following consistent and verifiable criteria, which consider the closing price, or adjustment, when applicable, on the day of calculation or, if not available, pricing models that estimate the expected net realizable value, or the price of a similar financial instrument, considering at least, the payment or maturity date, the currency or index, and the credit risk associated with the counterparty.

Derivative financial instruments used to offset, in whole or in part, the risks arising from exposure to variations in the fair value or asset cash flow or financial liabilities, commitment or future transaction, are considered hedge instruments and are classified according to their nature:

Market Risk Hedge: increases or decreases in value of the financial instruments, as well as of the hedged item, are recorded in income/expense accounts for the period; and

Cash Flow Hedge: the effective portion of the increases or decreases in value of the derivative financial instruments classified in this category are recorded, net of tax effects, in Accumulated other comprehensive income in Shareholders' equity. The effective amount is that in which the variation of the hedged item, directly related to the corresponding risk, is offset by the variation in the financial instrument used for the hedge, considering the accumulated effect of the transaction. Other variations in these instruments are recorded directly in the statement of income for the period.

#### **g) Loan and leasing transactions, advances on foreign exchange contracts, other receivables with loan characteristics and allowance for loan losses**

Loans, leasing, advances on foreign exchange contracts and other receivables with loan characteristics are classified according to Management's judgment with respect to the level of risk, taking into consideration market conditions, past experience and specific risks in relation to the transaction, to borrowers and guarantors, observing the parameters established by CMN Resolution 2,682/1999, which requires periodic analyses of the portfolio and its classification into nine levels, ranging from AA (minimum risk) to H (maximum risk), as well as the classification of transactions more than 15 days overdue as non-performing. For atypical transactions with a term of more than 36 months, there is a double counting on the days-past-due intervals defined for the nine levels of risk, as permitted by CMN Resolution 2,682/1999.

Income from loans overdue for more than 60 days, regardless of their risk level, will only be recognized as income when effectively received.

The operations classified as level H risk are written off against the existing allowance after six months of classification in this level of risk, and they are delayed more than 180 days.

Renegotiated transactions are maintained, at a minimum, at the same level at which they were rated on the date of renegotiation. The renegotiations of loans already written off against the allowance are rated as H level and any gains from renegotiation are recognized as income when effectively received. Reclassification to a lower risk category is allowed when there is significant amortization of the transaction or when new material facts justify a change in risk level, according to CMN Resolution 2,682/1999.



In thousand of Reais, unless otherwise stated

Allowance for loan losses, considered sufficient by management, satisfies the minimum requirement established by the aforementioned CMN Resolution 2,682/1999.

## h) Taxes

Taxes are calculated based on the rates shown in the table below:

| Taxes  | Rate        |
|--|-------------|
| Income tax (15.00% + additional 10.00%)  | 25.00%      |
| Social Contribution on Net Income - CSLL <sup>(1)</sup>                          | 20.00%      |
| Social Integration Program/Public servant fund program(PIS/Pasep) <sup>(2)</sup> | 0.65%       |
| Contribution to Social Security Financing – (Cofins) <sup>(2)</sup>              | 4.00%       |
| Tax on services of any kind – (ISSQN)  | Up to 5.00% |

(1) Rate applied to Banco do Brasil and Banco de Investimentos, in accordance with the Constitutional Amendment 103, dated November 12, 2019. For other financial and non-financial companies in the areas of insurance, private pension plans and capitalization the rate remains 15%. For others non-financial companies, the CSLL rate is 9%.

(2) For non-financial firms that have opted for the non-cumulative regime of calculation, the PIS/PASEP rate is 1.65% and the Cofins rate is 7.6%.

Deferred tax assets (DTA) and deferred tax liabilities are recorded by applying the current rates of taxes on their respective bases. Before the increase in the CSLL established in art. 32 of Constitutional Amendment No. 103, dated November 12, 2019, and the provisions of Circular Bacen 3,171/2002, art. 1, paragraph 2, the increased rate of 20% for the CSLL was considered, since the base date of December/2019. For the recording, maintaining and writing-off of deferred tax assets, the Bank follows the established criteria by CMN Resolution 3,059/2002, amended by CMN Resolutions 3,355/2006, CMN 4,192/2013 and CMN 4,441/2015 and they are supported by a study of their realizability.

## i) Prepaid expenses

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

## j) Permanent assets

Investments: investments in associates and joint ventures in which the Bank has significant influence or an ownership interest of 20% or more of the voting shares, and in other companies which are part of a group or are under common control are accounted for by the equity method based on the Shareholders' equity of the associates and joint ventures.

The cash flows related to dividends and interest on equity received are presented separately in the statement of cash flows, being consistently classified, from period to period, as arising from investment activities.

In the consolidated financial statements, the subsidiaries are fully consolidated and the associates and joint ventures are accounted under the equity method.

Goodwill, the premium paid over the fair value of the investment acquired due to expectations of future profitability, is based on a financial-economic assessment which substantiate the purchase price of the business and is amortized based on annual income projections as per the assessment. Goodwill is tested for impairment annually.

Other permanent investments are valued at acquisition cost, less allowance for impairment losses, as applicable.

Property and equipment: property and equipment are stated at acquisition cost less the impairment losses and depreciation, calculated using the straight-line method by the useful life of the asset. Depreciation of property and equipment in use is recorded in the Other administrative expenses.

Intangible: intangible assets consist of rights over intangible assets used in the running of the Bank, including acquired goodwill.





In thousand of Reais, unless otherwise stated

An asset meets the criteria for identification as an intangible asset, when it is separable, i.e, it can be separated from the entity and sold, transferred or licensed, rented or exchanged, individually or jointly with a contract, related assets or liabilities, regardless of the intention for use by the entity; or results from contractual rights or other legal rights, regardless of whether these rights are transferable or separable from the entity or other rights and obligations.

Intangible assets with finite useful lives comprise: disbursements for the acquisition of rights to provide banking services (rights to managing payrolls), amortized over the terms of contracts; software, amortized on a straight-line basis by the useful life from the date it is available for use. Intangible assets are adjusted by allowance for impairment losses, if applicable. The amortization of intangible assets is recorded in the Other administrative expenses.

#### **k) Impairment of non-financial assets**

Non-financial assets are reviewed to see if there is any indication that they may have depreciated, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If there is any indication of devaluation, the Bank estimates the asset's recoverable value, which is the higher of its fair value, less costs to sell it, and its value in use.

If the recoverable amount of the asset is less than its carrying amount, the asset's carrying amount is reduced to its recoverable amount through a provision for impairment, which is recognized in the Income statement.

#### **Methodologies in assessing the recoverable amount of the main non-financial assets:**

##### Property and equipment in use

Land and buildings – the Bank relies on technical evaluations prepared in accordance with the standards of the Brazilian Association of Technical Standards - ABNT to determine the recoverable amount of land and buildings. ABNT establishes general concepts, methods and procedures for the valuation of urban properties.

Data processing equipment – when available, the Bank uses market values to determine the recoverable amount of data processing equipment. When market values are not readily available, the Bank considers the amount recoverable by using the asset in its operations. Recoverable amount is calculated based on cash flow projections for the asset over its useful life, discounted to present value using the interbank deposit certificate - CDI rate.

Other items of property and equipment – these items are individually insignificant. Although subject to evaluation of impairment indicators, the Bank does not determine their recoverable amount on an individual basis due to cost benefit considerations. The Bank conducts annual inventory counts and writes off assets that are lost or showing signs of deterioration.

##### Investments and goodwill on acquisition of investments

The recoverable amount of goodwill arising from business combinations is calculated using a discounted cash flow model based on the investments' expected results. Assumptions used in estimating the results consist of:

- the company's operating projections, results and investment plans;
- macroeconomic scenarios developed by the Bank; and
- internal methodologies to determine cost of capital under CAPM.

##### Intangible

Rights due to the acquisition of payrolls – the recoverability of acquired payroll contracts is determined based on the contribution margin of the client relationships generated under each contract. The objective is to determine if the projections that justified the initial acquisition correspond to actual performance. An impairment loss is recognized on underperforming contracts.



In thousand of Reais, unless otherwise stated

Software – the Bank continuously invests in the modernization and adequacy of its internally developed software to accompany new technologies and meet the demands of the business. Since there is no similar software in the market, and because of the significant cost associated with developing models to calculate value in use, the Bank evaluates the ongoing utility of its software to test for impairment.

The losses recorded in the Statement of Income to adjust the recoverable value of these assets, if any, are stated in the respective notes.

### **I) Employee benefits**

Employee benefits related to short-term benefits for current employees are recognized on the accrual basis as the services are provided. Post-employment benefits, comprising supplementary retirement benefits and medical assistance for which the Bank is responsible, are assessed in accordance with criteria established by CPC 33 (R1) - Employee benefits, approved by CVM Resolution 695/2012 and by the CMN Resolution 4,424/2015. The evaluations are performed semiannually.

In defined-contribution plans, the actuarial risk and the investment risk are borne by the plan participants. Accordingly, cost accounting is based on each period's contribution amount representing the Bank's obligation. Consequently, no actuarial calculation is required when measuring the obligation or expense, and there are neither actuarial gains nor losses.

In defined benefit plans, the actuarial risk and the investment risk value of plan assets fall either partially or fully on the sponsoring entity. Accordingly, cost accounting requires the measurement of plan obligations and expenses, with a possibility of actuarial gains and losses, leading to the register of a liability when the amount of the actuarial obligation exceeds the value of plan assets, or an asset when the amount of assets exceeds the value of plan obligations. In the latter instance, the asset should be recorded only when there is evidence that it can effectively reduce the contributions from the sponsor or will be refundable in the future.

The Bank recognizes the components of defined benefit cost in the period in which the actuarial valuation was performed, in accordance with criteria established by CPC 33 (R1), as follows:

- the current service cost and the net interest on the net defined benefit liability (asset) are recognized in profit or loss; and
- the remeasurements of the net defined benefit liability (asset) resulting from changes in actuarial assumptions are recognized in Accumulated other comprehensive income in Shareholders' equity, net of tax effects. And, according to the normative provision, these effects recognized directly in equity should not be reclassified to the result in subsequent periods.

Contributions to be paid by the Bank to medical assistance plans in some cases will continue after the employee's retirement. Therefore, the Bank's obligations are evaluated by the present actuarial value of the contributions to be paid over the expected period in which the plan participants and beneficiaries will be covered by the plan. Such obligations are evaluated and recognized under the same criteria used for defined benefit plans.

### **m) Deposits and Securities sold under repurchase agreements**

Deposits and Securities sold under repurchase agreements are recorded at the amount of the liabilities and include, when applicable, related charges up to the balance sheet date, on a daily pro rata die basis.

### **n) Provisions, contingent assets and liabilities and legal obligations**

The Bank recognizes a provision when:

- the Bank has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the obligation can be reasonably estimated.

The Bank recognizes provisions based on its best estimate of the probable losses.



In thousand of Reais, unless otherwise stated

The Bank continually monitors lawsuits in progress to evaluate, among other factors:

- the nature and complexity;
- the progress of the proceedings;
- the opinion of the Bank's lawyers; and
- the Bank's experience with similar proceedings.

In determining whether a loss is probable, the Bank considers:

- the likelihood of loss resulting from claims that occurred prior to or on the reporting date that were identified after that date but prior to issuance of the financial statements; and
- the need to disclose claims or events occurring after the reporting date but prior to the issuance of the financial statements.

Contingent assets are not recognized in the financial statements. However when there is evidence assuring their realization, usually represented by the final judgment of the lawsuit and by the confirmation of the capacity for its recovery by receipt or offsetting by another receivable, they are recognized as assets.

The Bank recognizes tax liabilities for taxes that are the object of legal discussions regarding their constitutionality. In these cases, the Bank recognizes an obligation to the government and a judicial deposit in the same amount, however, no payment is made until the Courts reach a final decision.

#### **o) Debt instrument issue expense**

Expenses related to transactions involving the issue of debt instruments are capitalized and presented as a reduction of the corresponding liability. The expenses are recognized in the income statement over the term of the transaction.

#### **p) Other assets and liabilities**

Other assets are stated at their realizable amounts, including, when applicable, related income and monetary and exchange variations on a pro rata die basis, and allowance for losses, when deemed appropriate. Other liabilities are stated at their known and measurable amounts, plus, when applicable, related charges and monetary and exchange variations on a pro rata die basis.

#### **q) Earnings per share**

Two different methods are used to calculate earnings per share:

- basic earnings per share: calculated by dividing net income attributable to the Bank's shareholders by the weighted average number of common shares outstanding during each of the periods presented; and
- diluted earnings per share: calculated by dividing net income attributed to the Bank's shareholders by the weighted average of outstanding common shares, adjusted to reflect the effect of all dilutable common shares.

#### **r) Functional and presentation currency**

**Functional and presentation currency** – These individual and consolidated financial statements are presented in Brazilian Reais, which is the Bank's functional and presentation currency. The functional currency is the currency of the main economic environment in which an entity operates. For all of the Group entities, the functional currency is the Real (except for BB Americas and Banco Patagonia).

The financial statements of branches and subsidiaries abroad follow the accounting criteria in force in Brazil and are converted into the Real currency by the current rate criterion, as provided for in Bacen Circular 2,397/1993 and CMN Resolution 4,524/2016. Their effects are recognized in the income statement, under the equity method for those who record the functional currency equal to the national currency, and in Accumulated other comprehensive income in Shareholders' equity, for those who record the functional currency different from the national currency.



### s) Non-recurring results

As defined by BCB Resolution 2/2020, non-recurring results are those that are not related or are only incidentally related to the institution's typical activities, and are not expected to occur frequently in future years. The information on the recurring and non-recurring results is included in Note 31.

## 4 - SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

The preparation of 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. Accordingly, it requires Management to make judgments and use estimates that affect the recognized amounts of assets, liabilities, income and expenses. These adopted estimates and assumptions are reviewed on an ongoing basis, with the revisions recognized in the period in which the estimate is reassessed, with prospective effects. It should be noted that actual results may differ from these estimates.

There are certain alternatives to accounting treatments. The Bank's results may differ if alternative accounting principles had been used. Management believes its choice of accounting principles to be appropriate and that the individual and consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of the Bank's operations.

Significant classes of assets and liabilities subject to estimates and the use of assumptions cover items for which fair value valuation is required. The following components of the consolidated financial statements require the highest degree of judgment and use of estimates:

### a) Fair value of financial instruments

When the fair value of financial assets and liabilities cannot be determined based on prices from an active market, they are measured using valuation techniques based on mathematical models. When possible, the inputs to these models are derived from observable market data. However, when market data is not available, the exercise of judgment is required to determine fair value.

Since the 1<sup>st</sup> quarter of 2020, the Bank has adapted its procedures for daily monitoring of the financial market, carrying out simulations and projections that aim to identify significant variations in the fair value of financial instruments held or traded by the Bank.

The Bank's mark-to-market models were reviewed to observe the possible impacts of Covid-19 on the economic and financial indicators used in the projection of scenarios, especially in the calculation of the fair value of financial instruments classified at level 2 and level 3 in the fair value hierarchy.

Changes in the fair value of financial instruments, identified so far as a result of the Covid 19 pandemic, impacted these financial statements.

### b) Allowance for losses associated with credit risk of the loan portfolio (loans, leasing, advances on foreign exchange contracts, other receivables with loan characteristics and guarantees provided)

The loan portfolio is classified according to Management's judgment on the risk level. Economic situation, past experience and specific risks in relation to the operation, to debtors and guarantors, are taken into account, observing the parameters established by CMN Resolution 2,682/1999, which requires periodic portfolio analysis and its classification into nine risk levels (rating), AA (minimum risk) and H (maximum risk), as well as the classification of operations overdue for more than 15 days as non-performing. For non-performing loan with a maturity of more than 36 months, double counting over the delay intervals defined for the nine risk levels is carried out, as provided by CMN Resolution 2,682/1999.

Allowance for losses is constituted or reversed according to the risk levels established by CMN Resolution 2,682/1999, considering the risk levels attributed to the operations.



In thousand of Reais, unless otherwise stated

Covid-19 pandemic caused a worsening in the credit risk of customers located at the main affected countries, in which there was a noticeable reduction in economic activity. Therefore, it may impact customers ability to honor the payment schedule of their contracts.

The allowance is considered sufficient by Management and meets the minimum requirement established by CMN Resolution 2,682/1999.

### **c) Permanent loss of securities**

Securities are subject to periodic evaluation by the Permanent Loss Assessment Forum, which is responsible for identifying problematic assets, pursuant to CMN Resolution 4,557/2017, proposing the marking of new problematic assets, assessing the need of an asset to be subject to impairment and the impact of any loss within the scope of the Prudential Conglomerate.

A problematic asset is characterized when there is a pending settlement for more than ninety days or there are indications that the asset will not be realized without the need to resort to guarantees and collateral. Indications that the asset will not be realized are: when the Bank considers that the debtor no longer has the financial capacity to honor its obligation, if the Bank recognizes a significant deterioration in the credit quality of the debtor, if the operation is subject to renegotiation that implies a concession of advantages to the debtor as a result of the deterioration of its creditworthiness or of its mitigators (debt restructuring), if the Bank asks for bankruptcy or other similar attitude towards the debtor, or if the debtor requests any type of judicial measure that limits, delay or prevent the fulfillment of its obligations under the agreed conditions.

The problematic assets can be reverted to the condition of normal course assets as long as there is evidence that the debtor has returned its ability to honor its obligations under the agreed conditions. It is analyzed whether the debtor is not responsible for any pending arrears for more than ninety days, whether the asset no longer meets the criteria of problematic assets, whether continuous and effective payments have occurred in a period of not less than 3 months and whether the debtor's financial situation has improved to such an extent that the realization of the asset is probable.

### **d) Impairment of non-financial assets**

At each reporting date, based on internal and external sources of information, the Bank determines if there are any indicators that a non-financial asset may be impaired. If an indicator exists, the Bank calculates the asset's recoverable amount, which is the highest of: i) its fair value less costs to sell it; and ii) its value in use.

Regardless any indicator of impairment, the Bank tests the recoverable value of intangible assets not yet available for use and of goodwill in the acquisition of investments, at least annually, always at the same period.

If the asset's recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount by recording an impairment loss.

Determining the recoverable amount of non-financial assets requires Management to exercise judgment and make assumptions. These estimates are based on market prices, present value calculations, other pricing techniques, or a combination of these methods.

### **e) Income taxes**

Income and gains generated by the Bank are subject to income taxes in the jurisdictions in which the Bank operates. The determination of income taxes requires interpretation and the use of estimates. In the ordinary course of business, the final amount of income tax payable is uncertain for many different types of transactions and calculations. In these cases, the use of different interpretations and estimates may have resulted in different tax amounts being recorded.

Brazilian tax authorities can review the calculations made by the Bank and its subsidiaries for up to five years subsequent to the date on which a tax becomes due. During this process, the tax authorities may question the procedures adopted by the Bank, mainly with respect to the interpretation of tax legislation. However, Management believe that will not be required any significant adjustments to the income tax recorded in these financial statements.



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## f) Recognition and assessment of deferred taxes

Deferred tax assets are calculated on temporary differences and tax loss carryforwards. They are only recognized when the Bank expects to generate sufficient taxable income in the future to offset the amounts. The expected realization of the Bank's deferred tax assets is based on projections of future income and technical analyses in line with current tax legislation

The Bank reviews the estimates involved in the recognition and valuation of deferred tax assets based on current expectations and projections about future events and trends. The most important assumptions affecting these estimates relate to:

- (i) changes in the amounts deposited, delinquencies and customer base;
- (ii) changes in tax law;
- (iii) changes in interest rates;
- (iv) changes in inflation rates;
- (v) legal claims with an adverse impact on the Bank;
- (vi) credit, market and other risks associated with lending and investing activities;
- (vii) changes in the fair value of Brazilian securities, especially Brazilian government securities; and
- (viii) changes in domestic and global economic conditions.

## g) Pensions and other employee benefits

The Bank sponsors defined contribution and defined benefit pension plans, accounted for in accordance with CPC 33. Actuarial valuations for defined benefit plans are based on a series of assumptions, including:

- (i) interest rates;
- (ii) mortality tables;
- (iii) annual rate applied to the revision of retirement benefits;
- (iv) inflation index;
- (v) annual salary adjustment; and
- (vi) the method used to calculate vested benefit obligations for active employees.

Changes in these assumptions can have significant impact on the amounts determined.

## h) Provisions, contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of provisions, contingent assets and liabilities and legal obligations are carried out in accordance with the criteria defined by CPC 25.

Contingent assets are not recognized in the financial statements, however, they are recognized as assets when there is evidence assuring their realization, usually represented by the final judgment of the lawsuit and by the confirmation of the capacity for its recovery by receipt or offsetting by another receivable.

Contingent liabilities are recognized in the financial statements when, based on the opinion of legal advisor and Management, the risk of loss of legal or administrative proceedings is considered probable, with a probable outflow of financial resource for the settlement of the obligation and when the amounts involved are measurable with sufficient assurance, being quantified when judicial noticed and revised monthly as follows:

Aggregated Method: cases that are similar and recurring in nature and whose values are not considered individually significant. Provisions are based on statistical data. It covers civil, tax or labor judicial proceedings (except labor claims filed by trade unions and all proceedings classified as strategic) with probable value of award, estimated by legal advisors, up to R\$ 1 million.

Individual Method: cases considered unusual or whose value is considered relevant by our legal advisor. Provisions are based on: the amount claimed; probability of an unfavorable decision; evidence presented; evaluation of legal precedents; other facts raised during the process; judicial decisions made during the course of the case; and the classification and the risk of loss of legal actions.



In thousand of Reais, unless otherwise stated

Contingent liabilities, subject to individual method, considered as possible losses are not recognized in the financial statements, they are disclosed in notes, while those classified as remote do not require any provision or disclosure.

Legal obligations (fiscal and social security) are derived from tax obligations provided in the legislation, amounts under discussion are fully settled in the financial statements.

## 5 - ACQUISITIONS, DISPOSALS AND CORPORATE RESTRUCTURING

### a) UBS A.G. Strategic partnership

On September 23, 2019, the Bank informed to the market that it signed a Memorandum of Understanding of a non-binding nature with UBS AG (UBS), establishing a strategic partnership to operate in investment banking and securities broker activities in the institutional segment in Brazil and in certain South American countries.

On November, 6, 2019, the Bank published a Material Fact informing the signing of the Association Agreement with UBS with a binding nature, to operate in investment banking and securities broker activities in the institutional segment in Brazil and in certain South American countries.

On December 27, 2019, the Administrative Council for Economic Defense approved, without restrictions, the strategic partnership, through the Concentration Act 08700.005886/2019-11. Bacen authorized this partnership on August 24, 2020.

On September 30, 2020, the Bank issued a Material Fact that BB-Banco de Investimento SA (BB-BI), its wholly-owned subsidiary, and UBS settled the definitive documents to start operating the strategic partnership in investment banking and securities brokerage activities in the institutional segment in Brazil, Argentina, Chile, Paraguay, Peru and Uruguay. All regulatory and contractual conditions for closing of the transaction were fulfilled.

The strategic partnership results in a new company and its subsidiaries, starting its operations as a complete investment banking platform, combining the Bank's relationship network in Brazil and its distribution capacity to individuals, with UBS's global distribution platform and expertise.

Governance and management of the new company are supported by a Shareholders' Agreement and an Operating Agreement, observing the best global practices in corporate governance and business management. Each shareholder will appoint three members to the Board of Directors, with the Chairman appointed by the Bank and the Vice Chairman by UBS. The executive board will also be composed by professionals from the two shareholders and UBS will appoint the Chief Executive Officer.

The Bank's corporate clients, in addition to the service and complete offering of corporate banking solutions, through the network of branches and specialized offices, now count with UBS's global reach platform, providing access to products and investment banking solutions and expansion of the offer of integrated solutions in these markets

The Banks's investor clients, through the partnership, in addition to the current portfolio of products and services, also now have access to a variety of funding instruments and investments linked to the capital markets.

The common voting shares of the company is divided in the proportion of 50.01% for UBS and 49.99% for BB-BI. The Bank, through BB-BI, incorporated the right of access to corporate clients for prospecting and originating typical investment banking businesses. UBS integrated its investment bank operating platform in the region and securities brokerage in the domestic institutional segment.

The contribution of intangible assets to UBS Serviços shareholders' equity represented R\$ 829,726 thousand, according to a technical report prepared by an independent company. On the other hand, for purposes of equalization of intended corporate shares, UBS Serviços handed to BB-BI R\$ 145,000 thousand, in local currency, referring to the redemption, at book value, of 100% of the preferred shares by BB-BI. Consequently, BB-BI's current investment represents 49.99% of the new company's net equity, in the value of R\$ 684,726 thousand.



In thousand of Reais, unless otherwise stated

The conclusion of the transaction did not impact the Bank's results. An unrealized result was recorded in the same amount of the recognition of capital gain as a counterpart of the registration of the initial investment in BB-BI. There is also a contractual commitment to exclusive access to the customer base that must be fulfilled by BB-BI over the 15 years of association. The impact on the result follows an accrual basis, as shown in the table below:

|                                       | Sep 30, 2020 |
|---------------------------------------|--------------|
| 1) Capital gain of BB-BI              | 829,726      |
| 2) Taxes                              | (373,377)    |
| 3) BB-BI income, net of taxes (1+2)   | 456,349      |
| 4) Unrealized profit (100% of item 3) | (456,349)    |
| 5) Impact on net income (3+4)         | --           |

Accordingly, the amount recognized as unrealized income correspond to the full amount of the intangible asset contributed to UBS Serviços, net of tax effects, and will be realized in the same amortization schedule for that asset, which is equivalent to the term of the association. Other information are disclosed in Note 14.

### b) IRB-Brasil RE

On July 10, 2019, the board of Banco do Brasil oriented to the Bank's representatives on the board of BB Seguridade Participações S.A. to initiate a secondary public offering with restricted efforts relating to 15.23% of common shares issued by IRB-Brasil Resseguros S.A. (IRB - Brasil RE), that are held by BB Seguros Participações S.A., a wholly-owned subsidiary of BB Seguridade Participações S.A.

On July 19, 2019, the Bank informed that it was established the value per share of R\$ 88.00, within the scope of the secondary public offering with restricted efforts of shares issued by IRB-Brasil RE.

As a result of the Bank's indirect participation in the capital of IRB-Brasil RE, the sale had a positive impact on Banco do Brasil's 2019 earnings in the amount of R\$ 1,537,966 thousand, net of taxes.

### c) Corporate Restructuring BB-BI and BB Elo

On January 18, 2019, the Bank informed that its Board of Directors approved the partial spin-off of BB Banco de Investimento S.A. (BB-BI) equity, related to Cielo S.A. (Cielo) and the transfer of the spun-off party to BB Elo Cartões Participações S.A. (BB Elo).

The corporate movement intends to promote the centralization of the stakes in companies of the means of payment segment under a single holding company, BB Elo, in order to be aligned with the strategy of simplification of the corporate organization of BB Conglomerate.

On June 28, 2019, the interest in Cielo was transferred to BB Elo. Residual effect was recognized in the income of the companies.

### d) Bescval - Incorporation

On December 09, 2020, according to Extraordinary General Meetings (EGMs) held on the same date, by the shareholders of Banco do Brasil and Besc Distribuidora de Títulos e Valores Mobiliários S.A. (Bescval), the Bank incorporated the subsidiary Bescval.

The merger of Bescval aimed to rationalize and simplify the Bank's corporate structure and, consequently, consolidate and reduce combined costs and operating expenses.

As a result of the approval of the merger by the EGMs, Bescval is extinguished pleno jure, as of this date, with a complete version of its assets for the Bank, which will succeed and absorb, in a universal manner and for all legal purposes, all assets, rights, obligations, liabilities of the merged company.





In thousand of Reais, unless otherwise stated

As a result, the Bank's share capital were increased by R\$ 23 thousand, due to the issuance of 425 new common shares, with no par value, registered and book-entry, by the Incorporator, already considering the applicable fractions, to be attributed to the minority shareholders of Bescval corresponding to its minority shareholders' equity in Bescval's shareholders' equity, calculated considering the book value of the company incorporated on the base date of June 30, 2020.

The issuance of the new shares will be preceded by the cancellation of an equal number of treasury stocks issued and held by the Bank, in order to avoid diluting the holdings of the current shareholders of the Bank and the change in the total number of shares representing the Bank's capital stock, as informed. in its Bylaws.

Bescval shares owned by the Bank will be extinguished. The incorporation will be submitted, under the terms of the legislation in force, to the approval of the Brazilian Central Bank.

### Incorporated balances

|                            | Dec 09, 2020 |
|----------------------------|--------------|
| Total assets               | 5,925        |
| Total liabilities          | 1            |
| Total shareholders' equity | 5,924        |

## 6 - INFORMATION BY SEGMENT

The segment information was prepared based on internal reports used by the Executive Board of Directors to assess performance, and make decision about the allocation of fund for investment and other purposes. The framework also takes into account the regulatory environment and the similarities between goods and services. The information was prepared based on internal management reports (Management Information), reviewed regularly by Management.

The Bank's operations were mainly in Brazil, divided into five segments: banking, investments, fund management, insurance (insurance, pension and capitalization) and payment methods. The Bank also engages in other activities, including consortium business and other services aggregated in "Other Segments".

The measurement of managerial income and of managerial assets and liabilities by segment takes into account all income and expenses as well as all assets and liabilities recorded by the controlled companies (Note 2). There were no common income or expenses nor common assets or liabilities allocated between the segments, for any distribution criteria.

Transactions between segments were eliminated in the column "Intersegment transactions". They were conducted at the same terms and conditions as those practiced with unrelated parties for similar transactions. These transactions do not involve any unusual payment risks.

None of the Bank's customers individually account for more than 10% of the Bank's income.

### a) Banking segment

The result was mainly from operations in Brazil with a wide array of products and services, including deposits, loans and services provided to customers through different distribution channels, located in the country and abroad.

The banking segment includes business with the retail, wholesale and public sector, which were carried out by the Bank's network and customer service teams. It also engages in business with micro-entrepreneurs and low-income population, undertaken through banking correspondents.



In thousand of Reais, unless otherwise stated

#### **b) Investments segment**

This segment was responsible for operations in the domestic capital markets, acting in intermediation and distribution of debts in the primary and secondary markets, as well as being responsible for equity investments and the rendering of some financial services.

The income from financial intermediation of this segment were the accrued interest on securities investments net of interest expenses from third party funding costs. The principal equity investments were those in the associates, subsidiary companies and joint ventures. Financial service fee income were from economic/financial advisory services and the underwriting of fixed and variable income.

#### **c) Fund management segment**

This segment comprises purchase, sale and custody of securities, portfolio management, and management of investment funds and clubs. Income consists mainly of commissions and management fees for services charged to investors.

#### **d) Insurance, pension and capitalization segment**

In this segment, products and services offered were related to life, property and automobile insurance, private pension and capitalization plans.

The income were mainly from revenues from insurance premiums issued, contributions to private pension plans, capitalization bonds and investments in securities. The amounts offset by selling cost, technical insurance provision and expenses related to benefits and redemptions.

#### **e) Payment methods segment**

This segment comprises funding, transmission, processing and settlement of operations via electronic means.

Revenues were mainly from commissions and management fees charged to businesses and financial institutions for the services rendered, as well as income from rent, installation and maintenance of electronic terminals.

#### **f) Other segments**

Other segments comprise the consortium management and other services segments, which have been aggregated as they were not individually significant.

Their revenues were originated mainly from rendering services not covered in previous segments, such as: credit recovery; consortium management; development, manufacturing, sale, lease and integration of digital electronic systems and equipment, peripherals, programs, inputs and computing supplies; and intermediation of air tickets, lodging and organization of events.



In thousand of Reais, unless otherwise stated

**g) Information of external customers by geographic region**

|   | 2020               |                  | 2019               |                  |
|---|--------------------|------------------|--------------------|------------------|
|   | Brazil             | Abroad           | Brazil             | Abroad           |
| <b>Income from external customers</b>       | <b>151,221,694</b> | <b>8,774,700</b> | <b>163,422,065</b> | <b>8,739,001</b> |
| <b>Income from financial intermediation</b> | <b>115,032,818</b> | <b>7,304,606</b> | <b>121,370,156</b> | <b>7,263,419</b> |
| Loan portfolio                              | 84,418,382         | 2,771,699        | 79,728,376         | 2,848,707        |
| Interbank investments                       | 13,197,291         | 617,209          | 27,567,969         | 943,260          |
| Securities                                  | 12,213,012         | 3,314,564        | 10,290,542         | 2,847,262        |
| Derivative financial instruments            | 3,120,969          | 286,552          | 206,080            | 433,552          |
| Reserve requirement                         | 1,324,262          | --               | 2,371,998          | --               |
| Other financial assets                      | 758,902            | 314,582          | 1,205,191          | 190,638          |
| <b>Other income</b>                         | <b>36,188,876</b>  | <b>1,470,094</b> | <b>42,051,909</b>  | <b>1,475,582</b> |
| Service fee income                          | 27,518,951         | 1,182,937        | 28,094,597         | 1,114,074        |
| Net gains from equity method investments    | 3,110,401          | --               | 4,048,925          | --               |
| Other                                       | 5,559,524          | 287,157          | 9,908,387          | 361,508          |
| <b>Non-current assets <sup>(1)</sup></b>    | <b>30,354,856</b>  | <b>386,903</b>   | <b>28,399,185</b>  | <b>363,508</b>   |

(1) Except for financial instruments, deferred tax assets and post-employment benefit assets.

Revenues from abroad were mainly obtained by operations held by the branches in South America and Central America in the period 2020 (South America and North America in the period 2019).



## h) Breakdown of managerial information by segment and accounting reconciliation

|   | 2020                              |                  |                  |                                       |                   |
|---|-----------------------------------|------------------|------------------|---------------------------------------|-------------------|
|   | Managerial Information by Segment |                  |                  |                                       |                   |
|   | Banking                           | Investments      | Fund Management  | Insurance, pension and capitalization | Payment methods   |
| <b>Income from financial intermediation</b>             | <b>121,983,976</b>                | <b>285,671</b>   | <b>36,707</b>    | <b>12,435</b>                         | <b>101,067</b>    |
| Loan portfolio  | 87,191,233                        | --               | --               | --                                    | --                |
| Interbank investments                                   | 13,863,441                        | 684              | 33,128           | --                                    | --                |
| Securities  | 15,124,052                        | 284,987          | 3,579            | 12,435                                | 101,067           |
| Derivative financial instruments                        | 3,407,521                         | --               | --               | --                                    | --                |
| Reserve requirement                                     | 1,324,262                         | --               | --               | --                                    | --                |
| Other financial assets                                  | 1,073,467                         | --               | --               | --                                    | --                |
| <b>Expenses from financial intermediation</b>           | <b>(66,587,814)</b>               | <b>(49,140)</b>  | <b>--</b>        | <b>--</b>                             | <b>--</b>         |
| Financial institutions resources                        | (41,340,969)                      | (49,140)         | --               | --                                    | --                |
| Customers resources                                     | (15,103,252)                      | --               | --               | --                                    | --                |
| Funds from issuance of securities                       | (7,487,929)                       | --               | --               | --                                    | --                |
| Other funding expenses                                  | (2,655,664)                       | --               | --               | --                                    | --                |
| <b>Allowance for losses associated with credit risk</b> | <b>(25,966,053)</b>               | <b>(15,400)</b>  | <b>60</b>        | <b>--</b>                             | <b>--</b>         |
| Loan portfolio  | (25,560,796)                      | --               | --               | --                                    | --                |
| Other financial assets                                  | (405,257)                         | (15,400)         | 60               | --                                    | --                |
| <b>Other income</b>                                     | <b>25,702,828</b>                 | <b>452,853</b>   | <b>2,987,804</b> | <b>5,716,702</b>                      | <b>954,049</b>    |
| Service fee income                                      | 20,260,306                        | 380,722          | 2,974,277        | 3,692,866                             | 38,154            |
| Net gains from equity method investments                | 518,734                           | 16,729           | --               | 1,889,634                             | 685,304           |
| Other   | 4,923,788                         | 55,402           | 13,527           | 134,202                               | 230,591           |
| <b>Other expenses</b>                                   | <b>(46,073,451)</b>               | <b>(204,865)</b> | <b>(440,245)</b> | <b>(826,966)</b>                      | <b>(36,286)</b>   |
| Personnel expenses                                      | (19,580,681)                      | (47,744)         | (104,079)        | (63,894)                              | (5,039)           |
| Other administrative expenses                           | (10,243,810)                      | (89,498)         | (32,327)         | (247,364)                             | (1,668)           |
| Amortization  | (1,832,275)                       | --               | --               | --                                    | --                |
| Depreciation  | (1,300,602)                       | --               | --               | (8)                                   | --                |
| Tax expenses  | (4,057,310)                       | (49,122)         | (200,744)        | (438,252)                             | (22,017)          |
| Other   | (9,058,773)                       | (18,501)         | (103,095)        | (77,448)                              | (7,562)           |
| <b>Provisions</b>                                       | <b>(4,818,926)</b>                | <b>314</b>       | <b>(4,927)</b>   | <b>(190)</b>                          | <b>173</b>        |
| Provisions for civil, tax and labor claims              | (3,913,878)                       | 314              | (4,927)          | (190)                                 | 174               |
| Other   | (905,048)                         | --               | --               | --                                    | (1)               |
| <b>Profit before taxation and profit sharing</b>        | <b>4,240,560</b>                  | <b>469,433</b>   | <b>2,579,399</b> | <b>4,901,981</b>                      | <b>1,019,003</b>  |
| Income tax and social contribution                      | 4,270,683                         | (201,791)        | (1,032,409)      | (1,041,867)                           | (137,439)         |
| Employee and directors profit sharing                   | (1,562,339)                       | --               | (2,313)          | --                                    | --                |
| Non-controlling interests                               | (278,123)                         | --               | --               | (1,298,411)                           | --                |
| <b>Net income</b>                                       | <b>6,670,781</b>                  | <b>267,642</b>   | <b>1,544,677</b> | <b>2,561,703</b>                      | <b>881,564</b>    |
| <b>Balance sheet</b>                                    |                                   |                  |                  |                                       |                   |
| Interbank investments                                   | 512,315,519                       | 18,675           | 2,174,306        | 2,191,960                             | 1,063,835         |
| Securities and derivative financial instruments         | 292,736,070                       | 1,464,913        | 16,776           | 454,336                               | 3,200,245         |
| Loan portfolio net of provisions                        | 636,606,082                       | --               | --               | --                                    | --                |
| Investments   | 22,360,624                        | 841,514          | 2,000            | 5,064,809                             | 5,114,253         |
| Other assets  | 260,260,405                       | 995,298          | 497,229          | 2,335,762                             | 667,911           |
| <b>Total assets</b>                                     | <b>1,724,278,700</b>              | <b>3,320,400</b> | <b>2,690,311</b> | <b>10,046,867</b>                     | <b>10,046,244</b> |
| <b>Liabilities</b>                                      | <b>1,598,764,392</b>              | <b>2,495,260</b> | <b>1,477,012</b> | <b>4,308,482</b>                      | <b>653,168</b>    |
| Customers resources                                     | 602,172,335                       | --               | --               | --                                    | --                |
| Financial institutions resources                        | 614,452,535                       | 1,683,303        | --               | --                                    | --                |
| Funds from issuance of securities                       | 196,842,846                       | --               | --               | --                                    | --                |
| Provisions  | 33,443,898                        | 1,325            | 8,568            | 21,454                                | 53                |
| Other liabilities                                       | 151,852,778                       | 810,632          | 1,468,444        | 4,287,028                             | 653,115           |
| <b>Shareholders' equity</b>                             | <b>125,514,308</b>                | <b>825,140</b>   | <b>1,213,299</b> | <b>5,738,385</b>                      | <b>9,393,076</b>  |
| <b>Total liabilities and shareholders' equity</b>       | <b>1,724,278,700</b>              | <b>3,320,400</b> | <b>2,690,311</b> | <b>10,046,867</b>                     | <b>10,046,244</b> |



## Banco do Brasil S.A. – Financial Statements 2020 Results

|   | 2019                              |                  |                  |                                       |                    |                    |
|---|-----------------------------------|------------------|------------------|---------------------------------------|--------------------|--------------------|
|   | Managerial Information by Segment |                  |                  |                                       |                    |                    |
|   | Banking                           | Investments      | Fund Management  | Insurance, pension and capitalization | Payment methods    | Other segments     |
| <b>Income from financial intermediation</b>   | <b>134,222,653</b>                | <b>36,985</b>    | <b>61,865</b>    | <b>4,078,613</b>                      | <b>426,420</b>     | <b>214,609</b>     |
| Loan portfolio  | 87,472,272                        | --               | --               | --                                    | --                 | --                 |
| Interbank investments   | 28,982,314                        | 1,795            | 59,530           | --                                    | --                 | 212,115            |
| Securities  | 13,781,426                        | 35,190           | 2,335            | 26,964                                | 466,611            | 2,501              |
| Derivative financial instruments  | 115,204                           | --               | --               | --                                    | (40,191)           | --                 |
| Reserve requirement   | 2,401,464                         | --               | --               | --                                    | --                 | --                 |
| Other financial assets  | 1,469,973                         | --               | --               | --                                    | --                 | (7)                |
| Financial results from insurance, pension and capitalization operations                     | --                                | --               | --               | 4,051,649                             | --                 | --                 |
| <b>Expenses from financial intermediation</b>   | <b>(76,425,006)</b>               | <b>(149,667)</b> | <b>--</b>        | <b>(3,146,384)</b>                    | <b>(69,417)</b>    | <b>(206,793)</b>   |
| Financial institutions resources  | (38,296,266)                      | (149,667)        | --               | --                                    | (69,417)           | --                 |
| Customers resources   | (25,931,009)                      | --               | --               | --                                    | --                 | --                 |
| Funds from issuance of securities   | (9,978,822)                       | --               | --               | --                                    | --                 | (204,353)          |
| Other funding expenses  | (2,218,909)                       | --               | --               | --                                    | --                 | (2,440)            |
| Financial expenses from technical provisions of insurance, pension plans and capitalization | --                                | --               | --               | (3,146,384)                           | --                 | --                 |
| <b>Allowance for losses associated with credit risk</b>                                     | <b>(23,991,539)</b>               | <b>(11,238)</b>  | <b>(6)</b>       | <b>--</b>                             | <b>--</b>          | <b>(1,145)</b>     |
| Loan portfolio  | (24,221,149)                      | --               | --               | --                                    | --                 | --                 |
| Other financial assets  | 229,610                           | (11,238)         | (6)              | --                                    | --                 | (1,145)            |
| <b>Other income</b>   | <b>30,122,116</b>                 | <b>1,277,867</b> | <b>2,571,642</b> | <b>11,407,944</b>                     | <b>4,798,240</b>   | <b>3,178,787</b>   |
| Service fee income  | 21,527,521                        | 1,121,666        | 2,557,384        | 3,229,392                             | 4,089,136          | 2,302,915          |
| Net gains from equity method investments  | 180,948                           | 107,555          | --               | 86,080                                | 75,517             | --                 |
| Results from insurance, pension plan and capitalization operations                          | --                                | --               | --               | 4,089,735                             | --                 | --                 |
| Other   | 8,413,647                         | 48,646           | 14,258           | 4,002,737                             | 633,587            | 875,872            |
| <b>Other expenses</b>   | <b>(49,467,506)</b>               | <b>(460,066)</b> | <b>(349,514)</b> | <b>(2,390,079)</b>                    | <b>(3,457,389)</b> | <b>(1,817,931)</b> |
| Personnel expenses  | (20,664,123)                      | (59,995)         | (99,045)         | (340,644)                             | (213,576)          | (354,667)          |
| Other administrative expenses   | (10,853,896)                      | (95,838)         | (29,061)         | (604,472)                             | (600,431)          | (420,476)          |
| Amortization  | (1,690,274)                       | (40,637)         | --               | (67,872)                              | (106,466)          | (4,394)            |
| Depreciation  | (1,240,480)                       | --               | --               | (11,273)                              | (3,913)            | (19,234)           |
| Tax expenses  | (4,087,353)                       | (91,295)         | (173,794)        | (810,299)                             | (481,025)          | (341,127)          |
| Other   | (10,931,380)                      | (172,301)        | (47,614)         | (555,519)                             | (2,051,978)        | (678,033)          |
| <b>Provisions</b>   | <b>(12,553,417)</b>               | <b>(175)</b>     | <b>(3,160)</b>   | <b>(2,566)</b>                        | <b>(28,464)</b>    | <b>(61,085)</b>    |
| Provisions for civil, tax and labor claims  | (12,469,782)                      | (175)            | (3,160)          | (2,566)                               | (28,464)           | (61,085)           |
| Other   | (83,635)                          | --               | --               | --                                    | --                 | --                 |
| <b>Profit before taxation and profit sharing</b>  | <b>1,907,301</b>                  | <b>693,706</b>   | <b>2,280,827</b> | <b>9,947,528</b>                      | <b>1,669,390</b>   | <b>1,306,442</b>   |
| Income tax and social contribution  | 10,820,797                        | (256,485)        | (901,393)        | (3,388,902)                           | (500,741)          | (451,337)          |
| Employee and directors profit sharing   | (2,423,636)                       | --               | (2,004)          | (27,888)                              | (23,645)           | (6,026)            |
| Non-controlling interests   | (244,470)                         | --               | --               | (2,237,390)                           | --                 | (7)                |
| <b>Net income</b>   | <b>10,059,992</b>                 | <b>437,221</b>   | <b>1,377,430</b> | <b>4,293,348</b>                      | <b>1,145,004</b>   | <b>849,072</b>     |
| <b>Balance sheet</b>  |                                   |                  |                  |                                       |                    |                    |
| Interbank investments   | 428,889,138                       | 18,289           | 1,423,842        | 7,370,478                             | 474,491            | 4,191,523          |
| Securities and derivative financial instruments   | 211,332,896                       | 1,198,536        | 45,955           | 231,448,492                           | 6,822,908          | 415,711            |
| Loan portfolio net of provisions  | 609,387,712                       | --               | --               | --                                    | --                 | --                 |
| Investments   | 15,007,878                        | 816,454          | 46,252           | 15,121                                | 1,567,832          | 27                 |
| Other assets  | 258,841,709                       | 831,009          | 627,591          | 9,458,162                             | 26,618,185         | 3,108,466          |
| <b>Total assets</b>   | <b>1,523,459,333</b>              | <b>2,864,288</b> | <b>2,143,640</b> | <b>248,292,253</b>                    | <b>35,483,416</b>  | <b>7,715,727</b>   |
| <b>Liabilities</b>  | <b>1,415,825,761</b>              | <b>2,409,171</b> | <b>2,003,996</b> | <b>243,703,864</b>                    | <b>26,449,532</b>  | <b>6,127,021</b>   |
| Customers resources   | 492,618,278                       | --               | --               | --                                    | --                 | --                 |
| Financial institutions resources  | 536,005,231                       | 1,611,804        | --               | --                                    | 1,201,323          | 15,000             |
| Funds from issuance of securities   | 220,662,053                       | --               | --               | --                                    | --                 | 4,937,536          |
| Provisions  | 31,448,471                        | 1,673            | 6,740            | 3,802,240                             | 738,405            | 140,393            |
| Technical provisions for insurance, pension plans and capitalization                        | --                                | --               | --               | 230,144,477                           | --                 | --                 |
| Other liabilities   | 135,091,728                       | 795,694          | 1,997,256        | 9,757,147                             | 24,509,804         | 1,034,092          |
| <b>Shareholders' equity</b>   | <b>107,633,572</b>                | <b>455,117</b>   | <b>139,644</b>   | <b>4,588,389</b>                      | <b>9,033,884</b>   | <b>1,588,706</b>   |
| <b>Total liabilities and shareholders' equity</b>   | <b>1,523,459,333</b>              | <b>2,864,288</b> | <b>2,143,640</b> | <b>248,292,253</b>                    | <b>35,483,416</b>  | <b>7,715,727</b>   |

**7 - CASH AND CASH EQUIVALENTS**

|   | Banco do Brasil    |                   | BB Consolidated    |                   |
|---|--------------------|-------------------|--------------------|-------------------|
|   | Dec 31, 2020       | Dec 31, 2019      | Dec 31, 2020       | Dec 31, 2019      |
| <b>Cash and due from banks</b>  | <b>14,239,838</b>  | <b>12,800,038</b> | <b>16,784,560</b>  | <b>14,171,188</b> |
| Local currency  | 9,696,140          | 8,004,888         | 9,697,457          | 8,006,672         |
| Foreign currency  | 4,543,698          | 4,795,150         | 7,087,103          | 6,164,516         |
| <b>Interbank investments <sup>(1)</sup></b>                                     | <b>159,160,915</b> | <b>56,913,200</b> | <b>159,404,948</b> | <b>57,764,835</b> |
| Securities purchased under resale agreement – securities not repledged/ re-sold | 118,776,694        | 23,585,812        | 119,375,173        | 29,516,903        |
| Interbank deposits  | 40,384,221         | 33,327,388        | 40,029,775         | 28,247,932        |
| <b>Total</b>  | <b>173,400,753</b> | <b>69,713,238</b> | <b>176,189,508</b> | <b>71,936,023</b> |

(1) Investments whose original maturity is less than or equal to 90 days and with insignificant risk of change in fair value.

**8 - CENTRAL BANK COMPULSORY RESERVES****a) Breakdown**

|                              | Banco do Brasil   |                   | BB Consolidated   |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
|                              | Dec 31, 2020      | Dec 31, 2019      | Dec 31, 2020      | Dec 31, 2019      |
| Savings deposit requirements | 32,383,686        | 35,862,524        | 32,383,686        | 35,862,524        |
| Demand deposit requirements  | 12,908,748        | 12,955,660        | 12,908,748        | 12,955,660        |
| Time deposit requirements    | 13,465,192        | 15,870,135        | 13,465,192        | 15,870,135        |
| Instant payment account      | 990,249           | --                | 990,249           | --                |
| Eletronic currency deposits  | 422,356           | 252,364           | 422,356           | 252,364           |
| Resources for microfinance   | 138,311           | 183,424           | 138,311           | 183,424           |
| Current assets               | 60,308,542        | 65,124,107        | 60,308,542        | 65,124,107        |
| Non-current assets           | --                | --                | --                | --                |
| <b>Total</b>                 | <b>60,308,542</b> | <b>65,124,107</b> | <b>60,308,542</b> | <b>65,124,107</b> |

**b) Income due to reserve requirements**

|                              | Banco do Brasil |                  |                  | BB Consolidated |                  |                  |
|------------------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|
|                              | 2nd half/2020   | 2020             | 2019             | 2nd half/2020   | 2020             | 2019             |
| Savings deposit requirements | 398,292         | 974,451          | 1,567,674        | 398,292         | 974,451          | 1,567,674        |
| Time deposit requirements    | 121,505         | 349,811          | 804,324          | 121,505         | 349,811          | 804,324          |
| <b>Total</b>                 | <b>519,797</b>  | <b>1,324,262</b> | <b>2,371,998</b> | <b>519,797</b>  | <b>1,324,262</b> | <b>2,371,998</b> |

**9 - INTERBANK INVESTMENTS****a) Breakdown**

|  | Banco do Brasil    |                    | BB Consolidated    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Dec 31, 2020       | Dec 31, 2019       | Dec 31, 2020       | Dec 31, 2019       |
| <b>Securities purchased under resale agreement</b> | <b>465,746,721</b> | <b>390,809,695</b> | <b>466,345,480</b> | <b>390,842,172</b> |
| <b>Reverse repos - own resources</b>               | <b>118,776,694</b> | <b>23,585,812</b>  | <b>119,375,453</b> | <b>29,607,492</b>  |
| Treasury financial bills                           | 350,757            | 19,278,151         | 350,757            | 25,176,764         |
| National Treasury bills                            | 117,989,892        | 288,331            | 117,989,892        | 288,331            |
| National Treasury notes                            | 266,499            | 1,222              | 266,499            | 1,222              |
| Other securities                                   | 169,546            | 4,018,108          | 768,305            | 4,141,175          |
| <b>Reverse repos - financed position</b>           | <b>346,970,027</b> | <b>367,223,883</b> | <b>346,970,027</b> | <b>361,234,680</b> |
| Treasury financial bills                           | 173,148,915        | 339,355,976        | 173,148,914        | 333,457,363        |
| National Treasury bills                            | 8,532,956          | 26,515,023         | 8,532,956          | 26,515,023         |
| National Treasury notes                            | 161,715,081        | 1,049,994          | 161,715,081        | 1,049,994          |
| Other securities                                   | 3,573,075          | 302,890            | 3,573,076          | 212,300            |
| <b>Interbank deposits</b>                          | <b>117,581,382</b> | <b>111,160,536</b> | <b>44,300,311</b>  | <b>34,635,186</b>  |
| <b>Total</b>                                       | <b>583,328,103</b> | <b>501,970,231</b> | <b>510,645,791</b> | <b>425,477,358</b> |
| Current assets                                     | 509,622,409        | 440,275,042        | 505,900,976        | 421,944,507        |
| Non-current assets                                 | 73,705,694         | 61,695,189         | 4,744,815          | 3,532,851          |

**b) Income from interbank investments**

|  | Banco do Brasil  |                   |                   | BB Consolidated  |                   |                   |
|--|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|  | 2nd half/2020    | 2020              | 2019              | 2nd half/2020    | 2020              | 2019              |
| <b>Income from securities purchased under resale agreement</b> | <b>5,226,655</b> | <b>13,056,115</b> | <b>27,506,026</b> | <b>5,353,644</b> | <b>13,234,319</b> | <b>27,606,122</b> |
| Funded position  | 4,984,376        | 12,524,630        | 25,479,718        | 4,984,376        | 12,524,630        | 25,479,718        |
| Own portfolio position   | 242,279          | 531,485           | 2,026,308         | 369,268          | 709,689           | 2,126,404         |
| <b>Income from investments in interbank deposits</b>           | <b>2,493,947</b> | <b>5,711,632</b>  | <b>5,903,422</b>  | <b>75,166</b>    | <b>580,181</b>    | <b>905,107</b>    |
| <b>Total</b>   | <b>7,720,602</b> | <b>18,767,747</b> | <b>33,409,448</b> | <b>5,428,810</b> | <b>13,814,500</b> | <b>28,511,229</b> |



## 10 - SECURITIES

### a) Securities

#### a.1) Breakdown of the portfolio by category, type of bonds and maturity

| Maturity in days                           | Banco do Brasil  |                |                   |                   |                    |                    |                    |    |
|--|------------------|----------------|-------------------|-------------------|--------------------|--------------------|--------------------|----|
|  | Dec 31, 2020     |                |                   |                   |                    |                    |                    |    |
|  | Fair value       |                |                   |                   |                    | Total              |                    |    |
|  | Without maturity | 0 to 30        | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Ma |
| <b>1 - Trading securities</b>              | <b>352</b>       | <b>208</b>     | <b>235,773</b>    | <b>1,485,686</b>  | <b>8,277,430</b>   | <b>9,866,442</b>   | <b>9,999,449</b>   |    |
| <b>Federal government bonds</b>            | --               | --             | <b>235,773</b>    | <b>1,485,686</b>  | <b>8,163,057</b>   | <b>9,752,845</b>   | <b>9,884,516</b>   |    |
| National Treasury bills                    | --               | --             | 235,773           | 1,483,062         | 7,113,233          | 8,716,947          | 8,832,068          |    |
| National Treasury notes                    | --               | --             | --                | --                | 735,388            | 718,985            | 735,388            |    |
| Treasury financial bills                   | --               | --             | --                | --                | 314,436            | 314,938            | 314,436            |    |
| Foreign Government bonds                   | --               | --             | --                | 2,624             | --                 | 1,975              | 2,624              |    |
| Other                                      | --               | --             | --                | --                | --                 | --                 | --                 |    |
| <b>Private securities</b>                  | <b>352</b>       | <b>208</b>     | --                | --                | <b>114,373</b>     | <b>113,597</b>     | <b>114,933</b>     |    |
| Debentures                                 | --               | 208            | --                | --                | 67,433             | 66,414             | 67,641             |    |
| Agribusiness receivables certificate       | --               | --             | --                | --                | 46,940             | 47,165             | 46,940             |    |
| Real states receivables certificate        | --               | --             | --                | --                | --                 | --                 | --                 |    |
| Other                                      | 352              | --             | --                | --                | --                 | 18                 | 352                |    |
| <b>2 - Available for sale securities</b>   | <b>2,157,198</b> | <b>821,438</b> | <b>15,385,131</b> | <b>11,126,834</b> | <b>220,155,700</b> | <b>248,225,766</b> | <b>249,646,301</b> |    |
| <b>Federal government bonds</b>            | --               | <b>156,797</b> | <b>13,254,792</b> | <b>8,242,347</b>  | <b>196,262,890</b> | <b>216,603,634</b> | <b>217,916,826</b> |    |
| Treasury financial bills                   | --               | --             | 12,801,796        | 8,144,244         | 158,751,720        | 180,233,573        | 179,697,760        |    |
| Brazilian foreign debt securities          | --               | 106,366        | --                | --                | 11,970,152         | 10,880,279         | 12,076,518         |    |
| National Treasury notes                    | --               | --             | --                | --                | 11,011,356         | 10,818,747         | 11,011,356         |    |
| National Treasury bills                    | --               | --             | --                | --                | 11,058,017         | 10,754,400         | 11,058,017         |    |
| Foreign Government bonds                   | --               | 50,431         | 452,627           | 98,090            | 3,388,573          | 3,837,454          | 3,989,721          |    |
| Agricultural debt securities               | --               | --             | 369               | 13                | 476                | 882                | 858                |    |
| Other                                      | --               | --             | --                | --                | 82,596             | 78,299             | 82,596             |    |
| <b>Private securities</b>                  | <b>2,157,198</b> | <b>664,641</b> | <b>2,130,339</b>  | <b>2,884,487</b>  | <b>23,892,810</b>  | <b>31,622,132</b>  | <b>31,729,475</b>  |    |
| Debentures                                 | --               | 85,545         | 345,671           | 506,481           | 16,732,807         | 18,442,601         | 17,670,504         |    |
| Rural product bills - commodities          | --               | 338,559        | 1,749,838         | 2,332,558         | 114,595            | 4,453,303          | 4,535,550          |    |
| Eurobonds                                  | --               | 240,537        | --                | 32,696            | 3,775,263          | 4,254,709          | 4,048,496          |    |
| Shares in Investment Funds                 | 2,157,155        | --             | --                | --                | 1,158,640          | 2,494,916          | 3,315,795          |    |
| Certificates of agribusiness credit rights | --               | --             | 28,518            | --                | 905,894            | 926,671            | 934,412            |    |
| Promissory notes                           | --               | --             | 6,312             | 12,752            | 237,627            | 254,728            | 256,691            |    |
| Real estate receivables certificates       | --               | --             | --                | --                | 26,365             | 22,788             | 26,365             |    |
| Shares                                     | 43               | --             | --                | --                | --                 | 218                | 43                 |    |
| Certificate of Deposit                     | --               | --             | --                | --                | --                 | --                 | --                 |    |
| Other                                      | --               | --             | --                | --                | 941,619            | 772,198            | 941,619            |    |





| Maturity in days                       | Banco do Brasil  |                |                   |                   |                    |                    |                    |      |
|--|------------------|----------------|-------------------|-------------------|--------------------|--------------------|--------------------|------|
|  | Dec 31, 2020     |                |                   |                   |                    |                    |                    |      |
|  | Fair value       |                |                   |                   |                    | Total              |                    |      |
|  | Without maturity | 0 to 30        | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark |
| <b>3 - Held to maturity securities</b> | --               | --             | 1,421,691         | 1,796,112         | 18,350,462         | 22,770,439         | 21,568,265         |      |
| <b>Federal government bonds</b>        | --               | --             | --                | --                | 9,696,863          | 9,259,997          | 9,696,863          |      |
| National Treasury bills                | --               | --             | --                | --                | 6,573,995          | 6,573,995          | 6,573,995          |      |
| Brazilian foreign debt securities      | --               | --             | --                | --                | 3,122,868          | 2,686,002          | 3,122,868          |      |
| <b>Private securities</b>              | --               | --             | 1,421,691         | 1,796,112         | 8,653,599          | 13,510,442         | 11,871,402         |      |
| Debentures                             | --               | --             | 690,818           | 1,796,112         | 8,417,737          | 12,391,636         | 10,904,667         |      |
| Certificate of Deposit                 | --               | --             | 730,873           | --                | --                 | 728,864            | 730,873            |      |
| Real estate receivables certificates   | --               | --             | --                | --                | 235,862            | 389,942            | 235,862            |      |
| <b>Total</b>                           | <b>2,157,550</b> | <b>821,646</b> | <b>17,042,595</b> | <b>14,408,632</b> | <b>246,783,592</b> | <b>280,862,647</b> | <b>281,214,015</b> |      |

**a.2) Breakdown of the portfolio by financial statement classification and maturity date**

| Maturity in days                 | Banco do Brasil  |                |                   |                   |                    |                    |                    |      |
|----------------------------------|------------------|----------------|-------------------|-------------------|--------------------|--------------------|--------------------|------|
|                                  | Dec 31, 2020     |                |                   |                   |                    |                    |                    |      |
|                                  | Fair value       |                |                   |                   |                    | Total              |                    |      |
|                                  | Without maturity | 0 to 30        | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark |
| <b>Total by portfolio</b>        | <b>2,157,550</b> | <b>821,646</b> | <b>17,042,595</b> | <b>14,408,632</b> | <b>246,783,592</b> | <b>280,862,647</b> | <b>281,214,015</b> |      |
| Own portfolio                    | 2,157,550        | 474,743        | 8,760,758         | 8,887,422         | 69,003,899         | 88,879,963         | 89,284,372         |      |
| Subject to repurchase agreements | --               | 346,903        | 7,479,904         | 4,595,107         | 165,583,874        | 178,049,626        | 178,005,788        |      |
| Pledged in guarantee             | --               | --             | 801,933           | 926,103           | 12,195,819         | 13,933,058         | 13,923,855         |      |



In thousand of Reais, unless otherwise stated

**a.3) Breakdown of the portfolio by category and maturity in years**

| Maturity in years                 | Banco do Brasil  |                       |                       |                        |                    |                    |                    |                    |                    |
|-----------------------------------|------------------|-----------------------|-----------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                   | Dec 31, 2020     |                       |                       |                        |                    |                    |                    | Dec 31, 2019       |                    |
|                                   | Fair value       |                       |                       |                        |                    | Total              |                    | Total              |                    |
|                                   | Without maturity | Due in up to one year | Due from 1 to 5 years | Due from 5 to 10 years | Due after 10 years | Cost value         | Fair value         | Cost value         | Fair value         |
| <b>Total by category</b>          | <b>2,157,550</b> | <b>32,272,873</b>     | <b>183,290,722</b>    | <b>51,677,953</b>      | <b>11,814,917</b>  | <b>280,862,647</b> | <b>281,214,015</b> | <b>192,684,924</b> | <b>192,056,483</b> |
| 1 - Trading securities            | 352              | 1,721,667             | 7,473,547             | 470,425                | 333,458            | 9,866,442          | 9,999,449          | 715,894            | 718,815            |
| 2 - Available for sale securities | 2,157,198        | 27,333,403            | 162,434,582           | 46,264,224             | 11,456,894         | 248,225,766        | 249,646,301        | 167,995,624        | 168,305,631        |
| 3 - Held to maturity securities   | --               | 3,217,803             | 13,382,593            | 4,943,304              | 24,565             | 22,770,439         | 21,568,265         | 23,973,406         | 23,032,037         |

**a.4) Summary of the portfolio by financial statement classification**

|                                  | Banco do Brasil   |                    |                    |                   |                    |                    |
|----------------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|                                  | Dec 31, 2020      |                    |                    | Dec 31, 2019      |                    |                    |
|                                  | Book value        |                    |                    | Book value        |                    |                    |
|                                  | Current           | Non-current        | Total              | Current           | Non-current        | Total              |
| <b>Total by portfolio</b>        | <b>42,707,853</b> | <b>239,708,336</b> | <b>282,416,189</b> | <b>34,428,935</b> | <b>158,568,917</b> | <b>192,997,852</b> |
| Own portfolio                    | 28,350,669        | 62,100,681         | 90,451,350         | 22,662,464        | 112,906,332        | 135,568,796        |
| Subject to repurchase agreements | 12,631,157        | 165,411,836        | 178,042,993        | 9,032,982         | 43,607,735         | 52,640,717         |
| Pledged in guarantee             | 1,726,027         | 12,195,819         | 13,921,846         | 2,733,489         | 2,054,850          | 4,788,339          |

**a.5) Summary of the portfolio by category**

|                                   | Banco do Brasil    |             |                    |             |
|-----------------------------------|--------------------|-------------|--------------------|-------------|
|                                   | Dec 31, 2020       |             | Dec 31, 2019       |             |
| <b>Total by category</b>          |                    |             |                    |             |
| 1 - Trading securities            | 9,999,449          | 4%          | 718,815            | 1%          |
| 2 - Available for sale securities | 249,646,301        | 88%         | 168,305,631        | 87%         |
| 3 - Held to maturity securities   | 22,770,439         | 8%          | 23,973,406         | 12%         |
| <b>Portfolio book value</b>       | <b>282,416,189</b> | <b>100%</b> | <b>192,997,852</b> | <b>100%</b> |
| Mark to market - held to maturity | (1,202,174)        | --          | (941,369)          | --          |
| <b>Portfolio fair value</b>       | <b>281,214,015</b> | <b>--</b>   | <b>192,056,483</b> | <b>--</b>   |



**a.6) Breakdown of the consolidated portfolio by category, type of bonds and maturity**

| Maturity in days                           | BB Consolidated  |                  |                   |                   |                    |                    |                    |    |
|--|------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|----|
|  | Dec 31, 2020     |                  |                   |                   |                    |                    |                    |    |
|  | Fair value       |                  |                   |                   |                    | Total              |                    |    |
|  | Without maturity | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Ma |
| <b>1 - Trading securities</b>              | <b>737,704</b>   | <b>4,214,791</b> | <b>1,188,264</b>  | <b>1,732,357</b>  | <b>9,901,722</b>   | <b>17,306,281</b>  | <b>17,774,838</b>  |    |
| <b>Federal government bonds</b>            | --               | <b>4,203,267</b> | <b>1,188,264</b>  | <b>1,719,036</b>  | <b>9,160,913</b>   | <b>15,871,523</b>  | <b>16,271,480</b>  |    |
| National Treasury bills                    | --               | --               | 235,773           | 1,483,062         | 7,113,234          | 8,716,947          | 8,832,069          |    |
| Foreign Government bonds                   | --               | 4,174,101        | 938,456           | 235,974           | 978,028            | 6,057,671          | 6,326,559          |    |
| National Treasury notes                    | --               | --               | --                | --                | 735,388            | 718,985            | 735,388            |    |
| Treasury financial bills                   | --               | --               | --                | --                | 314,436            | 314,938            | 314,436            |    |
| Brazilian foreign debt securities          | --               | 29,166           | 14,035            | --                | 19,827             | 62,982             | 63,028             |    |
| Other                                      | --               | --               | --                | --                | --                 | --                 | --                 |    |
| <b>Private securities</b>                  | <b>737,704</b>   | <b>11,524</b>    | --                | <b>13,321</b>     | <b>740,809</b>     | <b>1,434,758</b>   | <b>1,503,358</b>   |    |
| Shares in investment funds                 | 604,184          | --               | --                | --                | --                 | 610,212            | 604,184            |    |
| Debentures                                 | --               | 208              | --                | --                | 521,032            | 511,398            | 521,240            |    |
| Eurobonds                                  | --               | 11,316           | --                | 7,198             | 114,414            | 132,457            | 132,928            |    |
| Agribusiness receivables certificate       | --               | --               | --                | --                | 46,940             | 47,165             | 46,940             |    |
| Real estate receivables certificate        | --               | --               | --                | --                | 44,115             | 41,957             | 44,115             |    |
| Shares                                     | 31               | --               | --                | --                | --                 | 5                  | 31                 |    |
| Other                                      | 133,489          | --               | --                | 6,123             | 14,308             | 91,564             | 153,920            |    |
| <b>2 - Available for sale securities</b>   | <b>2,273,596</b> | <b>834,803</b>   | <b>15,710,609</b> | <b>11,316,340</b> | <b>225,079,103</b> | <b>253,824,141</b> | <b>255,214,451</b> |    |
| <b>Federal government bonds</b>            | --               | <b>156,797</b>   | <b>13,526,021</b> | <b>8,242,347</b>  | <b>196,985,099</b> | <b>217,565,843</b> | <b>218,910,264</b> |    |
| Treasury financial bills                   | --               | --               | 12,801,795        | 8,144,244         | 158,751,720        | 180,233,573        | 179,697,759        |    |
| Brazilian foreign debt securities          | --               | 106,366          | 3,280             | --                | 12,293,967         | 11,177,576         | 12,403,613         |    |
| National Treasury notes                    | --               | --               | --                | --                | 11,011,356         | 10,818,747         | 11,011,356         |    |
| National Treasury bills                    | --               | --               | --                | --                | 11,058,015         | 10,754,400         | 11,058,015         |    |
| Foreign Government bonds                   | --               | 50,431           | 720,577           | 98,090            | 3,786,969          | 4,502,366          | 4,656,067          |    |
| Agricultural debt securities               | --               | --               | 369               | 13                | 476                | 882                | 858                |    |
| Other                                      | --               | --               | --                | --                | 82,596             | 78,299             | 82,596             |    |
| <b>Private securities</b>                  | <b>2,273,596</b> | <b>678,006</b>   | <b>2,184,588</b>  | <b>3,073,993</b>  | <b>28,094,004</b>  | <b>36,258,298</b>  | <b>36,304,187</b>  |    |
| Debentures                                 | --               | 85,545           | 345,672           | 506,481           | 20,252,761         | 22,130,542         | 21,190,459         |    |
| Rural product bills - commodities          | --               | 338,559          | 1,749,838         | 2,332,558         | 114,595            | 4,453,303          | 4,535,550          |    |
| Eurobonds                                  | --               | 253,902          | --                | 32,696            | 3,976,531          | 4,436,878          | 4,263,129          |    |
| Shares in investment funds                 | 2,214,655        | --               | 51,554            | 189,506           | 1,426,639          | 2,981,815          | 3,882,354          |    |
| Certificates of agribusiness credit rights | --               | --               | 28,518            | --                | 905,894            | 926,671            | 934,412            |    |
| Promissory notes                           | --               | --               | 6,312             | 12,752            | 237,628            | 254,728            | 256,692            |    |
| Shares                                     | 58,941           | --               | --                | --                | --                 | 60,838             | 58,941             |    |
| Real estate receivables certificates       | --               | --               | --                | --                | 29,899             | 26,424             | 29,899             |    |
| Certificate of Deposit                     | --               | --               | 2,694             | --                | --                 | 2,694              | 2,694              |    |
| Other                                      | --               | --               | --                | --                | 1,150,057          | 984,405            | 1,150,057          |    |



| Maturity in days                       | BB Consolidated  |                  |                   |                   |                    |                    |                    |      |
|--|------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------|
|  | Dec 31, 2020     |                  |                   |                   |                    |                    |                    |      |
|  | Fair value       |                  |                   |                   |                    | Total              |                    |      |
|  | Without maturity | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark |
| <b>3 - Held to maturity securities</b> | --               | --               | 1,679,726         | 1,892,075         | 17,274,131         | 21,923,560         | 20,845,932         |      |
| <b>Federal government bonds</b>        | --               | --               | 108,897           | --                | 10,291,055         | 9,962,696          | 10,399,952         |      |
| National Treasury bills                | --               | --               | --                | --                | 6,573,995          | 6,573,995          | 6,573,995          |      |
| Brazilian foreign debt securities      | --               | --               | --                | --                | 3,122,869          | 2,686,004          | 3,122,869          |      |
| Foreign Government bonds               | --               | --               | 108,897           | --                | 594,191            | 702,697            | 703,088            |      |
| <b>Private securities</b>              | --               | --               | 1,570,829         | 1,892,075         | 6,983,076          | 11,960,864         | 10,445,980         |      |
| Debentures                             | --               | --               | 690,818           | 1,796,112         | 6,542,764          | 10,392,508         | 9,029,694          |      |
| Certificate of Deposit                 | --               | --               | 730,873           | --                | --                 | 728,864            | 730,873            |      |
| Promissory notes                       | --               | --               | 149,138           | 95,963            | 204,449            | 449,550            | 449,550            |      |
| Real estate receivables certificates   | --               | --               | --                | --                | 235,863            | 389,942            | 235,863            |      |
| Eurobonds                              | --               | --               | --                | --                | --                 | --                 | --                 |      |
| <b>Total</b>                           | <b>3,011,300</b> | <b>5,049,594</b> | <b>18,578,599</b> | <b>14,940,772</b> | <b>252,254,956</b> | <b>293,053,982</b> | <b>293,835,221</b> |      |

**a.7) Breakdown of the consolidated portfolio by financial statement classification and maturity date**

| Maturity in days                 | BB Consolidated  |                  |                   |                   |                    |                    |                    |      |
|----------------------------------|------------------|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------|
|                                  | Dec 31, 2020     |                  |                   |                   |                    |                    |                    |      |
|                                  | Fair value       |                  |                   |                   |                    | Total              |                    |      |
|                                  | Without maturity | 0 to 30          | 31 to 180         | 181 to 360        | More than 360      | Cost value         | Fair value         | Mark |
| <b>Total by portfolio</b>        | <b>3,011,300</b> | <b>5,049,594</b> | <b>18,578,599</b> | <b>14,940,772</b> | <b>252,254,956</b> | <b>293,053,982</b> | <b>293,835,221</b> |      |
| Own portfolio                    | 3,011,300        | 4,702,691        | 10,296,762        | 9,372,762         | 90,952,994         | 117,582,700        | 118,336,509        |      |
| Subject to repurchase agreements | --               | 346,903          | 7,479,904         | 4,641,907         | 149,088,045        | 161,521,387        | 161,556,759        |      |
| Pledged in guarantee             | --               | --               | 801,933           | 926,103           | 12,213,917         | 13,949,895         | 13,941,953         |      |



In thousand of Reais, unless otherwise stated

**a.8) Breakdown of the consolidated portfolio by category and maturity in years**

| Maturity in years                 | BB Consolidated  |                       |                       |                        |                    |                    |                    |                    |                    |
|-----------------------------------|------------------|-----------------------|-----------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                   | Dec 31, 2020     |                       |                       |                        |                    |                    | Dec 31, 2019       |                    |                    |
|                                   | Fair value       |                       |                       |                        |                    | Total              |                    | Total              |                    |
|                                   | Without maturity | Due in up to one year | Due from 1 to 5 years | Due from 5 to 10 years | Due after 10 years | Cost value         | Fair value         | Cost value         | Fair value         |
| <b>Total by category</b>          | <b>3,011,300</b> | <b>38,568,965</b>     | <b>184,529,802</b>    | <b>55,515,623</b>      | <b>12,209,531</b>  | <b>293,053,982</b> | <b>293,835,221</b> | <b>201,384,073</b> | <b>201,332,216</b> |
| 1 - Trading securities            | 737,704          | 7,135,412             | 8,474,158             | 1,026,720              | 400,844            | 17,306,281         | 17,774,838         | 5,352,023          | 5,704,898          |
| 2 - Available for sale securities | 2,273,596        | 27,861,752            | 163,749,386           | 49,545,596             | 11,784,121         | 253,824,141        | 255,214,451        | 172,907,792        | 173,291,612        |
| 3 - Held to maturity securities   | --               | 3,571,801             | 12,306,258            | 4,943,307              | 24,566             | 21,923,560         | 20,845,932         | 23,124,258         | 22,335,706         |

**a.9) Summary of the consolidated portfolio by financial statement classification**

|                                  | BB Consolidated   |                    |                    |                   |                    |                    |
|----------------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|
|                                  | Dec 31, 2020      |                    |                    | Dec 31, 2019      |                    |                    |
|                                  | Book value        |                    |                    | Book value        |                    |                    |
|                                  | Current           | Non-current        | Total              | Current           | Non-current        | Total              |
| <b>Total by portfolio</b>        | <b>51,481,987</b> | <b>243,430,862</b> | <b>294,912,849</b> | <b>40,619,432</b> | <b>161,501,336</b> | <b>202,120,768</b> |
| Own portfolio                    | 37,078,004        | 82,380,138         | 119,458,142        | 28,787,965        | 129,719,501        | 158,507,466        |
| Subject to repurchase agreements | 12,677,956        | 148,836,808        | 161,514,764        | 9,074,507         | 29,726,878         | 38,801,385         |
| Pledged in guarantee             | 1,726,027         | 12,213,916         | 13,939,943         | 2,756,960         | 2,054,957          | 4,811,917          |

**a.10) Summary of the consolidated portfolio by category**

|                                   | BB Consolidated    |             |                    |             |
|-----------------------------------|--------------------|-------------|--------------------|-------------|
|                                   | Dec 31, 2020       |             | Dec 31, 2019       |             |
|                                   | Value              | %           | Value              | %           |
| <b>Total by category</b>          |                    |             |                    |             |
| 1 - Trading securities            | 17,774,838         | 6%          | 5,704,898          | 4%          |
| 2 - Available for sale securities | 255,214,451        | 88%         | 173,291,612        | 86%         |
| 3 - Held to maturity securities   | 21,923,560         | 6%          | 23,124,258         | 10%         |
| <b>Portfolio book value</b>       | <b>294,912,849</b> | <b>100%</b> | <b>202,120,768</b> | <b>100%</b> |
| Mark to market - held to maturity | (1,077,628)        | --          | (788,552)          | --          |
| <b>Portfolio fair value</b>       | <b>293,835,221</b> | <b>--</b>   | <b>201,332,216</b> | <b>--</b>   |

**b) Income from operations with securities**

|                            | Banco do Brasil  |                   |                   | BB Consolidated  |                   |                   |
|----------------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
|                            | 2nd half/2020    | 2020              | 2019              | 2nd half/2020    | 2020              | 2019              |
| Fixed-income securities    | 3,022,258        | 6,821,032         | 10,105,735        | 4,312,395        | 9,232,355         | 12,423,982        |
| Variable-income securities | (937,688)        | 6,267,978         | 941,447           | (1,001,912)      | 6,295,221         | 713,822           |
| <b>Total</b>               | <b>2,084,570</b> | <b>13,089,010</b> | <b>11,047,182</b> | <b>3,310,483</b> | <b>15,527,576</b> | <b>13,137,804</b> |

**c) Reclassification of securities**

There was no reclassification of marketable securities during 2019.

In fiscal year 2020, the following reclassifications took place, due to the criteria for allocating papers in the "Securities for Trading" category, which establishes a maximum trading term of 270 days:

- Securities (debentures) from the "Securities for Trading" category to the "Securities Available for Sale" category, in the amount of R \$ 23,315 thousand (cost value) and R \$ 21,438 thousand (market value). The negative mark-to-market of R\$ 1,877 thousand remained in the result of the 1<sup>st</sup> Semester/2020.

- Securities (debentures and agribusiness receivable certificates) from the "Securities for Trading" category to the "Securities Available for Sale" category, in the amount of R \$ 331,416 thousand (cost value) and R \$ 324,802 thousand (market value). The negative mark to market of R \$ 6,614 thousand remained in the result of the 2<sup>nd</sup> Semester/2020.



## 11 - DERIVATIVE FINANCIAL INSTRUMENTS

The Bank uses derivative financial instruments to manage, at the consolidated level, its positions manage credit risk and to meet clients' needs, classifying its own positions as hedge (market risk) and trading, both within limits approved by committees of the Bank. The hedge strategy of the equity positions is in line with macroeconomic analyses and it is approved by the Executive Board of Directors.

The Bank uses derivative financial instruments compatible with the defined objectives, observing the best risk and return ratio and considering the economic scenario. The risk categories of the derivative financial instruments are considered in the management of these instruments and the consolidated view of different risk factors are adopted.

The Bank assesses the liquidity of derivative financial instruments and identifies, in advance, means of reversing positions. Systems and processes that allow the recording, monitoring and controlling of operations with derivative financial instruments are used.

In the options market, long positions have the Bank as holder, while short positions have the Bank as writer.

The main risks inherent to derivative financial instruments resulting from the business of the Bank and its subsidiaries are credit, market, liquidity and operational, which management process is presented in note 30.

The models used to manage risks with derivatives are reviewed periodically and the decisions made follow the best risk/return relationship, estimating possible losses based on the analysis of macroeconomic scenarios.

The Bank uses tools and systems to manage the derivatives. New derivatives trades standardized or not, are subjected to a prior risk analysis.

Positioning strategies comply with established limits and risk exposure. Positions are reassessed daily and at the beginning of each day an evaluation of strategies and performances is conducted.

Strategies are developed based on:

- analysis of economic scenarios;
- technical analysis (graphical) and fundamental analysis;
- simulation of expected results;
- Value-at-risk simulation (VaR, EVE, Stress).

The Bank uses credit derivatives in the proprietary management of its portfolios, positions and operations, such as Credit Linked Notes operations, with the objective of raising funds and in order to manage credit risks. For this purpose, branches abroad use the credit default swap modality in the over-the-counter market abroad. This modality refers to the agreement between two parties for the sale of credit protection in exchange for the payment of a periodic interest rate.

The Bank carries out transactions with derivative financial instruments to hedge its own positions to meet the needs of our clients and to take intentional positions, according to limits, accountability and previously established procedures.

The objectives to be achieved with hedge operations are defined on a consolidated basis, ensuring effectiveness of each operation and observing the regulations of each jurisdiction. Mechanisms are used to evaluate and monitor the effectiveness of hedge operations in order to offset the effects of the variation in the market value or in the cash flow of the hedged item.

The Bank documents the identification of the hedged item of the transactions carried out with the purpose of offsetting its risks from its inception.

Risk analysis of the subsidiaries is undertaken on an individual basis and risk management is done on a consolidated basis.

The Bank uses statistical methods and simulations to measure the risks of its positions, including derivatives, using values at risk, sensibility and stress analysis models.



In thousand of Reais, unless otherwise stated

The VaR is used to estimate the potential loss, under routine market conditions, daily measured in monetary values, considering a confidence interval of 99.21%, a 10-day time horizon and a historical series of 252 business days.

In order to calculate the VaR, the Bank uses the Historical Simulation methodology, which assumes that the retrospective behavior of observed (historical) returns of risk factors constitutes relevant information to the measurement of market risks.

Accordingly, the calculated VaR for the Bank derivatives portfolio, on December 31, 2020, was R\$ 266,309 thousand (R\$ 165,812 thousand on December 31, 2019).

Total credit exposure from swaps is R\$ 169,409 thousand on December 31, 2020 (R\$ 477,077 thousand on December 31, 2019).



## a) Portfolio

### a.1) Breakdown of the portfolio of derivatives for trading by index

| By Index                                     | Banco do Brasil   |                    |                    |                   |                  |                  | Dec 31, 2020      |                    |
|--|-------------------|--------------------|--------------------|-------------------|------------------|------------------|-------------------|--------------------|
|  | Dec 31, 2020      |                    |                    | Dec 31, 2019      |                  |                  | Dec 31, 2020      |                    |
|  | Notional value    | Cost value         | Fair value         | Notional value    | Cost value       | Fair value       | Notional value    | Cost value         |
| <b>Future contracts</b>                      |                   |                    |                    |                   |                  |                  |                   |                    |
| <b>Purchase commitments</b>                  | <b>27,929,239</b> | --                 | --                 | <b>12,958,175</b> | --               | --               | <b>28,590,657</b> | --                 |
| Interbank deposits                           | 11,501,501        | --                 | --                 | 4,439,418         | --               | --               | 11,501,501        | --                 |
| Currencies                                   | 16,324,524        | --                 | --                 | 8,508,366         | --               | --               | 16,985,942        | --                 |
| Bovespa Index                                | 56,043            | --                 | --                 | --                | --               | --               | 56,043            | --                 |
| On-shore USD rates                           | 43,231            | --                 | --                 | --                | --               | --               | 43,231            | --                 |
| Commodities                                  | 3,940             | --                 | --                 | 10,391            | --               | --               | 3,940             | --                 |
| <b>Sales commitments</b>                     | <b>22,145,083</b> | --                 | --                 | <b>6,252,392</b>  | --               | --               | <b>22,411,530</b> | --                 |
| Interbank deposits                           | 11,304,962        | --                 | --                 | 3,523,785         | --               | --               | 11,304,962        | --                 |
| Currencies                                   | 5,954,830         | --                 | --                 | 7,957             | --               | --               | 6,221,277         | --                 |
| Bovespa Index                                | 134               | --                 | --                 | --                | --               | --               | 134               | --                 |
| On-shore USD rates                           | 14,005            | --                 | --                 | --                | --               | --               | 14,005            | --                 |
| Libor  | 4,657,647         | --                 | --                 | 2,521,629         | --               | --               | 4,657,647         | --                 |
| Commodities                                  | 213,505           | --                 | --                 | 199,021           | --               | --               | 213,505           | --                 |
| <b>Forward operations</b>                    |                   |                    |                    |                   |                  |                  |                   |                    |
| <b>Asset position</b>                        | <b>13,889,806</b> | <b>1,195,704</b>   | <b>1,185,729</b>   | <b>9,945,595</b>  | <b>289,348</b>   | <b>318,781</b>   | <b>14,421,418</b> | <b>1,213,145</b>   |
| Term currencies                              | 13,691,474        | 1,164,054          | 1,161,446          | 9,745,577         | 271,151          | 239,261          | 14,223,086        | 1,181,495          |
| Term commodities                             | 198,332           | 31,650             | 24,283             | 200,018           | 18,197           | 79,520           | 198,332           | 31,650             |
| <b>Liability position</b>                    | <b>22,238,742</b> | <b>(1,734,345)</b> | <b>(1,469,393)</b> | <b>12,790,620</b> | <b>(472,916)</b> | <b>(388,037)</b> | <b>22,238,742</b> | <b>(1,734,345)</b> |
| Term currencies                              | 21,927,251        | (1,710,453)        | (1,434,933)        | 12,760,071        | (470,089)        | (378,430)        | 21,927,251        | (1,710,453)        |
| Term commodities                             | 311,491           | (23,892)           | (34,460)           | 30,549            | (2,827)          | (9,607)          | 311,491           | (23,892)           |
| <b>Option market</b>                         |                   |                    |                    |                   |                  |                  |                   |                    |
| <b>Purchase commitments - long position</b>  | --                | --                 | --                 | <b>4,031</b>      | <b>152</b>       | <b>209</b>       | --                | --                 |
| Foreign currency                             | --                | --                 | --                 | 4,031             | 152              | 209              | --                | --                 |
| <b>Sale commitments - long position</b>      | --                | --                 | --                 | <b>565,000</b>    | <b>183</b>       | <b>12,612</b>    | --                | --                 |
| Interbank deposit                            | --                | --                 | --                 | 565,000           | 183              | 12,612           | --                | --                 |
| <b>Purchase commitments - short position</b> | <b>2,213,895</b>  | <b>(33,075)</b>    | <b>(65,413)</b>    | <b>2,117,623</b>  | <b>(28,814)</b>  | <b>(23,654)</b>  | <b>48,912</b>     | <b>(2,069)</b>     |
| Foreign currency                             | 22,632            | (683)              | (538)              | 1,635             | (43)             | (3)              | 22,632            | (683)              |
| Pre-fixed                                    | 2,164,983         | (31,006)           | (52,919)           | 2,092,758         | (27,621)         | (22,427)         | --                | --                 |
| Bovespa Index                                | 51                | (3)                | (6)                | 58                | (3)              | 1                | 51                | (3)                |
| IPCA   | 3,415             | (446)              | (416)              | 6,913             | (851)            | (895)            | 3,415             | (446)              |
| Commodities                                  | 22,814            | (937)              | (11,534)           | 16,259            | (296)            | (330)            | 22,814            | (937)              |





## Banco do Brasil S.A. – Financial Statements 2020 Results

| By Index                                 | Banco do Brasil   |                    |                    |                   |                    |                    | Dec 31, 2020      |                    |
|--|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
|  | Dec 31, 2020      |                    |                    | Dec 31, 2019      |                    |                    | Dec 31, 2020      |                    |
|  | Notional value    | Cost value         | Fair value         | Notional value    | Cost value         | Fair value         | Notional value    | Cost value         |
| <b>Sale commitments - short position</b> | <b>2,477,054</b>  | <b>(2,138,914)</b> | <b>(2,107,130)</b> | <b>3,092,780</b>  | <b>(2,084,255)</b> | <b>(2,108,253)</b> | <b>312,071</b>    | <b>(5,978)</b>     |
| Foreign currency                         | 157,460           | (2,093)            | 5,572              | 31,995            | (904)              | (1,131)            | 157,460           | (2,093)            |
| Pre-fixed                                | 2,164,983         | (2,132,936)        | (2,111,184)        | 2,092,758         | (2,077,519)        | (2,083,119)        | --                | --                 |
| Bovespa Index                            | 11                | --                 | --                 | --                | --                 | --                 | 11                | --                 |
| Interbank deposit                        | 9,842             | (146)              | (728)              | 726,073           | (1,069)            | (15,069)           | 9,842             | (146)              |
| Commodities                              | 144,758           | (3,739)            | (790)              | 241,954           | (4,763)            | (8,934)            | 144,758           | (3,739)            |
| <b>Swap contracts</b>                    |                   |                    |                    |                   |                    |                    |                   |                    |
| <b>Asset position</b>                    | <b>22,294,063</b> | <b>2,158,220</b>   | <b>2,224,870</b>   | <b>9,069,205</b>  | <b>433,087</b>     | <b>466,072</b>     | <b>22,294,063</b> | <b>2,158,220</b>   |
| Interbank deposits                       | 17,056,269        | 954,934            | 979,075            | 526,645           | 8,103              | 15,166             | 17,056,269        | 954,934            |
| Foreign currency                         | 4,840,051         | 1,199,918          | 1,239,840          | 5,730,890         | 396,164            | 352,141            | 4,840,051         | 1,199,918          |
| Pre-fixed                                | 397,743           | 3,368              | 5,955              | 2,811,670         | 28,820             | 98,765             | 397,743           | 3,368              |
| <b>Liability position</b>                | <b>23,232,636</b> | <b>(1,383,922)</b> | <b>(1,493,156)</b> | <b>14,602,788</b> | <b>(411,212)</b>   | <b>(439,850)</b>   | <b>21,068,694</b> | <b>(1,383,874)</b> |
| Interbank deposits                       | 7,693,435         | (270,443)          | (274,708)          | 6,799,758         | (94,932)           | (203,440)          | 5,529,493         | (270,395)          |
| Foreign currency                         | 8,789,458         | (1,090,491)        | (1,189,782)        | 7,471,831         | (119,651)          | (198,425)          | 8,789,458         | (1,090,491)        |
| Pre-fixed                                | 6,728,443         | (21,882)           | (25,686)           | 297,199           | (196,607)          | (35,378)           | 6,728,443         | (21,882)           |
| IPCA                                     | 21,300            | (1,106)            | (2,980)            | 34,000            | (22)               | (2,607)            | 21,300            | (1,106)            |
| <b>Credit Derivatives<sup>(1)</sup></b>  |                   |                    |                    |                   |                    |                    |                   |                    |
| <b>Asset position</b>                    |                   |                    |                    |                   |                    |                    |                   |                    |
| Brazilian public debt securities         | --                | --                 | --                 | --                | --                 | --                 | --                | --                 |
| <b>Liability position</b>                |                   |                    |                    |                   |                    |                    |                   |                    |
| Brazilian public debt securities         | 374,162           | (1,429)            | (1,429)            | --                | --                 | --                 | 374,162           | (1,429)            |
| <b>Other Derivatives<sup>(2)</sup></b>   |                   |                    |                    |                   |                    |                    |                   |                    |
| <b>Asset position</b>                    |                   |                    |                    |                   |                    |                    |                   |                    |
| Foreign currency                         | 2,960,888         | 129,548            | 120,826            | 1,743,802         | 34,241             | 25,439             | 2,704,318         | 108,028            |
| <b>Liability position</b>                |                   |                    |                    |                   |                    |                    |                   |                    |
| Foreign currency                         | 2,537,013         | (75,980)           | (77,446)           | 6,156,241         | (51,396)           | (90,879)           | 2,537,013         | (75,980)           |

(1) Refers to credit derivatives originating from a structure involving CDS (Credit Default Swap) and CLN (Credit Linked Notes) operations, whose risks received and then impact the Reference Equity and there were no credit events provided for in the contract.

(2) Related to transactions carried out in the Forex market abroad, recorded as Non Deliverable Forwards (NDF) which object is an exchange rate of a specific currency



In thousand of Reais, unless otherwise stated

**a.2) Breakdown of the derivatives portfolio by maturity (notional value)**

| Maturity in days   | Banco do Brasil |            |            |               |              |              | BB Consolidated |            |            |               |              |              |
|--------------------|-----------------|------------|------------|---------------|--------------|--------------|-----------------|------------|------------|---------------|--------------|--------------|
|                    | 0 to 30         | 31 to 180  | 181 to 360 | More than 360 | Dec 31, 2020 | Dec 31, 2019 | 0 to 30         | 31 to 180  | 181 to 360 | More than 360 | Dec 31, 2020 | Dec 31, 2019 |
| Futures            | 5,879,511       | 24,832,764 | 3,386,604  | 15,975,443    | 50,074,322   | 19,210,567   | 6,807,376       | 24,832,764 | 3,386,604  | 15,975,443    | 51,002,187   | 19,221,828   |
| Forwards           | 5,007,752       | 19,518,109 | 5,398,121  | 6,204,566     | 36,128,548   | 22,736,215   | 5,539,364       | 19,518,109 | 5,398,121  | 6,204,566     | 36,660,160   | 22,910,987   |
| Options            | 4,423,313       | 230,881    | 28,301     | 8,454         | 4,690,949    | 5,779,434    | 93,347          | 230,881    | 28,301     | 8,454         | 360,983      | 1,593,918    |
| Swap               | 10,743,249      | 17,158,606 | 3,568,640  | 14,056,204    | 45,526,699   | 23,671,993   | 8,579,307       | 17,158,606 | 3,568,640  | 14,056,204    | 43,362,757   | 21,566,880   |
| Credit derivatives | --              | 374,162    | --         | --            | 374,162      | --           | --              | 374,162    | --         | --            | 374,162      | --           |
| Other              | 1,581,502       | 3,598,063  | --         | 318,336       | 5,497,901    | 7,900,043    | 1,324,932       | 3,598,063  | --         | 318,336       | 5,241,331    | 7,650,577    |

**a.3) Breakdown of the derivative portfolio by trading market and counterparty (notional value on December 31, 2020)**

|                         | Banco do Brasil |            |           |            |                    |           | BB Consolidated |            |               |            |                    |           |
|-------------------------|-----------------|------------|-----------|------------|--------------------|-----------|-----------------|------------|---------------|------------|--------------------|-----------|
|                         | Futures         | Forwards   | Options   | Swaps      | Credit derivatives | Other     | Futures         | Forwards   | Option market | Swaps      | Credit derivatives | Other     |
| <b>Stock exchange</b>   |                 |            |           |            |                    |           |                 |            |               |            |                    |           |
| B3                      | 45,416,675      | --         | 167,572   | --         | --                 | --        | 46,344,540      | --         | 167,572       | --         | --                 | --        |
| Abroad                  | 4,657,647       | --         | --        | --         | --                 | --        | 4,657,647       | --         | --            | --         | --                 | --        |
| <b>Over-the-counter</b> |                 |            |           |            |                    |           |                 |            |               |            |                    |           |
| Financial Institutions  | --              | --         | 4,329,966 | 41,311,269 | 374,162            | 5,497,901 | --              | 531,612    | --            | 39,147,327 | 374,162            | 5,241,331 |
| Clients                 | --              | 36,128,548 | 193,411   | 4,215,430  | --                 | --        | --              | 36,128,548 | 193,411       | 4,215,430  | --                 | --        |

**a.4) Breakdown of margin given as guarantee for transactions with derivative financial instruments**

|                          | Banco do Brasil |              | BB Consolidated |              |
|--------------------------|-----------------|--------------|-----------------|--------------|
|                          | Dec 31, 2020    | Dec 31, 2019 | Dec 31, 2020    | Dec 31, 2019 |
| Treasury financial bills | 4,717,046       | 5,943,578    | 4,717,046       | 5,943,578    |

**a.5) Portfolio of derivatives designated as hedge accounting**

|                            | Banco do Brasil    |                    | BB Consolidated    |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
|                            | Dec 31, 2020       | Dec 31, 2019       | Dec 31, 2020       | Dec 31, 2019       |
| <b>Market risk hedge</b>   |                    |                    |                    |                    |
| <b>Hedging instruments</b> |                    |                    |                    |                    |
| <b>Liabilities</b>         | <b>(7,007,786)</b> | <b>(41,793)</b>    | <b>(7,007,786)</b> | <b>(41,793)</b>    |
| Futures                    | (44,619)           | --                 | (44,619)           | --                 |
| Swaps                      | (6,963,167)        | (41,793)           | (6,963,167)        | (41,793)           |
| <b>Hedged items</b>        |                    |                    |                    |                    |
| <b>Assets</b>              | <b>9,733,434</b>   | <b>2,291,874</b>   | <b>9,733,434</b>   | <b>2,291,874</b>   |
| Interbank deposits         | 3,115,079          | 2,291,874          | 3,115,079          | 2,291,874          |
| Securities                 | 6,618,355          | --                 | 6,618,355          | --                 |
| <b>Liabilities</b>         | <b>(2,687,214)</b> | <b>(2,217,511)</b> | <b>(2,687,214)</b> | <b>(2,217,511)</b> |
| Foreign securities         | (2,687,214)        | (2,217,511)        | (2,687,214)        | (2,217,511)        |

Banco do Brasil branches abroad use swap operation (Cross Currency Interest Rate Swap) to hedge external borrowings against possible fluctuations in the interest and exchange rates of their financial instruments. In December 31, 2020, hedge accounting strategies were designated which object is Federal Public Securities (National Treasury Bills), classified as available for sale and held to maturity categories. Interest futures contracts protect the securities of available for sale category, while swaps protect securities of held to maturity category.

These hedge operations are effective, in accordance with Central Bank Circular 3,082/2002, which requires evidence of hedge effectiveness in the range of 80 % to 125 %.



In thousand of Reais, unless otherwise stated

**a.6) Income gains and losses with hedging instruments and hedged items**

|                            | Banco do Brasil |                |                | BB Consolidated |                |                |
|----------------------------|-----------------|----------------|----------------|-----------------|----------------|----------------|
|                            | 2nd half/2020   | 2020           | 2019           | 2nd half/2020   | 2020           | 2019           |
| Hedge items losses         | (443,305)       | (489,778)      | (185,355)      | (443,305)       | (489,778)      | (185,355)      |
| Hedging instruments gains  | 435,922         | 482,379        | 182,554        | 435,922         | 482,379        | 182,554        |
| <b>Net effect</b>          | <b>(7,383)</b>  | <b>(7,399)</b> | <b>(2,801)</b> | <b>(7,383)</b>  | <b>(7,399)</b> | <b>(2,801)</b> |
| Hedge items gains          | 80,480          | 786,671        | 102,550        | 80,480          | 786,671        | 102,550        |
| Hedging instruments losses | (81,039)        | (784,289)      | (100,315)      | (81,039)        | (784,289)      | (100,315)      |
| <b>Net effect</b>          | <b>(559)</b>    | <b>2,382</b>   | <b>2,235</b>   | <b>(559)</b>    | <b>2,382</b>   | <b>2,235</b>   |

**a.7) Derivative financial instruments segregated by current and non-current**

|                    | Banco do Brasil    |                  |                    |                  | BB Consolidated    |                  |                  |                  |
|--------------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|------------------|------------------|
|                    | Dec 31, 2020       |                  | Dec 31, 2019       |                  | Dec 31, 2020       |                  | Dec 31, 2019     |                  |
|                    | Current            | Non-current      | Current            | Non-current      | Current            | Non-current      | Current          | Non-current      |
| <b>Assets</b>      |                    |                  |                    |                  |                    |                  |                  |                  |
| Forwards           | 1,074,333          | 111,396          | 285,502            | 33,279           | 1,091,775          | 111,396          | 290,702          | 33,279           |
| Options            | --                 | --               | 12,821             | --               | --                 | --               | 12,821           | --               |
| Swap               | 1,933,799          | 291,071          | 88,397             | 377,675          | 1,933,799          | 291,071          | 88,397           | 377,675          |
| Credit derivatives | --                 | --               | --                 | --               | --                 | --               | --               | --               |
| Other Derivatives  | 115,961            | 4,865            | 25,439             | --               | 94,430             | 4,865            | 18,061           | --               |
| <b>Total</b>       | <b>3,124,093</b>   | <b>407,332</b>   | <b>412,159</b>     | <b>410,954</b>   | <b>3,120,004</b>   | <b>407,332</b>   | <b>409,981</b>   | <b>410,954</b>   |
| <b>Liabilities</b> |                    |                  |                    |                  |                    |                  |                  |                  |
| Forwards           | (1,180,689)        | (288,704)        | (324,663)          | (63,374)         | (1,180,689)        | (288,704)        | (341,126)        | (63,374)         |
| Options            | (2,172,168)        | (375)            | (2,130,728)        | (1,179)          | (8,065)            | (375)            | (25,208)         | (1,179)          |
| Swap               | (931,138)          | (562,018)        | (258,478)          | (181,372)        | (931,117)          | (562,018)        | (258,474)        | (181,372)        |
| Credit derivatives | (1,429)            | --               | --                 | --               | (1,429)            | --               | --               | --               |
| Other Derivatives  | (77,446)           | --               | (90,879)           | --               | (77,446)           | --               | (90,879)         | --               |
| <b>Total</b>       | <b>(4,362,870)</b> | <b>(851,097)</b> | <b>(2,804,748)</b> | <b>(245,925)</b> | <b>(2,198,746)</b> | <b>(851,097)</b> | <b>(715,687)</b> | <b>(245,925)</b> |

**b) Income from derivative financial instruments**

|                    | Banco do Brasil  |                  |                | BB Consolidated  |                  |                |
|--------------------|------------------|------------------|----------------|------------------|------------------|----------------|
|                    | 2nd half/2020    | 2020             | 2019           | 2nd half/2020    | 2020             | 2019           |
| Swaps              | 772,195          | (6,922)          | 561,803        | 772,072          | (7,684)          | 561,473        |
| Forwards           | (980,291)        | 1,885,517        | (53,819)       | (918,893)        | 1,962,963        | (55,622)       |
| Options            | (18,507)         | (49,390)         | (199,153)      | 2,891            | 9,971            | (4,381)        |
| Futures            | (426,831)        | 1,283,453        | (244,527)      | (452,908)        | 1,252,801        | (230,140)      |
| Credit derivatives | 1,536            | 1,901            | --             | 1,536            | 1,901            | --             |
| Other Derivatives  | 58,592           | 129,712          | 368,904        | 38,696           | 187,569          | 368,302        |
| <b>Total</b>       | <b>(593,306)</b> | <b>3,244,271</b> | <b>433,208</b> | <b>(556,606)</b> | <b>3,407,521</b> | <b>639,632</b> |



In thousand of Reais, unless otherwise stated

**12 - LOAN PORTFOLIO****a) Loan portfolio by modality**

|  | Banco do Brasil     |                     | BB Consolidated     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Dec 31, 2020        | Dec 31, 2019        | Dec 31, 2020        | Dec 31, 2019        |
| <b>Loans</b>   | <b>613,470,272</b>  | <b>557,348,266</b>  | <b>624,416,758</b>  | <b>566,632,869</b>  |
| Loans and discounted credit rights   | 252,596,535         | 207,510,278         | 260,104,534         | 214,293,911         |
| Financing  | 130,915,360         | 127,457,654         | 131,721,007         | 127,931,373         |
| Rural financing  | 181,110,513         | 169,651,248         | 181,110,513         | 169,651,248         |
| Real estate financing  | 48,589,142          | 52,398,335          | 51,221,982          | 54,425,586          |
| Loans sold under assignment <sup>(1)</sup>                                 | 258,722             | 330,751             | 258,722             | 330,751             |
| <b>Other receivables with loan characteristics</b>                         | <b>55,861,814</b>   | <b>53,437,893</b>   | <b>57,187,216</b>   | <b>54,520,375</b>   |
| Credit card operations   | 31,610,988          | 29,986,587          | 32,936,390          | 31,069,069          |
| Advances on exchange contracts (Note 13.c)                                 | 13,438,613          | 12,205,192          | 13,438,613          | 12,205,192          |
| Other receivables purchase under assignment <sup>(2)</sup>                 | 5,561,823           | 4,522,612           | 5,561,823           | 4,522,612           |
| Receivables acquisition  | 4,269,049           | 5,737,671           | 4,269,049           | 5,737,671           |
| Guarantees honored   | 223,307             | 446,862             | 223,307             | 446,862             |
| Other  | 758,034             | 538,969             | 758,034             | 538,969             |
| <b>Leasing</b>   | <b>--</b>           | <b>--</b>           | <b>172,478</b>      | <b>191,311</b>      |
| <b>Total loan portfolio</b>  | <b>669,332,086</b>  | <b>610,786,159</b>  | <b>681,776,452</b>  | <b>621,344,555</b>  |
| Current assets   | 157,272,039         | 167,953,102         | 164,223,867         | 174,376,432         |
| Non-current assets   | 512,060,047         | 442,833,057         | 517,552,585         | 446,968,123         |
| <b>Allowance for losses associated with credit risk</b>                    | <b>(44,966,048)</b> | <b>(39,592,667)</b> | <b>(45,170,370)</b> | <b>(39,799,866)</b> |
| (Allowance for loan losses - loans)  | (42,788,058)        | (37,560,369)        | (42,968,298)        | (37,751,311)        |
| (Allowance for other losses - other receivables with loan characteristics) | (2,177,990)         | (2,032,298)         | (2,198,371)         | (2,044,773)         |
| (Allowance for lease losses - leasing transactions)                        | --                  | --                  | (3,701)             | (3,782)             |
| <b>Total loan portfolio net of provisions</b>                              | <b>624,366,038</b>  | <b>571,193,492</b>  | <b>636,606,082</b>  | <b>581,544,689</b>  |

(1) Loans assigned with retention of the risks and benefits of the financial assets.

(2) Loans acquired with retention of the risks and benefits by the assignor of the financial assets.

**b) Loan portfolio income**

|   | Banco do Brasil   |                   |                   |      |
|---|-------------------|-------------------|-------------------|------|
|   | 2nd half/2020     | 2020              | 2019              | 2018 |
| <b>Loans income</b>   | <b>34,070,698</b> | <b>84,021,801</b> | <b>79,528,165</b> |      |
| Loans and discounted credit rights                              | 20,989,142        | 42,531,068        | 44,305,726        |      |
| Financing   | 463,125           | 16,404,358        | 8,724,129         |      |
| Rural financing   | 5,811,720         | 11,287,086        | 10,791,967        |      |
| Recovery of loans previously written-off as loss <sup>(1)</sup> | 3,584,203         | 6,390,830         | 6,024,591         |      |
| Real estate financing   | 1,866,824         | 3,735,514         | 4,103,820         |      |
| Equalization of rates - agricultural crop- Law 8,427/1992       | 647,699           | 1,611,119         | 2,947,916         |      |
| Export financing  | 364,664           | 880,035           | 1,546,776         |      |
| Income from foreign currency financing                          | 141,427           | 721,321           | 407,577           |      |
| Receivables acquisition   | 88,683            | 225,133           | 331,312           |      |
| Advances to depositors  | 89,062            | 169,473           | 244,947           |      |
| Guarantees honored  | 4,781             | 28,231            | 56,979            |      |
| Other   | 19,368            | 37,633            | 42,425            |      |
| <b>Leasing transactions income/(expenses)</b>                   | <b>--</b>         | <b>--</b>         | <b>--</b>         |      |
| <b>Transfer of financial assets income/(expenses)</b>           | <b>72,482</b>     | <b>237,002</b>    | <b>428,587</b>    |      |
| <b>Total</b>  | <b>34,143,180</b> | <b>84,258,803</b> | <b>79,956,752</b> |      |

(1) The amount of R\$ 175,170 thousand in the 2nd half/2020 (with impact on the income of R\$ 91,863 thousand), R\$ 300,691 thousand in 2nd half/2019 (with impact on the period of 2020 (with impact on the income of R\$ 126,476 thousand) and R\$ 418,313 thousand in in the period of 2019 (with impact on the income of R\$ 239,316 thousand) off credits to entities outside the financial system, in accordance with CMN Resolution 2,836/2001. The book value of these transactions were R\$ 345,200 thousand, R\$ 507,101 thousand, respectively.



**c) Breakdown of the loan portfolio by sector**

|                                     | Banco do Brasil    |              |                    |              | Dec 31, 2020       |
|-------------------------------------|--------------------|--------------|--------------------|--------------|--------------------|
|                                     | Dec 31, 2020       | %            | Dec 31, 2019       | %            |                    |
| <b>Public sector</b>                | <b>71,361,303</b>  | <b>10.7</b>  | <b>62,163,139</b>  | <b>10.2</b>  | <b>71,632,396</b>  |
| Public administration               | 55,325,371         | 8.3          | 44,612,404         | 7.3          | 55,596,464         |
| Oil sector                          | 12,009,390         | 1.8          | 11,202,797         | 1.8          | 12,009,390         |
| Electricity                         | 3,346,430          | 0.5          | 4,586,334          | 0.8          | 3,346,430          |
| Services                            | 393,291            | 0.1          | 567,709            | 0.1          | 393,291            |
| Other activities                    | 286,821            | --           | 1,193,895          | 0.2          | 286,821            |
| <b>Private sector</b>               | <b>597,970,783</b> | <b>89.3</b>  | <b>548,623,020</b> | <b>89.8</b>  | <b>610,144,056</b> |
| <b>Individuals</b>                  | <b>399,013,143</b> | <b>59.6</b>  | <b>370,298,322</b> | <b>60.6</b>  | <b>402,336,537</b> |
| <b>Companies</b>                    | <b>198,957,640</b> | <b>29.7</b>  | <b>178,324,698</b> | <b>29.2</b>  | <b>207,807,519</b> |
| Agribusiness of plant origin        | 30,823,713         | 4.6          | 28,240,078         | 4.6          | 31,730,654         |
| Services                            | 23,951,018         | 3.6          | 15,673,616         | 2.6          | 25,298,128         |
| Transportation                      | 16,617,630         | 2.5          | 14,377,246         | 2.3          | 16,767,186         |
| Mining and metallurgy               | 13,380,615         | 2.0          | 12,586,496         | 2.1          | 13,760,773         |
| Automotive sector                   | 12,398,571         | 1.9          | 11,066,997         | 1.8          | 13,016,570         |
| Retail commerce                     | 11,579,915         | 1.7          | 9,278,186          | 1.5          | 11,814,949         |
| Agribusiness of animal origin       | 9,495,065          | 1.4          | 9,539,048          | 1.6          | 9,749,250          |
| Electricity                         | 8,077,112          | 1.2          | 7,093,564          | 1.2          | 8,187,291          |
| Agricultural inputs                 | 7,471,646          | 1.1          | 7,524,061          | 1.2          | 7,560,925          |
| Fuel                                | 6,980,355          | 1.0          | 6,244,745          | 1.0          | 7,410,164          |
| Real estate agents                  | 6,331,230          | 0.9          | 7,339,434          | 1.2          | 7,050,108          |
| Specific activities of construction | 6,726,150          | 1.0          | 6,450,447          | 1.1          | 6,984,339          |
| Wholesale and various industries    | 6,221,437          | 0.9          | 5,721,452          | 0.9          | 6,949,717          |
| Chemical                            | 6,445,198          | 1.0          | 5,433,130          | 0.9          | 6,862,817          |
| Electronics                         | 6,622,077          | 1.0          | 5,623,337          | 0.9          | 6,656,646          |
| Textile and clothing                | 6,414,886          | 1.0          | 5,293,135          | 0.9          | 6,474,714          |
| Financial services                  | 5,069,010          | 0.8          | 7,069,520          | 1.2          | 6,453,003          |
| Woodworking and furniture market    | 4,019,401          | 0.6          | 4,026,577          | 0.7          | 4,043,707          |
| Pulp and paper                      | 2,670,623          | 0.4          | 3,072,689          | 0.5          | 2,876,369          |
| Heavy construction                  | 2,387,953          | 0.4          | 2,140,691          | 0.3          | 2,690,989          |
| Telecommunications                  | 2,306,937          | 0.3          | 1,957,723          | 0.3          | 2,423,001          |
| Other activities                    | 2,967,098          | 0.4          | 2,572,526          | 0.4          | 3,046,219          |
| <b>Total</b>                        | <b>669,332,086</b> | <b>100.0</b> | <b>610,786,159</b> | <b>100.0</b> | <b>681,776,452</b> |



## d) Loan portfolio by risk level and maturity

|                                 | Banco do Brasil    |                   |                    |                   |                   |                  |                  |                  |
|---------------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|
|                                 | AA                 | A                 | B                  | C                 | D                 | E                | F                | G                |
| <b>Loans not past due</b>       |                    |                   |                    |                   |                   |                  |                  |                  |
| <b>Installments falling due</b> |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 30                        | 10,020,988         | 4,827,941         | 12,802,311         | 10,744,931        | 991,589           | 400,337          | 77,349           |                  |
| 31 to 60                        | 8,188,148          | 2,491,047         | 4,832,096          | 4,076,077         | 313,435           | 131,983          | 19,556           |                  |
| 61 to 90                        | 9,821,351          | 1,862,530         | 3,551,779          | 2,977,756         | 623,771           | 137,734          | 1,111,719        |                  |
| 91 to 180                       | 25,488,528         | 6,381,908         | 12,848,819         | 8,897,660         | 1,230,332         | 489,998          | 98,314           |                  |
| 181 to 360                      | 45,411,778         | 7,413,522         | 26,833,888         | 13,925,374        | 1,433,361         | 854,911          | 96,018           |                  |
| More than 360                   | 202,136,459        | 37,566,014        | 88,807,786         | 53,178,655        | 9,751,134         | 5,857,749        | 1,016,379        |                  |
| <b>Installments overdue</b>     |                    |                   |                    |                   |                   |                  |                  |                  |
| Up to 14 days                   | 31,069             | 23,184            | 58,774             | 109,282           | 32,031            | 50,323           | 3,635            |                  |
| <b>Subtotal</b>                 | <b>301,098,321</b> | <b>60,566,146</b> | <b>149,735,453</b> | <b>93,909,735</b> | <b>14,375,653</b> | <b>7,923,035</b> | <b>2,422,970</b> | <b>1,016,379</b> |
| <b>Loans past due</b>           |                    |                   |                    |                   |                   |                  |                  |                  |
| <b>Installments falling due</b> |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 30                        | --                 | --                | 22,423             | 153,589           | 74,926            | 19,739           | 7,257            |                  |
| 31 to 60                        | --                 | --                | 13,769             | 47,799            | 30,976            | 20,431           | 7,711            |                  |
| 61 to 90                        | --                 | --                | 10,867             | 34,412            | 24,692            | 16,470           | 9,517            |                  |
| 91 to 180                       | --                 | --                | 31,361             | 94,873            | 71,028            | 58,567           | 25,784           |                  |
| 181 to 360                      | --                 | --                | 87,331             | 194,077           | 157,608           | 112,850          | 50,036           |                  |
| More than 360                   | --                 | --                | 1,998,026          | 1,407,122         | 922,429           | 756,549          | 361,061          |                  |
| <b>Installments overdue</b>     |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 14                        | --                 | --                | 2,441              | 10,054            | 9,077             | 6,790            | 3,587            |                  |
| 15 to 30                        | --                 | --                | 65,928             | 119,233           | 49,737            | 14,716           | 5,718            |                  |
| 31 to 60                        | --                 | --                | 15,509             | 204,344           | 77,349            | 27,713           | 13,494           |                  |
| 61 to 90                        | --                 | --                | --                 | 18,616            | 161,889           | 17,976           | 47,151           |                  |
| 91 to 180                       | --                 | --                | --                 | 10,065            | 27,002            | 70,009           | 148,240          |                  |
| 181 to 360                      | --                 | --                | --                 | --                | 1                 | 18,508           | 33,037           |                  |
| More than 360                   | --                 | --                | 411                | 257               | --                | 203              | 1,795            |                  |
| <b>Subtotal</b>                 | <b>--</b>          | <b>--</b>         | <b>2,248,066</b>   | <b>2,294,441</b>  | <b>1,606,714</b>  | <b>1,140,521</b> | <b>714,388</b>   | <b>50,036</b>    |
| <b>Total</b>                    | <b>301,098,321</b> | <b>60,566,146</b> | <b>151,983,519</b> | <b>96,204,176</b> | <b>15,982,367</b> | <b>9,063,556</b> | <b>3,137,358</b> | <b>1,016,379</b> |



|                                 | BB Consolidated    |                   |                    |                   |                   |                  |                  |                  |
|---------------------------------|--------------------|-------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|
|                                 | AA                 | A                 | B                  | C                 | D                 | E                | F                | G                |
| <b>Loans not past due</b>       |                    |                   |                    |                   |                   |                  |                  |                  |
| <b>Installments falling due</b> |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 30                        | 10,305,655         | 6,995,233         | 14,368,484         | 10,748,030        | 1,012,640         | 400,622          | 77,993           |                  |
| 31 to 60                        | 8,270,485          | 2,836,068         | 4,841,821          | 4,077,729         | 313,470           | 131,987          | 19,561           |                  |
| 61 to 90                        | 10,102,226         | 2,083,587         | 3,568,728          | 2,979,386         | 623,971           | 137,739          | 1,111,829        |                  |
| 91 to 180                       | 26,002,886         | 6,970,589         | 12,908,472         | 8,902,716         | 1,230,501         | 490,029          | 98,548           |                  |
| 181 to 360                      | 45,674,242         | 7,507,445         | 26,959,267         | 13,948,701        | 1,484,926         | 854,998          | 96,253           |                  |
| More than 360                   | 203,443,657        | 38,596,067        | 91,569,568         | 53,238,838        | 9,910,219         | 5,858,517        | 1,017,406        | 8                |
| <b>Installments overdue</b>     |                    |                   |                    |                   |                   |                  |                  |                  |
| Up to 14 days                   | 31,069             | 37,716            | 163,676            | 115,915           | 32,064            | 50,347           | 3,650            |                  |
| <b>Subtotal</b>                 | <b>303,830,220</b> | <b>65,026,705</b> | <b>154,380,016</b> | <b>94,011,315</b> | <b>14,607,791</b> | <b>7,924,239</b> | <b>2,425,240</b> | <b>1,017,406</b> |
| <b>Loans past due</b>           |                    |                   |                    |                   |                   |                  |                  |                  |
| <b>Installments falling due</b> |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 30                        | --                 | --                | 22,440             | 153,588           | 74,925            | 19,739           | 7,258            |                  |
| 31 to 60                        | --                 | --                | 13,786             | 47,799            | 30,976            | 20,431           | 7,711            |                  |
| 61 to 90                        | --                 | --                | 10,884             | 34,412            | 24,692            | 16,470           | 9,517            |                  |
| 91 to 180                       | --                 | --                | 31,410             | 94,873            | 71,028            | 58,567           | 25,784           |                  |
| 181 to 360                      | --                 | --                | 87,422             | 194,077           | 157,608           | 112,850          | 50,036           |                  |
| More than 360                   | --                 | --                | 1,998,207          | 1,407,122         | 922,429           | 756,549          | 361,061          | 3                |
| <b>Installments overdue</b>     |                    |                   |                    |                   |                   |                  |                  |                  |
| 01 to 14                        | --                 | --                | 2,441              | 10,054            | 9,077             | 6,790            | 3,587            |                  |
| 15 to 30                        | --                 | --                | 139,310            | 119,386           | 49,814            | 14,739           | 5,769            |                  |
| 31 to 60                        | --                 | --                | 15,509             | 215,172           | 77,455            | 27,747           | 13,531           |                  |
| 61 to 90                        | --                 | --                | --                 | 82,923            | 172,299           | 18,027           | 47,176           |                  |
| 91 to 180                       | --                 | --                | --                 | 10,065            | 27,002            | 72,617           | 152,834          |                  |
| 181 to 360                      | --                 | --                | --                 | --                | 1                 | 18,508           | 33,037           |                  |
| More than 360                   | --                 | --                | 411                | 257               | --                | 203              | 1,795            |                  |
| <b>Subtotal</b>                 | <b>--</b>          | <b>--</b>         | <b>2,321,820</b>   | <b>2,369,728</b>  | <b>1,617,306</b>  | <b>1,143,237</b> | <b>719,096</b>   | <b>5</b>         |
| <b>Total</b>                    | <b>303,830,220</b> | <b>65,026,705</b> | <b>156,701,836</b> | <b>96,381,043</b> | <b>16,225,097</b> | <b>9,067,476</b> | <b>3,144,336</b> | <b>1,017,406</b> |





## e) Allowance for loan losses by risk level

| Level of risk | % Minimum provision | Banco do Brasil    |                            |  |                   |                    |                            |
|---------------|---------------------|--------------------|----------------------------|--|-------------------|--------------------|----------------------------|
|               |                     | Dec 31, 2020       |                            |  |                   |                    |                            |
|               |                     | Value of loans     | Minimum required allowance | Supplementary allowance <sup>(1)</sup> | Total             | Value of loans     | Minimum required allowance |
| AA            |                     | 301,098,321        | --                         | --                                     | --                | 291,882,829        |                            |
| A             | 0.5                 | 60,566,146         | 302,831                    | 42,150                                 | 344,981           | 62,798,880         |                            |
| B             | 1                   | 151,983,519        | 1,519,835                  | 625,182                                | 2,145,017         | 146,204,422        |                            |
| C             | 3                   | 96,204,176         | 2,886,125                  | 2,667,037                              | 5,553,162         | 58,049,783         |                            |
| D             | 10                  | 15,982,367         | 1,598,237                  | 207,319                                | 1,805,556         | 9,970,630          |                            |
| E             | 30                  | 9,063,556          | 2,719,067                  | 143                                    | 2,719,210         | 6,808,195          |                            |
| F             | 50                  | 3,137,358          | 1,568,679                  | --                                     | 1,568,679         | 3,772,255          |                            |
| G             | 70                  | 1,557,333          | 1,090,133                  | --                                     | 1,090,133         | 7,764,132          |                            |
| H             | 100                 | 29,739,310         | 29,739,310                 | --                                     | 29,739,310        | 23,535,033         |                            |
| <b>Total</b>  |                     | <b>669,332,086</b> | <b>41,424,217</b>          | <b>3,541,831</b>                       | <b>44,966,048</b> | <b>610,786,159</b> |                            |

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale.

| Level of risk | % Minimum provision | BB Consolidated    |                            |  |                   |                    |                            |
|---------------|---------------------|--------------------|----------------------------|--|-------------------|--------------------|----------------------------|
|               |                     | Dec 31, 2020       |                            |  |                   |                    |                            |
|               |                     | Value of loans     | Minimum required allowance | Supplementary allowance <sup>(1)</sup> | Total             | Value of loans     | Minimum required allowance |
| AA            |                     | 303,830,220        | --                         | --                                     | --                | 294,239,332        |                            |
| A             | 0.5                 | 65,026,705         | 325,134                    | 42,219                                 | 367,353           | 66,827,896         |                            |
| B             | 1                   | 156,701,836        | 1,567,018                  | 625,322                                | 2,192,340         | 150,152,446        |                            |
| C             | 3                   | 96,381,043         | 2,891,431                  | 2,670,593                              | 5,562,024         | 58,086,001         |                            |
| D             | 10                  | 16,225,097         | 1,622,510                  | 207,337                                | 1,829,847         | 9,997,194          |                            |
| E             | 30                  | 9,067,476          | 2,720,243                  | 143                                    | 2,720,386         | 6,819,860          |                            |
| F             | 50                  | 3,144,336          | 1,572,168                  | --                                     | 1,572,168         | 3,780,796          |                            |
| G             | 70                  | 1,578,289          | 1,104,802                  | --                                     | 1,104,802         | 7,784,871          |                            |
| H             | 100                 | 29,821,450         | 29,821,450                 | --                                     | 29,821,450        | 23,656,159         |                            |
| <b>Total</b>  |                     | <b>681,776,452</b> | <b>41,624,756</b>          | <b>3,545,614</b>                       | <b>45,170,370</b> | <b>621,344,555</b> |                            |

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale.

**f) Changes in allowance for losses associated with credit risk**

Includes loans, leases and other receivables with characteristics of credit.

|   | Banco do Brasil   |                   |                   | 2nd half/2019 |
|---|-------------------|-------------------|-------------------|---------------|
|   | 2nd half/2020     | 2020              | 2019              |               |
| <b>Opening balance</b>                    | <b>41,409,210</b> | <b>39,592,667</b> | <b>33,791,305</b> |               |
| Addition/(reversal)                       | 13,153,053        | 25,533,679        | 22,823,565        |               |
| Minimum required allowance                | 11,869,253        | 24,171,409        | 22,931,014        |               |
| Supplementary allowance <sup>(1)</sup>    | 1,283,800         | 1,362,270         | (107,449)         |               |
| Exchange fluctuation - foreign allowances | (12,209)          | 132,568           | 18,676            |               |
| Write off                                 | (9,584,006)       | (20,292,866)      | (17,040,879)      |               |
| <b>Closing balance</b>                    | <b>44,966,048</b> | <b>44,966,048</b> | <b>39,592,667</b> |               |

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale.



In thousand of Reais, unless otherwise stated

**g) Leasing portfolio by maturity**

|                                    | Banco do Brasil |              | BB Consolidated |                |
|------------------------------------|-----------------|--------------|-----------------|----------------|
|                                    | Dec 31, 2020    | Dec 31, 2019 | Dec 31, 2020    | Dec 31, 2019   |
| Up to 1 year <sup>(1)</sup>        | --              | --           | 88,126          | 98,526         |
| More than 1 year and up to 5 years | --              | --           | 84,352          | 92,781         |
| Over 5 years                       | --              | --           | --              | 4              |
| <b>Total present value</b>         | <b>--</b>       | <b>--</b>    | <b>172,478</b>  | <b>191,311</b> |

(1) Includes amounts related to overdue installments.

**h) Concentration of loans**

|                     | Dec 31, 2020 | % of credit portfolio | Dec 31, 2019 | % of credit portfolio |
|---------------------|--------------|-----------------------|--------------|-----------------------|
| Largest debtor      | 12,140,090   | 1.8                   | 12,112,454   | 1.9                   |
| 10 largest debtors  | 62,413,919   | 9.2                   | 58,823,503   | 9.5                   |
| 20 largest debtors  | 81,548,565   | 12.0                  | 76,023,142   | 12.2                  |
| 50 largest debtors  | 109,019,299  | 16.0                  | 101,665,529  | 16.4                  |
| 100 largest debtors | 127,563,170  | 18.7                  | 119,396,953  | 19.2                  |

**i) Renegotiated credits**

|   | Banco do Brasil   |                    |                   |      |
|---|-------------------|--------------------|-------------------|------|
|   | 2nd half/2020     | 2020               | 2019              | 2018 |
| <b>Credits renegotiated during the period</b>                         | <b>51,607,184</b> | <b>100,066,681</b> | <b>84,834,361</b> |      |
| Renegotiated when past due <sup>(1)</sup>                             | 10,913,752        | 20,382,492         | 11,070,010        |      |
| Renovated <sup>(2)</sup>  | 40,693,432        | 79,684,189         | 73,764,351        |      |
| <b>Changes on credits renegotiated when past due</b>                  |                   |                    |                   |      |
| <b>Opening balance</b>  | <b>25,497,445</b> | <b>23,657,317</b>  | <b>22,874,209</b> |      |
| Contracts <sup>(1)</sup>  | 10,913,752        | 20,382,492         | 11,070,010        |      |
| Interest (received) and appropriated                                  | (4,691,860)       | (9,686,123)        | (5,024,508)       |      |
| Write off   | (2,077,708)       | (4,712,057)        | (5,262,394)       |      |
| <b>Closing balance <sup>(3)</sup></b>                                 | <b>29,641,629</b> | <b>29,641,629</b>  | <b>23,657,317</b> |      |
| Allowance for loan losses of the portfolio renegotiated when past due |                   | 17,738,543         | 12,803,972        |      |
| (%) Allowance for loan losses on the portfolio                        |                   | 59.8%              | 54.1%             |      |
| 90 days default of the portfolio renegotiated when past due           |                   | 2,663,242          | 3,156,472         |      |
| (%) Portfolio default   |                   | 9.0%               | 13.3%             |      |

(1) Renegotiated credit under debt composition as a result of payment delay by the clients.

(2) Renegotiated current credits (i.e. not past due) in the form of the extension or renewal of the credit or the granting of new loans for partial or full settlement of previous credits or the payment terms, originally agreed.

(3) Includes the amount of R\$ 18,903 thousand (R\$ 32,624 thousand as of December 31, 2019) related to renegotiated rural credits. The amount of R\$ 8,905,430 thousand related to deferred credits from rural portfolio governed by specific legislation, is not included.



In thousand of Reais, unless otherwise stated

**j) Supplementary information**

|                                     | Banco do Brasil |              | BB Consolidated |              |
|-------------------------------------|-----------------|--------------|-----------------|--------------|
|                                     | Dec 31, 2020    | Dec 31, 2019 | Dec 31, 2020    | Dec 31, 2019 |
| Undrawn credit lines                | 127,265,525     | 121,564,344  | 127,849,028     | 121,903,680  |
| Guarantees provided <sup>(1)</sup>  | 9,868,714       | 8,308,383    | 9,569,192       | 7,993,661    |
| Contracted credit opened for import | 545,722         | 351,064      | 570,402         | 375,438      |
| Confirmed export credit             | 388,151         | 273,383      | 390,200         | 275,571      |
| Linked resources                    | 296,602         | 80,924       | 311,779         | 92,698       |

(1) For these operations, the Bank maintains an allowance recorded in Provisions (Note 21.c).

**k) Loans by line of credit from Fund for Workers' Assistance (Fundo de Amparo ao Trabalhador – FAT)**

| Lines of FAT                              | TADE <sup>(1)</sup> | Dec 31, 2020   | Dec 31, 2019     |
|---|---------------------|----------------|------------------|
| <b>Loans and discounted credit rights</b> |                     | <b>32,485</b>  | <b>397,271</b>   |
| Proger Urbano Capital de Giro             | 01/2016             | 32,209         | 394,530          |
| FAT Turismo - Capital de Giro             | 02/2012             | 276            | 2,741            |
| <b>Financing</b>                          |                     | <b>944,872</b> | <b>1,555,034</b> |
| Proger Urbano Investimento                | 18/2005             | 839,264        | 1,360,858        |
| FAT Taxista                               | 02/2009             | 101,234        | 174,361          |
| FAT Turismo - Investimento                | 01/2012             | 4,098          | 15,720           |
| Proger Exportação                         | 27/2005             | 276            | 4,095            |
| <b>Rural financing</b>                    |                     | <b>2,841</b>   | <b>5,619</b>     |
| Pronaf Investimento                       | 05/2005             | 2,276          | 4,303            |
| Proger Rural Investimento                 | 13/2005             | 352            | 1,029            |
| Pronaf Custeio                            | 04/2005             | 211            | 283              |
| Proger Rural Custeio                      | 02/2006             | 2              | 4                |
| <b>Total</b>                              |                     | <b>980,198</b> | <b>1,957,924</b> |

(1) TADE - Allocation Term of Special Deposits.

**l) Emergency Employment Support Program (Pese)**

The CMN Resolution 4,846/2020 allows financial institutions to participate in the government emergency employment support program (Programa Emergencial de Suporte a Empregos – Pese), under Law 14,043/2020.

According to this Program, financial institutions can provide funding to payroll of entrepreneurs, business companies and cooperative companies, except credit companies. Every financing operation have 85% of resources coming from the National Treasury Secretariat (STN) and the remaining 15% from the Financial Institution counterparty.

The same percentage will be applied to the risk of default on credit operations and to possible financial losses.

The amount of Pese credit operations and the allowance for loan losses by risk level are presented in the table below:

| Level of risk | % Minimum provision | Dec 31, 2020     |                            |  | Total        |
|---------------|---------------------|------------------|----------------------------|--|--------------|
|               |                     | Value of loans   | Minimum required allowance | Supplementary allowance <sup>(1)</sup> |              |
| AA            |                     | 884,964          | --                         | --                                     | --           |
| A             | 0.5                 | 1,134            | 6                          | --                                     | 6            |
| B             | 1                   | 40,742           | 407                        | 388                                    | 795          |
| C             | 3                   | 112,574          | 3,377                      | 5,060                                  | 8,437        |
| D             | 10                  | 281              | 28                         | 13                                     | 41           |
| E             | 30                  | 497              | 149                        | --                                     | 149          |
| F             | 50                  | 34               | 17                         | --                                     | 17           |
| G             | 70                  | --               | --                         | --                                     | --           |
| H             | 100                 | 37               | 37                         | --                                     | 37           |
| <b>Total</b>  |                     | <b>1,040,263</b> | <b>4,021</b>               | <b>5,461</b>                           | <b>9,482</b> |

(1) Refers to the supplementary allowance over and above the minimum required by CMN Resolution 2,682/1999. This provision is established based on the internal scale of risk level.



In thousand of Reais, unless otherwise stated

**13 - OTHER ASSETS****a) Breakdown**

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Dec 31, 2020      | Dec 31, 2019      | Dec 31, 2020      | Dec 31, 2019      |
| <b>Financials</b>                                 | <b>94,472,748</b> | <b>92,767,717</b> | <b>96,465,178</b> | <b>91,852,715</b> |
| Sundry debtors from escrow deposits               | 53,088,467        | 51,950,286        | 53,761,258        | 52,630,037        |
| Foreign exchange portfolio (Note 13.c)            | 18,707,062        | 15,961,855        | 18,759,182        | 15,986,126        |
| Fund of allocation of surplus - Previ (Note 29.f) | 9,912,387         | 9,572,386         | 9,912,387         | 9,572,386         |
| Notes and credits receivable <sup>(1)</sup>       | 2,986,613         | 3,604,086         | 3,496,564         | 4,109,067         |
| Accrued income                                    | 4,109,986         | 6,445,082         | 4,296,619         | 3,674,305         |
| Fundo de Compensação de Variações Salariais       | 2,577,555         | 2,431,268         | 2,577,555         | 2,431,268         |
| Other   | 3,090,678         | 2,802,754         | 3,661,613         | 3,449,526         |
| <b>Current assets</b>                             | <b>43,791,588</b> | <b>42,839,214</b> | <b>44,855,609</b> | <b>41,120,355</b> |
| <b>Non-current assets</b>                         | <b>50,681,160</b> | <b>49,928,503</b> | <b>51,609,569</b> | <b>50,732,360</b> |
| <b>Non-Financial</b>                              | <b>10,944,189</b> | <b>6,044,802</b>  | <b>11,596,452</b> | <b>4,580,295</b>  |
| Sundry debtors                                    | 2,841,717         | 4,097,239         | 3,234,211         | 2,525,747         |
| Assets not for own use and materials in stock     | 786,566           | 692,110           | 848,127           | 760,045           |
| Actuarial assets                                  | 6,080,658         | 160,728           | 6,080,658         | 160,728           |
| Specific credits <sup>(2)</sup>                   | 392,414           | 392,414           | 392,908           | 392,908           |
| Prepaid expenses                                  | 296,026           | 262,769           | 339,601           | 308,924           |
| Other   | 546,808           | 439,542           | 700,947           | 431,943           |
| <b>Current assets</b>                             | <b>4,389,111</b>  | <b>5,398,188</b>  | <b>5,021,779</b>  | <b>3,914,642</b>  |
| <b>Non-current assets</b>                         | <b>6,555,078</b>  | <b>646,614</b>    | <b>6,574,673</b>  | <b>665,653</b>    |

(1) It includes sundry receivables from the Brazilian National Treasury, in the amount of R\$ 855,196 thousand (R\$ 788,948 thousand as of Dec 31, 2019). Mainly refers to amounts of subsidies in operations with funds MCR 6-2, MCR 6-4 (Rural Credit Manual) and are supported by specific legislation, such as CMN resolutions, the Bahia Cocoa Agriculture Recovery Program (CMN Resolution 2,960/2002) and regional funds (FDNE and FDCO). Credits receivable from the Federal Government, from expanded and securitized rural operations under the terms of Law No. 9,138/1995, assigned through Provisional Measure No. 2,196/2001, in the amount of R\$ 133,574 thousand, in a reconciliation process with the National Treasury Department. The Bank has amounts payable to the Federal Government recognized in Other liabilities - Sundry creditors (Note 20.a). Also includes receivables from the National Treasury from interest rate equalization of agricultural crops Law 8,427/1992, of R\$ 698,835 thousand (R\$ 1,306,279 thousand in Dec 31, 2019).

(2) Credits receivable from the Federal Government, from extended and securitized rural transactions under Law No. 9,138 / 1995, assigned through Provisional Measure No. 2,196 / 2001, in a reconciliation process with the National Treasury Secretariat. The Bank has liabilities payable to the Federal Government recorded in Other liabilities - Sundry creditors - domestic (Note 20.a).

**b) Allowance for losses associated with credit risk**

|                              | Banco do Brasil  |                  | BB Consolidated  |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | Dec 31, 2020     | Dec 31, 2019     | Dec 31, 2020     | Dec 31, 2019     |
| Notes and credits receivable | 1,168,213        | 1,116,641        | 1,430,083        | 1,345,719        |
| Sundry debtors               | 878,833          | 609,193          | 879,031          | 609,390          |
| Accrued income               | 171,676          | 172,298          | 171,676          | 172,298          |
| Other                        | 129,900          | 67,746           | 129,900          | 67,746           |
| <b>Total</b>                 | <b>2,348,622</b> | <b>1,965,878</b> | <b>2,610,690</b> | <b>2,195,153</b> |

**Breakdown of the allowance**

|   | Banco do Brasil  |                  |                  | BB Consolidated  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
|   | 2nd half/2020    | 2020             | 2019             | 2nd half/2020    | 2020             | 2019             |
| <b>Opening balance</b>                    | <b>2,188,137</b> | <b>1,965,878</b> | <b>2,265,367</b> | <b>2,443,391</b> | <b>2,195,153</b> | <b>2,418,364</b> |
| Addition/(reversal)                       | 161,878          | 385,549          | (293,137)        | 274,099          | 516,635          | (212,471)        |
| Exchange fluctuation - foreign allowances | --               | --               | (203)            | (10,351)         | (3,920)          | (3,822)          |
| Write-off/other adjustments               | (1,393)          | (2,805)          | (6,149)          | (96,449)         | (97,178)         | (6,918)          |
| <b>Closing balance</b>                    | <b>2,348,622</b> | <b>2,348,622</b> | <b>1,965,878</b> | <b>2,610,690</b> | <b>2,610,690</b> | <b>2,195,153</b> |



In thousand of Reais, unless otherwise stated

**c) Foreign exchange portfolio**

|   | Banco do Brasil     |                    | BB Consolidated     |                    |
|---|---------------------|--------------------|---------------------|--------------------|
|   | Dec 31, 2020        | Dec 31, 2019       | Dec 31, 2020        | Dec 31, 2019       |
| <b>Asset position</b>                                 |                     |                    |                     |                    |
| Exchange purchases pending settlement                 | 17,880,523          | 15,277,485         | 17,927,393          | 15,277,485         |
| Bills of exchange and time drafts in foreign currency | 64,155              | 49,759             | 64,155              | 49,759             |
| Receivables from sales of foreign exchange            | 29,407,245          | 16,058,047         | 29,412,495          | 16,082,318         |
| (Advances received in national/foreign currency)      | (28,645,733)        | (15,424,590)       | (28,645,733)        | (15,424,590)       |
| Foreign currency receivables                          | 872                 | 1,154              | 872                 | 1,154              |
| <b>Total</b>  | <b>18,707,062</b>   | <b>15,961,855</b>  | <b>18,759,182</b>   | <b>15,986,126</b>  |
| Current assets  | 18,611,696          | 15,956,182         | 18,663,816          | 15,980,453         |
| Non-current assets                                    | 95,366              | 5,673              | 95,366              | 5,673              |
| <b>Liability position</b>                             |                     |                    |                     |                    |
| Exchange sales pending settlement                     | 34,049,369          | 16,612,793         | 34,049,369          | 16,628,955         |
| Exchange purchase liabilities                         | 17,209,178          | 15,107,873         | 17,261,661          | 15,115,959         |
| Foreign currency payables                             | 1,897               | 1,197              | 65,906              | 52,511             |
| <b>Subtotal (Note 20.a)</b>                           | <b>51,260,444</b>   | <b>31,721,863</b>  | <b>51,376,936</b>   | <b>31,797,425</b>  |
| (Advances on exchange contracts) (Note 12.a)          | (13,438,613)        | (12,205,192)       | (13,438,613)        | (12,205,192)       |
| <b>Total</b>  | <b>37,821,831</b>   | <b>19,516,671</b>  | <b>37,938,323</b>   | <b>19,592,233</b>  |
| Current liabilities                                   | 33,943,389          | 10,009,003         | 34,059,881          | 10,084,565         |
| Non-current liabilities                               | 3,878,442           | 9,507,668          | 3,878,442           | 9,507,668          |
| <b>Net foreign exchange portfolio</b>                 | <b>(19,114,769)</b> | <b>(3,554,816)</b> | <b>(19,179,141)</b> | <b>(3,606,107)</b> |
| <b>Off balance accounts</b>                           |                     |                    |                     |                    |
| Credit opened for imports                             | 887,011             | 439,700            | 911,691             | 464,074            |
| Confirmed export credit                               | 388,151             | 273,383            | 390,200             | 275,571            |

**d) Results from other financial assets**

|                          | Banco do Brasil |                  |                  | BB Consolidated |                  |                  |
|--------------------------|-----------------|------------------|------------------|-----------------|------------------|------------------|
|                          | 2nd half/2020   | 2020             | 2019             | 2nd half/2020   | 2020             | 2019             |
| Foreign exchange results | 662,536         | 903,789          | 881,561          | 737,911         | 922,985          | 1,089,792        |
| Other                    | 76,286          | 150,499          | 306,038          | 76,286          | 150,499          | 306,037          |
| <b>Total</b>             | <b>738,822</b>  | <b>1,054,288</b> | <b>1,187,599</b> | <b>814,197</b>  | <b>1,073,484</b> | <b>1,395,829</b> |



## 14 - INVESTMENTS

### a) Changes in associates and joint ventures

| Banco do Brasil   | Share capital | Adjusted shareholders equity | Net income/(loss) | Number of shares (in thousands) |            | Ownership interest in share capital % | Book value        | Dividends         |
|---|---------------|------------------------------|-------------------|---------------------------------|------------|---------------------------------------|-------------------|-------------------|
|   |               |                              | 2020              | Common                          | Preferred  |                                       | Dec 31, 2019      |                   |
| <b>Domestic</b>   |               |                              |                   |                                 |            |                                       | <b>23,029,635</b> | <b>(3,250,54)</b> |
| BB Elo Cartões Participações S.A.   | 7,734,513     | 9,368,728                    | 854,405           | 17,703                          | --         | 100.00%                               | 9,009,550         | (506,82)          |
| BB Seguridade Participações S.A. <sup>(2)(3)</sup>                          | 3,396,767     | 5,738,385                    | 3,859,916         | 1,325,000                       | --         | 66.36%                                | 3,044,982         | (1,788,82)        |
| BB Leasing S.A. - Arrendamento Mercantil                                    | 3,261,860     | 4,777,151                    | 59,517            | 3,000                           | --         | 100.00%                               | 4,731,770         | (14,13)           |
| Banco Votorantim S.A. <sup>(4)</sup>  | 8,130,372     | 10,782,225                   | 1,064,620         | 26,880,148                      | 25,815,588 | 50.00%                                | 4,949,987         | (170,36)          |
| BB Banco de Investimento S.A.   | 376,000       | 825,140                      | 502,571           | 3,790                           | --         | 100.00%                               | 468,953           | (134,91)          |
| BB Tecnologia e Serviços <sup>(4)</sup>                                     | 282,606       | 220,660                      | (89,595)          | 248,458                         | 248,586    | 99.99%                                | 298,253           |                   |
| BB Administradora de Consórcios S.A.  | 280,583       | 682,070                      | 545,670           | 14                              | --         | 100.00%                               | 280,582           | (144,18)          |
| BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A. | 109,698       | 1,213,299                    | 1,545,012         | 100,000                         | --         | 100.00%                               | 133,174           | (463,50)          |
| BB Administradora de Cartões de Crédito S.A.                                | 9,300         | 24,333                       | 27,799            | 398,158                         | --         | 100.00%                               | 24,332            | (27,79)           |
| Other investments   |               |                              |                   |                                 |            |                                       | 88,052            |                   |
| <b>Overseas</b>   |               |                              |                   |                                 |            |                                       | <b>5,104,947</b>  | <b>(1,489,88)</b> |
| Banco Patagonia S.A.  | 44,508        | 2,412,630                    | 1,418,230         | 578,117                         | --         | 80.39%                                | 1,476,498         | (512,92)          |
| BB Cayman Islands Holding   | 1,252,524     | 1,574,906                    | 99,140            | 241,023                         | --         | 100.00%                               | 1,819,191         | (976,95)          |
| Banco do Brasil AG  | 406,772       | 1,282,686                    | (2,531)           | 638                             | --         | 100.00%                               | 921,264           |                   |
| BB Securities LLC   | 25,984        | 435,543                      | 20,837            | 5                               | --         | 100.00%                               | 321,961           |                   |
| Banco do Brasil Americas <sup>(5)</sup>                                     | 319,597       | 348,004                      | 16,213            | 11,086                          | --         | 100.00%                               | 231,576           |                   |
| BB USA Holding Company  | --            | 902                          | (48)              | --                              | --         | 100.00%                               | 737               |                   |
| Goodwill on acquisition of investments abroad                               |               |                              |                   |                                 |            |                                       | 333,720           |                   |
| Profit/(loss) with foreign exchange in the branches                         |               |                              |                   |                                 |            |                                       | --                |                   |
| Profit/(loss) with foreign exchange in the affiliates and associates        |               |                              |                   |                                 |            |                                       | --                |                   |
| Profit/loss with exchange in the other equity                               |               |                              |                   |                                 |            |                                       | --                |                   |
| <b>Total investments in associates and joint ventures</b>                   |               |                              |                   |                                 |            |                                       | <b>28,134,582</b> | <b>(4,740,42)</b> |
| (Allowance for losses)  |               |                              |                   |                                 |            |                                       | (228)             |                   |

(1) These basically refer to the corporate restructuring, exchange fluctuation and equity valuation adjustments of available-for-sale securities and the foreign exchange value.

(2) BB Seguridade S.A. share value was R\$ 29.63 in December 31, 2020.

(3) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.

(4) Excluded unrealised profits on transactions with the Banco do Brasil.

(5) Including the provision for impairment loss on investment in Banco do Brasil Americas in the amount of R\$ 25,651 thousand, recorded in previous years.





| BB Consolidated  | Share capital | Adjusted shareholders' equity | Net income/(loss) |            | Number of shares (in thousands) |           | Ownership interest in share capital % | Book value        | Dividends         |
|--|---------------|-------------------------------|-------------------|------------|---------------------------------|-----------|---------------------------------------|-------------------|-------------------|
|  |               |                               | 2020              |            | Common                          | Preferred |                                       | Dec 31, 2019      |                   |
| <b>Domestic</b>  |               |                               |                   |            |                                 |           |                                       | <b>14,356,662</b> | <b>(2,313,27)</b> |
| Banco Votorantim S.A. <sup>(2)</sup>   | 8,130,372     | 10,782,225                    | 1,064,620         | 26,880,148 | 25,815,588                      | 50.00%    | 4,949,987                             | (170,36)          |                   |
| Cateno Gestão de Contas de Pagamento S.A. <sup>(3)</sup>                           | 414,000       | 10,382,789                    | 464,401           | 2,397,200  | 1,198,600                       | 30.00%    | 3,668,271                             | (133,42)          |                   |
| Cielo S.A. <sup>(2)(4)</sup>   | 5,700,000     | 11,383,973                    | 549,216           | 778,320    | --                              | 28.75%    | 3,121,102                             | (47,82)           |                   |
| Brasilprev Seguros e Previdência S.A. <sup>(2)(5)(6)</sup>                         | 2,779,228     | 4,328,467                     | 843,599           | 784        | 1,568                           | 75.00%    | 2,426,192                             | (687,81)          |                   |
| BB Mapfre Participações S.A. <sup>(5)</sup>  | 1,469,848     | 1,809,634                     | 1,467,239         | 944,858    | 1,889,339                       | 74.99%    | 1,171,609                             | (858,03)          |                   |
| Brasilcap Capitalização S.A. <sup>(5)</sup>  | 231,264       | 539,423                       | 158,801           | 107,989    | 107,989                         | 66.66%    | 321,183                               | (63,63)           |                   |
| Neoenergia S.A. <sup>(7)</sup>   | --            | --                            | --                | --         | --                              | --        | --                                    | --                |                   |
| Elo Participações S.A. <sup>(8)</sup>  | 1,052,000     | 3,050,848                     | 864,391           | 525,895    | --                              | 49.99%    | 1,429,932                             | (336,06)          |                   |
| UBS BB Serviços de Assessoria Financeira e Participações S.A. <sup>(9)</sup>       | 2,289,917     | 1,374,882                     | 9,114             | 1,954,245  | --                              | 49.99%    | --                                    | --                |                   |
| Other investments <sup>(10)</sup>  |               |                               |                   |            |                                 |           | 184,405                               | (16,11)           |                   |
| Goodwill/(bargain) purchase on acquisition of investments                          |               |                               |                   |            |                                 |           | (1,561)                               |                   |                   |
| Unrealised profits on transactions with equity-accounted investees <sup>(11)</sup> |               |                               |                   |            |                                 |           | (2,914,458)                           |                   |                   |
| <b>Overseas</b>  |               |                               |                   |            |                                 |           | <b>333,720</b>                        |                   |                   |
| Goodwill on acquisition of investments abroad                                      |               |                               |                   |            |                                 |           | 333,720                               |                   |                   |
| <b>Total investments in associates and joint ventures</b>                          |               |                               |                   |            |                                 |           | <b>14,690,382</b>                     | <b>(2,313,27)</b> |                   |
| (Allowance for losses)   |               |                               |                   |            |                                 |           | (22,240)                              |                   |                   |

(1) These basically refer to the corporate restructuring and write-off of the investments and the equity valuation adjustments of available-for-sale securities.

(2) Excluded unrealised profits on transactions with the Banco do Brasil.

(3) Indirect interest of the Bank in Cateno, through its subsidiary BB Elo Cartões Participações S.A. The total share of the Bank is 50.13% (Cielo S.A. holds 70% of redemption of Cateno shares, in the amount of R\$ 559,313 thousand, settled in cash (corresponding to the 30% interest). The transaction did not result in a change shareholder Cielo, in the same proportion.

(4) Refers to the percentage of the equity interest, considering the acquisition of shares by the invested entity held in treasury.

(5) Equity interest held by BB Seguros Participações S.A. It includes harmonization adjustments in accounting practices.

(6) There was a capital injection in the amount of R \$ 899,939 thousand in December 2020.

(7) Investment was sold in June 2019.

(8) The equity of Elo Participações S.A. is calculated in proportion to the monthly contribution of BB Elo Cartões in the business of the company, according to agreement

(9) Company arising from the strategic partnership between BB-Banco de Investimentos S.A. and UBS A.G. to operate in investment banking and securities brokerage at the post-partnership period.

(10) Includes the disposal of the investment in IRB-Brasil Resseguros, which occurred in July 2019.

(11) Unrealised profit arising from a new strategic partnership between BB Elo Cartões Participações S.A. and Cielo S.A., forming Cateno Gestão de Contas de Pagamento between BB-BI and UBS A.G.

**b) Summarized financial information of associates and joint ventures, not adjusted for the equity interest percentage**

| Balance sheet   | Dec 31, 2020                          |                       |   |                              |
|---|---------------------------------------|-----------------------|---|------------------------------|
|   | Brasilprev Seguros e Previdência S.A. | Banco Votorantim S.A. | Cateno Gestão de Contas de Pagamento S.A. | BB Mapfre Participações S.A. |
| <b>Total assets</b>   | <b>312,871,595</b>                    | <b>117,928,511</b>    | <b>11,082,701</b>                         | <b>17,137,752</b>            |
| Cash and due from banks   | 3,782                                 | 491,165               | 2,130                                     | 9,540                        |
| Short-term interbank investments  | --                                    | 9,856,237             | 4,001                                     | --                           |
| Securities and derivative financial instruments   | 311,171,234                           | 38,063,112            | 840,743                                   | 7,249,134                    |
| Loans   | --                                    | 50,003,679            | --  | --                           |
| Other credits and other assets  | 1,454,805                             | 17,143,891            | 896,233                                   | 9,664,528                    |
| Permanent assets  | 241,774                               | 2,370,427             | 9,339,594                                 | 214,550                      |
| <b>Total liabilities</b>  | <b>308,543,128</b>                    | <b>107,146,286</b>    | <b>699,912</b>                            | <b>15,328,118</b>            |
| Deposits, securities, borrowings, derivative financial instruments and other onlendings | --                                    | 92,269,129            | --  | --                           |
| Other liabilities   | 308,543,128                           | 14,877,157            | 699,912                                   | 15,328,118                   |
| Technical provisions for insurance, pension plans and capitalization                    | 297,605,455                           | --                    | --  | 10,550,675                   |
| Subordinated debts and equity and debt hybrid securities                                | --                                    | 112,013               | --  | --                           |
| Other   | 10,937,673                            | 14,765,144            | 699,912                                   | 4,777,443                    |
| <b>Shareholders' equity</b>   | <b>4,328,467</b>                      | <b>10,782,225</b>     | <b>10,382,789</b>                         | <b>1,809,634</b>             |
| % of Total Share  | 75.00%                                | 50.00%                | 30.00%                                    | 74.99%                       |
| <b>Shareholders' equity (proportional to the equity interest)</b>                       | <b>3,246,134</b>                      | <b>5,391,113</b>      | <b>3,114,837</b>                          | <b>1,357,044</b>             |
| Goodwill/(bargain) purchase on acquisition of investments                               | (1,561)                               | --                    | --  | --                           |
| Other amounts <sup>(1)</sup>  | 73,548                                | (18,303)              | (3,471,966)                               | --                           |
| <b>Investment book value</b>  | <b>3,318,121</b>                      | <b>5,372,810</b>      | <b>(357,129)</b>                          | <b>1,357,044</b>             |

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of non-Cosif.



## Banco do Brasil S.A. – Financial Statements 2020 Results

| Statements of income                                    | 2020                                  |                       |   |                              |
|---|---------------------------------------|-----------------------|---|------------------------------|
|   | Brasilprev Seguros e Previdência S.A. | Banco Votorantim S.A. | Cateno Gestão de Contas de Pagamento S.A. | BB Mapfre Participações S.A. |
| Income from financial intermediation                    | (278,562)                             | 3,416,738             | --  | 288,542                      |
| Service fee income                                      | 2,908,950                             | 556,794               | 2,951,534                                 | --                           |
| Other administrative expenses                           | (203,534)                             | (1,544,830)           | (822,966)                                 | (263,811)                    |
| Other operating income/expenses                         | (968,064)                             | (1,629,445)           | (1,422,735)                               | 1,982,646                    |
| Non-operating income                                    | (1,501)                               | (47,238)              | --  | 1,812                        |
| <b>Net income before tax</b>                            | <b>1,457,289</b>                      | <b>752,019</b>        | <b>705,833</b>                            | <b>2,009,189</b>             |
| Income tax and profit sharing                           | (613,690)                             | 312,601               | (241,432)                                 | (541,950)                    |
| <b>Net income</b>                                       | <b>843,599</b>                        | <b>1,064,620</b>      | <b>464,401</b>                            | <b>1,467,239</b>             |
| % of Total Share  | 75.00%                                | 50.00%                | 30.00%                                    | 74.99%                       |
| <b>Net income (proportional to the equity interest)</b> | <b>632,658</b>                        | <b>532,311</b>        | <b>139,320</b>                            | <b>1,100,281</b>             |
| Other amounts <sup>(1)</sup>                            | 49,127                                | 1,424                 | (15)                                      | --                           |
| <b>Equity income</b>                                    | <b>681,785</b>                        | <b>533,735</b>        | <b>139,305</b>                            | <b>1,100,281</b>             |

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of non-  
- Cosif.



## Banco do Brasil S.A. – Financial Statements 2020 Results

| Balance sheet  | Dec 31, 2019                          |                       |   |                              |
|--|---------------------------------------|-----------------------|---|------------------------------|
|  | Brasilprev Seguros e Previdência S.A. | Banco Votorantim S.A. | Cateno Gestão de Contas de Pagamento S.A. | BB Mapfre Participações S.A. |
| <b>Total assets</b>  | <b>295,002,727</b>                    | <b>96,885,219</b>     | <b>12,990,633</b>                         | <b>14,646,376</b>            |
| Cash and due from banks  | 3,474                                 | 271,869               | 623                                       | 14,931                       |
| Short-term interbank investments   | --                                    | 3,830,434             | 125,350                                   | --                           |
| Securities and derivative financial instruments  | 292,318,871                           | 29,392,863            | 2,188,724                                 | 7,203,815                    |
| Loans  | --                                    | 46,168,114            | --  | --                           |
| Other credits and other assets   | 2,452,332                             | 15,058,340            | 955,022                                   | 7,192,984                    |
| Permanent assets   | 228,050                               | 2,163,599             | 9,720,914                                 | 234,646                      |
| <b>Total liabilities</b>   | <b>291,718,527</b>                    | <b>86,974,296</b>     | <b>763,062</b>                            | <b>13,084,022</b>            |
| Deposits, securities, borrowings, derivative financial instruments and others onlendings | --                                    | 72,533,804            | --  | --                           |
| Other liabilities  | 291,718,527                           | 14,440,492            | 763,062                                   | 13,084,022                   |
| Technical provisions for insurance, pension plans and capitalization                     | 289,811,313                           | --                    | --  | 9,654,221                    |
| Subordinated debts and equity and debt hybrid securities                                 | --                                    | 3,247,094             | --  | --                           |
| Other  | 1,907,214                             | 11,193,398            | 763,062                                   | 3,429,801                    |
| <b>Shareholders' equity</b>  | <b>3,284,200</b>                      | <b>9,910,923</b>      | <b>12,227,571</b>                         | <b>1,562,354</b>             |
| % of Total Share   | 75.00%                                | 50.00%                | 30.00%                                    | 74.99%                       |
| <b>Shareholders' equity (proportional to the equity interest)</b>                        | <b>2,462,986</b>                      | <b>4,955,462</b>      | <b>3,668,271</b>                          | <b>1,171,609</b>             |
| Goodwill/(bargain) purchase on acquisition of investments                                | (1,561)                               | --                    | --  | --                           |
| Other amounts <sup>(1)</sup>   | (36,794)                              | (5,475)               | (2,914,458)                               | --                           |
| <b>Investment book value</b>   | <b>2,424,631</b>                      | <b>4,949,987</b>      | <b>753,813</b>                            | <b>1,171,609</b>             |

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of non-Cosif.



## Banco do Brasil S.A. – Financial Statements 2020 Results

| Statements of income                                    | 2019                                  |                       |   |                              |
|---|---------------------------------------|-----------------------|---|------------------------------|
|   | Brasilprev Seguros e Previdência S.A. | Banco Votorantim S.A. | Cateno Gestão de Contas de Pagamento S.A. | BB Mapfre Participações S.A. |
| Income from financial intermediation                    | 653,296                               | 3,491,212             | --  | 382,468                      |
| Service fee income                                      | 2,844,146                             | 509,261               | 3,118,415                                 | --                           |
| Other administrative expenses                           | (301,158)                             | (1,465,437)           | (857,077)                                 | (273,495)                    |
| Other operating income/expenses                         | (910,848)                             | (697,220)             | (1,231,119)                               | 1,978,035                    |
| Non-operating income                                    | (9,073)                               | (160,841)             | --  | (4,913)                      |
| <b>Net income before tax</b>                            | <b>2,276,363</b>                      | <b>1,676,975</b>      | <b>1,030,219</b>                          | <b>2,082,095</b>             |
| Income tax and profit sharing                           | (931,112)                             | (306,733)             | (352,393)                                 | (624,989)                    |
| <b>Net income</b>                                       | <b>1,345,251</b>                      | <b>1,370,242</b>      | <b>677,826</b>                            | <b>1,457,106</b>             |
| % of Total Share  | 75.00%                                | 50.00%                | 30.00%                                    | 74.99%                       |
| <b>Net income (proportional to the equity interest)</b> | <b>1,008,871</b>                      | <b>685,121</b>        | <b>203,348</b>                            | <b>1,092,683</b>             |
| Other amounts <sup>(1)</sup>                            | 55,605                                | (5,392)               | (11)                                      | (6,323)                      |
| <b>Equity income</b>                                    | <b>1,064,476</b>                      | <b>679,729</b>        | <b>203,337</b>                            | <b>1,086,360</b>             |

(1) It refers, mainly, to unrealised profits on transactions with equity-accounted investees, harmonization in accounting practices and prior fiscal year adjustments of non-  
- Cosif.



In thousand of Reais, unless otherwise stated

**c) Other investments**

|                           | Banco do Brasil |                | BB Consolidated |                |
|---------------------------|-----------------|----------------|-----------------|----------------|
|                           | Dez 31, 2020    | Dec 31, 2019   | Dez 31, 2020    | Dec 31, 2019   |
| Tax incentive investments | 9,882           | 10,821         | 10,551          | 63,856         |
| Equity securities         | 57              | 57             | 57              | 57             |
| Stocks and shares         | 76,832          | 73,925         | 90,065          | 84,514         |
| Other investments         | 3,056           | 3,022          | 3,902           | 3,709          |
| Other equity abroad       | 120,994         | 96,103         | 201,197         | 168,424        |
| <b>Total</b>              | <b>210,821</b>  | <b>183,928</b> | <b>305,772</b>  | <b>320,560</b> |
| (Allowance for losses)    | (44,936)        | (20,370)       | (45,705)        | (29,253)       |

**d) Goodwill arising on acquisition of investments**

| Changes of goodwill                         | Banco do Brasil |                |                | BB Consolidated |                |                |
|---|-----------------|----------------|----------------|-----------------|----------------|----------------|
|   | 2nd half/2020   | 2020           | 2019           | 2nd half/2020   | 2020           | 2019           |
| <b>Opening balance</b>                      | 370,856         | 333,720        | 572,809        | 370,856         | 333,720        | 761,060        |
| Reductions                                  | --              | --             | --             | --              | --             | (5,968)        |
| Amortizations <sup>(1)</sup>                | (13,188)        | (27,670)       | (37,379)       | (13,188)        | (27,670)       | (219,662)      |
| Foreign exchange fluctuation <sup>(2)</sup> | (74,134)        | (22,516)       | (201,710)      | (74,134)        | (22,516)       | (201,710)      |
| <b>Closing balance</b>                      | <b>283,534</b>  | <b>283,534</b> | <b>333,720</b> | <b>283,534</b>  | <b>283,534</b> | <b>333,720</b> |

(1) Booked in other administrative expenses.

(2) Relates to the goodwill from Banco Patagonia.

**e) Expected goodwill amortization**

|                                       | 2021          | 2022          | 2023          | After 2023     | Total          |
|---------------------------------------|---------------|---------------|---------------|----------------|----------------|
| <b>Banco Patagonia <sup>(1)</sup></b> | <b>23,269</b> | <b>23,269</b> | <b>23,269</b> | <b>178,461</b> | <b>248,268</b> |
| Tax effects                           | (10,471)      | (10,471)      | (10,471)      | (80,307)       | (111,720)      |
| <b>Net total</b>                      | <b>12,798</b> | <b>12,798</b> | <b>12,798</b> | <b>98,154</b>  | <b>136,548</b> |

(1) The goodwill to be amortized does not include an amount of R\$ 35,266 thousand related to the intangible asset with an indefinite useful life and other assets not subject to amortization.

The expected amortization of goodwill arising on the acquisition of investments is based on the projections of results made at the time of the purchase, prepared by specialized firms or technical departments within the Bank, and considers the timing of the estimates and discount rates used in calculating the net present value of expected cash flows.

**f) Goodwill impairment test**

The recoverable amount of goodwill arising on acquisition of investments is determined by the value in use, which is the discounted value of the cash flow projections of the invested entity (cash-generating unit). For the evaluation of the banks, the free cash flow for shareholders discounted by the cost of equity capital calculated for each institution was used.

Assumptions used to project these cash flows are based on public information, budgets and / or business plans of the purchased entities. These assumptions consider current and past performance, as well as expected market and macroeconomic growth.

The cash flow of the entity below was actively projected for six years and considered perpetual from the last period with fixed growth rates. For the periods that exceed the terms of the budget or business plan, the growth estimates are in line with those adopted by the entity. The nominal discount rate is determined annually based on the CAPM (Capital Asset Pricing Model) adjusted for the market and the currency of each country.



In thousand of Reais, unless otherwise stated

| Entity (cash-generating unit) | Growth rate p.a. <sup>(1)</sup> | Discount rate p.a. <sup>(2)</sup> |
|-------------------------------|---------------------------------|-----------------------------------|
| Banco Patagonia               | 14,4%                           | 39,5%                             |

(1) Nominal growth in perpetuity.

(2) Geometric average of the projections for the period 2020 to 2025.

According to the sensitivity analysis performed, there is no indication that changes in the assumptions would cause the book value of the cash-generating units to exceed the recoverable amount.

In the periods presented, there was no impairment loss on goodwill arising on the acquisition of investments.

## 15 - PROPERTY AND EQUIPMENT

|                                      | Banco do Brasil          |                  |                  |                    |                      |                   |                          |                   |                  |
|--------------------------------------|--------------------------|------------------|------------------|--------------------|----------------------|-------------------|--------------------------|-------------------|------------------|
|                                      | Annual depreciation rate | Dec 31, 2019     | 2020             |                    |                      | Dec 31, 2020      |                          |                   |                  |
|                                      |                          | Book value       | Changes          | Depreciation       | Allowance for losses | Cost value        | Accumulated depreciation | Impairment losses | Book value       |
| Buildings                            | 4 to 10%                 | 3,393,051        | 466,683          | (399,415)          | (11,171)             | 8,356,724         | (4,874,071)              | (33,505)          | 3,449,148        |
| Furniture and equipment              | 10%                      | 1,617,473        | 388,105          | (290,609)          | --                   | 3,829,324         | (2,114,317)              | (38)              | 1,714,969        |
| Data processing systems              | 10 to 20%                | 1,359,233        | 723,330          | (511,545)          | --                   | 4,681,242         | (3,110,224)              | --                | 1,571,018        |
| Constructions in progress            | --                       | 648,437          | (39,898)         | --                 | --                   | 608,539           | --                       | --                | 608,539          |
| Land                                 | --                       | 323,083          | (959)            | --                 | --                   | 322,124           | --                       | --                | 322,124          |
| Communication and security equipment | 10%                      | 214,879          | 58,822           | (46,118)           | --                   | 685,610           | (458,023)                | (4)               | 227,583          |
| Facilities                           | 10%                      | 138,943          | 17,497           | (28,832)           | --                   | 1,022,128         | (894,520)                | --                | 127,608          |
| Vehicles                             | 10%                      | 2,882            | (37)             | (756)              | --                   | 8,665             | (6,576)                  | --                | 2,089            |
| Furniture and equipment in stock     | --                       | 895              | (13)             | --                 | --                   | 882               | --                       | --                | 882              |
| <b>Total</b>                         |                          | <b>7,698,876</b> | <b>1,613,530</b> | <b>(1,277,275)</b> | <b>(11,171)</b>      | <b>19,515,238</b> | <b>(11,457,731)</b>      | <b>(33,547)</b>   | <b>8,023,960</b> |

|                                      | BB Consolidated          |                  |                  |                    |                                 |                   |                          |                   |                  |
|--------------------------------------|--------------------------|------------------|------------------|--------------------|---------------------------------|-------------------|--------------------------|-------------------|------------------|
|                                      | Annual depreciation rate | Dec 31, 2019     | 2020             |                    |                                 | Dec 31, 2020      |                          |                   |                  |
|                                      |                          | Book value       | Changes          | Depreciation       | (Allowance)/reversal for losses | Cost value        | Accumulated depreciation | Impairment losses | Book value       |
| Buildings                            | 4 to 10%                 | 3,428,531        | 468,797          | (406,273)          | (10,846)                        | 8,433,494         | (4,919,780)              | (33,505)          | 3,480,209        |
| Furniture and equipment              | 10%                      | 1,719,029        | 399,217          | (316,897)          | --                              | 4,000,336         | (2,198,824)              | (163)             | 1,801,349        |
| Data processing systems              | 10 to 20%                | 1,362,266        | 776,832          | (520,263)          | 828                             | 4,802,194         | (3,182,437)              | (94)              | 1,619,663        |
| Constructions in progress            | --                       | 661,397          | (20,405)         | --                 | --                              | 640,992           | --                       | --                | 640,992          |
| Land                                 | --                       | 331,533          | (1,803)          | --                 | --                              | 329,730           | --                       | --                | 329,730          |
| Communication and security equipment | 10%                      | 222,350          | 47,286           | (46,118)           | --                              | 690,517           | (466,995)                | (4)               | 223,518          |
| Facilities                           | 10%                      | 152,410          | 7,834            | (28,963)           | --                              | 1,029,897         | (898,616)                | --                | 131,281          |
| Vehicles                             | 10%                      | 4,284            | 138              | (1,192)            | --                              | 10,766            | (7,536)                  | --                | 3,230            |
| Furniture and equipment in stock     | --                       | 895              | (13)             | --                 | --                              | 882               | --                       | --                | 882              |
| <b>Total</b>                         |                          | <b>7,882,695</b> | <b>1,677,883</b> | <b>(1,319,706)</b> | <b>(10,018)</b>                 | <b>19,938,808</b> | <b>(11,674,188)</b>      | <b>(33,766)</b>   | <b>8,230,854</b> |

**16 - INTANGIBLE ASSETS****a) Changes and breakdown**

|   | Banco do Brasil          |                  |                  |                      |                  |                    |                 |  |      |
|---|--------------------------|------------------|------------------|----------------------|------------------|--------------------|-----------------|--|------|
|   | Annual amortization rate | Dec 31, 2019     | 2020             |                      |                  |                    |                 | (Allowance)/reversal for losses <sup>(1)</sup> | Cost |
|   |                          | Book value       | Acquisitions     | Exchange fluctuation | Write offs       | Amortization       |                 |  |      |
| Rights to manage payroll <sup>(2)</sup> | Contract                 | 3,257,872        | 1,360,320        | --                   | (26,041)         | (1,398,412)        | 7,635           | 7  |      |
| Software                                | 10%                      | 2,496,267        | 857,464          | 14,123               | (37,496)         | (376,009)          | --              | 5  |      |
| Other intangible assets                 | Contract                 | 30,217           | 375,000          | --                   | (368,750)        | (16,831)           | (19,636)        |  |      |
| <b>Total</b>                            |                          | <b>5,784,356</b> | <b>2,592,784</b> | <b>14,123</b>        | <b>(432,287)</b> | <b>(1,791,252)</b> | <b>(12,001)</b> | <b>13</b>                                      |      |

|   | BB Consolidated          |                  |                  |                      |                  |                    |                 |  |      |
|---|--------------------------|------------------|------------------|----------------------|------------------|--------------------|-----------------|--|------|
|   | Annual amortization rate | Dec 31, 2019     | 2020             |                      |                  |                    |                 | (Allowance)/reversal for losses <sup>(1)</sup> | Cost |
|   |                          | Book value       | Acquisitions     | Exchange fluctuation | Write offs       | Amortization       |                 |  |      |
| Rights to manage payroll <sup>(2)</sup> | Contract                 | 3,257,872        | 1,360,320        | --                   | (26,041)         | (1,398,412)        | 7,635           | 7  |      |
| Software                                | 10%                      | 2,632,460        | 891,727          | 50,628               | (162,956)        | (392,586)          | 19              | 5  |      |
| Other intangible assets                 | Contract                 | 30,217           | 375,000          | --                   | (368,750)        | (16,831)           | (19,636)        |  |      |
| <b>Total</b>                            |                          | <b>5,920,549</b> | <b>2,627,047</b> | <b>50,628</b>        | <b>(557,747)</b> | <b>(1,807,829)</b> | <b>(11,982)</b> | <b>13</b>                                      |      |

(1) Registered in other administrative expenses on statement of income.

(2) The values of acquisitions and write-offs include contracts renegotiated in the period, in which the new contract value is recorded and the past contract value is written off.

**b) Estimate for amortization**

|                         | Banco do Brasil |           |         |  |
|-------------------------|-----------------|-----------|---------|--|
|                         | 2021            | 2022      | 2023    |  |
| Amounts to be amortized | 1,478,277       | 1,143,520 | 870,271 |  |

|                         | BB Consolidated |           |         |  |
|-------------------------|-----------------|-----------|---------|--|
|                         | 2021            | 2022      | 2023    |  |
| Amounts to be amortized | 1,484,774       | 1,150,014 | 876,765 |  |





In thousand of Reais, unless otherwise stated

**17 - CUSTOMER RESOURCES****a) Deposits**

|  | Banco do Brasil    |                    | BB Consolidated    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Dec 31, 2020       | Dec 31, 2019       | Dec 31, 2020       | Dec 31, 2019       |
| <b>Demand deposits</b>                           | <b>94,388,414</b>  | <b>68,570,333</b>  | <b>98,307,410</b>  | <b>71,066,575</b>  |
| Individuals                                      | 52,131,205         | 36,473,942         | 53,213,887         | 37,199,373         |
| Corporations                                     | 29,383,049         | 20,239,410         | 32,405,615         | 22,098,179         |
| Government                                       | 2,511,563          | 2,020,811          | 2,511,563          | 2,020,811          |
| Restricted <sup>(1)</sup>                        | 6,849,446          | 7,454,902          | 6,864,873          | 7,500,959          |
| Foreign currency                                 | 531,029            | 648,824            | 531,029            | 648,824            |
| Associated                                       | 751,053            | 397,592            | 630,451            | 323,618            |
| Financial system institutions                    | 1,277,128          | 526,188            | 1,199,708          | 466,974            |
| National Treasury Special                        | 179,905            | 170,968            | 179,905            | 170,968            |
| Domiciled abroad                                 | 81,246             | 87,690             | 77,589             | 84,075             |
| Other  | 692,790            | 550,006            | 692,790            | 552,794            |
| <b>Savings deposits</b>                          | <b>219,396,331</b> | <b>180,942,854</b> | <b>219,396,331</b> | <b>180,942,854</b> |
| Individuals                                      | 211,872,717        | 174,201,660        | 211,872,717        | 174,201,660        |
| Corporations                                     | 7,120,911          | 6,355,740          | 7,120,911          | 6,355,740          |
| Associated                                       | 386,187            | 368,622            | 386,187            | 368,622            |
| Financial system institutions                    | 16,516             | 16,832             | 16,516             | 16,832             |
| <b>Time deposits</b>                             | <b>269,408,816</b> | <b>223,969,826</b> | <b>283,819,600</b> | <b>232,749,707</b> |
| Judicial   | 164,388,100        | 153,943,823        | 164,538,401        | 154,065,246        |
| National currency                                | 82,329,375         | 52,257,226         | 82,329,374         | 52,257,226         |
| Foreign currency                                 | 14,435,524         | 9,741,385          | 28,696,008         | 18,399,844         |
| Fundo de Amparo ao Trabalhador - FAT (Note 17.d) | 1,903,053          | 2,465,968          | 1,903,053          | 2,465,968          |
| Funproger (Note 17.e)                            | 485,872            | 456,613            | 485,872            | 456,613            |
| Third party collaterals <sup>(2)</sup>           | 1,832,849          | 1,650,490          | 1,832,849          | 1,650,490          |
| Special Regime <sup>(3)</sup>                    | 2,800,973          | 2,219,742          | 2,800,973          | 2,219,742          |
| Other  | 1,233,070          | 1,234,579          | 1,233,070          | 1,234,578          |
| <b>Other deposits</b>                            | <b>460,924</b>     | <b>243,169</b>     | <b>460,924</b>     | <b>243,169</b>     |
| <b>Total</b>                                     | <b>583,654,485</b> | <b>473,726,182</b> | <b>601,984,265</b> | <b>485,002,305</b> |
| Current liabilities                              | 510,122,688        | 427,072,395        | 527,711,085        | 437,802,883        |
| Non-current liabilities                          | 73,531,797         | 46,653,787         | 74,273,180         | 47,199,422         |

(1) Includes the amount of R\$ 55,316 thousand (R\$ 55,316 thousand as of December 31, 2019), relating to obligations with the Federal Government, from extended and securitized rural transactions under Law 9,138/1995, assigned through Provisional Measure 2,196/2001, in a reconciliation process with the National Treasury Secretariat.

(2) Cooperation agreements made between the Court houses or councils to attend Brazilian Justice National Council Resolution 98/2009.

(3) Special deposits for the Justice Courts, to comply with the Constitutional Transitory Acts pursuant to Constitutional Amendment. 99/2017.

**b) Deposits by maturity**

|                              | Banco do Brasil    |                   |                   |                   |                   |                    | Dec 31, 2020       | Dec 31, 2019 |
|------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------|
|                              | Without maturity   | Up to 3 months    | 3 to 12 months    | 1 to 3 years      | 3 to 5 years      |                    |                    |              |
| Time deposits <sup>(1)</sup> | 172,708,851        | 11,253,786        | 11,914,382        | 14,900,848        | 58,630,949        | 269,408,816        | 223,969,826        |              |
| Savings deposits             | 219,396,331        | --                | --                | --                | --                | 219,396,331        | 180,942,854        |              |
| Demand deposits              | 94,388,414         | --                | --                | --                | --                | 94,388,414         | 68,570,333         |              |
| Other deposits               | 460,924            | --                | --                | --                | --                | 460,924            | 243,169            |              |
| <b>Total</b>                 | <b>486,954,520</b> | <b>11,253,786</b> | <b>11,914,382</b> | <b>14,900,848</b> | <b>58,630,949</b> | <b>583,654,485</b> | <b>473,726,182</b> |              |

(1) Includes the amount of R\$ 77,225,836 thousand (R\$ 48,167,226 thousand as of December 31, 2019), of time deposits with early repurchase clause (liquidity commitment), classified based on the contractual maturity dates.



In thousand of Reais, unless otherwise stated

|                              | BB Consolidated    |                   |                   |                   |                   |                    | Dec 31, 2020       | Dec 31, 2019 |
|------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------|
|                              | Without maturity   | Up to 3 months    | 3 to 12 months    | 1 to 3 years      | 3 to 5 years      |                    |                    |              |
| Time deposits <sup>(1)</sup> | 172,708,851        | 23,767,766        | 13,069,803        | 15,405,154        | 58,868,026        | 283,819,600        | 232,749,707        |              |
| Savings deposits             | 219,396,331        | --                | --                | --                | --                | 219,396,331        | 180,942,854        |              |
| Demand deposits              | 98,307,410         | --                | --                | --                | --                | 98,307,410         | 71,066,575         |              |
| Other deposits               | 460,924            | --                | --                | --                | --                | 460,924            | 243,169            |              |
| <b>Total</b>                 | <b>490,873,516</b> | <b>23,767,766</b> | <b>13,069,803</b> | <b>15,405,154</b> | <b>58,868,026</b> | <b>601,984,265</b> | <b>485,002,305</b> |              |

(1) Includes the amount of R\$ 77,225,836 thousand (R\$ 48,167,226 thousand as of December 31, 2019), of time deposits with early repurchase clause (liquidity commitment), classified based on the contractual maturity dates.

### c) Expenses with customer resources

|                         | Banco do Brasil    |                     |                     | BB Consolidated    |                     |                     |
|-------------------------|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
|                         | 2nd half/2020      | 2020                | 2019                | 2nd half/2020      | 2020                | 2019                |
| <b>Savings deposits</b> | <b>(3,109,762)</b> | <b>(6,629,194)</b>  | <b>(11,301,659)</b> | <b>(3,109,762)</b> | <b>(6,629,194)</b>  | <b>(11,301,659)</b> |
| <b>Time deposits</b>    | <b>(2,611,777)</b> | <b>(6,861,640)</b>  | <b>(12,461,399)</b> | <b>(3,578,512)</b> | <b>(8,474,030)</b>  | <b>(14,211,644)</b> |
| Judicial                | (1,747,027)        | (4,587,759)         | (9,457,689)         | (1,749,525)        | (4,591,360)         | (9,463,951)         |
| Other                   | (864,750)          | (2,273,881)         | (3,003,710)         | (1,828,987)        | (3,882,670)         | (4,747,693)         |
| <b>Total</b>            | <b>(5,721,539)</b> | <b>(13,490,834)</b> | <b>(23,763,058)</b> | <b>(6,688,274)</b> | <b>(15,103,224)</b> | <b>(25,513,303)</b> |

### d) Fund for worker's assistance (Fundo de Amparo ao Trabalhador – FAT)

|                                | Resolution/<br>TADE <sup>(1)</sup> | Repayment of FAT Funds |              | Dec 31, 2020                    |  |                  | Dec 31, 2019                    |  |                  |
|--------------------------------|------------------------------------|------------------------|--------------|---------------------------------|--|------------------|---------------------------------|--|------------------|
|                                |                                    | Type <sup>(2)</sup>    | Initial date | Available<br>TMS <sup>(3)</sup> | Invested<br>TJLP and<br>TLP <sup>(4)</sup> | Total            | Available<br>TMS <sup>(3)</sup> | Invested<br>TJLP and<br>TLP <sup>(4)</sup> | Total            |
| <b>Proger Rural and Pronaf</b> |                                    |                        |              | <b>419</b>                      | <b>11,571</b>                              | <b>11,990</b>    | <b>1,484</b>                    | <b>12,974</b>                              | <b>14,458</b>    |
| Pronaf Custeio                 | 04/2005                            | RA                     | 11/2005      | 10                              | 127  | 137              | 13                              | 155  | 168              |
| Pronaf Investimento            | 05/2005                            | RA                     | 11/2005      | 283                             | 10,734                                     | 11,017           | 1,211                           | 11,790                                     | 13,001           |
| Rural Custeio                  | 02/2006                            | RA                     | 11/2005      | --                              | 1  | 1                | 2                               | 1  | 3                |
| Rural Investimento             | 13/2005                            | RA                     | 11/2005      | 126                             | 709  | 835              | 258                             | 1,028                                      | 1,286            |
| <b>Proger Urbano</b>           |                                    |                        |              | <b>868,766</b>                  | <b>885,941</b>                             | <b>1,754,707</b> | <b>484,478</b>                  | <b>1,731,421</b>                           | <b>2,215,899</b> |
| Urbano Investimento            | 18/2005                            | RA                     | 11/2005      | 444,683                         | 853,032                                    | 1,297,715        | 224,748                         | 1,338,427                                  | 1,563,175        |
| Urbano Capital de Giro         | 01/2016                            | RA                     | 06/2016      | 129,800                         | 27,432                                     | 157,232          | 259,730                         | 392,994                                    | 652,724          |
| Urbano Capital de Giro<br>2020 | 01/2020                            | RA                     | 04/2020      | 294,283                         | 5,477                                      | 299,760          | --                              | --   | --               |
| <b>Other</b>                   |                                    |                        |              | <b>29,753</b>                   | <b>106,603</b>                             | <b>136,356</b>   | <b>43,690</b>                   | <b>191,921</b>                             | <b>235,611</b>   |
| Proger Exportação              | 27/2005                            | RA                     | 11/2005      | 1,022                           | 98   | 1,120            | 4,085                           | 3,019                                      | 7,104            |
| FAT Taxista                    | 02/2009                            | RA                     | 09/2009      | 25,299                          | 102,593                                    | 127,892          | 34,513                          | 173,767                                    | 208,280          |
| FAT Turismo<br>Investimento    | 01/2012                            | RA                     | 08/2012      | 3,432                           | 3,912                                      | 7,344            | 5,092                           | 15,135                                     | 20,227           |
| <b>Total</b>                   |                                    |                        |              | <b>898,938</b>                  | <b>1,004,115</b>                           | <b>1,903,053</b> | <b>529,652</b>                  | <b>1,936,316</b>                           | <b>2,465,968</b> |

(1) TADE - Allocation Term of Special Deposits.

(2) RA - Automatic Return (monthly, 2% of the total balance).

(3) Funds remunerated by the Taxa Média Selic (average selic rate - TMS).

(4) Funds remunerated by Long-term interest rate (TJLP) for resources released until 12.31.2017 and Long-Term Rate (TLP) for those released as of January 01, 2018.

FAT is a special accounting and financial fund, established by Law 7,998/1990, associated with the Ministério da Economia (Ministry of Economy) and managed by the Executive Council of the Fundo de Amparo ao Trabalhador (Fund for Workers' Assistance) – Codefat. Codefat is a collective, tripartite, equal level organization, composed of representatives of workers, employers and government, who acts as manager of the FAT.

The main actions to promote employment using FAT funds are structured around the Employment and Earnings Generating Program (Proger), which resources are invested through special deposits, established by Law 8,352/1991, in official federal financial institutions. These programs include, among others, the urban Proger program (Investment and Working Capital), Popular Entrepreneur, the National Program for Strengthening Family Farming – Pronaf, in addition to special lines such as FAT Taxista, FAT Turismo Investimento and FAT Turismo Capital de Giro.



In thousand of Reais, unless otherwise stated

The FAT special deposits invested in Banco do Brasil are daily accrued the Average Selic Rate (TMS), when not lent out. As they are invested in the financing, they will be remunerated by the Long Term Rate (TLP) as of January 1, 2018 and TJLP (Long Term Interest Rate) for funds released through December 31, 2017, until maturity. The accruals are paid to FAT on a monthly basis, as established in Codefat Resolutions 439/2005, 489/2006 and 801/2017.

#### **e) Endorsement fund for the generation of employment and income (Funproger)**

The Endorsement fund for the generation of employment and income (Funproger) is a special accounting fund established on November 23, 1999 by Law 9,872/1999, amended by Law 10,360/2001 and by Law 11,110/2005 and regulated by Codefat Resolution 409/2004, and its amendments. It is managed by Banco do Brasil under the supervision of Codefat/MTE and the balance at Dec 31, 2020 is R\$ 485,872 thousand (R\$ 456,613 thousand as of December 31, 2019).

The objective of Funproger is to provide endorsement to entrepreneurs who do not have the necessary guarantees to contract financing by Proger Urbano and Programa Nacional de Microcrédito Produtivo Orientado, through the payment of a commission. The Funproger equity where incorporated from the spread between TMS and TJLP accrued over FAT special deposits. Other sources of funds are the operations accruals and the income paid by Banco do Brasil, the fund manager.



In thousand of Reais, unless otherwise stated

**18 - FINANCIAL INSTITUTIONS RESOURCES****a) Breakdown**

|  | Banco do Brasil    |                    | BB Consolidated    |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | Dec 31, 2020       | Dec 31, 2019       | Dec 31, 2020       | Dec 31, 2019       |
| Securities sold under repurchase agreements (b)  | 519,049,785        | 422,258,227        | 503,722,822        | 404,355,327        |
| Borrowings and onlendings (c)                    | 147,301,946        | 154,165,316        | 73,884,058         | 78,875,614         |
| Interbank deposits                               | 25,081,389         | 29,225,667         | 25,686,889         | 29,128,475         |
| Liabilities for operations linked to assignments | 258,493            | 330,526            | 258,493            | 330,526            |
| <b>Total</b>                                     | <b>691,691,613</b> | <b>605,979,736</b> | <b>603,552,262</b> | <b>512,689,942</b> |
| Current liabilities                              | 586,833,204        | 502,329,225        | 565,348,523        | 469,932,087        |
| Non-current liabilities                          | 104,858,409        | 103,650,511        | 38,203,739         | 42,757,855         |

**b) Securities sold under repurchase agreements**

|                              | Banco do Brasil    |                    | BB Consolidated    |                    |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
|                              | Dec 31, 2020       | Dec 31, 2019       | Dec 31, 2020       | Dec 31, 2019       |
| <b>Own portfolio</b>         | <b>175,652,834</b> | <b>55,292,888</b>  | <b>160,325,871</b> | <b>43,366,024</b>  |
| Private securities           | 13,675,125         | 12,957,635         | 13,675,125         | 12,957,635         |
| National Treasury bills      | --                 | 23,462             | --                 | 23,462             |
| Financial Treasury bills     | 156,326,238        | 38,003,792         | 145,274,215        | 29,347,224         |
| Securities abroad            | 5,651,471          | 4,307,999          | 1,376,531          | 1,037,703          |
| <b>Third-party portfolio</b> | <b>343,396,951</b> | <b>366,965,339</b> | <b>343,396,951</b> | <b>360,989,303</b> |
| Financial treasury bills     | 173,148,914        | 339,310,200        | 173,148,914        | 333,424,753        |
| National Treasury bills      | 8,532,956          | 26,514,556         | 8,532,956          | 26,514,556         |
| National Treasury notes      | 161,715,081        | 1,049,994          | 161,715,081        | 1,049,994          |
| Securities abroad            | --                 | 90,589             | --                 | --                 |
| <b>Total</b>                 | <b>519,049,785</b> | <b>422,258,227</b> | <b>503,722,822</b> | <b>404,355,327</b> |
| Current liabilities          | 508,055,826        | 405,013,048        | 497,004,107        | 390,523,489        |
| Non-current liabilities      | 10,993,959         | 17,245,179         | 6,718,715          | 13,831,838         |

**c) Borrowings and onlendings****Borrowings**

|   | Banco do Brasil  |                     |                   |                   |                   |                   |
|---|------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
|   | up to 90 days    | from 91 to 360 days | from 1 to 3 years | from 3 to 5 years | Dec 31, 2020      | Dec 31, 2019      |
| <b>Overseas</b>                           | <b>6,222,520</b> | <b>6,418,908</b>    | <b>38,699,941</b> | <b>509,611</b>    | <b>51,850,980</b> | <b>62,955,142</b> |
| Borrowings from BB Group companies abroad | 2,107            | 11,924              | 36,660,467        | --                | 36,674,498        | 45,810,616        |
| Borrowings from bankers abroad            | 6,145,288        | 6,302,725           | 2,039,474         | 509,611           | 14,997,098        | 17,047,390        |
| Imports                                   | 75,125           | 104,259             | --                | --                | 179,384           | 97,136            |
| <b>Total</b>                              | <b>6,222,520</b> | <b>6,418,908</b>    | <b>38,699,941</b> | <b>509,611</b>    | <b>51,850,980</b> | <b>62,955,142</b> |
| Current liabilities                       |                  |                     |                   |                   | 12,641,428        | 18,275,893        |
| Non-current liabilities                   |                  |                     |                   |                   | 39,209,552        | 44,679,249        |



In thousand of Reais, unless otherwise stated

|                                | BB Consolidated  |                     |                   |                   |  | Dec 31, 2020      | Dec 31, 2019      |
|--------------------------------|------------------|---------------------|-------------------|-------------------|--|-------------------|-------------------|
|                                | up to 90 days    | from 91 to 360 days | from 1 to 3 years | from 3 to 5 years |  |                   |                   |
| <b>Overseas</b>                | <b>6,405,424</b> | <b>6,441,388</b>    | <b>2,148,968</b>  | <b>556,954</b>    |  | <b>15,552,734</b> | <b>17,966,872</b> |
| Borrowings from bankers abroad | 6,330,302        | 6,337,133           | 2,148,968         | 556,954           |  | 15,373,357        | 17,869,740        |
| Imports                        | 75,122           | 104,255             | --                | --                |  | 179,377           | 97,132            |
| <b>Total</b>                   | <b>6,405,424</b> | <b>6,441,388</b>    | <b>2,148,968</b>  | <b>556,954</b>    |  | <b>15,552,734</b> | <b>17,966,872</b> |
| Current liabilities            |                  |                     |                   |                   |  | 12,846,812        | 15,966,594        |
| Non-current liabilities        |                  |                     |                   |                   |  | 2,705,922         | 2,000,278         |

## Onlendings

### Domestic – official institutions

| Programs   | Finance charges  | Banco do Brasil   |                   | BB Consolidated   |                   |
|--|--|-------------------|-------------------|-------------------|-------------------|
|  |  | Dec 31, 2020      | Dec 31, 2019      | Dec 31, 2020      | Dec 31, 2019      |
| <b>National Treasury - rural credits resources</b> |  | <b>172,994</b>    | <b>167,215</b>    | <b>172,994</b>    | <b>167,215</b>    |
| Pronaf   | TMS (if available) or<br>Fixed 0.50% p.a. to 4.00% p.a. (if applied)   | 13,605            | 16,968            | 13,605            | 16,968            |
| Cacau (cocoa)                                      | IGP-M + 8.00% p.a. or<br>TJLP + 0.60% p.a. or<br>Fixed 6.35% p.a.  | 144,272           | 136,518           | 144,272           | 136,518           |
| Recoop   | Fixed 5.75% p.a. to 8.25% p.a. or<br>IGP-DI + 1.00% p.a. or<br>IGP-DI + 2.00% p.a.   | 10,770            | 10,770            | 10,770            | 10,770            |
| Other  |  | 4,347             | 2,959             | 4,347             | 2,959             |
| <b>BNDES</b>                                       | Fixed 0.00% p.a. to 8.00% p.a.<br>TJLP + 0.50% p.a. to 4.00% p.a.<br>IPCA + 7.02% p.a. to 9.41% p.a.<br>Selic + 2.08% p.a.<br>Var. Camb. + 0.90% p.a. a 3.00% p.a.<br>TLP + 1.30% p.a. to 2.10% p.a. | <b>19,161,196</b> | <b>17,838,581</b> | <b>19,161,196</b> | <b>17,838,581</b> |
| <b>Caixa Econômica Federal</b>                     | Fixed 4.88% p.a. (average)   | <b>30,259,319</b> | <b>30,936,767</b> | <b>30,259,319</b> | <b>30,936,767</b> |
| <b>Finame</b>                                      | Fixed 0.00% p.a. to 8.50% p.a.<br>TJLP + 0.90% p.a. to 4.00% p.a.<br>Selic + 2.08% p.a. to 2.45% p.a.<br>TLP + 1.42% p.a. to 2.25% p.a.  | <b>8,587,353</b>  | <b>11,932,266</b> | <b>8,587,353</b>  | <b>11,932,325</b> |
| <b>Other official institutions</b>                 |  | <b>150,462</b>    | <b>33,854</b>     | <b>150,462</b>    | <b>33,854</b>     |
| Funcafé  | TMS (if available)<br>Fixed 5.25% p.a. to 6.75% p.a.   | 150,434           | 33,826            | 150,434           | 33,826            |
| Other  |  | 28                | 28                | 28                | 28                |
| <b>Total</b>                                       |  | <b>58,331,324</b> | <b>60,908,683</b> | <b>58,331,324</b> | <b>60,908,742</b> |
| Current liabilities                                |  | 36,417,742        | 37,178,104        | 36,417,742        | 37,178,163        |
| Non-current liabilities                            |  | 21,913,582        | 23,730,579        | 21,913,582        | 23,730,579        |



In thousand of Reais, unless otherwise stated

**Overseas**

|   | Banco do Brasil   |                   | BB Consolidated |              |
|---|-------------------|-------------------|-----------------|--------------|
|   | Dec 31, 2020      | Dec 31, 2019      | Dec 31, 2020    | Dec 31, 2019 |
| Funds obtained under the terms of Resolution CMN 3,844/2010 | 37,119,642        | 30,301,491        | --              | --           |
| <b>Total</b>  | <b>37,119,642</b> | <b>30,301,491</b> | <b>--</b>       | <b>--</b>    |
| Current liabilities   | 9,982,115         | 15,428,550        | --              | --           |
| Non-current liabilities                                     | 27,137,527        | 14,872,941        | --              | --           |

**d) Expenses from financial institutions resources**

|   | Banco do Brasil    |                     |                     | BB Consolidated    |                     |                     |
|---|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
|   | 2nd half/2020      | 2020                | 2019                | 2nd half/2020      | 2020                | 2019                |
| <b>Securities sold under repurchase agreements</b>                          | <b>(5,710,550)</b> | <b>(14,291,772)</b> | <b>(28,246,600)</b> | <b>(5,542,189)</b> | <b>(13,850,223)</b> | <b>(27,503,798)</b> |
| Third-party portfolio   | (4,978,835)        | (12,502,232)        | (25,359,849)        | (4,900,183)        | (12,247,397)        | (24,790,151)        |
| Own portfolio   | (731,715)          | (1,789,540)         | (2,886,751)         | (642,006)          | (1,602,826)         | (2,713,647)         |
| <b>Interbank deposits</b>   | <b>(225,101)</b>   | <b>(607,234)</b>    | <b>(1,082,557)</b>  | <b>(227,676)</b>   | <b>(610,625)</b>    | <b>(1,068,880)</b>  |
| <b>Borrowings expenses</b>  | <b>89,406</b>      | <b>(22,443,252)</b> | <b>(6,690,846)</b>  | <b>1,732,790</b>   | <b>(19,162,576)</b> | <b>(3,665,476)</b>  |
| <b>Onlendings expenses</b>  | <b>(401,416)</b>   | <b>(13,737,332)</b> | <b>(6,812,712)</b>  | <b>(464,802)</b>   | <b>(12,766,896)</b> | <b>(3,798,874)</b>  |
| Overseas  | 994,261            | (10,907,577)        | (3,536,180)         | 930,875            | (9,937,141)         | (522,340)           |
| Caixa Econômica Federal   | (768,668)          | (1,550,396)         | (1,534,549)         | (768,668)          | (1,550,396)         | (1,534,550)         |
| BNDES   | (486,853)          | (985,588)           | (1,368,097)         | (486,853)          | (985,588)           | (1,368,097)         |
| Finame  | (117,245)          | (247,700)           | (293,493)           | (117,245)          | (247,700)           | (293,495)           |
| Tesouro Nacional  | (12,096)           | (22,090)            | (28,964)            | (12,096)           | (22,090)            | (28,964)            |
| Other   | (10,815)           | (23,981)            | (51,429)            | (10,815)           | (23,981)            | (51,428)            |
| <b>Foreign exchange profit/(loss) on overseas investments<sup>(1)</sup></b> | <b>--</b>          | <b>--</b>           | <b>--</b>           | <b>447,215</b>     | <b>5,383,869</b>    | <b>(537,003)</b>    |
| <b>Total</b>  | <b>(6,247,661)</b> | <b>(51,079,590)</b> | <b>(42,832,715)</b> | <b>(4,054,662)</b> | <b>(41,006,451)</b> | <b>(36,574,031)</b> |

(1) The credit balances presented arise from the negative exchange variation of the period (depreciation of the Real against the Dollar).



In thousand of Reais, unless otherwise stated

## 19 - RESOURCES FROM ISSUANCE OF DEBT SECURITIES

### a) Breakdown

|                                       | Banco do Brasil    |                    | BB Consolidated    |                    |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                       | Dec 31, 2020       | Dec 31, 2019       | Dec 31, 2020       | Dec 31, 2019       |
| Funds from issuance of securities (b) | 118,381,903        | 124,672,862        | 124,768,859        | 129,650,920        |
| Subordinated debts (c)                | 50,009,050         | 50,527,724         | 49,963,306         | 50,487,374         |
| Equity and debt hybrid securities (d) | 36,576,405         | 34,298,496         | 28,459,975         | 26,192,232         |
| <b>Total</b>                          | <b>204,967,358</b> | <b>209,499,082</b> | <b>203,192,140</b> | <b>206,330,526</b> |
| Current liabilities                   | 43,853,991         | 49,507,023         | 43,913,905         | 49,570,961         |
| Non-current liabilities               | 161,113,367        | 159,992,059        | 159,278,235        | 156,759,565        |

### b) Funds from issuance of securities

| Funding  | Currency | Issued value             | Remuneration p.a.                                     | Issue date | Maturity | BB Consolidated    |                    |
|--|----------|--------------------------|---|------------|----------|--------------------|--------------------|
|  |          |                          |   |            |          | Dec 31, 2020       | Dec 31, 2019       |
| <b>Banco do Brasil</b>   |          |                          |   |            |          | <b>118,381,903</b> | <b>124,672,862</b> |
| <b>Global Medium - Term Notes Program</b>  |          |                          |   |            |          | <b>15,850,558</b>  | <b>14,488,650</b>  |
|  | USD      | 500,000                  | 6.00%   | 2010       | 2020     | --                 | 2,067,578          |
|  | USD      | 1,000,000                | 4.63%   | 2017       | 2025     | 5,286,224          | 4,096,037          |
|  | BRL      | 293,085                  | 10.15%  | 2017       | 2027     | 366,360            | 367,073            |
|  | USD      | 750,000                  | 4.88%   | 2018       | 2023     | 3,932,664          | 3,049,310          |
|  | COP      | 160,000,000              | 8.51%   | 2018       | 2025     | 304,179            | 232,007            |
|  | USD      | 750,000                  | 4.75%   | 2019       | 2024     | 3,944,455          | 3,058,215          |
|  | BRL      | 398,000                  | 9.50%   | 2019       | 2026     | 469,785            | 467,185            |
|  | MXN      | 1,900,000                | 8.50%   | 2019       | 2026     | 604,458            | 457,127            |
|  | COP      | 520,000,000              | 6.50%   | 2019       | 2027     | 942,433            | 694,118            |
| <b>"Senior Notes"</b>  |          |                          |   |            |          | <b>9,448,593</b>   | <b>7,311,966</b>   |
|  | USD      | 1,809,700 <sup>(1)</sup> | 3.88%   | 2012       | 2022     | 9,448,593          | 7,311,966          |
| <b>Structured notes</b>  |          |                          |   |            |          | <b>305,850</b>     | <b>88,145</b>      |
|  | EUR      | 18,400                   | 1.93 to 3.55%   |            | 2021     | 118,508            | 84,097             |
|  | USD      | 36,000                   | 2.21 to 4.10%   |            | 2021     | 187,342            | 4,048              |
| <b>Certificates of deposits<sup>(2)</sup></b>                                    |          |                          |   |            |          | <b>5,748,485</b>   | <b>4,606,715</b>   |
| Short term   |          |                          | 0.05 to 3.27%   |            |          | 4,334,395          | 4,108,987          |
| Long term  |          |                          | 1.35 to 3.80%   |            | 2023     | 1,414,090          | 497,728            |
| <b>Certificates of structured operations</b>                                     |          |                          |   |            |          | <b>2,563</b>       | <b>18,641</b>      |
| Short term   |          |                          | 1.96 to 9.87% of DI                                   |            |          | 1,084              | 16,411             |
| Long term  |          |                          | 3.93 to 10.07% of DI                                  |            | 2023     | 1,479              | 2,230              |
| <b>Letters of credit - real estate</b>   |          |                          | <b>65.00 to 96.00% of DI<br/>TR + 7.7151%</b>         |            |          | <b>12,437,868</b>  | <b>16,992,681</b>  |
| Short term   |          |                          |   |            |          | 1,863,775          | 3,411,597          |
| Long term  |          |                          |   |            | 2026     | 10,574,093         | 13,581,084         |
| <b>Letters of credit - agribusiness</b>  |          |                          | <b>70.00 to 102.00% of DI<br/>Fixed 1.77 to 5.24%</b> |            |          | <b>74,210,446</b>  | <b>75,882,064</b>  |
| Short term   |          |                          |   |            |          | 25,537,358         | 34,689,326         |
| Long term  |          |                          |   |            | 2023     | 48,673,088         | 41,192,738         |
| <b>Financial letters</b>   |          |                          | <b>98.25 to 102.00% of DI<br/>Fixed 7.20 to 8.70%</b> |            |          | <b>377,540</b>     | <b>5,284,000</b>   |
| Short term   |          |                          |   |            |          | 376,529            | 4,872,746          |
| Long term  |          |                          |   |            | 2022     | 1,011              | 411,254            |
| <b>Banco Patagonia</b>   |          |                          | <b>Fixed 38.50%<br/>500 pts + Badlar</b>              |            |          | <b>60,287</b>      | <b>69,733</b>      |
| Short term   | ARS      |                          |   |            |          | 60,287             | 69,733             |
| Long term  | ARS      |                          |   |            |          | --                 | --                 |
| <b>Special purpose entities SPE abroad<sup>(3)</sup></b>                         |          |                          |   |            |          | <b>6,349,294</b>   | <b>4,937,535</b>   |
| <b>Securitization of future flow of payment orders from abroad<sup>(3)</sup></b> |          |                          |   |            |          |                    |                    |
|  | USD      | 200,000                  | Libor 3m+1.20%  | 2019       | 2024     | 1,033,053          | 807,318            |
|  | USD      | 200,000                  | 3.70%   | 2019       | 2026     | 1,040,718          | 807,466            |
| <b>Structured notes<sup>(3)</sup></b>  |          |                          |   |            |          |                    |                    |
|  | USD      | 500,000                  | Libor 6m + 2.50%                                      | 2014/2015  | 2034     | 2,610,030          | 2,030,194          |
|  | USD      | 320,000                  | Libor 6m + 3.20%                                      | 2015       | 2030     | 1,665,493          | 1,292,557          |
| <b>Eliminated amount on consolidation<sup>(4)</sup></b>                          |          |                          |   |            |          | <b>(22,625)</b>    | <b>(29,210)</b>    |
| <b>Total</b>   |          |                          |   |            |          | <b>124,768,859</b> | <b>129,650,920</b> |
| Current liabilities  |          |                          |   |            |          | 32,479,278         | 49,238,035         |
| Non-current liabilities  |          |                          |   |            |          | 92,289,581         | 80,412,885         |

(1) Refers to the outstanding value since partial repurchases occurred.

(2) Securities issued abroad in USD.

(3) Information about SPEs may be found in Note 2.f.

(4) Refers to securities issued by Banco do Brasil Conglomerate, which are in possession of overseas subsidiaries/entities.



In thousand of Reais, unless otherwise stated

**c) Subordinated debts**

| Funding   | Currency | Issued value | Remuneration p.a.              | Issue date | Maturity | Dec 31, 2020      | Dec 31, 2019      |
|---|----------|--------------|--------------------------------|------------|----------|-------------------|-------------------|
| <b>FCO – Resources from Fundo Constitucional do Centro-Oeste</b>  |          |              |                                |            |          | <b>26,403,208</b> | <b>29,336,898</b> |
| <b>Subordinated debt abroad</b>                                   |          |              |                                |            |          | <b>15,387,511</b> | <b>11,999,497</b> |
|   | USD      | 660,000      | 5.38%                          | 2010       | 2021     | 3,514,727         | 2,724,052         |
|   | USD      | 1,500,000    | 5.88%                          | 2011       | 2022     | 7,927,674         | 6,181,924         |
|   | USD      | 750,000      | 5.88%                          | 2012       | 2023     | 3,945,110         | 3,093,521         |
| <b>Subordinated letters of credit</b>                             |          |              |                                |            |          | <b>8,218,331</b>  | <b>9,191,329</b>  |
|   |          | 150,500      | 112.50% of CDI<br>5.45% + IPCA | 2012       | 2020     | --                | 330,801           |
|   |          | 540,623      | 112.00% to 114.00% of CDI      | 2014       | 2020     | --                | 972,139           |
|   |          | 3,868,384    | 113.00% to 115.00% of CDI      | 2014       | 2021     | 7,283,702         | 7,059,258         |
|   |          | 400,000      | 8.08% + IPCA                   | 2014       | 2022     | 934,629           | 829,131           |
| <b>Total subordinated debt issued by Banco do Brasil</b>          |          |              |                                |            |          | <b>50,009,050</b> | <b>50,527,724</b> |
| Eliminated amount on consolidation                                |          |              |                                |            |          | (45,744)          | (40,350)          |
| <b>Total subordinated debt issued consolidated <sup>(1)</sup></b> |          |              |                                |            |          | <b>49,963,306</b> | <b>50,487,374</b> |
| Current liabilities   |          |              |                                |            |          | 11,134,396        | 332,926           |
| Non-current liabilities   |          |              |                                |            |          | 38,828,910        | 50,154,448        |

(1) The amount of R\$ 29,676,974 thousand (R\$ 35,796,321 thousand as of December 31, 2019) comprise the tier II of the Referential Equity (RE).

**d) Equity and debt hybrid securities**

| Funding  | Currency | Issued value <sup>(1)</sup> | Remuneration p.a.    | Issue date     | Dec 31, 2020      | Dec 31, 2019      |
|--|----------|-----------------------------|----------------------|----------------|-------------------|-------------------|
| <b>Perpetual bonds</b>                                 |          |                             |                      |                |                   |                   |
|  | USD      | 851,012                     | 8.50%                | 10/2009        | --                | 3,680,805         |
|  | USD      | 1,285,950                   | 9.25%                | 01 and 03/2012 | 6,915,600         | 5,428,215         |
|  | USD      | 1,950,000                   | 6.25%                | 01/2013        | 10,250,286        | 8,101,231         |
|  | BRL      | 8,100,000                   | 5.50% <sup>(2)</sup> | 09/2012        | 8,221,320         | 8,334,618         |
|  | USD      | 2,150,000                   | 9.00%                | 06/2014        | 11,189,199        | 8,753,627         |
| <b>Total Banco do Brasil</b>                           |          |                             |                      |                | <b>36,576,405</b> | <b>34,298,496</b> |
| Eliminated amount on consolidation                     |          |                             |                      |                | (16,430)          | (6,264)           |
| Total reclassified to shareholders' equity (Note 23.c) |          |                             |                      |                | (8,100,000)       | (8,100,000)       |
| <b>Total BB Consolidated</b>                           |          |                             |                      |                | <b>28,459,975</b> | <b>26,192,232</b> |
| Current liabilities                                    |          |                             |                      |                | 300,231           | --                |
| Non-current liabilities                                |          |                             |                      |                | 28,159,744        | 26,192,232        |

(1) Refers to the outstanding value in US dollars funding, as partial repurchases of these instruments occurred.

(2) The remuneration is fully variable since August 28, 2014 (Note 23.c).

The amount of R\$ 27,932,263 thousand of the Perpetual bonds is included in the Referential Equity (R\$ 25,091,108 thousand as of December 31, 2019), this information is presented in Note 30.c.

Banco do Brasil exercised on October 20, 2020 the call option of the total perpetual debt security issued in 2009 of USD 1,500,000 thousand (outstanding value USD 851,012 thousand), in force under the Basel II rules. The redemption was for 100% of its face value and interest accrued and unpaid to date, amounting R\$ 4,953 billion.





In thousand of Reais, unless otherwise stated

The bonds issued in January 2012 and March 2012 (reopening) of USD 1,750,000 thousand (outstanding value USD 1,285,950 thousand), and the bonds issued in January 2013 of USD 2,000,000 thousand (outstanding value USD 1,950,000 thousand), had their terms and conditions modified on September 27, 2013, in order to adjust them to the rules of Bacen through CMN Resolution 4,192 of March 1, 2013, which regulates the implementation of Basel III in Brazil. The changes were effective from October 1, 2013, when the instruments were submitted to Bacen to obtain authorization to be included in the Supplementary Capital (Tier I) of the Bank. The authorization was granted on October 30, 2013.

The bonds issued in June 2014 of USD 2,500,000 thousand (outstanding value USD 2,150,000 thousand), have the option of redemption at the discretion of the Bank from June 18, 2024 or on each subsequent, semi-annual interest payment date, as long as it has been previously authorized by the Central Bank of Brazil. If the Bank does not exercise the option to redeem in June 2024, the interest on the bonds will be adjusted to 6.362% plus the traded rate on 10-year North American Treasury bonds.

If the Bank does not exercise the redemption option in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, the rate of bond interest is adjusted on that date and every 10 years according to the 10-year North American Treasury bonds at the time plus the initial credit spread. The bonds have the following options of redemption, subject to prior authorization of Bacen:

- (i) the Bank may, at its option, redeem the bonds in whole but not in part in April 2023 for the bonds issued in 2012, in April 2024 for the bonds issued in 2013, and in June 2024 for the bonds issued in 2014, and on each subsequent, semi-annual interest payment date, at the base redemption price;
- (ii) the Bank may, at its option, redeem the bonds in whole, but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, before April 2024 for the bonds issued in 2013, and before April 2024 for the bonds issued in 2014, as a result of a tax event, at the base redemption price;
- (iii) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue, as long as it is before April 2023, for the bonds issued in 2012, and in April 2024 for the bonds issued in 2013, on the occurrence of a regulatory event, at the higher value between the base redemption price and the Make-whole amount;
- (iv) the Bank may, at its option, redeem the bonds in whole but not in part, after five years from the date of issue as long as it is before June 2024 for the bonds issued in 2014, on the occurrence of a regulatory event at the base redemption price.

The bonds issued in January and March 2012, in January 2013 and in June 2014 determine that the Bank suspend the semi-annual payments of interest and/or accessories on those securities issued (which will not be due or accrued) if:

- (i) distributable income for the period are not sufficient for making the payment (discretionary condition of the Bank);
- (ii) the Bank does not comply or the payment of such charges does not allow the Bank to comply with the levels of capital adequacy, operating limits, or its financial indicators are under the minimum level required by Brazilian regulations applicable to banks;
- (iii) Bacen or the regulatory authorities determine the suspension of payment of such charges;
- (iv) any event of insolvency or bankruptcy occurs; or
- (v) a default occurs.

According to Basel III rules, the bonds issued in January 2012, March 2012, in January 2013 and in June 2014 have mechanisms of loss absorption. Moreover, if the item (i) occurs, the payment of dividends by Bank to its shareholders will be limited to the minimum required determined by applicable law until the semi-annual interest payments and / or accessories on those titles have been resumed in full. Finally, these bonds will expire permanently and at the minimum value corresponding to the balance recorded in the Tier I capital of the Bank if:

- (i) the main capital of the Bank is less than 5.125% of the amount of risk-weighted assets (RWA);
- (ii) the decision to make a capital injection from the public sector or an equivalent capital contribution to the Bank is taken, in order to maintain the bank's viability;
- (iii) the Central Bank, on a discretionary assessment regulated by the CMN, sets out, in writing, the expiration of the bonds to enable the continuity of the Bank.



In thousand of Reais, unless otherwise stated

**e) Expenses from Issuance of Debt Securities**

|   | Banco do Brasil    |                    |                     | BB Consolidated    |                    |                     |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
|   | 2nd half/2020      | 2020               | 2019                | 2nd half/2020      | 2020               | 2019                |
| <b>Funds from acceptance and issuance of securities</b> | <b>(1,584,207)</b> | <b>(3,909,797)</b> | <b>(7,239,303)</b>  | <b>(1,778,759)</b> | <b>(4,274,015)</b> | <b>(7,492,239)</b>  |
| Letters of credit - agribusiness                        | (680,509)          | (1,862,263)        | (4,233,721)         | (680,509)          | (1,862,263)        | (4,233,721)         |
| Financial bills   | (157,039)          | (394,434)          | (1,001,895)         | (157,039)          | (394,434)          | (1,001,895)         |
| Securities issued abroad                                | (630,574)          | (1,307,688)        | (1,245,197)         | (825,126)          | (1,671,906)        | (1,498,133)         |
| Letters of credit – real estate                         | (115,922)          | (345,068)          | (752,705)           | (115,922)          | (345,068)          | (752,705)           |
| Certificates of structured operations                   | (163)              | (344)              | (5,785)             | (163)              | (344)              | (5,785)             |
| <b>Subordinated debt abroad</b>                         | <b>(456,394)</b>   | <b>(876,561)</b>   | <b>(674,262)</b>    | <b>(456,394)</b>   | <b>(876,561)</b>   | <b>(674,262)</b>    |
| <b>Equity and debt hybrid securities</b>                | <b>(1,375,141)</b> | <b>(2,683,482)</b> | <b>(2,169,971)</b>  | <b>(1,296,559)</b> | <b>(2,562,162)</b> | <b>(2,045,922)</b>  |
| <b>Total</b>  | <b>(3,415,742)</b> | <b>(7,469,840)</b> | <b>(10,083,536)</b> | <b>(3,531,712)</b> | <b>(7,712,738)</b> | <b>(10,212,423)</b> |

**20 - OTHER LIABILITIES****a) Breakdown**

|   | Banco do Brasil    |                   | BB Consolidated    |                   |
|---|--------------------|-------------------|--------------------|-------------------|
|   | Dec 31, 2020       | Dec 31, 2019      | Dec 31, 2020       | Dec 31, 2019      |
| <b>Financial</b>                                  | <b>109,389,378</b> | <b>81,862,089</b> | <b>108,424,340</b> | <b>81,192,010</b> |
| Foreign exchange portfolio (Note 13.c)            | 51,260,444         | 31,721,863        | 51,376,936         | 31,797,425        |
| Credit/debit card operations                      | 30,591,884         | 28,110,672        | 30,774,028         | 28,114,307        |
| Financial and development funds (Note 20.b)       | 21,650,544         | 17,012,893        | 21,650,544         | 17,012,893        |
| Other   | 5,886,506          | 5,016,661         | 4,622,832          | 4,267,385         |
| Current liabilities                               | 90,989,430         | 49,777,507        | 91,689,574         | 50,565,640        |
| Non-current liabilities                           | 18,399,948         | 32,084,582        | 16,734,766         | 30,626,370        |
| <b>Non-financial</b>                              | <b>27,620,367</b>  | <b>36,910,980</b> | <b>31,270,138</b>  | <b>42,230,142</b> |
| Actuarial liabilities (Note 29.e)                 | 16,033,678         | 25,509,836        | 16,033,678         | 25,509,836        |
| Sundry creditors <sup>(1)</sup>                   | 4,305,854          | 3,824,791         | 7,266,865          | 6,543,049         |
| Billing and collection of taxes and contributions | 388,859            | 444,627           | 392,242            | 449,068           |
| Third party payment obligations                   | 2,861,625          | 2,104,665         | 2,861,625          | 2,104,665         |
| Shareholders and statutory distributions          | 2,065,789          | 2,598,421         | 2,486,199          | 4,790,252         |
| Liabilities for oficial agreements                | 893,291            | 1,132,122         | 893,291            | 1,132,122         |
| Unearned revenues                                 | --                 | --                | 142,583            | --                |
| Other   | 1,071,271          | 1,296,518         | 1,193,655          | 1,701,150         |
| Current liabilities                               | 27,489,087         | 36,853,230        | 29,705,397         | 40,934,294        |
| Non-current liabilities                           | 131,280            | 57,750            | 1,564,741          | 1,295,848         |

(1) Includes the amount of R\$ 492,918 thousand (R\$ 492,918 thousand on December 31, 2019) relating to obligations with the Federal Government, from extended and securitized rural transactions under Law 9,138/1995, assigned through Provisional Measure 2,196/2001, in a reconciliation process with the National Treasury Secretariat.



In thousand of Reais, unless otherwise stated

**b) Financial and development funds**

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Dec 31, 2020      | Dec 31, 2019      | Dec 31, 2020      | Dec 31, 2019      |
| Marinha Mercante  | 8,103,425         | 7,663,597         | 8,103,425         | 7,663,597         |
| Fundo Constitucional do Centro Oeste - FCO <sup>(1)</sup> | 9,771,373         | 4,066,726         | 9,771,373         | 4,066,726         |
| Fundo de Desenvolvimento do Nordeste - FDNE               | 1,719,753         | 1,641,809         | 1,719,753         | 1,641,809         |
| Pasep <sup>(2)</sup>                                      | 314,982           | 1,374,355         | 314,982           | 1,374,355         |
| Fundo de Desenvolvimento do Centro Oeste - FDCO           | 258,860           | 1,074,649         | 258,860           | 1,074,649         |
| Funds from Governo do Estado de São Paulo                 | 756,060           | 879,565           | 756,060           | 879,565           |
| Other   | 726,091           | 312,192           | 726,091           | 312,192           |
| <b>Total</b>  | <b>21,650,544</b> | <b>17,012,893</b> | <b>21,650,544</b> | <b>17,012,893</b> |
| Current liabilities                                       | 9,278,885         | 8,659,015         | 9,278,885         | 8,659,015         |
| Non-current liabilities                                   | 12,371,659        | 8,353,878         | 12,371,659        | 8,353,878         |

(1) CMN Resolution 4,192/2013 limited FCO resources to be considered as tier II of the Referential Equity – RE (Note 20.c), thus the amount disclosed refers to what exceed this value. The amount of R\$ 9,561,153 thousand refers to funds applied (remunerated at the rates on the loans funded with these amounts less the del credere of the financial institution, according to article 9 of Law 7,827/1989) and R\$ 210,220 thousand refers resources available (remunerated based on extra-market rate announced by the Banco Central do Brasil, according to article 9 of Law 7,827/1989).

(2) The Bank is administrator of the Public Servant Heritage Formation Program (Pasep), guaranteeing a minimum return equal to the Long-Term Interest Rate - TJLP.

**c) Other funding expenses**

|  | Banco do Brasil  |                    |                    | BB Consolidated  |                    |                    |
|--|------------------|--------------------|--------------------|------------------|--------------------|--------------------|
|  | 2nd half/2020    | 2020               | 2019               | 2nd half/2020    | 2020               | 2019               |
| Financial and development funds <sup>(1)</sup> | 309              | (2,141,987)        | (847,864)          | 309              | (2,141,987)        | (847,864)          |
| Other  | (351,269)        | (634,957)          | (586,990)          | (272,989)        | (514,324)          | (478,901)          |
| <b>Total</b>                                   | <b>(350,960)</b> | <b>(2,776,944)</b> | <b>(1,434,854)</b> | <b>(272,680)</b> | <b>(2,656,311)</b> | <b>(1,326,765)</b> |

(1) Includes the interest payment about FCO financial intermediation, according to Law 7,827/1989 (Note 20.b).

**21 - PROVISIONS****a) Breakdown**

|   | Banco do Brasil   |                   | BB Consolidated   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Dec 31, 2020      | Dec 31, 2019      | Dec 31, 2020      | Dec 31, 2019      |
| <b>Provisions for civil, tax and labor claims (b)</b>           | <b>26,807,922</b> | <b>25,239,763</b> | <b>27,288,400</b> | <b>25,480,105</b> |
| Civil lawsuits  | 9,195,502         | 8,697,684         | 9,579,206         | 8,851,582         |
| Labor lawsuits  | 4,442,070         | 3,610,333         | 4,499,477         | 3,663,769         |
| Tax lawsuits  | 408,370           | 382,388           | 440,539           | 415,396           |
| Provision for tax risks (restatement of deposit) <sup>(1)</sup> | 12,761,980        | 12,549,358        | 12,769,178        | 12,549,358        |
| <b>Other provisions</b>   | <b>6,185,624</b>  | <b>5,796,760</b>  | <b>6,747,770</b>  | <b>6,072,507</b>  |
| Provisions for pending payments                                 | 4,031,911         | 4,543,424         | 4,593,046         | 4,817,378         |
| Financial guarantees (c)  | 752,249           | 436,414           | 752,473           | 437,136           |
| Other   | 1,401,464         | 816,922           | 1,402,251         | 817,993           |
| <b>Total</b>  | <b>32,993,546</b> | <b>31,036,523</b> | <b>34,036,170</b> | <b>31,552,612</b> |

(1) It includes, in BB Consolidated, the amount of R\$ 7,198 thousand related to BB Consórcio.

**b) Provisions, contingent assets and liabilities, legal liabilities****Contingent assets**

Contingent assets are not recognized in the financial statements according to CPC 25 – Provisions, Contingent Liabilities and Contingent Assets.



## Labor lawsuits

The Bank is a party to labor claims involving mainly former employees, banking industry unions or former employees of companies that provide services (outsourced). These claims cover requests of compensation, overtime, incorrect working hours, and additional functions bonus, subsidiary liability, among others.

## Tax lawsuits

The Bank, in spite of its conservative profile, may receive tax inquiries during inspections by the tax authorities, which could lead to the issuance of tax notices. These notices relate to the calculation base for income/social contribution taxes (mainly regarding deductibility) and matters involving payment of other taxes (based upon the occurrence of certain events). Most claims arising from the notices relate to service tax (ISSQN), income tax, social contribution (CSLL), the Social Integration Program (PIS), Contribution to Social Security Financing (Cofins), Tax on Financial Transactions (IOF), and Employer Social Security Contributions (INSS). As a guarantee in some of these cases, the Bank has pledged collateral in the form of cash, bonds, real estate or judicial deposits when necessary, preventing the Bank to be included in restrictive registration, as well as not to obstruct the semiannual renewal of its tax regularity certificate.

## Civil lawsuits

Civil lawsuits relate mainly to claims from customers and users of the Bank's network. In most cases, they are requesting indemnification for material or moral damages arising from banking products or services and Economic Plans (Bresser Plan, Verão Plans and Collor Plans I and II).

Indemnifications for material and moral damages are ordinarily based on consumer protection laws and generally settled in specific civil courts. The awards are limited to forty times the minimum wage.

The Bank is a defendant in claims seeking the payment and refunding the overpayment of the difference between the actual inflation rate and the inflation rate used for the adjustment of financial investments and rural credit when Economic Plans were implemented in the late 1980's and early 1990's.

Although it complied with prevailing laws and regulations at the time, the Bank set-up provisions for these lawsuits. The provisions consider claims brought against the Bank and the loss risk. Loss probabilities are determined after an analysis of each claim considering the most recent decisions in the Superior Courts of Justice (STJ) in the Federal Supreme Court (STF).

With respect to cases involving the financial investments related to Economic Plans, the Federal Supreme Court (STF) suspended prosecution of all cases in the knowledge phase. This will be the case until the court issues a definitive ruling. In the end of 2017, Febraban and the entities representing the savers signed an agreement about the demands involving the economic plans in savings accounts. This agreement has already been approved by the Federal Supreme Court. Since May 2018, savers will can join the agreement, through a tool made available by Febraban. On March 12, 2020, the contract was granted for more than 5 years, according to the Amendment signed by the entities representing financial institutions and consumers.

Regarding lawsuits related to inflationary purges in judicial deposits, Minister Edson Fachin of the Federal Supreme Court, after acknowledging the general repercussion of the constitutional matter dealt with in the Extraordinary Appeal interposed by the Bank, the Caixa Econômica Federal, the Federal Government and the Febraban (RE no. 1,141,156/RJ), has ordered the suspension of the processes that deal with the matter and that process in the national territory, which was confirmed by STF on September 11, 2019.

The Bank is a defendant on civil lawsuits moved by rural credit borrowers linked to Collor Plan I. The plaintiffs motioned that the Bank indexed their loans incorrectly and is liable to pay the difference. In 2015, Superior Courts of Justice (STJ) decided on the Special Appeal RESP 1,319,232-DF in the Public Civil Lawsuit ACP 94,008514-1, that the Federal Government, the Brazilian Central Bank and the Bank are jointly and severally liable for the indexation differences between the Customer Price Index (IPC - 84.32%) and the National Treasure Bonus (BTN - 41.28%), as found in March, 1990. The defendants appealed and the litigation has yet to be resolved. A suspensive effect was attributed to be Extraordinary



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Appeal interposed by Banco do Brasil until the STF judges Extraordinary Appeal 1,101,937/SP, which deals about the territorial extension of the collective sentence.

### Provisions for labor, tax and civil claims – probable loss

The Bank recorded a provision for labor, tax and civil demands with risk of loss probable, quantified using individual or aggregated methodology (includes processes with the author's probability of success equal to remote, possible or probable), according to the nature and / or process value.

The estimates of outcome and financial effect are determined by the nature of the claims, the management's judgment, by the opinion of legal counsel on the basis of process elements, complemented by the complexity and the experience of similar demands.

The Management considers to be sufficient the provision for losses of labor, tax and civil claims.

### Changes in the provisions for civil, tax and labor claims classified as probable

|   | Banco do Brasil   |                   |                   | BB Consolidated   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2nd half/2020     | 2020              | 2019              | 2nd half/2020     | 2020              | 2019              |
| <b>Labor lawsuits</b>                         |                   |                   |                   |                   |                   |                   |
| <b>Opening balance</b>                        | <b>3,824,105</b>  | <b>3,610,333</b>  | <b>2,467,663</b>  | <b>3,878,798</b>  | <b>3,663,769</b>  | <b>2,520,968</b>  |
| Addition                                      | 1,500,612         | 2,392,065         | 3,404,673         | 1,513,078         | 2,410,796         | 3,421,168         |
| Reversal of the provision                     | (171,344)         | (427,202)         | (779,312)         | (178,417)         | (440,413)         | (794,202)         |
| Write off                                     | (842,244)         | (1,377,661)       | (1,712,347)       | (845,447)         | (1,382,776)       | (1,715,528)       |
| Inflation correction and exchange fluctuation | 130,941           | 244,535           | 229,656           | 131,465           | 248,101           | 231,363           |
| <b>Closing balance</b>                        | <b>4,442,070</b>  | <b>4,442,070</b>  | <b>3,610,333</b>  | <b>4,499,477</b>  | <b>4,499,477</b>  | <b>3,663,769</b>  |
|   |                   |                   |                   |                   |                   |                   |
| <b>Tax lawsuits</b>                           |                   |                   |                   |                   |                   |                   |
| <b>Opening balance</b>                        | <b>385,303</b>    | <b>382,388</b>    | <b>227,592</b>    | <b>419,459</b>    | <b>415,396</b>    | <b>262,724</b>    |
| Addition                                      | 101,310           | 192,791           | 457,918           | 117,506           | 211,523           | 467,063           |
| Reversal of the provision                     | (48,329)          | (118,376)         | (89,329)          | (62,834)          | (136,246)         | (95,818)          |
| Write off                                     | (32,229)          | (55,049)          | (228,742)         | (33,808)          | (56,628)          | (230,246)         |
| Inflation correction and exchange fluctuation | 2,315             | 6,616             | 14,949            | 216               | 6,494             | 11,673            |
| <b>Closing balance</b>                        | <b>408,370</b>    | <b>408,370</b>    | <b>382,388</b>    | <b>440,539</b>    | <b>440,539</b>    | <b>415,396</b>    |
|   |                   |                   |                   |                   |                   |                   |
| <b>Civil lawsuits</b>                         |                   |                   |                   |                   |                   |                   |
| <b>Opening balance</b>                        | <b>8,590,707</b>  | <b>8,697,684</b>  | <b>6,906,062</b>  | <b>8,761,751</b>  | <b>8,851,582</b>  | <b>6,997,444</b>  |
| Addition                                      | 2,020,837         | 3,274,000         | 11,269,702        | 2,273,143         | 3,547,535         | 11,385,383        |
| Reversal of the provision                     | (40,643)          | (290,614)         | (3,008,457)       | (60,578)          | (326,014)         | (3,043,552)       |
| Write off                                     | (1,498,645)       | (2,710,405)       | (6,704,572)       | (1,500,473)       | (2,714,146)       | (6,709,848)       |
| Inflation correction and exchange fluctuation | 123,246           | 224,837           | 234,949           | 105,363           | 220,249           | 222,155           |
| <b>Closing balance</b>                        | <b>9,195,502</b>  | <b>9,195,502</b>  | <b>8,697,684</b>  | <b>9,579,206</b>  | <b>9,579,206</b>  | <b>8,851,582</b>  |
|   |                   |                   |                   |                   |                   |                   |
| <b>Total labor, tax and civil</b>             | <b>14,045,942</b> | <b>14,045,942</b> | <b>12,690,405</b> | <b>14,519,222</b> | <b>14,519,222</b> | <b>12,930,747</b> |

### Expected outflows of economic benefits

|               | Banco do Brasil  |                |                  | BB Consolidated  |                |                  |
|---------------|------------------|----------------|------------------|------------------|----------------|------------------|
|               | Labor            | Tax            | Civil            | Labor            | Tax            | Civil            |
| Up to 5 years | 3,831,838        | 154,471        | 7,494,617        | 3,888,810        | 174,255        | 7,831,180        |
| Over 5 years  | 610,232          | 253,899        | 1,700,885        | 610,667          | 266,284        | 1,748,026        |
| <b>Total</b>  | <b>4,442,070</b> | <b>408,370</b> | <b>9,195,502</b> | <b>4,499,477</b> | <b>440,539</b> | <b>9,579,206</b> |

The scenario of unpredictability of the duration of proceedings, and the possibility of changes in the case law of the courts, make values and the expected outflows of economic benefits uncertain.



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## Contingent liabilities – possible loss

The labor, tax and civil lawsuits for which the risk of loss is considered possible do not require provisions when the final outcome of the process is unclear and when the probability of losing is less than probable and higher than the remote.

### The balances of contingent liabilities classified as possible loss

|                             | Banco do Brasil   |                   | BB Consolidated   |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
|                             | Dec 31, 2020      | Dec 31, 2019      | Dec 31, 2020      | Dec 31, 2019      |
| Labor lawsuits              | 98,276            | 162,432           | 155,729           | 229,907           |
| Tax lawsuits <sup>(1)</sup> | 13,115,848        | 10,679,385        | 14,000,019        | 11,426,347        |
| Civil lawsuits              | 2,351,648         | 2,012,078         | 2,527,303         | 2,184,916         |
| <b>Total</b>                | <b>15,565,772</b> | <b>12,853,895</b> | <b>16,683,051</b> | <b>13,841,170</b> |

(1) The main contingencies originate from (i) notices of labor infraction from the National Social Security Institute (INSS) aiming at the payment of contributions applicable on year-end bonuses paid under the collective agreements in the period from 1995 to 2006, in the amount of R\$ 1,362,273 thousand, public transport pay and use of private car by employees of Banco do Brasil, in the amount of R\$ 955,656 thousand and employee profit sharing corresponding to the period from April 2001 to October 2003, in the amount of R\$ 1,239,027 thousand; and (ii) notices of tax assessment drawn by the Treasuries of the Municipalities, which amounts R\$ 1,753,531 thousand.

## Deposits in guarantee

### Deposits given in guarantee of contingencies

|                | Banco do Brasil   |                   | BB Consolidated   |                   |
|----------------|-------------------|-------------------|-------------------|-------------------|
|                | Dec 31, 2020      | Dec 31, 2019      | Dec 31, 2020      | Dec 31, 2019      |
| Labor lawsuits | 6,242,101         | 5,602,024         | 6,275,600         | 5,633,273         |
| Tax lawsuits   | 8,852,638         | 8,649,092         | 9,411,760         | 9,208,340         |
| Civil lawsuits | 18,643,924        | 18,565,730        | 18,687,428        | 18,624,033        |
| <b>Total</b>   | <b>33,738,663</b> | <b>32,816,846</b> | <b>34,374,788</b> | <b>33,465,646</b> |

## Legal liabilities

The Bank has a record in Provisions – Provisions for civil, tax and labor claims and Tax liabilities – Current tax liabilities the amount of R\$ 19,333,653 thousand (R\$ 19,121,031 thousand on December 31, 2019) relating to the following action:

In 1998, the Bank requested full compensation of the accumulated tax losses of income tax and the negative calculation bases of social contribution. Since then, the Bank has fully offset tax losses and negative bases with the due amount of income tax and social contribution, making a full deposit of the amount due (70% of the amount offset), which led to the court order, determining the Suspension of the enforceability of said taxes.

In June 26, 2019, the STF finalized the Extraordinary Appeal judgment (RE 591,340-SP) and concluded that the 30% limitation of the right to offset tax losses and the negative basis is constitutional. This conclusion of the STF will be reflected in the judgment of the Extraordinary Appeal interposed by Banco do Brasil.

The offsetting of tax loss carry forward and recoverable social contribution has resulted in the write-off of deferred tax assets, observing the limitation of 30%.

Deferred taxes including corporate income tax and social contribution on the interest / inflation restatements of judicial deposits are being offset with the tax credits resulting from the provision related to that judicial deposit, in accordance with article 9 of CMN Resolution 4,842/2020, with no impact on income.

After the judgment of the Bank's Extraordinary Appeal, the amounts deposited in escrow will be converted into income in favor of the Federal Government and will be reclassified, to the assets of IRPJ to offset and CSLL to offset, the installments of IRPJ and CSLL tax losses, respectively, that could have been used since the October 2005 and February 2009 accrual, observing the limitation of 30%.



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The taxes recoverable, which would result from the adjustments to prior year Statements of economic-fiscal information of businesses, corresponds to R\$ 6,010,012 thousand as of December 31, 2020 and updating by the Selic rate results in a further recoverable amount of R\$ 5,161,394 thousand.

### The amounts related to this matter

|  | Dec 31, 2020      | Dec 31, 2019      |
|--|-------------------|-------------------|
| <b>Judicial deposits</b>   | <b>19,333,653</b> | <b>19,121,031</b> |
| Amount realized (70%)  | 7,817,011         | 7,817,011         |
| Inflation correction   | 11,516,642        | 11,304,020        |
| <b>Legal liability – provision for lawsuit</b>   | <b>19,333,653</b> | <b>19,121,031</b> |
| Tax losses of income tax (Tax liabilities – Current tax liabilities)   | 3,002,033         | 3,002,033         |
| Social contribution negative bases/social contribution recoverable (Tax liabilities – Current tax liabilities) | 3,569,640         | 3,569,640         |
| Provision for tax risks (restatement of deposit)   | 12,761,980        | 12,549,358        |

### c) Financial Guarantees

|  | Banco do Brasil   |                |                   |                | BB Consolidated   |                |                   |                |
|--|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|
|  | Dec 31, 2020      |                | Dec 31, 2019      |                | Dec 31, 2020      |                | Dec 31, 2019      |                |
|  | Guaranteed values | Allowance      | Guaranteed values | Allowance      | Guaranteed values | Allowance      | Guaranteed values | Allowance      |
| Other financial guarantees provided <sup>(1)</sup>                               | 2,976,940         | 598,932        | 2,317,173         | 151,648        | 2,671,307         | 599,156        | 2,032,243         | 152,370        |
| Guarantees related to bidding, auctions, service rendering or execution of works | 906,105           | 89,646         | 1,286,557         | 241,828        | 906,105           | 89,646         | 1,286,645         | 241,828        |
| Sureties or guarantees in lawsuits and in tax-based administrative proceedings   | 456,289           | 55,680         | 458,456           | 39,246         | 327,223           | 55,680         | 329,390           | 39,246         |
| Other bank guarantees  | 5,320,997         | 7,883          | 3,877,136         | 3,574          | 5,453,866         | 7,883          | 3,974,682         | 3,574          |
| Guarantees related to the supply of goods  | 161,941           | 53             | 280,689           | 108            | 161,941           | 53             | 280,689           | 108            |
| Guarantees related to international trade of goods                               | 46,442            | 55             | 88,372            | 10             | 46,442            | 55             | 88,372            | 10             |
| Other guarantees   | --                | --             | --                | --             | 2,308             | --             | 1,640             | --             |
| <b>Total</b>   | <b>9,868,714</b>  | <b>752,249</b> | <b>8,308,383</b>  | <b>436,414</b> | <b>9,569,192</b>  | <b>752,473</b> | <b>7,993,661</b>  | <b>437,136</b> |

(1) Refers mainly to guarantees provided in foreign currency.

The operations of financial guarantees provided are evaluated through the risk classification models of operations in force in the institution, in the same format as the credit operations, which follow the provisions of CMN Resolutions 2,682 and 2,697 disclosed on December 21, 1999 and February 24, 2000, respectively, which set out the classification criteria for credit operations and the rules for the constitution of allowance for losses associated with credit risk.

The risk classification of operations is carried out by applying methodologies developed that take into account the characteristics of customers, operations and guarantees. The final result of the classification is the assignment of risk according to the scale contained in CMN Resolution 2,682, which defines the percentage of provision that should be allocated to the operation.

### d) Provisions expenses

|   | Banco do Brasil    |                    |                     | BB Consolidated    |                    |                     |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
|   | 2nd half/2020      | 2020               | 2019                | 2nd half/2020      | 2020               | 2019                |
| <b>Provisions for civil, tax and labor claims</b> | <b>(2,340,015)</b> | <b>(3,870,486)</b> | <b>(11,290,115)</b> | <b>(2,607,186)</b> | <b>(4,176,118)</b> | <b>(11,417,264)</b> |
| Labor   | (1,460,209)        | (2,209,398)        | (2,855,017)         | (1,466,126)        | (2,218,484)        | (2,858,329)         |
| Civil   | (747,904)          | (1,367,435)        | (6,597,892)         | (1,009,500)        | (1,663,055)        | (6,721,969)         |
| Tax   | (55,296)           | (81,031)           | (383,538)           | (54,888)           | (81,771)           | (382,918)           |
| Provision for tax risks (restatement of deposit)  | (76,606)           | (212,622)          | (1,453,668)         | (76,672)           | (212,808)          | (1,454,048)         |
| <b>Other</b>                                      | <b>(817,537)</b>   | <b>(905,038)</b>   | <b>(84,599)</b>     | <b>(818,362)</b>   | <b>(905,049)</b>   | <b>(83,635)</b>     |
| Financial guarantees                              | (231,142)          | (317,008)          | (78,675)            | (231,967)          | (317,019)          | (77,711)            |
| Other   | (586,395)          | (588,030)          | (5,924)             | (586,395)          | (588,030)          | (5,924)             |
| <b>Total</b>                                      | <b>(3,157,552)</b> | <b>(4,775,524)</b> | <b>(11,374,714)</b> | <b>(3,425,548)</b> | <b>(5,081,167)</b> | <b>(11,500,899)</b> |



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**22 - TAXES****a) Breakdown of income tax (IR) and social contribution expenses (CSLL)**

|   | Banco do Brasil  |                  |                    | BB Consolidated    |                    |                    |
|---|------------------|------------------|--------------------|--------------------|--------------------|--------------------|
|   | 2nd half/2020    | 2020             | 2019               | 2nd half/2020      | 2020               | 2019               |
| <b>Current values</b>   | <b>(149,862)</b> | <b>(189,479)</b> | <b>(213,661)</b>   | <b>(1,937,261)</b> | <b>(3,613,714)</b> | <b>(4,899,888)</b> |
| Domestic income tax and social contribution                   | (143,457)        | (145,308)        | (177,207)          | (1,736,308)        | (3,100,863)        | (4,279,505)        |
| Foreign income tax  | (6,405)          | (44,171)         | (36,454)           | (200,953)          | (512,851)          | (620,383)          |
| <b>Deferred values</b>  | <b>1,223,468</b> | <b>5,040,807</b> | <b>11,835,586</b>  | <b>1,314,361</b>   | <b>5,066,579</b>   | <b>11,760,388</b>  |
| <b>Deferred tax liabilities</b>                               | <b>595,383</b>   | <b>(98,885)</b>  | <b>(1,063,718)</b> | <b>273,191</b>     | <b>(436,350)</b>   | <b>(1,076,742)</b> |
| Leasing – portfolio adjustment and accelerated depreciation   | --               | --               | --                 | (1,572)            | (3,486)            | 6,607              |
| Fair value  | (68,676)         | (111,886)        | (55,430)           | (86,305)           | (142,874)          | (75,061)           |
| Interest and inflation adjustment of fiscal judicial deposits | (34,473)         | (95,680)         | (791,072)          | (34,473)           | (95,680)           | (791,072)          |
| Foreign profits   | 582,449          | --               | --                 | 582,449            | --                 | --                 |
| Transactions carried out on the futures market                | --               | 5,835            | (5,216)            | --                 | 5,835              | (5,216)            |
| Recovered term credits  | 116,083          | 102,846          | (212,000)          | 116,083            | 102,846            | (212,000)          |
| Unrealized gains (BB-BI)                                      | --               | --               | --                 | (302,991)          | (302,991)          | --                 |
| <b>Deferred tax assets</b>                                    | <b>628,085</b>   | <b>5,139,692</b> | <b>12,899,304</b>  | <b>1,041,170</b>   | <b>5,502,929</b>   | <b>12,837,130</b>  |
| Temporary differences   | 3,458,852        | 5,303,345        | 11,790,491         | 3,883,642          | 5,665,067          | 11,725,282         |
| Tax losses/CSLL negative bases                                | (2,704,669)      | (61,533)         | 1,162,570          | (2,704,669)        | (61,533)           | 1,162,570          |
| Fair value  | (105,589)        | (124,450)        | (53,757)           | (117,294)          | (122,935)          | (50,722)           |
| Transactions carried out on the futures market                | (20,509)         | 22,330           | --                 | (20,509)           | 22,330             | --                 |
| <b>Total</b>  | <b>1,073,606</b> | <b>4,851,328</b> | <b>11,621,925</b>  | <b>(622,900)</b>   | <b>1,452,865</b>   | <b>6,860,500</b>   |

**b) Reconciliation of income tax and social contribution charges**

|  | Banco do Brasil  |                  |                   | BB Consolidated  |                   |                   |
|--|------------------|------------------|-------------------|------------------|-------------------|-------------------|
|  | 2nd half/2020    | 2020             | 2019              | 2nd half/2020    | 2020              | 2019              |
| <b>Profit Before Taxation and Profit Sharing</b>                     | <b>5,827,507</b> | <b>9,223,167</b> | <b>8,607,137</b>  | <b>8,456,752</b> | <b>14,389,613</b> | <b>16,121,177</b> |
| Total charges of IR (25%) and CSLL (20%) <sup>(1)</sup>              | (2,622,378)      | (4,150,425)      | (3,442,855)       | (3,805,538)      | (6,475,326)       | (6,448,471)       |
| Charges upon interest on own capital                                 | 1,090,227        | 1,888,600        | 2,693,016         | 1,090,227        | 1,888,600         | 2,693,016         |
| Net gains from equity method investments                             | 1,595,489        | 5,486,189        | 4,216,088         | 774,522          | 1,399,680         | 1,573,618         |
| Employee profit sharing  | 326,555          | 693,029          | 922,134           | 326,668          | 693,720           | 923,677           |
| Effect of the increase in the CSLL rate – EC 103/2019 <sup>(1)</sup> | --               | --               | 4,964,891         | --               | --                | 4,964,891         |
| Other amounts <sup>(2)</sup>   | 683,713          | 933,935          | 2,268,651         | 991,221          | 3,946,191         | 3,153,769         |
| <b>Income Tax and Social Contribution</b>                            | <b>1,073,606</b> | <b>4,851,328</b> | <b>11,621,925</b> | <b>(622,900)</b> | <b>1,452,865</b>  | <b>6,860,500</b>  |

(1) Increase in the CSLL rate from 15% to 20%, according to art.32 of Constitutional Amendment 103/2019.

(2) Includes, in the BB Consolidated, the amount of R\$ 1,975,324 thousand in 2020 related to foreign exchange gain on investments abroad (R\$ 214,801 thousand in 2019).

**c) Tax expenses**

|              | Banco do Brasil    |                    |                    | BB Consolidated    |                    |                    |
|--------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|              | 2nd half/2020      | 2020               | 2019               | 2nd half/2020      | 2020               | 2019               |
| Cofins       | (1,339,054)        | (2,290,932)        | (2,096,109)        | (1,685,284)        | (2,948,731)        | (2,756,869)        |
| ISSQN        | (461,232)          | (910,658)          | (922,517)          | (603,144)          | (1,176,039)        | (1,201,067)        |
| PIS/Pasep    | (217,661)          | (371,266)          | (341,921)          | (287,163)          | (503,110)          | (473,525)          |
| Other        | (87,244)           | (164,593)          | (169,460)          | (261,428)          | (500,688)          | (498,998)          |
| <b>Total</b> | <b>(2,105,191)</b> | <b>(3,737,449)</b> | <b>(3,530,007)</b> | <b>(2,837,019)</b> | <b>(5,128,568)</b> | <b>(4,930,459)</b> |





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**d) Deferred tax liabilities**

|   | Banco do Brasil  |                  | BB Consolidated  |                  |
|---|------------------|------------------|------------------|------------------|
|   | Dec 31, 2020     | Dec 31, 2019     | Dec 31, 2020     | Dec 31, 2019     |
| Financial instruments fair value                              | 994,183          | 825,448          | 1,055,198        | 882,228          |
| Interest and inflation adjustment of fiscal judicial deposits | 361,318          | 361,318          | 361,318          | 361,318          |
| Recovered term credits  | 534,788          | 637,634          | 534,788          | 637,634          |
| Foreign entities  | 21,389           | 10,743           | 102,232          | 86,466           |
| Leasing portfolio adjustment                                  | --               | --               | 18,842           | 15,356           |
| Positive adjustments of benefits plans                        | 525,452          | 27,632           | 525,452          | 27,632           |
| Futures market transactions                                   | --               | 6,467            | --               | 6,467            |
| Other   | 52,539           | 52,539           | 52,539           | 52,539           |
| <b>Total deferred tax liabilities</b>                         | <b>2,489,669</b> | <b>1,921,781</b> | <b>2,650,369</b> | <b>2,069,640</b> |
| Income tax  | 1,458,573        | 1,026,315        | 1,553,699        | 1,117,350        |
| Social contribution <sup>(1)</sup>                            | 932,110          | 811,425          | 991,565          | 862,531          |
| Cofins  | 84,730           | 72,293           | 89,994           | 77,212           |
| PIS/Pasep   | 14,256           | 11,748           | 15,111           | 12,547           |

(1) In the period from December 31, 2018 to November 30, 2019, deferred tax assets and liabilities were recognized at the rate of 15%. The increase in the rate from 15% to 20% adjusted these deferred tax assets and liabilities on December 31, 2019.

**e) Deferred tax assets (tax credit)**

|  | Banco do Brasil   |                   |                     |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | Dec 31, 2019      | 2020              |                     | Dec 31, 2020      |
|  | Balance           | Constitution      | Write off           | Balance           |
| Temporary differences                            | 55,346,702        | 21,867,289        | (23,224,872)        | 53,989,119        |
| Allowance for losses associated with credit risk | 28,331,536        | 12,911,990        | (9,265,594)         | 31,977,932        |
| Provisions – taxes and social security           | 1,072,618         | 16,029            | (3,188)             | 1,085,459         |
| Provisions – others                              | 12,793,023        | 3,598,239         | (3,324,776)         | 13,066,486        |
| Negative adjustments of benefits plans           | 10,136,488        | 3,188,652         | (9,259,617)         | 4,065,523         |
| Fair value adjustments (MTM)                     | 766,020           | 1,158,108         | (1,116,586)         | 807,542           |
| Other provisions                                 | 2,247,017         | 994,271           | (255,111)           | 2,986,177         |
| CSLL written to 18% (MP 2,158/2001)              | 636,752           | --                | (214)               | 636,538           |
| Tax losses carryforward/negative bases           | 2,447,809         | 4,973,052         | (5,120,862)         | 2,299,999         |
| <b>Total deferred tax assets</b>                 | <b>58,431,263</b> | <b>26,840,341</b> | <b>(28,345,948)</b> | <b>56,925,656</b> |
| Income tax                                       | 31,718,179        | 14,129,877        | (14,640,027)        | 31,208,029        |
| Social contribution <sup>(1)</sup>               | 26,640,077        | 12,576,357        | (13,596,524)        | 25,619,910        |
| Cofins   | 62,802            | 115,361           | (94,105)            | 84,058            |
| PIS/Pasep  | 10,205            | 18,746            | (15,292)            | 13,659            |

(1) In the period from December 31, 2018 to November 30, 2019, deferred tax assets and liabilities were recognized at the rate of 15%. The increase in the rate from 15% to 20% adjusted these deferred tax assets and liabilities on December 31, 2019.



In thousand of Reais, unless otherwise stated

|  | BB Consolidated   |                   |                     |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | Dec 31, 2019      | 2020              |                     | Dec 31, 2020      |
|  | Balance           | Constitution      | Write off           | Balance           |
| Temporary differences                            | 56,316,276        | 22,281,904        | (23,439,705)        | 55,158,475        |
| Allowance for losses associated with credit risk | 28,403,885        | 12,924,531        | (9,267,781)         | 32,060,635        |
| Provisions – taxes and social security           | 1,082,639         | 21,186            | (9,272)             | 1,094,553         |
| Provisions – others                              | 12,853,046        | 3,604,427         | (3,327,404)         | 13,130,069        |
| Negative adjustments of benefits plans           | 10,136,488        | 3,188,652         | (9,259,617)         | 4,065,523         |
| Fair value adjustments (MTM)                     | 807,896           | 1,339,768         | (1,256,128)         | 891,536           |
| Other provisions                                 | 3,032,322         | 1,203,340         | (319,503)           | 3,916,159         |
| CSLL written to 18% (MP 2,158/2001)              | 636,752           | --                | (214)               | 636,538           |
| Tax losses/excess depreciation                   | 41,012            | --                | (6,613)             | 34,399            |
| Tax losses carryforward/negative bases           | 2,468,892         | 4,973,052         | (5,128,781)         | 2,313,163         |
| <b>Total deferred tax assets</b>                 | <b>59,462,932</b> | <b>27,254,956</b> | <b>(28,575,313)</b> | <b>58,142,575</b> |
| Income tax                                       | 32,562,363        | 14,388,559        | (14,788,113)        | 32,162,809        |
| Social contribution <sup>(1)</sup>               | 26,822,949        | 12,712,015        | (13,662,822)        | 25,872,142        |
| Cofins   | 66,770            | 132,802           | (106,992)           | 92,580            |
| PIS/Pasep  | 10,850            | 21,580            | (17,386)            | 15,044            |

(1) In the period from December 31, 2018 to November 30, 2019, deferred tax assets and liabilities were recognized at the rate of 15%. The increase in the rate from 15% to 20% adjusted these deferred tax assets and liabilities on December 31, 2019.

#### f) Deferred tax assets (Tax credit – not recorded)

|  | Banco do Brasil  |                  | BB Consolidated  |                  |
|--|------------------|------------------|------------------|------------------|
|  | Dec 31, 2020     | Dec 31, 2019     | Dec 31, 2020     | Dec 31, 2019     |
| Foreign deferred tax assets            | 1,672,771        | 1,092,996        | 1,672,771        | 1,092,996        |
| Tax losses carryforward/negative bases | --               | --               | 19,530           | 16,910           |
| Temporary differences                  | --               | --               | 3,734            | 7,095            |
| <b>Total deferred tax assets</b>       | <b>1,672,771</b> | <b>1,092,996</b> | <b>1,696,035</b> | <b>1,117,001</b> |
| Income tax                             | 929,317          | 683,123          | 946,423          | 700,742          |
| Social contribution                    | 743,454          | 409,873          | 749,612          | 416,259          |

#### Realization expectative

The expectation of realization of the deferred tax assets (tax credits) is based on a technical study, prepared on December 31, 2020, and the present value is determined based on the average rate of funding of Banco do Brasil.

|  | Banco do Brasil   |                   | BB Consolidated   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Future value      | Present value     | Future value      | Present value     |
| In 2021  | 21,257,534        | 20,913,243        | 21,537,261        | 20,985,416        |
| In 2022  | 22,250,357        | 21,663,771        | 22,514,268        | 21,709,713        |
| In 2023  | 12,888,100        | 12,315,989        | 13,194,496        | 12,476,286        |
| In 2024  | 206,814           | 192,518           | 244,035           | 221,744           |
| In 2025  | 175,287           | 157,857           | 486,071           | 396,601           |
| In 2026  | 96,558            | 84,102            | 108,784           | 92,426            |
| In 2027  | 27,105            | 22,833            | 29,840            | 24,567            |
| In 2028  | 458               | 372               | 2,557             | 1,761             |
| In 2029  | 9,458             | 7,453             | 10,862            | 8,278             |
| In 2030  | 13,985            | 10,659            | 14,401            | 10,821            |
| <b>Total deferred tax assets on Dec 30, 2020</b> | <b>56,925,656</b> | <b>55,368,797</b> | <b>58,142,575</b> | <b>55,927,613</b> |

In 2020, it was possible to observe the realization of tax credits at Banco do Brasil, in the amount of R\$ 28,345,948 thousand corresponding to 162.66% of the projection of use for the period of 2019 contained in the technical study prepared on December 31, 2019.



In thousand of Reais, unless otherwise stated

The realization of the nominal value of tax credits registered, considering the recovery of those written-off during the lawsuits (Note 21.b), based on a technical study conducted by Banco do Brasil on December 31, 2020, is projected for 10 years in the following proportions:

|           | Banco do Brasil                            |                                      | BB Consolidated                            |                                      |
|-----------|--|--------------------------------------|--|--------------------------------------|
|           | Tax losses/CSLL recoverable <sup>(1)</sup> | Temporary differences <sup>(2)</sup> | Tax losses/CSLL recoverable <sup>(1)</sup> | Temporary differences <sup>(2)</sup> |
| In 2021   | 39%  | 37%                                  | 39%  | 37%                                  |
| In 2022   | 37%  | 39%                                  | 37%  | 39%                                  |
| In 2023   | 20%  | 23%                                  | 20%  | 22%                                  |
| From 2024 | 4%   | 1%                                   | 4%   | 2%                                   |

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

(2) The consumption capacity results from the movements of provisions (expectation of reversals, write offs and uses).

## 23 - SHAREHOLDERS' EQUITY

### a) Book value and market value per common share

|   | Dec 31, 2020 | Dec 31, 2019 |
|---|--------------|--------------|
| Shareholders' equity - Banco do Brasil    | 116,723,222  | 98,895,999   |
| Book value per share (R\$) <sup>(1)</sup> | 40.91        | 34.68        |
| Fair value per share (R\$)                | 38.80        | 52.82        |
| Shareholders' equity - consolidated       | 126,971,109  | 108,564,894  |

(1) Calculated based on the equity attributable to shareholders of Banco do Brasil.

### b) Capital

Banco do Brasil's share capital of R\$ 90,000,023 thousand (R\$ 67,000,000 thousand on December 31, 2019) is fully subscribed and paid-in and consists of 2,865,417,020 common shares with no par value. The Federal Government is the largest shareholder and holds a majority of the Bank's voting shares.

The share capital increase in 2020, in the amount of R\$ 23,000,023 thousand, resulted from the use of Statutory reserve for operating margin, approved by the Special Meeting of Shareholders held on July 30, 2020, and authorized by Bacen on November 11, 2020 (R\$ 23,000,000 thousand) and the incorporation of Besc Distribuidora de Títulos e Valores Mobiliários S.A. – Bescval, approved by the Special Meeting of Shareholders held on December 09, 2020 (R\$ 23 thousand – Note 5.d), pending approval by Bacen.

The Bank may, even without amending its by-laws, if approved by the Meeting of Shareholders, and in the conditions established therein, increase its capital up to the limit of R\$ 120,000,000 thousand by issuing common shares, for which shareholders should be granted preference in the subscription in proportion to the number of shares held.

### c) Instruments qualifying as common equity tier 1 capital

The Bank signed a loan agreement with the federal government on September 26, 2012, as hybrid capital and debt instrument, in the amount up to R\$ 8,100,000 thousand, whose resources were designated to finance agribusiness. The Bank signed an amendment to the contract on August 28, 2014, under the terms of Law 12,793 of April 02, 2013. The purpose of the amendment was to allow the instrument to qualify as common equity in Tier I capital, under Article 16 of CMN Resolution 4,192/2013.

As result of the amendment, the interest rate was changed to variable rate, and the interest period was changed to match the Bank's fiscal year (January 1 to December 31). Each years' interest is paid in a single annual installment, adjusted by the Selic rate up to the effective payment date. Payment must be made within 30 calendar days after the dividend payment for the fiscal year.



In thousand of Reais, unless otherwise stated

The interest payment must be made from profits or profit reserves available for distribution at the end of the fiscal year preceding the calculation date. Payment is at Management's discretion. Unpaid interest does not accumulate. If the payment or dividend distribution is not made (including in the form of interest on own capital) prior to the end of the subsequent fiscal year, the accrued interest is no longer owed.

If the Bank's retained earnings, profit reserves (including the legal reserve) and capital reserve cannot fully absorb losses calculated at the end of a fiscal year, the Bank will no longer be obligated to the interest. The Bank will apply the accrued interest and principal balance, in this order, to offset any remaining losses. This will be considered a pay-down of the instrument.

The instrument does not have a maturity date. It is only payable if the Bank is dissolved or Bacen authorizes the repurchase of the instrument. If the Bank is dissolved, the payment of principal and interest is subordinated to payment of the Bank's other liabilities. There will be no preferred interest on the loan under any circumstances, including in relation to other equity instruments included in Reference Equity.

As the instrument is qualifying as Common Equity Tier I Capital, its balance is reclassified to the Shareholders' Equity, for disclosure purposes.

#### d) Revaluation reserves

The revaluation reserves, totaling R\$ 2,040 thousand (R\$ 2,169 thousand as of December 31, 2019), refer to revaluations of assets made by the associates/subsidiaries.

In 2020, there was a reserve realization of R\$ 129 thousand (R\$ 71 thousand in 2019), due to depreciation, transferred to Retained Earnings (Accumulated Losses), net of taxes. In accordance with CMN Resolution 3,565/2008, the remaining amount will be recognized until the date of its effective realization.

#### e) Capital and profit reserves

|                           | Banco do Brasil |              | BB Consolidated |              |
|---------------------------|-----------------|--------------|-----------------|--------------|
|                           | Dec 31, 2020    | Dec 31, 2019 | Dec 31, 2020    | Dec 31, 2019 |
| Capital reserves          | 1,397,697       | 1,365,081    | 1,399,152       | 1,366,443    |
| Profit reserves           | 39,454,038      | 54,134,135   | 39,198,468      | 53,814,656   |
| Legal reserve             | 9,259,072       | 8,633,464    | 9,259,072       | 8,633,464    |
| Statutory reserves        | 30,194,966      | 45,500,671   | 29,939,396      | 45,181,192   |
| Operating margin          | 21,581,142      | 39,140,389   | 21,225,998      | 38,699,369   |
| Equalization of dividends | 8,613,824       | 6,360,282    | 8,713,398       | 6,481,823    |

The capital reserve is intended, among others, to recognize the amounts related to transactions with share based payments or other share capital instruments to be settled with the delivery of equity instruments, as well as the profit earned on the sale of treasury shares.

The legal reserve ensures the adequacy of the Bank's capital structure and can only be used to offset losses or increase capital. Five percent of net income, before any other allocations, is transferred to the legal reserve. The amount of the reserve cannot exceed 20% of the share capital.

The operating margin statutory reserve ensures the adequacy of the Bank's operating margins in accordance with its business activities. The reserve consists of up to 100% of net income after allocation to legal reserve (including dividends) and is limited to 80% of the share capital.

The dividend equalization statutory reserve provides funds for the payment of dividends. The reserve consists of up to 50% of net income after allocation to legal reserve (including dividends) and is limited to 20% of the share capital.



In thousand of Reais, unless otherwise stated

**f) Earnings per share**

|  | 2nd half/2020 | 2020          | 2019          |
|--|---------------|---------------|---------------|
| Net income Banco do Brasil (R\$ thousand)                  | 6,164,297     | 12,512,155    | 17,899,349    |
| Weighted average number of shares (basic)                  | 2,853,115,777 | 2,852,522,381 | 2,799,325,330 |
| Weighted average number of shares (diluted) <sup>(1)</sup> | 2,852,780,207 | 2,852,322,673 | 2,799,054,753 |
| Earnings per share (basic and diluted) (R\$)               | 2.16          | 4.39          | 6.39          |

(1) The reconciliation of the weighted average number of shares is represented by the future distribution of shares to the executives of the Bank according to the Variable Remuneration Program (Notes 23.m and 23.n), of 335,570, 199,708, 270,577, respectively, in each of the periods in the table above.

**g) Interest on own capital/dividends and destination of the income**

In accordance with Laws 9,249/1995, 9,430/1996 and the Bank's Bylaws, Management decided on the payment of Interest on own capital to its shareholders.

In compliance with the income tax as well as social contribution legislation, the interest on own capital is calculated based on adjusted net equity value. It is limited, on a pro rata die basis, to the variation of long-term interest rate, as long as there is profit (before the deduction of interest on own capital) or reserves for retained earnings and profit reserves of at least twice its value, being deductible in the calculation of the taxable income.

The total interest on own capital in 2020, in the amount of R\$ 4,196,889 thousand (R\$ 6,732,541 thousand in 2019), provided an expense reduction on tax charges totaling R\$ 1,888,600 thousand (R\$ 2,755,142 thousand in 2019).

Calculation base of dividends and the destination of the income of the period are shown below:

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| <b>1) Net income - Banco do Brasil</b>                                      | <b>12,512,155</b> | <b>17,899,349</b> |
| Domestic  | 9,864,941         | 15,210,693        |
| Overseas  | 2,647,214         | 2,688,656         |
| <b>2) Interest on instrument qualifying as common equity tier 1 capital</b> | <b>121,321</b>    | <b>234,618</b>    |
| <b>3) Calculation base of dividends <sup>(1)</sup></b>                      | <b>11,891,184</b> | <b>18,133,967</b> |
| Dividends – payout <sup>(1)</sup>   | 4,196,889         | 6,732,541         |
| Minimum required dividend   | 2,972,796         | 4,252,887         |
| Additional dividend   | 594,560           | 1,469,773         |
| Withholding tax applied to the interest on own capital <sup>(2)</sup>       | 629,533           | 1,009,881         |
| <b>4) Allocation</b>  |                   |                   |
| Net income  | 12,512,155        | 17,899,349        |
| (±) Retained earnings/losses  | 4,637             | 7,166             |
| (-) Legal reserve   | 625,608           | 894,967           |
| Adjusted Net Income <sup>(1)</sup>  | 11,891,184        | 17,011,548        |
| Dividends and interest on own capital                                       | 4,196,889         | 6,732,541         |
| Minimum required dividend   | 2,972,796         | 4,252,887         |
| Additional dividend   | 594,560           | 1,469,773         |
| Withholding tax applied to the interest on own capital <sup>(2)</sup>       | 629,533           | 1,009,881         |
| Statutory reserves  | 10,881,506        | 15,992,656        |
| Statutory reserves used for equalization of dividends                       | (3,187,211)       | (5,713,649)       |

(1) In 2020, Management chose to remunerate the capital in 35.29% of the adjusted net income, according to CMN Resolution 4,885/2020, which amended CMN Resolution 4,820/2020, with the payout calculation base being the same as the minimum and mandatory dividend required by law. In 2019, the payout calculation base was the net income of Banco do Brasil plus interest on instrument qualifying as common equity tier 1 capital.

(2) Withholding tax applied to the interest on own capital attributed to dividends, with the exception of shareholders who are exempted or immune.



In thousand of Reais, unless otherwise stated

## Payment schedule of interest on own capital and dividends:

|  | Amount           | Amount per share (R\$) | Base date of payment | Payment date |
|--|------------------|------------------------|----------------------|--------------|
| <b>1st quarter/2020</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 517,440          | 0.181                  | Mar 11, 2020         | Mar 31, 2020 |
| <b>2nd quarter/2020</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 1,256,723        | 0.441                  | Aug 21,2020          | Aug 31,2020  |
| <b>3rd quarter/2020</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 293,382          | 0.103                  | Sep 11,2020          | Sep 30, 2020 |
| Complementary Interest on own capital <sup>(1)</sup> | 555,736          | 0.195                  | Nov 16,2020          | Nov 27, 2020 |
| <b>4th quarter/2020</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 333,785          | 0.117                  | Dec 11,2020          | Dec 30, 2020 |
| Complementary Interest on own capital <sup>(1)</sup> | 1,239,823        | 0.435                  | Feb 22, 2021         | Mar 03, 2021 |
| <b>Total allocated to the shareholders</b>           | <b>4,196,889</b> | <b>1.472</b>           |                      |              |

(1) Amounts subject to Withholding Tax, with the exception of shareholders who are exempted or immune.

|  | Amount           | Amount per share (R\$) | Base date of payment | Payment date |
|--|------------------|------------------------|----------------------|--------------|
| <b>1st quarter/2019</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 435,000          | 0.156                  | Mar 11, 2019         | Mar 29, 2019 |
| Complementary Interest on own capital <sup>(1)</sup> | 1,155,939        | 0.415                  | May 21, 2019         | May 31, 2019 |
| <b>2nd quarter/2019</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 476,640          | 0.171                  | Jun 11,2019          | Jun 28,2019  |
| Complementary Interest on own capital <sup>(1)</sup> | 1,229,989        | 0.441                  | Aug 21,2019          | Aug 30,2019  |
| <b>3rd quarter/2019</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 649,308          | 0.233                  | Sep 11,2019          | Sep 30, 2019 |
| Complementary Interest on own capital <sup>(1)</sup> | 1,040,834        | 0.373                  | Nov 21, 2019         | Nov 29, 2019 |
| <b>4th quarter/2019</b>                              |                  |                        |                      |              |
| Interest on own capital <sup>(1)</sup>               | 502,320          | 0.176                  | Dec 11,2019          | Dec 30, 2019 |
| Complementary Interest on own capital <sup>(1)</sup> | 1,242,511        | 0.436                  | Feb 21, 2020         | Mar 05, 2020 |
| <b>Total allocated to the shareholders</b>           | <b>6,732,541</b> | <b>2.401</b>           |                      |              |

(1) Amounts subject to Withholding Tax, with the exception of shareholders who are exempted or immune.

## h) Reconciliation of net income and shareholders' equity

|   | Net income       |                   |                   | Shareholders' equity |                    |
|---|------------------|-------------------|-------------------|----------------------|--------------------|
|   | 2nd half/2020    | 2020              | 2019              | Dec 31, 2020         | Dec 31, 2019       |
| <b>Banco do Brasil</b>  | <b>6,164,297</b> | <b>12,512,155</b> | <b>17,899,349</b> | <b>116,723,222</b>   | <b>98,895,999</b>  |
| Instruments qualifying to common equity tier 1 capital <sup>(1)</sup> | 78,583           | 121,321           | 234,618           | 8,100,000            | 8,100,000          |
| Unrealized gains <sup>(2)</sup>                                       | 41,076           | 63,909            | 28,100            | (255,570)            | (319,479)          |
| Non-controlling interests   | --               | --                | --                | 2,403,457            | 1,903,656          |
| Secondary public offering of shares (follow on)                       | --               | --                | --                | --                   | (15,282)           |
| <b>BB Consolidated</b>  | <b>6,283,956</b> | <b>12,697,385</b> | <b>18,162,067</b> | <b>126,971,109</b>   | <b>108,564,894</b> |

(1) The instrument qualifying as CET1 was registered in the liabilities in the Individual Financial Statements and its interest recognized as expenses with securities sold under repurchase agreements. This Instrument was reclassified to Shareholder's Equity in the consolidated financial statements (Notes 2.f and 23.c).

(2) Refers to unrealized results arising from the assignment of credits from the Bank to Ativos S.A.



In thousand of Reais, unless otherwise stated

**i) Accumulated other comprehensive income**

|  | Banco do Brasil     |                     | BB Consolidated     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Dec 31, 2020        | Dec 31, 2019        | Dec 31, 2020        | Dec 31, 2019        |
| <b>Banco do Brasil</b>                             |                     |                     |                     |                     |
| Securities available for sale                      | 1,293,372           | 219,688             | 1,293,372           | 219,688             |
| Actuarial gains/(losses) on pension plans          | (13,765,159)        | (22,162,506)        | (13,765,159)        | (22,162,506)        |
| <b>Subsidiaries, associates and joint ventures</b> |                     |                     |                     |                     |
| Securities available for sale                      | 133,482             | 155,144             | 133,482             | 153,698             |
| Cash flow hedge                                    | (56,459)            | (63,523)            | (56,459)            | (63,523)            |
| Foreign exchange variation in investments abroad   | (1,460,612)         | (1,424,936)         | (1,460,612)         | (1,424,936)         |
| Others   | 3,987               | (4,815)             | 3,987               | (4,815)             |
| <b>Total</b>                                       | <b>(13,851,389)</b> | <b>(23,280,948)</b> | <b>(13,851,389)</b> | <b>(23,282,394)</b> |

**j) Noncontrolling interests**

|  | Net income     |                  |                  | Shareholders' equity |                  |
|--|----------------|------------------|------------------|----------------------|------------------|
|  | 2nd half/2020  | 2020             | 2019             | Dec 31, 2020         | Dec 31, 2019     |
| Banco Patagonia S.A.                                     | 132,431        | 278,124          | 244,472          | 473,131              | 360,184          |
| Besc Distribuidora de Títulos e Valores Mobiliários S.A. | --             | (1)              | (2)              | --                   | 24               |
| BB Tecnologia e Serviços                                 | (14)           | (12)             | 7                | 29                   | 41               |
| BB Seguridade S.A.                                       | 678,090        | 1,298,411        | 2,237,390        | 1,930,297            | 1,543,407        |
| <b>Non-controlling interest</b>                          | <b>810,507</b> | <b>1,576,522</b> | <b>2,481,867</b> | <b>2,403,457</b>     | <b>1,903,656</b> |

**k) Shareholdings (number of shares)**

Number of shares issued by the Bank to shareholders which, directly or indirectly, hold more than 5% of the shares:

| Shareholders   | Dec 31, 2020         |              | Dec 31, 2019         |              |
|--|----------------------|--------------|----------------------|--------------|
|  | Shares               | % Total      | Shares               | % Total      |
| Federal government   | 1,432,708,542        | 50.0         | 1,453,493,742        | 50.7         |
| Tesouro Nacional   | 1,432,708,542        | 50.0         | 1,432,708,542        | 50.0         |
| Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND | --                   | --           | 20,785,200           | 0.7          |
| Caixa de Previdência dos Funcionários do Banco do Brasil - Previ   | 134,751,214          | 4.7          | 137,257,114          | 4.8          |
| Treasury shares <sup>(1)</sup>                                     | 12,175,335           | 0.4          | 14,459,169           | 0.5          |
| Other shareholders   | 1,285,781,929        | 44.9         | 1,260,206,995        | 44.0         |
| <b>Total</b>   | <b>2,865,417,020</b> | <b>100.0</b> | <b>2,865,417,020</b> | <b>100.0</b> |
| Resident shareholders  | 2,220,240,434        | 77.5         | 2,141,139,495        | 74.7         |
| Non resident shareholders  | 645,176,586          | 22.5         | 724,277,525          | 25.3         |

(1) It includes, on December 31, 2020, 31,496 shares of the Bank held by BB DTVM (347,049 on December 31, 2019, of 32,900 held by BB DTVM and 314,149 held by BB-BI).

Number of shares issued by the Bank, held by the Board of Directors, the Executive Board and the Audit Committee:

|  | Common shares (ON) <sup>(1)</sup> |              |
|--|-----------------------------------|--------------|
|  | Dec 31, 2020                      | Dec 31, 2019 |
| Board of Directors (except for Bank's CEO, listed in the Bank's Executive Committee) | 4,628                             | 3,581        |
| Executive Committee  | 114,966                           | 77,674       |
| Audit Committee  | 57                                | 18           |

(1) The shareholding interest of the Board of Directors, Executive Committee, Fiscal Council and Audit Committee represents approximately 0.004% of the Bank's capital stock.



In thousand of Reais, unless otherwise stated

**l) Movement of shares outstanding/free float**

|  | Dec 31, 2020         |              | Dec 31, 2019         |              |
|--|----------------------|--------------|----------------------|--------------|
|  | Total                | %            | Total                | %            |
| Free float at the beginning of the period                          | 1,397,382,845        | 48.8         | 1,331,861,026        | 46.5         |
| Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND | 20,785,200           |              | --                   |              |
| Secondary public offering of shares (follow on)                    | --                   |              | 64,000,000           |              |
| Other changes <sup>(1)</sup>                                       | 2,245,495            |              | 1,521,819            |              |
| Free float at the end of the period <sup>(2)</sup>                 | 1,420,413,540        | 49.6         | 1,397,382,845        | 48.8         |
| <b>Outstanding shares</b>  | <b>2,865,417,020</b> | <b>100.0</b> | <b>2,865,417,020</b> | <b>100.0</b> |

(1) It includes changes coming from Technical and Advisory Bodies.

(2) According to the Law 6,404/1976 and the regulation of B3's New Market. The shares held by the Board of Directors and Executive Committee are not included. The shares held by the Caixa de Previdência dos Funcionários do Banco do Brasil - Previ compose the free float shares.

**m) Treasury shares**

On October 3<sup>rd</sup>, 2019, the Bank announced an Information to the Market and Preliminary Prospectus of the Follow-on Public Offering of 64,000,000 common shares issued by the Bank and held in treasury. On October 23, 2019, the closing of the Public Offering of common shares was announced, at the price of R\$ 44.05 per share.

The composition of the treasury shares is shown below:

|   | Banco do Brasil   |              |                   |              | BB Consolidated   |              |                   |              |
|---|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|   | Dec 31, 2020      |              | Dec 31, 2019      |              | Dec 31, 2020      |              | Dec 31, 2019      |              |
|   | Shares            | % Total      | Shares            | % Total      | Shares            | % Total      | Shares            | % Total      |
| <b>Treasury shares</b>  | <b>12,143,839</b> | <b>100.0</b> | <b>14,112,120</b> | <b>100.0</b> | <b>12,175,335</b> | <b>100.0</b> | <b>14,459,169</b> | <b>100.0</b> |
| Received in order to comply with operations secured by the FGCN - Fundo de Garantia para a Construção Naval | 8,075,350         | 66.5         | 8,075,350         | 57.2         | 8,075,350         | 66.3         | 8,075,350         | 55.8         |
| Repurchase Programs (2012 and 2015) <sup>(1)</sup>  | 3,764,352         | 31.0         | 5,710,078         | 40.5         | 3,764,352         | 30.9         | 5,710,078         | 39.5         |
| Share-based payment   | 304,074           | 2.5          | 326,629           | 2.3          | 335,570           | 2.8          | 359,529           | 2.5          |
| Follow-on offering  | --                | --           | --                | --           | --                | --           | 314,149           | 2.2          |
| Mergers   | 63                | --           | 63                | --           | 63                | --           | 63                | --           |
| <b>Book value</b>   | <b>(279,187)</b>  |              | <b>(324,438)</b>  |              | <b>(280,642)</b>  |              | <b>(339,636)</b>  |              |

(1) Reduction due to the follow-on offering.

**n) Share-based payment****The Program of Variable Remuneration**

The program of variable remuneration was based on the CMN Resolution 3,921 of November 25, 2010, which governs compensation policies for executives of financial institution.

The program has a yearly basis period. It is established according to the risks and the activity overseen by the executive and has as pre requirements: the activation of the Participation in Profit and Results Program and the achievement of accounting profit by the Bank.

The calculation of variable remuneration is based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil - ECBB for the period. The program also determines that 50% of the remuneration should be paid in cash (CPC 33 (R1) - Employee benefits) and the remaining 50% should be paid in shares.

The number of Banco do Brasil shares to be allocated to each participant is calculated by dividing the net amount equivalent to 50% of variable remuneration to which one is entitled, to the average price of the share in the week prior to the payment. The average price is the simple arithmetic mean of the daily average prices of the week prior to the payment. At the time of calculation of deferred installments, if fractions occur, they are accumulated in the first installment to be made available.





In thousand of Reais, unless otherwise stated

The distribution of compensation in shares occurs in a way that 20% is immediately transferred for the beneficiary's ownership and 80% is deferred for a period of four years, in which: 20% within one year, 20% within two years, 20% within three years and 20% within four years.

The effects of the Program of Variable Remuneration on income in Banco do Brasil were R\$ 22,276 thousand in 2020 (R\$ 24,380 thousand in 2019).

BB DTVM, in accordance to the resolution mentioned above, also adopted variable remuneration policy for its directors, directly acquiring treasury shares of the Banco do Brasil. All shares acquired are BBAS3 and its fair value is the quoted market price on the date of grant.

We present the statement of acquired shares, its distribution and its transfer schedule:

|                                       | Total Program Shares | Average Cost | Shares Distributed | Shares to Distribute | Estimated Schedule Transfers |
|---------------------------------------|----------------------|--------------|--------------------|----------------------|------------------------------|
| <b>2016 Program</b>                   |                      |              |                    |                      |                              |
| Banco do Brasil                       | 99,348               | 33.78        | 79,502             | 19,846               | Mar 2021                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>19,846</b>        |                              |
| BB DTVM                               | 10,397               | 32.84        | 8,319              | 2,078                | Mar 2021                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>2,078</b>         |                              |
| <b>2017 Program</b>                   |                      |              |                    |                      |                              |
| Banco do Brasil                       | 193,976              | 42.65        | 116,452            | 38,762               | Mar 2021                     |
|                                       |                      |              |                    | 38,762               | Mar 2022                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>77,524</b>        |                              |
| BB DTVM                               | 20,270               | 42.65        | 12,166             | 4,052                | Mar 2021                     |
|                                       |                      |              |                    | 4,052                | Mar 2022                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>8,104</b>         |                              |
| <b>2018 Program</b>                   |                      |              |                    |                      |                              |
| Banco do Brasil                       | 127,860              | 53.44        | 51,192             | 25,556               | Mar 2021                     |
|                                       |                      |              |                    | 25,556               | Mar 2022                     |
|                                       |                      |              |                    | 25,556               | Mar 2023                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>76,668</b>        |                              |
| BB DTVM                               | 14,218               | 53.44        | 5,692              | 2,842                | Mar 2021                     |
|                                       |                      |              |                    | 2,842                | Mar 2022                     |
|                                       |                      |              |                    | 2,842                | Mar 2023                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>8,526</b>         |                              |
| <b>2019 Program</b>                   |                      |              |                    |                      |                              |
| Banco do Brasil                       | 162,641              | 46.05        | 32,605             | 32,509               | Mar 2021                     |
|                                       |                      |              |                    | 32,509               | Mar 2022                     |
|                                       |                      |              |                    | 32,509               | Mar 2023                     |
|                                       |                      |              |                    | 32,509               | Mar 2024                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>130,036</b>       |                              |
| BB DTVM                               | 15,998               | 46.07        | 3,210              | 3,197                | Mar 2021                     |
|                                       |                      |              |                    | 3,197                | Mar 2022                     |
|                                       |                      |              |                    | 3,197                | Mar 2023                     |
|                                       |                      |              |                    | 3,197                | Mar 2024                     |
| <b>Total shares to be distributed</b> |                      |              |                    | <b>12,788</b>        |                              |



In thousand of Reais, unless otherwise stated

**The Program of Gratified Performance (PDG):**

The Program of Gratified Performance is a semiannual reward aiming to strengthen the partnership between the employees and the Bank, recognition of the participants' effort in the results attainment and the alignment of these results with the Bank strategies.

The qualification and classification of the participants are based on indicators that measure the achievement of corporate and individual goals, based on the Corporate Strategy of Banco do Brasil - ECBB for the period.

The program determines that 50% of the reward should be paid in shares of the Bank and 50% in the Alelo reward card. The average price is the simple arithmetic mean of the daily average prices of the week prior to the payment. In 2020 1,767,087 treasury shares were distributed (1,499,377 in 2019). The effects of the Program of Gratified Performance on income were R\$ 320,807 thousand in 2020 (R\$ 219,021 thousand in 2019).

**24 - SERVICE FEE INCOME**

|  | Banco do Brasil  |                   |                   | BB Consolidated   |                   |                   |
|--|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2nd half/2020    | 2020              | 2019              | 2nd half/2020     | 2020              | 2019              |
| Account fee  | 3,681,880        | 7,520,929         | 7,789,590         | 3,683,575         | 7,523,988         | 7,791,221         |
| Fund management  | 1,966,859        | 3,913,491         | 3,890,776         | 3,462,587         | 6,858,915         | 6,398,658         |
| Commissions on insurance, pension plans and capitalization | 161,745          | 292,235           | 317,931           | 2,124,289         | 3,985,103         | 3,802,332         |
| Card income  | 878,922          | 1,744,359         | 1,774,755         | 1,028,738         | 2,033,302         | 2,047,159         |
| Loans and guarantees provided                              | 888,854          | 1,641,819         | 1,799,117         | 887,202           | 1,640,052         | 1,798,322         |
| Consortium management fees                                 | --               | --                | --                | 774,831           | 1,400,795         | 1,223,093         |
| Billing  | 723,713          | 1,355,618         | 1,278,829         | 744,746           | 1,394,765         | 1,324,519         |
| Collection   | 493,718          | 992,041           | 1,109,994         | 481,123           | 967,107           | 1,108,186         |
| Capital market income                                      | 51,503           | 95,720            | 86,473            | 293,907           | 505,589           | 974,362           |
| National Treasury and official funds management            | 188,859          | 384,971           | 395,949           | 188,860           | 384,972           | 395,949           |
| Interbank  | 59,586           | 127,586           | 149,748           | 59,586            | 127,586           | 149,748           |
| Other  | 574,264          | 1,161,990         | 1,307,695         | 940,070           | 1,879,714         | 2,195,122         |
| <b>Total</b>   | <b>9,669,903</b> | <b>19,230,759</b> | <b>19,900,857</b> | <b>14,669,514</b> | <b>28,701,888</b> | <b>29,208,671</b> |

**25- PERSONNEL EXPENSES**

|                                       | Banco do Brasil    |                     |                     | BB Consolidated     |                     |                     |
|---------------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                       | 2nd half/2020      | 2020                | 2019                | 2nd half/2020       | 2020                | 2019                |
| Wages and salaries                    | (4,825,966)        | (9,228,198)         | (9,166,392)         | (5,382,417)         | (10,307,431)        | (10,091,819)        |
| Benefits                              | (1,586,568)        | (3,218,573)         | (3,012,498)         | (1,662,978)         | (3,366,649)         | (3,143,388)         |
| Social charges                        | (1,527,630)        | (2,928,874)         | (2,971,267)         | (1,650,779)         | (3,175,671)         | (3,197,526)         |
| Personnel administrative provisions   | (1,025,057)        | (2,328,799)         | (3,021,844)         | (1,025,058)         | (2,328,800)         | (3,021,844)         |
| Pension plans                         | (460,180)          | (880,200)           | (862,873)           | (465,974)           | (892,026)           | (874,158)           |
| Director's and officer's remuneration | (16,996)           | (33,971)            | (30,761)            | (24,562)            | (49,597)            | (46,321)            |
| Training                              | (20,519)           | (37,284)            | (68,971)            | (23,668)            | (42,341)            | (75,682)            |
| <b>Total</b>                          | <b>(9,462,916)</b> | <b>(18,655,899)</b> | <b>(19,134,606)</b> | <b>(10,235,436)</b> | <b>(20,162,515)</b> | <b>(20,450,738)</b> |



In thousand of Reais, unless otherwise stated

**26 - OTHER ADMINISTRATIVE EXPENSES**

|                                   | Banco do Brasil    |                     |                     | BB Consolidated    |                     |                     |
|-----------------------------------|--------------------|---------------------|---------------------|--------------------|---------------------|---------------------|
|                                   | 2nd half/2020      | 2020                | 2019                | 2nd half/2020      | 2020                | 2019                |
| Amortization                      | (934,154)          | (1,818,923)         | (1,622,711)         | (943,083)          | (1,835,500)         | (1,792,751)         |
| Rent                              | (639,262)          | (1,278,173)         | (1,282,915)         | (678,750)          | (1,355,714)         | (1,341,667)         |
| Depreciation                      | (659,113)          | (1,277,275)         | (1,202,687)         | (681,754)          | (1,319,706)         | (1,243,430)         |
| Security services                 | (575,933)          | (1,131,762)         | (1,127,160)         | (592,725)          | (1,163,425)         | (1,153,134)         |
| Expenses with outsourced services | (467,634)          | (877,477)           | (833,612)           | (521,696)          | (973,115)           | (901,512)           |
| Financial system services         | (465,469)          | (836,279)           | (755,848)           | (508,732)          | (926,286)           | (833,998)           |
| Transport                         | (323,979)          | (768,092)           | (788,172)           | (355,605)          | (827,139)           | (855,536)           |
| Maintenance and upkeep            | (482,323)          | (961,089)           | (976,949)           | (369,345)          | (737,076)           | (734,209)           |
| Communications                    | (317,223)          | (653,945)           | (698,899)           | (347,281)          | (714,701)           | (751,168)           |
| Water, electricity and gas        | (210,949)          | (451,158)           | (498,070)           | (217,863)          | (465,080)           | (512,779)           |
| Data processing                   | (420,154)          | (811,600)           | (795,863)           | (233,661)          | (458,260)           | (455,291)           |
| Advertising and marketing         | (254,896)          | (432,413)           | (475,389)           | (260,892)          | (442,826)           | (498,182)           |
| Specialized technical services    | (176,035)          | (334,373)           | (344,390)           | (218,030)          | (409,413)           | (420,688)           |
| Promotion and public relations    | (72,206)           | (144,125)           | (146,505)           | (80,138)           | (156,871)           | (153,380)           |
| Materials                         | (32,614)           | (73,040)            | (81,677)            | (42,186)           | (86,738)            | (94,915)            |
| Domestic travel                   | (7,046)            | (25,797)            | (82,601)            | (14,826)           | (43,052)            | (104,738)           |
| Other                             | (513,604)          | (988,148)           | (855,004)           | (588,195)          | (1,138,286)         | (945,651)           |
| <b>Total</b>                      | <b>(6,552,594)</b> | <b>(12,863,669)</b> | <b>(12,568,452)</b> | <b>(6,654,762)</b> | <b>(13,053,188)</b> | <b>(12,793,029)</b> |

**27 - OTHER OPERATING INCOME/EXPENSES****a) Other operating income**

|  | Banco do Brasil  |                  |                  | BB Consolidated  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
|  | 2nd half/2020    | 2020             | 2019             | 2nd half/2020    | 2020             | 2019             |
| Recovery of charges and expenses                               | 999,929          | 2,168,481        | 2,507,440        | 820,634          | 1,795,305        | 2,112,951        |
| Surplus allocation update - Previ Plan 1 (Note 29.f)           | 705,173          | 961,847          | 893,382          | 705,173          | 961,847          | 893,382          |
| Update of deposits in guarantee                                | 302,807          | 937,298          | 1,855,699        | 302,807          | 937,298          | 1,855,699        |
| Cards transactions   | 95,191           | 337,800          | 670,003          | 111,614          | 363,481          | 684,475          |
| Clube de Benefícios BB   | 253,563          | 289,635          | --               | 253,563          | 289,635          | --               |
| Reversal of provisions - administrative and personnel expenses | 114,127          | 203,322          | 313,074          | 114,127          | 203,322          | 313,074          |
| Reversal of provisions - other                                 | 47,458           | 70,129           | 315,142          | 68,084           | 119,567          | 323,784          |
| From non-financial subsidiaries                                | --               | --               | --               | 25,986           | 61,662           | 167,930          |
| Receivables income   | 26,937           | 52,109           | 104,346          | 26,937           | 52,109           | 104,346          |
| Adjustment of recoverable tax                                  | 15,014           | 28,496           | 237,834          | 15,014           | 28,496           | 237,835          |
| Convictions, costs and court settlements income                | 13,192           | 28,300           | 90,096           | 13,192           | 28,300           | 90,096           |
| Defined benefit plan income                                    | 8,089            | 13,819           | 186,747          | 8,089            | 13,819           | 186,747          |
| Dividends received   | 4,167            | 39,003           | 77,337           | 2,616            | 6,835            | 8,899            |
| Other  | 340,531          | 506,719          | 611,653          | 231,207          | 474,300          | 531,923          |
| <b>Total</b>   | <b>2,926,178</b> | <b>5,636,958</b> | <b>7,862,753</b> | <b>2,699,043</b> | <b>5,335,976</b> | <b>7,511,141</b> |



In thousand of Reais, unless otherwise stated

**b) Other operating expenses**

|   | Banco do Brasil    |                    |                     | BB Consolidated    |                    |                     |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|
|   | 2nd half/2020      | 2020               | 2019                | 2nd half/2020      | 2020               | 2019                |
| Actuarial liabilities update                            | (836,661)          | (1,707,594)        | (1,394,073)         | (836,661)          | (1,707,594)        | (1,394,073)         |
| Cards transactions                                      | (831,316)          | (1,610,800)        | (1,681,718)         | (887,085)          | (1,722,075)        | (1,771,159)         |
| Business relationship bonus                             | (645,073)          | (1,246,651)        | (1,656,474)         | (645,073)          | (1,246,651)        | (1,656,474)         |
| Discounts granted on renegotiations                     | (510,664)          | (990,429)          | (1,067,936)         | (510,683)          | (990,448)          | (1,067,955)         |
| Outsourced services                                     | (520,705)          | (961,811)          | (1,110,684)         | (494,478)          | (902,984)          | (1,016,207)         |
| From non-financial subsidiaries                         | --                 | --                 | --                  | (242,392)          | (459,651)          | (467,460)           |
| ATM Network   | (216,276)          | (449,124)          | (227,937)           | (216,276)          | (449,124)          | (227,938)           |
| INSS - Social Security                                  | (121,100)          | (247,351)          | (232,752)           | (121,100)          | (247,351)          | (232,752)           |
| Compensation for transactions of banking correspondents | (111,910)          | (226,413)          | (271,529)           | (111,910)          | (226,413)          | (271,529)           |
| Life insurance premium - consumer credit                | (99,229)           | (189,176)          | (150,242)           | (99,229)           | (189,176)          | (150,242)           |
| Failures/frauds and other losses                        | (116,431)          | (172,787)          | (132,836)           | (122,279)          | (183,592)          | (144,587)           |
| Compliance bonus  | (6,653)            | (19,656)           | (125,944)           | (6,653)            | (19,656)           | (125,944)           |
| Compensation for transactions of Banco Postal           | --                 | (17,580)           | (143,320)           | --                 | (17,580)           | (143,320)           |
| Other expenses - operational provisions                 | (9,856)            | (33,253)           | (47,206)            | (85,447)           | (113,439)          | (54,367)            |
| Impairment losses of rights to manage payroll           | --                 | --                 | (982,690)           | --                 | --                 | (982,690)           |
| Other   | (549,686)          | (921,338)          | (1,647,593)         | (417,224)          | (793,650)          | (1,445,165)         |
| <b>Total</b>  | <b>(4,575,560)</b> | <b>(8,793,963)</b> | <b>(10,872,934)</b> | <b>(4,796,490)</b> | <b>(9,269,384)</b> | <b>(11,151,862)</b> |

**28 - RELATED PARTY TRANSACTIONS****a) Bank's key management personnel**

Salaries and other benefits paid the Bank's key management personnel (Executive Board and Board of Directors) are as follows:

|   | 2nd half/2020 | 2020          | 2019          |
|---|---------------|---------------|---------------|
| <b>Short-term benefits</b>                      | <b>22,450</b> | <b>51,521</b> | <b>53,636</b> |
| Fees and social security contributions          | 16,441        | 32,259        | 34,191        |
| Executive Board                                 | 16,233        | 31,868        | 33,807        |
| Board of Directors                              | 208           | 391           | 384           |
| Variable remuneration (cash) and social charges | 3,617         | 14,955        | 16,056        |
| Other <sup>(1)</sup>                            | 2,392         | 4,307         | 3,389         |
| <b>Termination benefits</b>                     | <b>227</b>    | <b>834</b>    | <b>741</b>    |
| <b>Share-based payment benefits</b>             | <b>--</b>     | <b>10,801</b> | <b>15,290</b> |
| <b>Total</b>                                    | <b>22,677</b> | <b>63,156</b> | <b>69,667</b> |

(1) Includes contributions to pension plan and complementary healthy plan, housing and relocation benefits, group insurance, among others.

The Bank's variable compensation policy (developed in accordance with CMN Resolution 3,921/2010) requires variable compensation for the Executive Directors to be paid partially in shares (Note 23.n).

The Bank does not offer post-employment benefits to its key management personnel, except for those who are part of the staff of the Bank.



## b) Details of related party transactions

The Bank has the policy of related party transactions approved by the Board of Directors and disclosed to the market. The policy aims to establish rules to assure that all decisions, especially those involving related party and other situations potentially conflicted, are made observing the interests of the Bank and its shareholders. It is applicable to all staff and directors of the company.

The policy forbids related party transactions under conditions other than those of the market or that may adversely affect the Bank's interest. Therefore, the transactions are conducted under normal market conditions. The terms and conditions reflect comparable transactions with unrelated parties (including interest rates and collateral requirements). These transactions do not involve unusual payment risks, as disclosed in other notes.

The transactions between the consolidated companies are eliminated in the consolidated financial statements.

The main transactions carried out by the Bank with related parties are:

- i. intercompany transactions, such as: interbank deposits, securities, loans, interest bearing and non-interest bearing deposits, securities sold under repurchase agreements, borrowings and onlendings, guarantees given and others;
- ii. the most important transactions involving the National Treasury include rural loans granted by the Bank under CMN Resolution 2,238/1996 and receivables from the National Treasury for interest rate equalization under Federal Government programs (Law 8,427/1992). Interest rate equalization represents an economic subsidy for rural credit, which provides borrowers with discounted interest rates compared to the Bank's normal funding costs (including administrative and tax expenses). The equalization payment is updated by the Selic rate in accordance with the National Treasury's budgeting process (as defined by law) and is designed to preserve the Bank's earnings;
- iii. Previ uses the Bank's internal systems for voting, selective processes and access to common internal standards, which generates cost savings for both parties involved;
- iv. related parties loan physical space to the Bank free of charge with the Bank, using the spaces mainly for the installation of self-service terminals, banking service offices and branches. These free of charge loans with related parties do not represent significant value, because the most of them are carried out with third parties;
- v. provision of business support services for controlled and sponsored entities for which the Bank is reimbursed for its costs with employees, technology and materials. Sharing of structure aims to gain efficiency for the Conglomerate. Additional information regarding the assignment of employees can be obtained in Note 32.d;
- vi. contracts in which the Bank rents property owned by the entities sponsored to carry out its activities;
- vii. acquisition of portfolio of loans transferred by Banco Votorantim;
- viii. assignment of credits arising from loans written off as losses to Ativos S.A.; and
- ix. hiring specialized services from BB Tecnologia S.A (BBTS) for specialized technical assistance, digitization and copy of documents, telemarketing, extrajudicial collection, support and backing for financial and non-financial business processes, monitoring, supervision and execution of activities inherent to equipment and environments, software development, support and testing, data center support and operation, management of cell phone electronic messages, outsourcing and monitoring of physical security systems and telephony outsourcing.

The Bank established companies credit card ceiling to pay Cielo S.A. bills under usual financial market conditions, in 2019.

The Bank and Caixa Econômica Federal (CEF) signed a credit opening agreement for real estate loans, in the amount of up to R\$ 4,100,200 thousand, related to 2020 budget.

The balances arising from the transactions above mentioned are disclosed in the "Summary of related party transactions" segregated by nature and category of related parties.



In thousand of Reais, unless otherwise stated

Some transactions are disclosed in other notes: the resources applied in federal government securities are listed in Note 10; information about the government funds are related in Note 20; and additional information about the Bank's contributions and other transactions with sponsored entities are listed in Note 29.

Fundação Banco do Brasil (FBB) promotes, encourages and sponsors actions in the areas of education, culture, health, social welfare, recreation and sports, science, technology and community development. In 2020, the Bank's contributions to FBB totaled R\$ 82,976 thousand (R\$ 55,098 thousand in 2019).

### c) Acquisition of portfolio of loans transferred by Banco Votorantim

|   | 2020      | 2019      |
|---|-----------|-----------|
| Assignment with substantial retention of risks and rewards (with co-obligation) | 7,856,098 | 3,107,504 |

### d) Summary of related party transactions

|  | Banco do Brasil           |                             |  |   |                                      |             |
|--|---------------------------|-----------------------------|--|---|--------------------------------------|-------------|
|  | Dec 31, 2020              |                             |  |   |                                      |             |
|  | Controller <sup>(1)</sup> | Subsidiaries <sup>(2)</sup> | Joint ventures and associates <sup>(3)</sup> | Key management personnel <sup>(4)</sup> | Other related parties <sup>(5)</sup> | Total       |
| <b>Assets</b>  |                           |                             |  |   |                                      |             |
| Interbank investments                                    | --                        | 76,983,784                  | 1,946,378                                    | --                                      | 2,634,986                            | 81,565,148  |
| Securities   | --                        | 2,020,660                   | 274,075                                      | --                                      | 458,987                              | 2,753,722   |
| Loan portfolio <sup>(6)</sup>                            | --                        | --                          | 5,583,083                                    | 5,209                                   | 14,713,767                           | 20,302,059  |
| Receivables from related companies                       | --                        | 55,014                      | 258,956                                      | --                                      | 9,414                                | 323,384     |
| Other assets <sup>(7)</sup>                              | 2,728,800                 | 399,637                     | 22,136                                       | --                                      | 256,186                              | 3,406,759   |
| Guarantees received <sup>(8)</sup>                       | --                        | --                          | 6,921  | --                                      | 1,262,402                            | 1,269,323   |
| <b>Liabilities</b>                                       |                           |                             |  |   |                                      |             |
| Demand deposits  | 1,583,502                 | 202,235                     | 102,571                                      | 1,976                                   | 373,096                              | 2,263,380   |
| Saving deposits  | 1,761                     | --                          | --   | 415                                     | 238,703                              | 240,879     |
| Time deposits  | 4,474,338                 | 1,081,785                   | 680,598                                      | 205                                     | 12,942,576                           | 19,179,502  |
| Securities sold under repurchase agreements              | 43,510                    | 15,327,267                  | 1,041,700                                    | --                                      | 1,542,650                            | 17,955,127  |
| Borrowings and onlendings                                | 172,995                   | 73,752,434                  | --   | --                                      | 58,158,330                           | 132,083,759 |
| Other liabilities <sup>(9)</sup>                         | 9,678,002                 | 4,475,259                   | 10,831,065                                   | 19,532                                  | 1,445,724                            | 26,449,582  |
| Guarantees given and other coobligations <sup>(10)</sup> | --                        | 1,025,826                   | 5,010,636                                    | --                                      | 716,003                              | 6,752,465   |
| <b>2nd half/2020</b>                                     |                           |                             |  |   |                                      |             |
| Income from financial intermediation                     | 647,730                   | 2,503,348                   | 154,853                                      | 276                                     | 389,022                              | 3,695,229   |
| Service fee income                                       | 19,494                    | 22,662                      | 259,762                                      | --                                      | 291,751                              | 593,669     |
| Other income <sup>(11)</sup>                             | 9,046                     | 205,132                     | 188,347                                      | --                                      | 2,671                                | 405,196     |
| Expenses from financial intermediation                   | (186,303)                 | (2,643,195)                 | (8,908)                                      | (177)                                   | (1,643,485)                          | (4,482,068) |
| Other expenses   | --                        | (556,900)                   | (384,426)                                    | --                                      | (310,089)                            | (1,251,415) |
| <b>2020</b>  |                           |                             |  |   |                                      |             |
| Income from financial intermediation                     | 1,611,195                 | 5,327,282                   | 389,638                                      | 471                                     | 911,351                              | 8,239,937   |
| Service fee income                                       | 37,156                    | 41,714                      | 480,435                                      | --                                      | 469,852                              | 1,029,157   |
| Other income <sup>(11)</sup>                             | 16,322                    | 431,566                     | 456,705                                      | --                                      | 7,768                                | 912,361     |
| Expenses from financial intermediation                   | (363,976)                 | (5,652,498)                 | (18,661)                                     | (432)                                   | (3,278,989)                          | (9,314,556) |
| Other expenses   | --                        | (1,079,081)                 | (666,280)                                    | --                                      | (644,132)                            | (2,389,493) |

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Companies are listed in Note 2.f.

(3) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(4) Board of Directors and Executive Board.

(5) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(6) The Bank constituted the amount of R\$ 175 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$ 98 thousand in the 2nd half/2020 (reversal of R\$ 995 thousand in 2020).

(7) The transactions with the Controller refer mainly to Extension of rural credits – National Treasury transactions, interest rate equalization – agricultural crop and receivables – National Treasury.

(8) Mainly include National Treasury guarantees, billing with registration, among others.

(9) Mainly include derivative financial instruments and financial bills. Mainly include derivative financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(10) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(11) Includes the amount of R\$ 352,660 thousand in the 2nd half/2020 related recoveries of costs and expenses from the structure sharing (R\$ 718,944 thousand in 2020).



In thousand of Reais, unless otherwise stated

|  | Banco do Brasil           |                             |  |   |                                      |              |
|--|---------------------------|-----------------------------|--|---|--------------------------------------|--------------|
|  | Dec 31, 2019              |                             |  |   |                                      |              |
|  | Controller <sup>(1)</sup> | Subsidiaries <sup>(2)</sup> | Joint ventures and associates <sup>(3)</sup> | Key management personnel <sup>(4)</sup> | Other related parties <sup>(5)</sup> | Total        |
| <b>Assets</b>  |                           |                             |  |   |                                      |              |
| Interbank investments                                  | --                        | 79,522,814                  | 559,618                                      | --                                      | 652,514                              | 80,734,946   |
| Securities   | --                        | 1,952,666                   | 883,865                                      | --                                      | 385,191                              | 3,221,722    |
| Loan portfolio <sup>(6)</sup>                          | --                        | 314,307                     | 4,522,222                                    | 4,996                                   | 16,080,604                           | 20,922,129   |
| Receivables from related companies                     | --                        | 55,150                      | 263,634                                      | --                                      | 9,634                                | 328,418      |
| Other assets <sup>(7)</sup>                            | 2,997,540                 | 1,817,557                   | 2,836  | --                                      | 231,855                              | 5,049,788    |
| Guarantees received <sup>(8)</sup>                     | --                        | --                          | 18,918                                       | --                                      | 2,314,822                            | 2,333,740    |
| <b>Liabilities</b>                                     |                           |                             |  |   |                                      |              |
| Demand deposits  | 538,447                   | 139,175                     | 64,653                                       | 1,045                                   | 269,947                              | 1,013,267    |
| Saving deposits  | 720                       | --                          | --   | 323                                     | 235,704                              | 236,747      |
| Time deposits  | 4,538,116                 | 1,534,675                   | 490,122                                      | 112                                     | 12,049,321                           | 18,612,346   |
| Securities sold under repurchase agreements            | 42,337                    | 17,955,353                  | 35,672                                       | --                                      | 8,759,749                            | 26,793,111   |
| Borrowings and onlendings                              | 167,215                   | 76,112,113                  | --   | --                                      | 60,741,468                           | 137,020,796  |
| Other liabilities <sup>(9)</sup>                       | 9,724,112                 | 3,823,678                   | 12,093,992                                   | 14,394                                  | 1,881,962                            | 27,538,138   |
| Guarantees given and other obligations <sup>(10)</sup> | --                        | 826,654                     | 5,011,026                                    | 403                                     | 714,055                              | 6,552,138    |
|  |                           |                             | <b>2019</b>                                  |   |                                      |              |
| Income from financial intermediation                   | 2,948,688                 | 5,216,687                   | 524,973                                      | 463                                     | 1,586,881                            | 10,277,692   |
| Service fee income                                     | 49,469                    | 12,429                      | 386,651                                      | --                                      | 317,143                              | 765,692      |
| Other income <sup>(11)</sup>                           | 39,755                    | 466,599                     | 398,387                                      | --                                      | 19,771                               | 924,512      |
| Expenses from financial intermediation                 | (456,349)                 | (5,678,085)                 | (31,393)                                     | (987)                                   | (3,898,745)                          | (10,065,559) |
| Other expenses   | --                        | (1,108,854)                 | (612,052)                                    | --                                      | (916,714)                            | (2,637,620)  |

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Companies are listed in Note 2.f.

(3) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(4) Board of Directors and Executive Board.

(5) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(6) The Bank constituted the amount of R\$ 1,244 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$ 1,239 thousand in 2019.

(7) The transactions with the Controller refer mainly to Extension of rural credits – National Treasury transactions, interest rate equalization – agricultural crop and receivables – National Treasury.

(8) Mainly include National Treasury guarantees, oil ships, among others.

(9) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(10) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(11) Includes the amount of R\$ 803,238 thousand in 2019 related recoveries of costs and expenses from the structure sharing.



In thousand of Reais, unless otherwise stated

|   | BB Consolidated           |  |   |                                      |             |
|---|---------------------------|--|---|--------------------------------------|-------------|
|   | Dec 31, 2020              |  |   |                                      |             |
|   | Controller <sup>(1)</sup> | Joint ventures and associates <sup>(2)</sup> | Key management personnel <sup>(3)</sup> | Other related parties <sup>(4)</sup> | Total       |
| <b>Assets</b>   |                           |  |   |                                      |             |
| Interbank investments                                 | --                        | 1,946,378                                    | --                                      | 2,634,986                            | 4,581,364   |
| Securities  | --                        | 3,487,007                                    | --                                      | 493,943                              | 3,980,950   |
| Loan portfolio <sup>(5)</sup>                         | --                        | 5,583,083                                    | 5,209                                   | 14,713,767                           | 20,302,059  |
| Receivables from related companies                    | --                        | 277,291                                      | --                                      | 12,296                               | 289,587     |
| Other assets <sup>(6)</sup>                           | 2,728,800                 | 181,946                                      | --                                      | 274,148                              | 3,184,894   |
| Guarantees received <sup>(7)</sup>                    | --                        | 6,921  | --                                      | 1,262,402                            | 1,269,323   |
| <b>Liabilities</b>                                    |                           |  |   |                                      |             |
| Demand deposits                                       | 1,583,502                 | 102,571                                      | 1,976                                   | 373,096                              | 2,061,145   |
| Saving deposits                                       | 1,761                     | --   | 415                                     | 238,703                              | 240,879     |
| Time deposits   | 4,571,230                 | 680,598                                      | 205                                     | 12,942,576                           | 18,194,609  |
| Securities sold under repurchase agreements           | 43,510                    | 1,041,700                                    | --                                      | 1,542,650                            | 2,627,860   |
| Borrowings and onlendings                             | 172,995                   | --   | --                                      | 58,158,330                           | 58,331,325  |
| Other liabilities <sup>(8)</sup>                      | 1,578,002                 | 13,319,585                                   | 19,532                                  | 1,445,773                            | 16,362,892  |
| Guarantees given and other obligations <sup>(9)</sup> | --                        | 5,010,636                                    | --                                      | 716,003                              | 5,726,639   |
|   | <b>2nd half/2020</b>      |  |   |                                      |             |
| Income from financial intermediation                  | 647,730                   | 191,952                                      | 276                                     | 391,561                              | 1,231,519   |
| Service fee income                                    | 19,736                    | 2,539,558                                    | --                                      | 313,741                              | 2,873,035   |
| Other income <sup>(10)</sup>                          | 9,046                     | 308,332                                      | --                                      | 2,671                                | 320,049     |
| Expenses from financial intermediation                | (107,721)                 | (8,908)                                      | (177)                                   | (1,643,485)                          | (1,760,291) |
| Other expenses  | --                        | (384,593)                                    | --                                      | (310,813)                            | (695,406)   |
|   | <b>2020</b>               |  |   |                                      |             |
| Income from financial intermediation                  | 1,611,195                 | 491,439                                      | 471                                     | 917,510                              | 3,020,615   |
| Service fee income                                    | 37,643                    | 4,760,591                                    | --                                      | 512,505                              | 5,310,739   |
| Other income <sup>(10)</sup>                          | 16,322                    | 684,632                                      | --                                      | 7,768                                | 708,722     |
| Expenses from financial intermediation                | (242,655)                 | (18,661)                                     | (432)                                   | (3,278,989)                          | (3,540,737) |
| Other expenses  | --                        | (666,447)                                    | --                                      | (645,923)                            | (1,312,370) |

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R\$ 175 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$ 98 thousand in the 2nd half/2020 (reversal of R\$ 995 thousand in 2020).

(6) The transactions with the Controller refer mainly to Extension of rural credits – National Treasury transactions, interest rate equalization – agricultural crop and receivables – National Treasury.

(7) Mainly include National Treasury guarantees, billing with registration, among others.

(8) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(10) Includes the amount of R\$ 149,523 thousand in the 2nd half/2020 related recoveries of costs and expenses from the structure sharing (R\$ 320,986 thousand in 2020).





In thousand of Reais, unless otherwise stated

|   | BB Consolidated           |  |   |                                      |             |
|---|---------------------------|--|---|--------------------------------------|-------------|
|   | Dec 31, 2019              |  |   |                                      |             |
|   | Controller <sup>(1)</sup> | Joint ventures and associates <sup>(2)</sup> | Key management personnel <sup>(3)</sup> | Other related parties <sup>(4)</sup> | Total       |
| <b>Assets</b>   |                           |  |   |                                      |             |
| Interbank investments                                 | --                        | 559,618                                      | --                                      | 652,514                              | 1,212,132   |
| Securities  | --                        | 4,294,074                                    | --                                      | 397,893                              | 4,691,967   |
| Loan portfolio <sup>(5)</sup>                         | --                        | 4,522,222                                    | 4,996                                   | 16,080,604                           | 20,607,822  |
| Receivables from related companies                    | --                        | 271,209                                      | --                                      | 9,637                                | 280,846     |
| Other assets <sup>(6)</sup>                           | 2,997,540                 | 129,948                                      | --                                      | 259,704                              | 3,387,192   |
| Guarantees received <sup>(7)</sup>                    | --                        | 18,918                                       | --                                      | 2,314,822                            | 2,333,740   |
| <b>Liabilities</b>                                    |                           |  |   |                                      |             |
| Demand deposits                                       | 540,503                   | 64,653                                       | 1,045                                   | 269,947                              | 876,148     |
| Saving deposits                                       | 720                       | --   | 323                                     | 235,704                              | 236,747     |
| Time deposits   | 4,631,093                 | 490,122                                      | 112                                     | 12,049,322                           | 17,170,649  |
| Securities sold under repurchase agreements           | 42,337                    | 35,672                                       | --                                      | 8,759,749                            | 8,837,758   |
| Borrowings and onlendings                             | 167,215                   | --   | --                                      | 60,741,527                           | 60,908,742  |
| Other liabilities <sup>(8)</sup>                      | 1,624,112                 | 13,096,727                                   | 14,394                                  | 1,881,962                            | 16,617,195  |
| Guarantees given and other obligations <sup>(9)</sup> | --                        | 5,011,026                                    | 403                                     | 714,055                              | 5,725,484   |
|   |                           |  | <b>2019</b>                             |                                      |             |
| Income from financial intermediation                  | 2,948,688                 | 740,690                                      | 463                                     | 1,592,603                            | 5,282,444   |
| Service fee income                                    | 52,150                    | 4,267,095                                    | 13                                      | 367,717                              | 4,686,975   |
| Other income <sup>(10)</sup>                          | 39,755                    | 890,775                                      | --                                      | 19,771                               | 950,301     |
| Expenses from financial intermediation                | (221,731)                 | (31,393)                                     | (987)                                   | (3,898,748)                          | (4,152,859) |
| Other expenses  | --                        | (613,932)                                    | --                                      | (919,088)                            | (1,533,020) |

(1) Union (National Treasury and agencies of the direct administration of the Federal Government).

(2) Mainly refer to Banco Votorantim, Cielo, BB Mapfre Participações, Brasilprev, Brasilcap, Alelo, Cateno and Tecban.

(3) Board of Directors and Executive Board.

(4) Includes the most significant transactions with state-owned companies and public companies controlled by the Federal Government, such as: Petrobras, CEF, BNDES, Eletrobras. Government funds such as: Fundo de Amparo ao Trabalhador – FAT, Fundo de Aval para Geração de Emprego e Renda – Funproger. In addition, entities linked to employees and sponsored entities: Cassi, Previ and others.

(5) The Bank constituted the amount of R\$ 1,244 thousand as allowance for losses associated with credit risk on related parties' loan portfolio. The constitution of expense for allowance was R\$ 1,239 thousand in 2019.

(6) The transactions with the Controller refer mainly to Extension of rural credits – National Treasury transactions, interest rate equalization – agricultural crop and receivables – National Treasury.

(7) Mainly include National Treasury guarantees, oil ships, among others.

(8) Mainly include derivate financial instruments and financial bills. Mainly include derivate financial instruments and financial bills. The Joint ventures and associates' balance mainly refers to amounts payable to Cielo relating to transactions carried out with credit and debit cards issued by the Bank to be transferred by the Cielo to the accredited establishments.

(9) Includes contract of opening of a revolving interbank credit line with Banco Votorantim.

(10) Includes the amount of R\$ 405,713 thousand in 2019 related recoveries of costs and expenses from the structure sharing.



In thousand of Reais, unless otherwise stated

**29 - EMPLOYEE BENEFITS**

Banco do Brasil sponsors the following pension and health insurance plans for its employees:

|   | Plans   | Benefits               | Classification        |
|---|---|------------------------|-----------------------|
| Previ - Caixa de Previdência dos Funcionários do Banco do Brasil                            | Previ Futuro                                    | Retirement and Pension | Defined contribution  |
|   | Plano de Benefícios 1                           | Retirement and Pension | Defined benefit       |
|   | Plano Informal                                  | Retirement and Pension | Defined benefit       |
| Cassi - Caixa de Assistência dos Funcionários do Banco do Brasil                            | Plano de Associados                             | Health Care            | Defined benefit       |
| Economus – Instituto de Seguridade Social   | Prevmais  | Retirement and Pension | Variable contribution |
|   | Regulamento Geral                               | Retirement and Pension | Defined benefit       |
|   | Regulamento Complementar 1                      | Retirement and Pension | Defined benefit       |
|   | Grupo B'  | Retirement and Pension | Defined benefit       |
|   | Plano Unificado de Saúde - PLUS                 | Health Care            | Defined benefit       |
|   | Plano Unificado de Saúde - PLUS II              | Health Care            | Defined benefit       |
| Fusesc - Fundação Codesc de Seguridade Social   | Plano de Assistência Médica Complementar - PAMC | Health Care            | Defined benefit       |
|   | Multifuturo I                                   | Retirement and Pension | Variable contribution |
|   | Plano de Benefícios I                           | Retirement and Pension | Defined benefit       |
| SIM - Caixa de Assistência dos Empregados dos Sistemas Besc e Codesc, do Badesc e da Fusesc | Plano de Saúde                                  | Health Care            | Defined contribution  |
| Prevbep - Caixa de Previdência Social   | Plano BEP                                       | Retirement and Pension | Defined benefit       |

**Number of participants covered by benefit plans sponsored by the Bank**

|                                     | Dec 31, 2020           |                |                | Dec 31, 2019           |                |                |
|-------------------------------------|------------------------|----------------|----------------|------------------------|----------------|----------------|
|                                     | Number of participants |                |                | Number of participants |                |                |
|                                     | Active                 | Retired/users  | Total          | Active                 | Retired/users  | Total          |
| <b>Retirement and pension plans</b> | <b>94,026</b>          | <b>119,972</b> | <b>213,998</b> | <b>95,971</b>          | <b>120,303</b> | <b>216,274</b> |
| Plano de Benefícios 1 - Previ       | 6,722                  | 99,812         | 106,534        | 7,470                  | 100,057        | 107,527        |
| Plano Previ Futuro                  | 74,760                 | 2,344          | 77,104         | 75,735                 | 2,073          | 77,808         |
| Plano Informal                      | --                     | 2,480          | 2,480          | --                     | 2,661          | 2,661          |
| Other plans                         | 12,544                 | 15,336         | 27,880         | 12,766                 | 15,512         | 28,278         |
| <b>Health care plans</b>            | <b>94,704</b>          | <b>106,104</b> | <b>200,808</b> | <b>96,631</b>          | <b>106,837</b> | <b>203,468</b> |
| Cassi                               | 84,523                 | 99,885         | 184,408        | 86,383                 | 100,145        | 186,528        |
| Other plans                         | 10,181                 | 6,219          | 16,400         | 10,248                 | 6,692          | 16,940         |

**Bank's contributions to benefit plans**

|  | 2nd half/2020    | 2020             | 2019             |
|--|------------------|------------------|------------------|
| <b>Retirement and pension plans</b>          | <b>937,686</b>   | <b>1,791,030</b> | <b>1,928,021</b> |
| Plano de Benefícios 1 - Previ <sup>(1)</sup> | 314,424          | 621,846          | 832,757          |
| Plano Previ Futuro                           | 409,077          | 762,023          | 713,942          |
| Plano Informal                               | 77,387           | 150,480          | 157,629          |
| Other plans                                  | 136,798          | 256,681          | 223,693          |
| <b>Health care plans</b>                     | <b>915,453</b>   | <b>2,625,470</b> | <b>1,394,079</b> |
| Cassi <sup>(2)</sup>                         | 838,687          | 2,461,292        | 1,211,275        |
| Other plans                                  | 76,766           | 164,178          | 182,804          |
| <b>Total</b>                                 | <b>1,853,139</b> | <b>4,416,500</b> | <b>3,322,100</b> |

(1) Refers to the contributions relating to participants subject to Agreement 97 and Plan 1, whereby these contributions occur by the realization of Fundo Paridade until 2018 and Fundo de Utilização (Note 29.f). Agreement 97 aims to regulate the funding required to constitute a portion equivalent to 53.7% of guaranteed amount relating to the supplementary pension due to the participants who joined the Bank up to April 14, 1967 and who have retired or will retire after the aforementioned date, except for those participants who are part of the Plano Informal.

(2) In 2020, it includes contributions retroactive to January/2019, referring to the temporary administration fee and employer contribution on dependents, as well as the early settlement of the Bank to the group of indirect dependents (GDI) (Note 32.g).



In thousand of Reais, unless otherwise stated

The Bank's contributions to defined benefit plans (post-employment) were estimated at R\$ 863,649 thousand for the next 6 months and R\$ 1,843,230 thousand for the next 12 months.

### Values recognized in income

|                                     | 2nd half/2020      | 2020               | 2019               |
|-------------------------------------|--------------------|--------------------|--------------------|
| <b>Retirement and pension plans</b> | <b>(859,699)</b>   | <b>(1,735,210)</b> | <b>(1,167,595)</b> |
| Plano de Benefícios 1 – Previ       | (303,641)          | (664,008)          | (115,593)          |
| Plano Previ Futuro                  | (409,077)          | (762,023)          | (713,942)          |
| Plano Informal                      | (45,740)           | (105,788)          | (106,856)          |
| Other plans                         | (101,241)          | (203,391)          | (231,204)          |
| <b>Health care plans</b>            | <b>(1,030,396)</b> | <b>(2,087,397)</b> | <b>(1,701,107)</b> |
| Cassi                               | (946,919)          | (1,914,613)        | (1,512,293)        |
| Other plans                         | (83,477)           | (172,784)          | (188,814)          |
| <b>Total</b>                        | <b>(1,890,095)</b> | <b>(3,822,607)</b> | <b>(2,868,702)</b> |

Detailed information regarding defined benefit plans is provided in Note 29.d.4.

#### a) Retirement and pension plans

##### Previ Futuro (Previ)

Participants in this plan include Bank employees hired after December 24, 1997. Depending on time of service and salary, active participants may contribute between 7% and 17% of their salary (retired participants do not contribute). The plan sponsor matches participants' contributions up to 14% of their salaries.

##### Plano de Benefícios 1 (Previ)

Participants in this plan include Bank employees hired prior to December 23, 1997. Active and retired participants may contribute between 1.8% and 7.8% of their salary or pension.

##### Plano Informal (Previ)

Banco do Brasil is fully responsible for this plan. The Bank's contractual obligations include to:

- (i) providing retirement benefits to the initial group of participants and pension payments to the beneficiaries of participants who died prior to April 14, 1967;
- (ii) paying additional retirement benefits to plan participants who retired prior to April 14, 1967, or had the right to retire based on time of service and at least 20 years of service with the Bank; and
- (iii) increasing retirement and pension benefits due to judicial and administrative decisions related to changes in the Bank's career, salary and incentive plans (in excess of the plan's original benefits).

The Bank and Previ formalized an agreement on December 31, 2012. Under the agreement, Banco do Brasil paid 100% of the mathematical reserves for the so-called Grupo Especial (for which it was fully liable) using funds from the Fundo Paridade. As a result, this group migrated from the Plano Informal to Plano de Benefícios 1. The Grupo Especial included participants from Plano de Benefícios 1 (Previ) listed in the paragraph of first clause of the agreement signed on December 24, 1997. These participants received additional retirement benefits due to administrative and/or judicial decisions.



In thousand of Reais, unless otherwise stated

**Prevmais (Economus)**

Participants in this plan include employees of Banco Nossa Caixa (a bank acquired by Banco do Brasil on November 30, 2009) who enrolled after August 01, 2006, or were part of the Regulamento Geral benefit plan and opted to receive their vested account balances. The sponsor and participants make equal contributions, which may not exceed 8% of participants' salaries. The plan provides additional risk coverage, including supplemental health, work-related accident, disability and death benefits.

**Regulamento Geral (Economus)**

Participants in this plan include employees of Banco Nossa Caixa who enrolled prior to July 31, 2006. This plan is closed to new members. The sponsor and participants contribute equally.

**Regulamento Complementar 1 (Economus)**

Participants in this plan include employees of Banco Nossa Caixa. This plan offers supplemental health benefits and annuities upon death or disability. The sponsor, participants and retired/other beneficiaries fund the plan.

**Grupo B' (Economus)**

Group of employees and retirees of Banco Nossa Caixa admitted between January 22, 1974, and May 13, 1974, and their beneficiaries. Benefit levels are based on the fulfillment of certain conditions outlined in the plan regulation.

**Multifuturo I (Fusesc)**

Participants in this plan include employees of the State Bank of Santa Catarina – Besc (acquired by Banco do Brasil on September 30, 2008) who enrolled after January 12, 2003, or were part of the Plano de Benefícios I (Fusesc) and chose to participate in this plan. Participants may contribute from 2.33% to 7% of their salaries. The plan sponsor matches these contributions.

**Plano de Benefícios I (Fusesc)**

Participants in this plan include employees of Besc who enrolled prior to January 11, 2003. This plan is closed to new members. The sponsor and participants contribute equally.

**Plano BEP (Prevbep)**

Participants in this plan include employees of the State Bank of Piauí – BEP (acquired by Banco do Brasil on November 30, 2008). The sponsor and participants contribute equally.

**b) Health Care Plans****Plano de Associados (Cassi)**

The Bank sponsors a health care plan managed by Cassi. The plan covers health care services related to prevention, protection, recovery and rehabilitation for participants and their beneficiaries. Each month, the Bank contributes 4.5% of participants' salaries or pension benefits, in addition to 3% per dependent of active employee (up to three dependents), plus a temporary administration fee, corresponding to 10% on the sum of employers' and personal contributions (active holders), until 2021.

Monthly contributions by participants and pensioners total 4% of their salary or pension, copayments for certain hospital procedures, in addition to the contribution per dependent, following the rules provided for in the Cassi Statute and in the plan's regulations.



In thousand of Reais, unless otherwise stated

**Plano Unificado de Saúde - PLUS (Economus)**

Participants in this plan include employees from Banco Nossa Caixa, who enrolled prior to December 12, 2000. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents (both preferred and non-preferred).

**Plano Unificado de Saúde - PLUS II (Economus)**

Participants in this plan include employees from Banco Nossa Caixa, who enrolled after January 01, 2001. Participation in this plan requires a direct payroll deduction of 1.5%, providing coverage for employees and certain preferred dependents. An additional 10% copayment is required for each medical visit and low-cost exam performed by employees and their dependents and adult children. This plan does not cover non-preferred dependents.

**Plano de Assistência Médica Complementar - PAMC (Economus)**

Participants in this plan include employees of Banco Nossa Caixa located in the state of São Paulo. The plan serves disabled employees under the Complementar and Regulamento Geral and their dependents. Participant costs vary based on usage and in accordance with a progressive salary table.

**Plano de Saúde (SIM)**

Participants in this plan include employees of Besc and other sponsors of the plan (including Badesc, Codesc, Bescor, Fusc and SIM). For active members, monthly contributions total 4.55% of salary, including their 13th salary. For inactive members, monthly contributions total 11.72% of salary, while the plan sponsors contribute 7.17%. Beneficiaries also contribute 0.99% per dependent. The plan requires a copayment for ambulatory care procedures.

**c) Risk factors**

**The Bank may need to make unplanned contributions to Previ, Economus, Fusc and Prevbep, which could negatively affect operating income.**

Determination of the Bank's obligations to these entities is based on long-term actuarial and financial estimates and the application and interpretation of current regulatory standards. Inaccuracies inherent to the estimation process could result in differences between recorded amounts and the actual obligations in the future. This could have a negative impact on the Bank's operating results.

**d) Actuarial valuations**

Actuarial evaluations are performed every six months. The information contained in the below tables refers to the calculations at Dec 31, 2020.

**d.1) Changes in present value of defined benefit actuarial obligations**

|  | Plano 1 - Previ      |                      | Plano Informal - Previ |                    | Plano de As         |
|--|----------------------|----------------------|------------------------|--------------------|---------------------|
|  | 2020                 | 2019                 | 2020                   | 2019               | 2020                |
| <b>Opening balance</b>                                 | <b>(211,164,640)</b> | <b>(172,028,674)</b> | <b>(1,100,658)</b>     | <b>(940,374)</b>   | <b>(13,234,231)</b> |
| Interest cost  | (14,289,666)         | (15,808,281)         | (68,305)               | (80,681)           | (907,097)           |
| Current service cost                                   | (275,589)            | (332,022)            | --                     | --                 | (94,355)            |
| Past service cost                                      | --                   | --                   | (37,482)               | (26,175)           | (56,700)            |
| Benefits paid using plan assets                        | 13,117,049           | 12,572,211           | 150,481                | 157,629            | 763,555             |
| Reductions/settlements <sup>(1)</sup>                  | --                   | --                   | --                     | --                 | 450,920             |
| Remeasurements of actuarial gain/(losses)              | 15,430,951           | (35,567,874)         | (2,882)                | (211,057)          | 718,450             |
| Experience adjustment                                  | (3,704,965)          | (3,586,618)          | (36,898)               | (98,337)           | (499,419)           |
| Changes to biometric/demographic assumptions           | --                   | --                   | --                     | --                 | --                  |
| Changes to financial assumptions                       | 19,135,916           | (31,981,256)         | 34,016                 | (112,720)          | 1,217,870           |
| <b>Closing balance</b>                                 | <b>(197,181,895)</b> | <b>(211,164,640)</b> | <b>(1,058,846)</b>     | <b>(1,100,658)</b> | <b>(12,359,453)</b> |
| Present value of actuarial liabilities with surplus    | (197,181,895)        | (194,700,370)        | --                     | --                 | (80,750)            |
| Present value of actuarial liabilities without surplus | --                   | (16,464,270)         | (1,058,846)            | (1,100,658)        | (12,278,703)        |

(1) Settlement of the Bank's contractual obligation to the Group of Indirect Dependents (GDI), belonging to the Plano de Associados, managed by Cassi.

**d.2) Changes in fair value of plan assets**

|   | Plano 1 – Previ    |                    | Plano Informal – Previ |           | Plano de Associação |
|---|--------------------|--------------------|------------------------|-----------|---------------------|
|   | 2020               | 2019               | 2020                   | 2019      | 2020                |
| <b>Opening balance</b>                  | <b>194,700,370</b> | <b>179,197,455</b> | --                     | --        | <b>161,500</b>      |
| Interest income                         | 13,237,239         | 15,909,119         | --                     | --        | --                  |
| Advance of consideration <sup>(2)</sup> | --                 | --                 | --                     | --        | (80,750)            |
| Contributions received                  | 1,209,842          | 1,413,748          | 150,480                | 157,629   | 763,559             |
| Participants                            | 587,996            | 580,991            | --                     | --        | --                  |
| Sponsor <sup>(3)</sup>                  | 621,846            | 832,757            | 150,480                | 157,629   | 763,559             |
| Benefits paid using plan assets         | (13,117,049)       | (12,572,211)       | (150,480)              | (157,629) | (763,559)           |
| Actuarial gain/(loss) on plan assets    | 12,876,019         | 10,752,259         | --                     | --        | --                  |
| <b>Closing balance</b>                  | <b>208,906,421</b> | <b>194,700,370</b> | --                     | --        | <b>80,750</b>       |

(1) Refers to the following plans: Regulamento Geral (Economus), Prevmais (Economus), Regulamento Complementar 1 (Economus), Multifuturo I (Fusesc), Plano I (Fusesc).

(2) Refers to the Advance of employer contributions on Christmas bonus (13th salary) corresponding to the period from 2018 to 2021.

(3) Includes in Plano 1 – Previ, the amount of R\$ 33,850 thousand (R\$ 251,766 thousand on December 31, 2019), related to the Agreement 97 and Grupo Especial.

**d.3) Amounts recognized in the balance sheet**

|  | Plano 1 – Previ  |                    | Plano Informal - Previ |                    | Plano de Associação |
|--|------------------|--------------------|------------------------|--------------------|---------------------|
|  | Dec 31, 2020     | Dec 31, 2019       | Dec 31, 2020           | Dec 31, 2019       | Dec 31, 2020        |
| 1) Fair value of the plan assets                         | 208,906,421      | 194,700,370        | --                     | --                 | 80,750              |
| 2) Present value of actuarial liabilities                | (197,181,895)    | (211,164,640)      | (1,058,846)            | (1,100,658)        | (12,359,453)        |
| 3) Surplus/(deficit) (1+2)                               | 11,724,526       | (16,464,270)       | (1,058,846)            | (1,100,658)        | (12,278,703)        |
| <b>4) Net actuarial asset/(liability) <sup>(1)</sup></b> | <b>5,862,263</b> | <b>(8,232,135)</b> | <b>(1,058,846)</b>     | <b>(1,100,658)</b> | <b>(12,278,703)</b> |

(1) Refers to the portion of the surplus/(deficit) due from the sponsor.

**d.4) Breakdown of the amounts recognized in statement of income relating to defined benefit plans**

|   | Plano 1 - Previ  |                  |                  | Plano Informal - Previ |                  |                  | Plano de Associados |                    |
|---|------------------|------------------|------------------|------------------------|------------------|------------------|---------------------|--------------------|
|   | 2nd half/2020    | 2020             | 2019             | 2nd half/2020          | 2020             | 2019             | 2nd half/2020       | 2020               |
| Current service cost  | (57,642)         | (137,795)        | (166,011)        | --                     | --               | --               | (50,483)            | (94,355)           |
| Interest cost   | (3,558,782)      | (7,144,832)      | (7,904,141)      | (34,100)               | (68,305)         | (80,681)         | (455,717)           | (907,096)          |
| Expected yield on plan assets                                 | 3,312,783        | 6,618,619        | 7,954,559        | --                     | --               | --               | --                  | --                 |
| Unrecognized past service cost                                | --               | --               | --               | (11,640)               | (37,483)         | (26,175)         | --                  | (56,700)           |
| Expense with active employees                                 | --               | --               | --               | --                     | --               | --               | (440,719)           | (856,462)          |
| Other adjustments/reversals                                   | --               | --               | --               | --                     | --               | --               | --                  | --                 |
| <b>(Expense)/income recognized in the statement of income</b> | <b>(303,641)</b> | <b>(664,008)</b> | <b>(115,593)</b> | <b>(45,740)</b>        | <b>(105,788)</b> | <b>(106,856)</b> | <b>(946,919)</b>    | <b>(1,914,613)</b> |

**d.5) Amounts recognized in the shareholders' equity**

|  | Plano 1 - Previ     |                     | Plano Informal - Previ |                  | Plano de Assoc     |
|--|---------------------|---------------------|------------------------|------------------|--------------------|
|  | Dec 31, 2020        | Dec 31, 2019        | Dec 31, 2020           | Dec 31, 2019     | Dec 31, 2020       |
| <b>Opening balance</b>                 | <b>(17,490,891)</b> | <b>(11,560,758)</b> | <b>(226,025)</b>       | <b>(119,938)</b> | <b>(3,208,963)</b> |
| Accumulated other comprehensive income | 14,136,560          | (12,533,690)        | (2,880)                | (211,058)        | 718,451            |
| Tax effects                            | (6,361,452)         | 6,603,557           | 1,296                  | 104,971          | (323,303)          |
| <b>Closing balance</b>                 | <b>(9,715,783)</b>  | <b>(17,490,891)</b> | <b>(227,609)</b>       | <b>(226,025)</b> | <b>(2,813,815)</b> |



**d.6) Maturity profile of defined benefit actuarial obligations**

|                                       | Duration <sup>(1)</sup> | Expected benefits |              |              |
|---------------------------------------|-------------------------|-------------------|--------------|--------------|
|                                       |                         | Up to 1 year      | 1 to 2 years | 2 to 3 years |
| Plano 1 (Previ)                       | 11.25                   | 13,992,354        | 13,862,449   |              |
| Plano Informal (Previ)                | 6.33                    | 156,241           | 138,824      |              |
| Plano de Associados (Cassi)           | 12.23                   | 880,982           | 872,738      |              |
| Regulamento Geral (Economus)          | 10.96                   | 576,163           | 575,944      |              |
| Regulamento Complementar 1 (Economus) | 13.42                   | 2,991             | 3,133        |              |
| Plus I e II (Economus)                | 14.08                   | 44,323            | 45,682       |              |
| Grupo B' (Economus)                   | 9.95                    | 20,280            | 20,121       |              |
| Prevmias (Economus)                   | 15.08                   | 15,377            | 16,200       |              |
| Multifuturo I (Fusesc)                | 16.83                   | 7,146             | 7,290        |              |
| Plano I (Fusesc)                      | 9.25                    | 46,066            | 45,281       |              |
| Plano BEP (Prevbep)                   | 11.18                   | 5,961             | 6,157        |              |

(1) Weighted average duration, in years, of the defined benefit actuarial obligation.

(2) Amounts considered without discounting at present value.

**d.7) Composition of the plan assets**

|  | Plano 1 - Previ    |                    |
|--|--------------------|--------------------|
|  | Dec 31, 2020       | Dec 31, 2019       |
| Fixed income   | 95,762,703         | 84,655,721         |
| Equity securities and similar instruments <sup>(1)</sup> | 95,240,437         | 92,404,796         |
| Real estate investments                                  | 11,239,165         | 10,747,460         |
| Loans and financing                                      | 5,368,895          | 5,548,961          |
| Other <sup>(2)</sup>                                     | 1,295,221          | 1,343,432          |
| <b>Total</b>   | <b>208,906,421</b> | <b>194,700,370</b> |
| Amounts listed in fair value of plan assets              |                    |                    |
| In the entity's own financial instruments                | 7,510,061          | 9,371,430          |
| In properties or other assets used by the entity         | 82,975             | 90,463             |

(1) Includes, in Plano 1 – Previ, the amount of R\$ 41,919,306 thousand (R\$ 42,137,086 thousand on December 31, 2019), related to the assets that are not quoted in a

(2) Includes, in Other Plans, the amount of R\$ 80,750 thousand (R\$ 161,500 thousand on December 31, 2019) related to the assets of Cassi.

**d.8) Main actuarial assumptions adopted**

|  | Plano 1 - Previ       |              | Plano Informal - Previ |              | Plano de Associ |
|--|-----------------------|--------------|------------------------|--------------|-----------------|
|  | Dec 31, 2020          | Dec 31, 2019 | Dec 31, 2020           | Dec 31, 2019 | Dec 31, 2020    |
| Inflation rate (p.a.)                        | 3.31%                 | 3.54%        | 3.36%                  | 3.56%        | 3.31%           |
| Real discount rate (p.a.)                    | 4.24%                 | 3.48%        | 3.58%                  | 3.17%        | 4.33%           |
| Nominal rate of return on investments (p.a.) | 7.69%                 | 7.14%        | --                     | --           | --              |
| Real rate of expected salary growth (p.a.)   | 0.93%                 | 0.93%        | --                     | --           | --              |
| Actuarial life table                         | BR-EMSsb-2015         |              | BR-EMSsb-2015          |              | BR-EMSsb        |
| Capitalization method                        | Projected credit unit |              | Projected credit unit  |              | Projected cr    |

In order to determine the values for the defined benefit plans, the Bank uses methods and assumptions different from those submitted

CPC 33 (R1) prescribes the accounting, as well as the effects that occurred or that will occur in the entities that sponsor employees. These entities themselves must comply with the rules issued by the Ministério da Economia Social, through the Conselho Nacional de Previdência Social and the Conselho Nacional de Previdência Complementar (Previc). The most significant differences are in the definition of the assumptions used in Plano



In thousand of Reais, unless otherwise stated

**d.9) Differences in assumptions of the Plano 1 - Previ**

|                               | Bank                  | Previ                         |
|-------------------------------|-----------------------|-------------------------------|
| Real discount rate (p.a.)     | 4.24%                 | 4.75%                         |
| Evaluation of assets          |                       |                               |
| Federal Government securities | Fair value            | Amortized Cost                |
| Equity stakes                 | Fair value            | Adjusted Value <sup>(1)</sup> |
| Capitalization method         | Projected credit unit | Aggregate method              |

(1) In the valuation methodology for its investment in Litel, Previ uses as reference the closing price of Vale's share, the Litel group's main asset, on the penultimate day of each month. The Bank uses the closing price of Vale's share on the last day of the month from actuarial evaluation.

**d.10) Reconciliation of amounts calculated in Plan 1 - Previ/Bank**

|   | Plan assets        |                    | Actuarial liabilities |                      | Effect in surplus/(deficit) |                     |
|---|--------------------|--------------------|-----------------------|----------------------|-----------------------------|---------------------|
|   | Dec 31, 2020       | Dec 31, 2019       | Dec 31, 2020          | Dec 31, 2019         | Dec 31, 2020                | Dec 31, 2019        |
| <b>Value determined - Previ</b>                                     | <b>185,396,375</b> | <b>167,103,388</b> | <b>(171,558,201)</b>  | <b>(164,817,351)</b> | <b>13,838,174</b>           | <b>2,286,037</b>    |
| Incorporation of values from agreement 97                           | 12,531,309         | 12,926,132         | (12,531,309)          | (12,926,132)         | --                          | --                  |
| Incorporation of values from Grupo Especial                         | 1,070,509          | 1,093,684          | (1,070,509)           | (1,093,684)          | --                          | --                  |
| Adjustment in the value of plan assets <sup>(1)</sup>               | 9,908,228          | 13,577,166         | --                    | --                   | 9,908,228                   | 13,577,166          |
| Adjustment in the liabilities - discount rate/capitalization method | --                 | --                 | (12,021,876)          | (32,327,473)         | (12,021,876)                | (32,327,473)        |
| <b>Value determined - Bank</b>                                      | <b>208,906,421</b> | <b>194,700,370</b> | <b>(197,181,895)</b>  | <b>(211,164,640)</b> | <b>11,724,526</b>           | <b>(16,464,270)</b> |

(1) Refers mainly to adjustments made by the Bank in determining the fair value of the investments in Litel and in securities held to maturity.

**d.11) Sensitivity analysis**

The sensitivity analysis is performed for changes in a single assumption while maintaining all others constant. This is unlikely in reality, since some of the assumptions are correlated.

The same methodology was used to perform the sensitivity analysis in each of the periods presented. However, the discount rate was updated to reflect market conditions.

The table below presents the sensitivity analysis of the most relevant actuarial assumptions, showing the increase/(decrease) in defined benefit obligations, with variations reasonably possible for December 31, 2020.

|                                       | Discount rate |           | Life expectancy |             | Salary increase |          |
|---------------------------------------|---------------|-----------|-----------------|-------------|-----------------|----------|
|                                       | +0.25%        | -0.25%    | +1 age          | -1 age      | +0.25%          | -0.25%   |
| Plano 1 (Previ)                       | (5,175,216)   | 5,428,181 | 3,700,449       | (3,731,269) | 51,246          | (50,900) |
| Plano Informal (Previ)                | (15,809)      | 16,316    | 37,276          | (36,408)    | --              | --       |
| Plano de Associados (Cassi)           | (318,026)     | 334,380   | 187,984         | (188,059)   | 1,238           | (1,207)  |
| Regulamento Geral (Economus)          | (223,364)     | 233,320   | 179,633         | (183,327)   | --              | --       |
| Regulamento Complementar 1 (Economus) | (2,420)       | 2,444     | (1,456)         | 1,572       | --              | --       |
| Plus I e II (Economus)                | (37,987)      | 40,426    | 43,486          | (41,789)    | --              | --       |
| Grupo B' (Economus)                   | (6,213)       | 6,598     | 7,065           | (7,197)     | --              | --       |
| Prevmias (Economus)                   | (11,282)      | 11,890    | 2,259           | (2,136)     | 1,805           | (1,776)  |
| Multifuturo I (Fusesc)                | (6,931)       | 6,017     | 1,333           | (1,383)     | 2,883           | (2,752)  |
| Plano I (Fusesc)                      | (12,037)      | 12,517    | 13,719          | (13,769)    | 3               | (3)      |
| Plano BEP (Prevbep)                   | (2,514)       | 2,635     | 1,731           | (1,756)     | 30              | (30)     |



In thousand of Reais, unless otherwise stated

**e) Overview of actuarial asset/(liability) recorded by the Bank**

|                                       | Actuarial assets |                | Actuarial liabilities |                     |
|---------------------------------------|------------------|----------------|-----------------------|---------------------|
|                                       | Dec 31, 2020     | Dec 31, 2019   | Dec 31, 2020          | Dec 31, 2019        |
| Plano 1 (Previ)                       | 5,862,263        | --             | --                    | (8,232,135)         |
| Plano Informal (Previ)                | --               | --             | (1,058,846)           | (1,100,658)         |
| Plano de Associados (Cassi)           | --               | --             | (12,278,703)          | (13,072,731)        |
| Regulamento Geral (Economus)          | --               | --             | (1,364,974)           | (1,758,159)         |
| Regulamento Complementar 1 (Economus) | --               | --             | (3,578)               | (7,545)             |
| Plus I e II (Economus)                | --               | --             | (1,052,895)           | (1,043,226)         |
| Grupo B' (Economus)                   | --               | --             | (274,683)             | (295,382)           |
| Prevmias (Economus)                   | 69,947           | 45,824         | --                    | --                  |
| Multifuturo I (Fusesc)                | 67,904           | 37,998         | --                    | --                  |
| Plano I (Fusesc)                      | 63,645           | 58,044         | --                    | --                  |
| Plano BEP (Prevbep)                   | 16,899           | 18,862         | --                    | --                  |
| <b>Total</b>                          | <b>6,080,658</b> | <b>160,728</b> | <b>(16,033,679)</b>   | <b>(25,509,836)</b> |

**f) Allocations of the Surplus - Plano 1**

|   | 2nd half/2020    | 2020             | 2019             |
|---|------------------|------------------|------------------|
| <b>Fundo de Utilização <sup>(1)</sup></b> |                  |                  |                  |
| <b>Opening balance</b>                    | <b>9,521,638</b> | <b>9,572,386</b> | <b>9,511,761</b> |
| Contributions to Plano 1                  | (314,424)        | (621,846)        | (832,757)        |
| Restatement                               | 705,173          | 961,847          | 893,382          |
| <b>Closing balance</b>                    | <b>9,912,387</b> | <b>9,912,387</b> | <b>9,572,386</b> |

(1) Contains resources transferred from the Fundo de Destinação (because of the plan's surplus). The Bank can use for repayments or to reduce future contributions (after first meeting all applicable legal requirements). The fund is recalculated based on the actuarial target (INPC + 4.75% p.a.).



### 30 - RISK AND CAPITAL MANAGEMENT

#### a) Risk management process

For Banco do Brasil, risk management is one of the most important elements of the decision-making process.

The Institution has a process of identification of risks that are part of the Institution's risks inventory, performed by analyzing the business segments, direct and indirectly, considering Banco do Brasil related entities.

Once the risk inventory and its respective concepts are defined, the relevance of the risks is determined based on quantitative and qualitative criteria specified in the Corporate Manual. Risks deemed relevant are:

- a) Credit Risk;
- b) Market Risk;
- c) Banking Book Interest Rate Risk;
- d) Liquidity Risk;
- e) Operational Risk;
- f) Legal Risk;
- g) Environmental Risk;
- h) Climate Risk;
- i) Strategic Risk;
- j) Reputational Risk;
- k) Complementary Pension Fund Entities and Private Health Insurance Plan Operators for Employees Risk;
- l) Model Risk;
- m) Cybernetic Risk;
- n) IT Risk;
- o) Contagion Risk;
- p) Compliance Risk;
- q) Behavioral Risk; and
- r) Supplier Risk.

Residual, Concentration and Frontier risks were deemed of “very low” relevance in the BB Risk Taxonomy.

In the Bank, the collegiate risk management is absolutely parted from the business units. Risk management policies are approved by the Board of Directors, advised by the Capital and Risk Committee (Coris). The Executive Committee for Risk Management, Internal Controls, Assets, Liabilities, Liquidity and Capital (CEGRC) is responsible for implementation and monitoring of these policies, as well for the approval of related guidelines.

To learn more about the risk and capital management process in Banco do Brasil, visit the information available in the Risk Management Report and in the Recovery Plan at the website [bb.com.br/ir](http://bb.com.br/ir).



In thousand of Reais, unless otherwise stated

**Financial instruments - fair value**

Financial instruments recorded in balance sheet accounts, compared to fair value:

|   | Dec 31, 2020 |             | Dec 31, 2019 |             | Unrealized gain/(loss) without tax effects |                    |                         |                    |
|---|--------------|-------------|--------------|-------------|--|--------------------|-------------------------|--------------------|
|   | Book value   | Fair value  | Book value   | Fair value  | On income                                  |                    | On shareholders' equity |                    |
|   |              |             |              |             | Dec 31, 2020                               | Dec 31, 2019       | Dec 31, 2020            | Dec 31, 2019       |
| <b>Assets</b>   |              |             |              |             |  |                    |                         |                    |
| Cash and due from banks                                 | 16,784,560   | 16,784,560  | 14,171,188   | 14,171,188  | --   | --                 | --                      | --                 |
| Central bank compulsory reserves                        | 60,308,542   | 60,308,542  | 65,124,107   | 65,124,107  | --   | --                 | --                      | --                 |
| Short-term interbank investments                        | 510,645,791  | 510,645,484 | 425,477,358  | 425,491,717 | (307)                                      | 14,359             | (307)                   | 14,359             |
| Securities  | 294,912,849  | 293,835,221 | 202,120,768  | 201,332,216 | 312,682                                    | (404,733)          | (1,077,628)             | (788,552)          |
| Adjustment of securities available for sale (Note 10.a) |              |             |              |             | 1,390,310                                  | 383,819            | --                      | --                 |
| Adjustment of securities held to maturity (Note 10.a)   |              |             |              |             | (1,077,628)                                | (788,552)          | (1,077,628)             | (788,552)          |
| Derivative financial instruments                        | 3,527,336    | 3,527,336   | 820,935      | 820,935     | --   | --                 | --                      | --                 |
| Loans portfolio   | 681,776,452  | 709,622,236 | 621,344,555  | 613,306,814 | 27,845,784                                 | (8,037,741)        | 27,845,784              | (8,037,741)        |
| Other financial assets                                  | 96,465,178   | 96,465,178  | 91,852,715   | 91,852,715  | --   | --                 | --                      | --                 |
| <b>Liabilities</b>                                      |              |             |              |             |  |                    |                         |                    |
| Customers resources                                     | 601,984,265  | 601,882,881 | 485,002,305  | 484,853,574 | 101,384                                    | 148,731            | 101,384                 | 148,731            |
| Financial institutions resources                        | 603,552,262  | 604,917,932 | 512,689,942  | 511,216,031 | (1,365,670)                                | 1,473,911          | (1,365,670)             | 1,473,911          |
| Securities resources                                    | 203,192,140  | 203,192,140 | 206,330,526  | 206,330,526 | --   | --                 | --                      | --                 |
| Derivative financial instruments                        | 3,049,843    | 3,049,843   | 961,612      | 961,612     | --   | --                 | --                      | --                 |
| Other financial liabilities                             | 108,424,340  | 108,424,340 | 81,192,010   | 81,192,010  | --   | --                 | --                      | --                 |
| <b>Unrealized gain/(loss) without tax effects</b>       |              |             |              |             | <b>26,893,873</b>                          | <b>(6,805,473)</b> | <b>25,503,563</b>       | <b>(7,189,292)</b> |



## Determination of fair value of financial instruments

Short-term interbank investments: The fair value was obtained by discounting future cash flows, using interest rates traded by the market in similar operations on the balance sheet date.

Securities: accounted by fair value, according to Bacen Circular 3,068/2001, except for securities held to maturity. The fair value of the securities, including those held to maturity, was obtained from rates practiced in the market.

Loan operations: For the operations of this group, remunerated at post-fixed rates, the fair value of the book value itself was considered, due to the equivalence between them. The operations remunerated at prepaid interest rates were estimated by discounting future cash flows, adopting market interest rates to contract similar operations at the balance sheet date. The improvement in the application of fair value methodologies resulted in an increase in the levels of gains in relation to the criteria previously adopted on December 31, 2019.

Interbank deposits: The fair value was calculated by the discount of the future cash flows using rates currently applicable in the market for fixed rate deposits. For post-fixed operations whose maturities were less than 30 days, the book value was deemed approximately equivalent to the fair value.

Time deposits: The same criteria adopted for interbank deposits are utilized in the determination of the fair value.

Liabilities related to repurchase agreement: For operations at fixed rates, the fair value was determined calculating the discount of the estimated cash flows adopting a discount rate equivalent to the rates applied in contracting similar operations on the last trading day. For post-fixed operations, book values have been deemed approximately equivalent to fair value.

Borrowings and onlendings: Such operations are exclusive to the Bank with no similar operations in the market. Given their specific characteristics, the exclusive rates for each fund, the inexistence of an active market or similar traded instruments, the fair values of such operations are considered equivalent to the book value.

Other liabilities: Fair values have been determined by the discounted cash flow method, which takes into account interest rates offered in the market for obligations with similar maturities, risks and terms.

Derivatives financial instruments: Derivatives were booked at fair value, according to Bacen Circular No. 3,082/2002. The fair value of derivatives was estimated in accordance with internal pricing models, using the interest rates disclosed for transactions with similar terms and indices on the last business day of the period.

Other financial instruments: Included or not in the balance sheet, fair value is approximately equivalent to the corresponding book value.

## Source of information regarding assets and liabilities measured at fair value in the balance sheet

The Bank's fair value measurements consider the following input levels:

Level 1 – Price quotations are derived from active markets for identical financial instruments. Financial instruments are considered to be quoted in an active market if prices are readily available and are based on regularly occurring arm's length transactions.

Level 2 – Requires the use of information obtained from the market that is not Level 1. This includes prices quoted in non-active markets for similar assets and liabilities and information that can be corroborated in the market.

Level 3 – Requires the use of information not obtained from the market to measure fair value. When there is not an active market for an instrument, the Bank uses valuation techniques that incorporate internal data. The Bank's methodologies are consistent with commonly used techniques for pricing financial instruments.



In thousand of Reais, unless otherwise stated

**Assets and liabilities measured at fair value in the consolidated balance sheet**

|   | Balance at Dec 31, 2020 | Level 1            | Level 2            | Level 3            |
|---|-------------------------|--------------------|--------------------|--------------------|
| <b>Assets</b>   | <b>279,631,704</b>      | <b>242,939,698</b> | <b>32,369,841</b>  | <b>4,322,165</b>   |
| Hedge interbank deposit                               | 3,115,079               | --                 | 3,115,079          | --                 |
| Trading securities, measured by fair value            | 17,774,838              | 16,517,985         | 1,255,818          | 1,035              |
| Derivative financial instruments                      | 3,527,336               | --                 | 1,302,466          | 2,224,870          |
| Available-for-sale securities, measured by fair value | 255,214,451             | 226,421,713        | 26,696,478         | 2,096,260          |
| <b>Liabilities</b>                                    | <b>(5,737,058)</b>      | <b>--</b>          | <b>(4,243,923)</b> | <b>(1,493,135)</b> |
| Hedge funding   | (2,687,215)             | --                 | (2,687,215)        | --                 |
| Derivative financial instruments                      | (3,049,843)             | --                 | (1,556,708)        | (1,493,135)        |

|   | Balance at Dec 31, 2019 | Level 1            | Level 2            | Level 3          |
|---|-------------------------|--------------------|--------------------|------------------|
| <b>Assets</b>   | <b>182,109,320</b>      | <b>143,826,631</b> | <b>29,643,371</b>  | <b>8,639,318</b> |
| Hedge interbank deposit                               | 2,291,874               | --                 | 2,291,874          | --               |
| Trading securities, measured by fair value            | 5,704,898               | 3,794,682          | 1,910,216          | --               |
| Derivative financial instruments                      | 820,935                 | --                 | 354,863            | 466,072          |
| Available-for-sale securities, measured by fair value | 173,291,613             | 140,031,949        | 25,086,418         | 8,173,246        |
| <b>Liabilities</b>                                    | <b>(3,179,123)</b>      | <b>--</b>          | <b>(2,739,277)</b> | <b>(439,846)</b> |
| Hedge funding   | (2,217,511)             | --                 | (2,217,511)        | --               |
| Derivative financial instruments                      | (961,612)               | --                 | (521,766)          | (439,846)        |

In the second quarter of 2019, the criteria for classifying financial instruments between the levels of the fair value hierarchy were improved. The changes mainly affected the private securities (Agribusiness Receivables Certificate (CRA), Real Estate Receivables Certificate (CRI), Debentures, Promissory Notes (NP) and Credit Rights Investment Fund (FIDC)), for which there are not always availability of market information to determine their fair values.

Thus, instruments whose valuation were mainly based on internal data and methodologies, notably for instruments subject to credit risk, including derivative financial instruments (swaps), are now considered at Level 3.

**Sensitivity analysis**

Banco do Brasil manages its risks in a dynamic process, identifying, measuring, assessing, monitoring, reporting, controlling, and mitigating market risk exposure arising on its positions. In this context, the Bank takes into account the risk limits defined by the Strategic Committees and possible scenarios, to act in a timely manner to reverse any adverse results.

In accordance with CMN Resolution 4,557/2017 and with Bacen Circular 3,354/2007, to manage more efficiently its transactions exposed to market risks, Banco do Brasil separates its transactions, including derivative financial instruments, as follows:

1) Trading Book: consisting of own positions held for trading or as a hedge for its trading portfolio, for which there is an intention of trading prior to their contractual maturity, subject to normal market conditions and that do not have a non-trading clause.

2) Banking Book: consisting of transactions not classified in the Trading Book whose feature is held to maturity.

In order to determine the sensitivity of the Bank's capital to the impacts of market volatility, simulations were performed with three likely scenarios, two of which assume adverse movements for the Bank. The scenarios used are set out below:

Scenario I: Likely situation, which reflects the perception of the Bank's senior management, the scenario most likely to occur for a 3-month horizon, considering macroeconomic factors and market information (B3, Anbima, etc.). Assumptions: exchange rate real/dollar of R\$ 5.30 and maintenance the Selic rate to 2.00% per annum based on market conditions observed on December 31, 2020.





In thousand of Reais, unless otherwise stated

**Scenario II:** Possible situation. Assumptions adopted: parallel shock of 25.00% in the risk variables, based on market conditions observed on December 31, 2020 considering the worst losses by risk factor and, therefore, ignoring the dynamics of correlation between macroeconomic factors.

**Scenario III:** Possible situation. Assumptions adopted: parallel shock of 50.00% in the risk variables, based on market conditions observed on December 31, 2020 considering the worst losses by risk factor and thus ignoring the dynamics of correlation between macroeconomic factors.

The tables below summarize the results for the Trading Portfolio (Trading), composed of public and private securities, derivative financial instruments and funds obtained through repurchase agreements:

| Risk factor              | Concept                                      | Scenario I         |                  |                    |                  |
|--------------------------|--|--------------------|------------------|--------------------|------------------|
|                          |  | Dec 31, 2020       |                  | Dec 31, 2019       |                  |
|                          |  | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate            | Risk of variation of prefixed interest rates | Maintenance        | --               | Maintenance        | --               |
| TMS and CDI indices      | Risk of variation of interest rate indices   | Increase           | (49)             | Maintenance        | --               |
| IPCA index               | Risk of variation of inflation indices       | Maintenance        | --               | Maintenance        | --               |
| Exchange rates variation | Risk of variation of foreign exchange rates  | Increase           | 10,401           | Decrease           | (2,733)          |

| Risk factor              | Concept                                      | Scenario II        |                  |                    |                  |
|--------------------------|--|--------------------|------------------|--------------------|------------------|
|                          |  | Dec 31, 2020       |                  | Dec 31, 2019       |                  |
|                          |  | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate            | Risk of variation of prefixed interest rates | Increase           | (14,845)         | Increase           | (43,412)         |
| TMS and CDI indices      | Risk of variation of interest rate indices   | Increase           | (10)             | Maintenance        | --               |
| IPCA index               | Risk of variation of inflation indices       | Increase           | (3,631)          | Increase           | (921)            |
| Exchange rates variation | Risk of variation of foreign exchange rates  | Decrease           | (130,805)        | Decrease           | (141,386)        |

| Risk factor              | Concept                                      | Scenario III       |                  |                    |                  |
|--------------------------|--|--------------------|------------------|--------------------|------------------|
|                          |  | Dec 31, 2020       |                  | Dec 31, 2019       |                  |
|                          |  | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate            | Risk of variation of prefixed interest rates | Increase           | (29,352)         | Increase           | (82,650)         |
| TMS and CDI indices      | Risk of variation of interest rate indices   | Increase           | (21)             | Maintenance        | --               |
| IPCA index               | Risk of variation of inflation indices       | Increase           | (7,092)          | Increase           | (1,819)          |
| Exchange rates variation | Risk of variation of foreign exchange rates  | Decrease           | (261,609)        | Decrease           | (282,772)        |

For transactions classified in the Banking Book, appreciations or depreciations resulting from changes in interest rates practiced in the market do not imply in a significant financial or accounting impact on the Bank's income as a result of the portfolio composition which is principally: loan operations (consumer credit, agribusiness, working capital, etc.); retail funding (demand, time, and savings deposits), and securities, which are booked by the contracted interest rates. In addition, it should be pointed out that these portfolios, except the securities available for sale, have as their principal characteristic the intention to hold the respective operations to maturity and, hence they are not subject to the effects of fluctuating interest rates, or the fact that such transactions are naturally related to other instruments (natural hedge), hence minimizing the impacts of a stress scenario.



In thousand of Reais, unless otherwise stated

The tables below show a summary of the Trading Portfolio (Trading) and of the Banking Book for the financial and non-financial entities controlled by the bank:

| Risk factor            | Concept                                       | Scenario I         |                  |                    |                  |
|------------------------|---|--------------------|------------------|--------------------|------------------|
|                        |   | Dec 31, 2020       |                  | Dec 31, 2019       |                  |
|                        |   | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate          | Risk of variation of prefixed interest rates  | Maintenance        | --               | Maintenance        | --               |
| TR                     | Risk of variation of interest rate indices    | Maintenance        | --               | Maintenance        | --               |
| TBF                    |   | Increase           | 874              | Increase           | 23               |
| TJLP                   |   | Increase           | 173,053          | Increase           | 475,433          |
| TMS and CDI            |   | Increase           | (304,611)        | Increase           | (887,667)        |
| IGP-M                  | Risk of variation of inflation indices        | Maintenance        | --               | Maintenance        | --               |
| INPC                   |   | Maintenance        | --               | Maintenance        | --               |
| IPCA                   |   | Maintenance        | --               | Maintenance        | --               |
| Foreign currency rates | Risk of variation of foreign currency indices | Increase           | 1,118,634        | Increase           | 943,906          |
| Exchange rate          | Risk of variation of foreign exchange rates   | Increase           | 113,302          | Decrease           | (17,962)         |

| Risk factor            | Concept                                       | Scenario II        |                  |                    |                  |
|------------------------|---|--------------------|------------------|--------------------|------------------|
|                        |   | Dec 31, 2020       |                  | Dec 31, 2019       |                  |
|                        |   | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate          | Risk of variation of prefixed interest rates  | Increase           | (10,330,984)     | Increase           | (11,243,321)     |
| TR                     | Risk of variation of interest rate indices    | Decrease           | (6,960,855)      | Decrease           | (6,365,512)      |
| TBF                    |   | Decrease           | (153)            | Decrease           | (238)            |
| TJLP                   |   | Decrease           | (384,922)        | Decrease           | (431,684)        |
| TMS and CDI            |   | Decrease           | (31,616)         | Increase           | (1,033)          |
| IGP-M                  | Risk of variation of inflation indices        | Increase           | (34,437)         | Increase           | (28,241)         |
| INPC                   |   | Increase           | (154,100)        | Increase           | (68,805)         |
| IPCA index             |   | Increase           | (31,942)         | Increase           | (4,327)          |
| Foreign currency rates | Risk of variation of foreign currency indices | Decrease           | (379,024)        | Decrease           | (771,269)        |
| Exchange rate          | Risk of variation of foreign exchange rates   | Decrease           | (1,424,966)      | Decrease           | (929,228)        |

| Risk factor            | Concept                                       | Scenario III       |                  |                    |                  |
|------------------------|---|--------------------|------------------|--------------------|------------------|
|                        |   | Dec 31, 2020       |                  | Dec 31, 2019       |                  |
|                        |   | Variation of rates | Income/(expense) | Variation of rates | Income/(expense) |
| Prefixed rate          | Risk of variation of prefixed interest rates  | Increase           | (19,949,072)     | Increase           | (21,742,022)     |
| TR                     | Risk of variation of interest rate indices    | Decrease           | (14,204,528)     | Decrease           | (12,913,290)     |
| TBF                    |   | Decrease           | (307)            | Decrease           | (477)            |
| TJLP                   |   | Decrease           | (784,332)        | Decrease           | (882,031)        |
| TMS and CDI            |   | Decrease           | (63,269)         | Increase           | (2,065)          |
| IGP-M                  | Risk of variation of inflation indices        | Increase           | (68,208)         | Increase           | (55,950)         |
| INPC                   |   | Increase           | (304,213)        | Increase           | (136,787)        |
| IPCA index             |   | Increase           | (62,398)         | Increase           | (8,393)          |
| Foreign currency rates | Risk of variation of foreign currency indices | Decrease           | (764,112)        | Decrease           | (1,574,660)      |
| Exchange rate          | Risk of variation of foreign exchange rates   | Decrease           | (2,849,932)      | Decrease           | (1,858,457)      |



In thousand of Reais, unless otherwise stated

The scenarios used for preparing the framework for sensitivity analysis must use situations of deterioration of at least 25% and 50% of the variable risks, on an individualized basis. Thus, the combined analysis of the results does not reflect real expectations, for example, simultaneous shocks of increase in the prefixed interest rate and reduction of the TR rate are not consistent from the macroeconomic perspective.

The derivative transactions classified in the Banking Book, do not represent a relevant market risk to Banco do Brasil, as these positions are usually originated with the following objectives:

- Swapping the index of funding and lending transactions performed to meet customer needs;
- Hedging market risk, the purpose and effectiveness of which are described in Note 11.a.5. Also in this transaction, the interest and exchange rate variations have no effects on the Bank's income.

On December 31, 2020, Banco do Brasil did not enter into any transaction classified as an exotic derivative.

## **b) Capital management**

### Objectives and policies

On 2017, Bacen issued CMN Resolution 4,557, which defines the scope and requirements of the risk management structure and the capital management structure for financial institutions.

In compliance with the Resolution, the Board of Directors has established Coris and has appointed as the Chief Risk Officer (CRO), responsible for risk and capital management, the Vice President of Internal Controls and Risk Management.

Capital management aims to ensure the Institution's future solvency concurrent with the implementation of business strategies.

Capital management is carried out through an organizational structure appropriate to the nature of its operations, the complexity of its business and the extent of exposure to relevant risks.

There are defined and documented capital management strategies that establish mechanisms and procedures to keep capital compatible with the Risk Appetite and Tolerance Statement (RAS).

In addition, the Bank has specific policies, approved by the Board, which aim to guide the development of functions or behaviors, through strategic drivers that guide capital management actions. These specific policies apply to all businesses that involve risk and capital at the Bank.

### Elements comprised by capital management:

Strategic plans, business goals and budgets respect the risk appetite and tolerance and indicators of capital adequacy and risk-adjusted return.

The Capital Plan is prepared in consistency with the business strategy, seeking to maintain capital indicators at appropriate levels. This Plan highlights the capital planning of Banco do Brasil and the prospective assessment of any need for capital contribution.

The Capital Plan preparation is referenced in the guidelines and limits contained in RAS and the Bank's Corporate Budget (BB Budget), considering that this represents the materialization of the guidelines of ECBB, the Master Plan (PD), the Markets Business Plan, the Fixed Investment Plan and the Strategic Information Technology Plan.

The budgeted amounts must correspond to the goals and objectives defined by the Board of Directors for the Banco do Brasil Conglomerate. Thus, premises such as business growth, credit growth in operations with higher profitability, restrictions on operations in segments with lower profitability, among others, are contained in the BB Budget.

In addition, the BB Budget considers the macroeconomic scenario prepared by the Strategy and Organization Directorship (Direo) and the legislation applied to the Brazilian Banking Industry (SFN).



In thousand of Reais, unless otherwise stated

The review of the ECBB and the PD results from the application of a set of strategic planning methodologies, observing the best market practices. It is noteworthy that the review of the ECBB and the PD takes place in an integrated manner with the budgeting process, with the RAS and with the other documents of the strategic architecture, which ensures the alignment between such documents, giving greater internal consistency to the strategic planning process.

The BB Budget follows the guidelines defined in the ECBB, respects the RAS and aims to meet the floors and ceilings defined in the indicators approved in the PD. The BB Budget allows the quantification in financial values of the strategic objectives defined in the ECBB.

The RAS is the strategic document that guides the planning of the business strategy, directing budget and capital towards a sustainable and optimized allocation, according to the Institution's capacity to assume risks and its strategic objectives, in addition to promoting understanding and dissemination of the risk culture.

This statement is applied to the Bank and considers potential impacts on the capital of the Banco do Brasil Prudential Conglomerate. It is expected that the Subsidiaries, Affiliates and Investment companies (ELBB) define their drivers based on these guidelines considering specific needs and legal and regulatory aspects to which they are subject.

As defined in the RAS, risk appetite is the maximum level of risk that the Institution accepts to incur in order to achieve its objectives, materialized by indicators that define an aggregate view of risk exposure. Tolerance, in turn, induces risk management in a more granular way, considering the defined appetite.

RAS defines prudential minimum limits that aim to perpetuate the strategy of strengthening the Bank's capital structure. These limits are established above the regulatory minimum, represent the Bank's Risk Appetite and are effective as of January of each year.

The capital target is the level of capital desired by the Bank, which is why its management actions must be guided by this driver. The goals are distinguished from tolerance and risk appetite because the latter defines the level at which the Institution does not accept to operate, and must take timely measures for readjustment, which may trigger contingency measures

Integration:

Adopting a prospective stance, the Bank assesses the capital status, classified as Critical, Alert or Surveillance, according to the time horizon that precedes the projected deadline for the breach of the prudential minimum capital limits defined by Senior Management and detailed in the RAS, as the figure below:

|                       | Capital Ratio              | Period of noncompliance (months) |         |          |              |              |         |
|-----------------------|----------------------------|----------------------------------|---------|----------|--------------|--------------|---------|
|                       |                            | 0 to 6                           | 7 to 12 | 13 to 18 | 19 to 24     | 25 to 30     | over 31 |
| Target <sup>1</sup>   | ICP                        | ALERT                            |         |          | SURVEILLANCE |              |         |
| Appetite <sup>2</sup> | Common Equity Tier 1 Ratio | CRITICAL                         |         |          | ALERT        | SURVEILLANCE |         |
|                       | Tier 1 Ratio               | CRITICAL                         |         | ALERT    | SURVEILLANCE |              |         |
|                       | Basel Prudential Ratio     | CRITICAL                         | ALERT   |          | SURVEILLANCE |              |         |

<sup>1</sup> level of capital desired by the institution  
<sup>2</sup> maximum level of risk that institution agrees to incur in order to achieve its goals

The Capital Forum has the responsibility of identify the capital status of the Bank and occurs through the control of Common Equity Tier 1 Capital Ratio (ICP), Tier I Ratio and Capital Adequacy Ratio projected for a time horizon of at least 36 months. When the projections indicate a potential breach of the prudential minimum capital limits (risk appetite), the Institution will have enough time to promote strategic changes that avoid extrapolation, according to the deadlines defined for each indicator.

The assessment of the sufficiency of capital maintained by the Bank contemplates a 3-year time horizon and considers: i) the types of risks and respective levels to which the Institution is exposed and willing to assume; ii) the Institution's ability to manage risks effectively and prudently; iii) the Institution's strategic objectives; and iv) the conditions of competitiveness and the regulatory environment in which it operates.



In thousand of Reais, unless otherwise stated

In compliance with the provisions of Bacen Circular 3,846/2017, this analysis is also part of the Internal Capital Adequacy Assessment Process (Icaap) and must cover, at least:

I - the assessment and measurement of the need for capital to cover credit risks (includes concentration and credit risk of the counterparty), market risk, interest rate variations for instruments classified in the bank portfolio (IRRBB) and operational;

II - the assessment of the capital need to cover the other relevant risks to which the Institution is exposed, considering, at least, the strategy, reputation and socio-environmental risks; and

III - the assessment of capital requirements based on the results of the stress test program.

The Icaap, implemented by the Bank on June 30, 2013, follows the disposed on CMN Resolution 4,557/2017. At the Bank, the responsibility for coordinating Icaap was assigned to the Risk Management Directorship. In turn, the Internal Controls Directorship is the responsible for validating the Icaap. Finally, Internal Audit is responsible for performing an annual evaluation of the overall capital management process.

#### Procedures:

Capital management is an ongoing process of planning, evaluating, controlling and monitoring capital. It supports the Board in the decision process that will lead the Institution to adopt a posture capable of absorbing eventual losses arising from business risks or changes in the financial environment.

Capital simulations are carried out, integrating the results of risk and business stress tests, based on macroeconomic and / or idiosyncratic scenarios. Stress tests are carried out periodically and their impacts are assessed from the perspective of capital.

It is conducted monthly monitoring of the variables used in the preparation of the Capital Plan due to the review of the behavior projected in the preparation of the BB Budget, based on the observed numbers, market expectations and business dynamics. The relevant deviations are presented and discussed, by the Boards participating in the process, in the monthly meetings of the Capital Forum.

Management reports on capital adequacy are disclosed to the areas and strategic intervening committees, supporting the decision-making process by the Board of Directors.

The adoption of a prospective stance, by conducting continuous assessments of the capital need, makes it possible to proactively identify events with a non-zero probability of occurrence or changes in market conditions that may have an adverse effect on capital adequacy, including in stress scenarios.

### **c) Capital Adequacy Ratio**

The Bank has calculated the Capital Adequacy Ratio in accordance with the requirements established by CMN Resolutions 4,192/2013 and 4,193/2013. Those requirements are related to the calculation of Referential Equity (RE) and Minimum Referential Equity Required (MRER) as a percentage of Risk Weighted Assets (RWA).

Bacen published its Basel III capital regulations on March 2013. The regulations came into force on October 01/2013 and apply to all banks. Recommend by the Basel Committee, Basel III represents a new set of regulations governing the capital structure of financial institutions. The new rules establish the following:

- a new methodology for calculating regulatory capital, which continues to be divided into Tier I and Tier II. Tier I consists of Common Equity Tier I Capital – CET1 (net of regulatory adjustments) and Additional Tier I Capital;
- a new methodology for calculating capital requirements, establishing minimum requirements for RE, Tier I and CET1, and introducing the Additional CET1.

Regulatory adjustments listed below are considered for calculating CET1 ratio:

- goodwill;
- intangible assets;
- actuarial assets related to defined benefit pension plans, net of deferred tax liabilities;



In thousand of Reais, unless otherwise stated

- significant investments (greater than 10% of the share capital) in: non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies and open-ended pension funds; and institutions authorized by Bacen that are not part of the Prudential Conglomerate.
- non-controlling interests;
- deferred tax assets on temporary differences that rely on the generation of future taxable profits or income to be realized;
- deferred tax assets resulting from tax losses on excess depreciation;
- deferred tax assets resulting from tax losses carry forward;
- value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013.

On August 28, 2014, Bacen authorized the R\$ 8,100,000 thousand perpetual bond included in Additional Tier I Capital to be considered Common Equity Tier I Capital.

According to the Resolution 4,192/2013 and 4,193/2013, the calculation of the RE and the amount of RWA should be based on Prudential Conglomerate.

|   | Dec 31, 2020       | Dec 31, 2019       |
|---|--------------------|--------------------|
| <b>RE - Referential Equity</b>  | <b>161,924,480</b> | <b>132,150,432</b> |
| <b>Tier I</b>   | <b>132,247,506</b> | <b>96,380,201</b>  |
| <b>Common Equity Tier 1 Capital (CET1)</b>  | <b>104,315,243</b> | <b>71,289,093</b>  |
| Shareholders' Equity  | 116,940,782        | 98,921,447         |
| Instrument qualifying as CET1   | 8,100,000          | 8,100,000          |
| Regulatory adjustments  | (20,725,539)       | (35,732,354)       |
| <b>Additional Tier 1 Capital (AT1)</b>  | <b>27,932,263</b>  | <b>25,091,108</b>  |
| Hybrid instruments authorized in accordance with CMN Resolution 4,192/2013  | 27,932,263         | 21,665,013         |
| Hybrid instruments authorized in accordance with regulations preceding the CMN Resolution 4,192/2013 <sup>(1)</sup> | --                 | 3,426,095          |
| <b>Tier II</b>  | <b>29,676,974</b>  | <b>35,770,231</b>  |
| Subordinated debt qualifying as capital   | 29,676,974         | 35,796,321         |
| Subordinated debt authorized in accordance with CMN Resolution 4,192/2013 - Financial bills                         | 186,926            | 1,743,504          |
| Subordinated Debt authorized in accordance with regulations preceding the CMN Resolution 4,192/2013                 | 29,490,048         | 34,052,817         |
| Funds obtained from the FCO <sup>(2)</sup>  | 26,403,208         | 29,336,898         |
| Funds raised in financial bills and CD <sup>(3)</sup>   | 3,086,840          | 4,715,919          |
| Deduction from tier II  | --                 | (26,090)           |
| Funding instruments issued by financial institution   | --                 | (26,090)           |
| <b>Risk Weighted Assets (RWA)</b>   | <b>766,064,658</b> | <b>711,401,976</b> |
| Credit risk (RWA <sub>CPAD</sub> )  | 677,256,134        | 612,629,806        |
| Market risk (RWA <sub>MPAD</sub> )  | 21,125,396         | 21,392,666         |
| Operational risk (RWA <sub>OPAD</sub> )   | 67,683,128         | 77,379,504         |
| <b>Minimum referential equity requirements <sup>(4)</sup></b>   | <b>61,285,173</b>  | <b>56,912,158</b>  |
| <b>Margin on the minimum referential equity required <sup>(5)</sup></b>   | <b>100,639,307</b> | <b>75,238,274</b>  |
| <b>Tier I Ratio (Tier I/RWA) <sup>(5)</sup></b>   | <b>17.26%</b>      | <b>13.55%</b>      |
| Common Equity Tier 1 Capital Ratio (CET1/RWA) <sup>(5)</sup>  | 13.62%             | 10.02%             |
| <b>Capital Adequacy Ratio (RE/RWA) <sup>(5)</sup></b>   | <b>21.14%</b>      | <b>18.58%</b>      |

(1) Call option exercised on October 20, 2020.

(2) According to CMN Resolution 4,192/2013, the balance of FCO is limited to 90% of the amount that composed the Tier II of the RE on June 30, 2018.

(3) On December 31, 2020 it was considered the current value of subordinated debt instruments, applying on it the factor due to maturity date as determined by CMN Resolution 4,192/2013, in its 29th article.

(4) According to CMN Resolution 4,193/2013, corresponds to the application of the "F" factor to the amount of RWA, where "F" equals 8%.

(5) Values from DLO (Operational Threshold Statement).



In thousand of Reais, unless otherwise stated

**Regulatory adjustments deducted from CET1:**

|  | Dec 31, 2020        | Dec 31, 2019        |
|--|---------------------|---------------------|
| Significant investments and tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 15% threshold) | (6,702,085)         | (12,297,448)        |
| Intangible assets  | (6,211,770)         | (5,913,962)         |
| Actuarial assets related to defined benefit pension funds net of deferred tax liabilities  | (4,588,635)         | (133,096)           |
| Tax assets resulting from tax losses carry forward <sup>(1)</sup>  | (1,609,596)         | (1,732,650)         |
| Significant investments (excess of 10%) <sup>(2)</sup>   | (1,375,048)         | --                  |
| Non-controlling interests <sup>(3)</sup>   | (112,462)           | (90,223)            |
| Shortfall of the value between the provisioned amount and the amount of the adjustments resulting from the evaluation provided by CMN Resolution 4,277/2013  | (56,518)            | (7,682)             |
| Goodwill   | (35,026)            | (43,068)            |
| Tax assets resulting from tax loss of excess depreciation  | (34,399)            | (41,012)            |
| Tax assets resulting from temporary differences that rely on the generation of future taxable profits or revenues for their realization (amount exceeding the 10% threshold)                             | --                  | (15,473,213)        |
| <b>Total</b>   | <b>(20,725,539)</b> | <b>(35,732,354)</b> |

(1) It was applied the CMN Resolution 4,192/2013, which determines the non-deduction of the tax assets resulting from tax losses, recognized from January 1, 2018 to December 31, 2020, arising from short position in foreign currency for the purpose of providing hedge of investments in foreign operations.

(2) It refers to significant investments in non-consolidated entities similar to financial institutions, insurance companies, reinsurance companies, capitalization companies, open-ended pension funds and non-consolidated financial institutions.

(3) The adjustment of non-controlling interests was calculated according to CMN Resolution 4,192/2013, 1st paragraph of the article 9.

**d) Fixed asset ratio and margin**

|                                       | Dec 31, 2020 | Dec 31, 2019 |
|---------------------------------------|--------------|--------------|
| Fixed asset ratio                     | 14.12%       | 14.28%       |
| Margin in relation to the fixed asset | 58,099,596   | 47,199,718   |

Bacen defines the fixed asset ratio as the percentage of fixed assets to Referential Equity. The maximum rate allowed is 50%, according to CMN Resolution 2,669/1999.

Margin refers to the difference between the 50% limit of Referential Equity and total fixed assets.

**e) Regulatory indicators vs. observed indicators**

CMN Resolution 4,783/2020 reduced, for a determined period, the percentages to be applied on RWA amount, for calculating the conservation capital buffer referred by CMN Resolution 4,193/2013, which, between April 1, 2020 and March 31, 2021, is 1.25%. This reduction impacted the minimum regulatory requirement, as shown in the table below:

|   | Regulatory | Dec 31, 2020 |
|---|------------|--------------|
| Common Equity Tier 1 Capital Ratio <sup>(1)</sup> | 6.75%      | 13.62%       |
| Tier I Ratio <sup>(1)</sup>                       | 8.25%      | 17.26%       |
| Capital Adequacy Ratio <sup>(1)</sup>             | 10.25%     | 21.14%       |
| Fixed asset ratio                                 | Up to 50%  | 14.12%       |

(1) Includes additional main conservation, countercyclical and systemic capital

On June 30, 2020, the compliance with the regulatory indicators is observed. The Bank, through the capital management strategies already listed, aims to surpass the minimum regulatory indicators, keeping them at levels capable of perpetuating the strategy of reinforcing the structure of capital of the Bank. In this way, the Bank defines the minimum prudential limits of capital indicators and the main capital target to be reached in each period. Following RAS and the Capital Plan, the goal to 2022 is to maintain a minimum of 11% Core Capital Ratio.



#### f) Instruments eligible as capital

The instruments eligible as capital are described in the Notes 19.c, 19.d and 23.c.

For subordinated financial bills issued up to the present date, there is no possibility of repurchase or redemption, total or partially, by the security holder and the expected cash flows will occur only on the maturity or on the exercise of the repurchase option by the Bank, as applicable.

For securities issued abroad, there is, until now, no possibility for the holder of the security to request repurchase or redemption, total or partial. The expected cash flows will occur when the coupon is paid, upon maturity or when exercising the repurchase by the Bank, as applicable.

The Instrument qualifying as Common Equity Tier I Capital does not have a maturity date and can only be settled in situations of dissolution of the issuing institution or of repurchases authorized by the Central Bank of Brazil. The expected cash flows occur only through the payment of annual remuneration interest.

Regarding the dynamics of the FCO, the monthly flows contemplate the inflows/origins, such as the transfers from the National Treasury resulting from the collection of taxes (made every ten days of the month), returns originating from payments of credit operations and remuneration on the available resources and the exits, such as the reimbursement of payment / rebate bonuses, the audit, del credere, provision and remuneration expenses in the operationalization of Pronaf - National Program for Strengthening Family Agriculture. The use of FCO resources as an instrument eligible as capital is limited by CMN Resolution 4,192/2013.

### 31 - RECURRING AND NON-RECURRING NET INCOME

As defined by BCB Resolution 2/2020, non-recurring results are those that are not related or are only incidentally related to the institution's typical activities, and are not expected to occur frequently in future years.

During the reporting period, the events recorded in the table below were identified as "Non-recurring items", with the respective tax effect and profit sharing, detailed below, when necessary for better understanding:

Economic plans: Provision expenses from lawsuits related to economic plans.

Extraordinary provision for contingent claims: Extraordinary provision for contingent claims.

Provision of legal lawsuits – adjustment of parameters: Provision for legal demands from adjustments in the evaluation parameters.

Tax Credit: Tax credit activation due to the increase in the CSLL ratio, from 15% to 20%, according to Constitutional Amendment No. 103 of November 2019.

Staff Adequacy Program: Expenses from the Staff Adequacy Program (PAQ), as disclosed on Material Fact published on July 29, 2019.

Intangible Assets Impairment: Impairment loss on intangible assets related to rights to manage payroll.

Staff Agreement 2020-2021 - Lump-sum Bonus: Expenses resulting from the collective labor agreement signed in September/2020, Allowance -Staff Agreement 2020-2021..





In thousand of Reais, unless otherwise stated

**a) Breakdown of Net Income for the period into non-recurring items and recurring income**

|  | 2nd half/2020    | 2020               | 2019              |
|--|------------------|--------------------|-------------------|
| <b>Net income <sup>(1)</sup></b>   | <b>6,283,956</b> | <b>12,697,385</b>  | <b>18,162,067</b> |
| <b>Non-recurring items</b>   | <b>(893,383)</b> | <b>(1,186,433)</b> | <b>314,562</b>    |
| Economic plans   | (954,843)        | (1,503,028)        | (3,273,901)       |
| Extraordinary provision for contingent claims                                      | 4,879            | 6,419              | (2,161,053)       |
| Provision of legal lawsuits – Adjustment of parameters                             | --               | --                 | (1,578,640)       |
| Previous year tax credit   | --               | --                 | 1,033,509         |
| Tax Credit   | --               | --                 | 4,973,394         |
| Sales of Investment - IRB-Brasil Resseguros S.A.                                   | --               | --                 | 2,733,263         |
| Staff Adequacy Program   | --               | --                 | (250,456)         |
| Intangible Assets Impairment   | --               | --                 | (982,690)         |
| Securities Impairment  | --               | --                 | (853,384)         |
| Extraordinary prudential provision for credit risk                                 | --               | --                 | (2,934,353)       |
| Staff Agreement 2020-2021 - Lump-sum Bonus   | (189,402)        | (189,402)          | --                |
| Adjustment of funds and programs   | (585,472)        | (585,472)          | --                |
| Tax effect and employee and directors profit sharing effect on non-recurring items | 831,455          | 1,085,050          | 3,608,873         |
| <b>Recurring net income</b>  | <b>7,177,339</b> | <b>13,883,818</b>  | <b>17,847,505</b> |

(1) Consolidated Net Income from the Statement of Income. Reconciliation of Banco do Brasil and BB Consolidated net income disclosed in Note 23.h.

**32 - OTHER INFORMATION****a) Investment funds management**

Funds managed by BB Gestão de Recursos - Distribuidora de Títulos e Valores Mobiliários S.A.:

|                      | Numbers of funds/portfolios (in Units) |              | Balance              |                      |
|----------------------|--|--------------|----------------------|----------------------|
|                      | Dec 31, 2020                           | Dec 31, 2019 | Dec 31, 2020         | Dec 31, 2019         |
| <b>Managed funds</b> | <b>983</b>                             | <b>876</b>   | <b>1,177,122,743</b> | <b>1,055,895,208</b> |
| Investment funds     | 976                                    | 865          | 1,155,405,598        | 1,037,112,395        |
| Managed portfolios   | 7                                      | 11           | 21,717,145           | 18,782,813           |

**b) Details in relation to overseas branches, subsidiaries and associates**

|                                | Banco do Brasil    |                    | BB Consolidated    |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                | Dec 31, 2020       | Dec 31, 2019       | Dec 31, 2020       | Dec 31, 2019       |
| <b>Assets</b>                  |                    |                    |                    |                    |
| BB Group                       | 88,879,047         | 88,782,426         | 86,875,056         | 87,026,515         |
| Third parties                  | 90,324,300         | 68,132,042         | 119,676,281        | 88,956,826         |
| <b>TOTAL ASSETS</b>            | <b>179,203,347</b> | <b>156,914,468</b> | <b>206,551,337</b> | <b>175,983,341</b> |
| <b>Liabilities</b>             |                    |                    |                    |                    |
| BB Group                       | 34,011,374         | 25,847,085         | 32,888,815         | 24,435,879         |
| Third parties                  | 132,238,117        | 118,931,850        | 155,089,538        | 134,576,828        |
| <b>Shareholders' Equity</b>    | <b>12,953,856</b>  | <b>12,135,533</b>  | <b>18,572,984</b>  | <b>16,970,634</b>  |
| Attributable to parent company | 12,953,856         | 12,135,533         | 18,099,853         | 16,610,450         |
| Non-controlling interests      | --                 | --                 | 473,131            | 360,184            |
| <b>TOTAL LIABILITIES</b>       | <b>179,203,347</b> | <b>156,914,468</b> | <b>206,551,337</b> | <b>175,983,341</b> |



In thousand of Reais, unless otherwise stated

|                                | Banco do Brasil |                  |                  | BB Consolidated  |                  |                  |
|--------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|
|                                | 2nd half/2020   | 2020             | 2019             | 2nd half/2020    | 2020             | 2019             |
| <b>Net income</b>              | <b>350,106</b>  | <b>1,350,381</b> | <b>1,589,520</b> | <b>1,135,809</b> | <b>2,881,385</b> | <b>2,923,878</b> |
| Attributable to parent company | 350,106         | 1,350,381        | 1,589,520        | 1,003,378        | 2,603,261        | 2,679,405        |
| Non-controlling interest       | --              | --               | --               | 132,431          | 278,124          | 244,473          |

**c) Consortium funds**

|  | Dec 31, 2020 | Dec 31, 2019 |
|--|--------------|--------------|
| Monthly forecast of purchase pool members receivable funds         | 536,685      | 453,641      |
| Obligations of the groups due to contributions                     | 23,225,234   | 20,443,355   |
| Purchase pool members - assets to be delivered                     | 21,351,283   | 18,717,384   |
| (In units)   |              |              |
| Quantity of groups managed   | 218          | 194          |
| Quantity of active consortium members                              | 1,115,774    | 947,037      |
| Quantity of assets deliverable to members (drawn or winning offer) | 86,616       | 132,369      |

|   | 2nd half/2020 | 2020    | 2019    |
|---|---------------|---------|---------|
| Quantity of assets (in units) delivered in the period | 100,433       | 164,463 | 112,788 |

**d) Assignment of employees to outside agencies**

Federal government assignments are regulated by Law 10,470/2002 and Decree No. 9,144/2017.

|   | 2nd half/2020                                 |                    | 2020  |                    | 2019  |                    |
|---|---|--------------------|---|--------------------|---|--------------------|
|   | Quantity of assigned employees <sup>(1)</sup> | Cost in the period | Quantity of assigned employees <sup>(1)</sup> | Cost in the period | Quantity of assigned employees <sup>(1)</sup> | Cost in the period |
| <b>With costs for the Bank</b>                                      |   |                    |   |                    |   |                    |
| Labor unions  | 217   | 21,640             | 217   | 43,396             | 219   | 41,338             |
| Other organizations/entities  | 2   | 465                | 2   | 906                | 2   | 1,043              |
| Subsidiaries and associates   | 2   | 1,222              | 2   | 2,505              | 2   | 2,508              |
| <b>Without cost to the Bank<sup>(2)</sup></b>                       |   |                    |   |                    |   |                    |
| Federal, state and municipal governments                            | 175   | --                 | 175   | --                 | 173   | --                 |
| External organizations (Cassi, Previ, Economus, Fusesc and PrevBep) | 532   | --                 | 532   | --                 | 545   | --                 |
| Employee entities   | 70  | --                 | 70  | --                 | 78  | --                 |
| Subsidiaries and associates   | 569   | --                 | 569   | --                 | 568   | --                 |
| <b>Total</b>  | <b>1,567</b>                                  | <b>23,327</b>      | <b>1,567</b>                                  | <b>46,807</b>      | <b>1,587</b>                                  | <b>44,889</b>      |

(1) Balance on the last day of the period.

(2) In the 2<sup>nd</sup> half/2020, the Bank was reimbursed in the amount of R\$ 255,331 thousand and, in 2020, in the amount of R\$ 500,615 (R\$ 240,947 thousand in the 2<sup>nd</sup> half/2020 and R\$ 483,220 thousand in the 2019), referring to the costs of assigned employees.



In thousand of Reais, unless otherwise stated

**e) Remuneration of employees and managers**

Monthly wages paid to employees and Directors of the Banco do Brasil (in Reais):

|                            | Dec 31, 2020 | Dec 31, 2019 |
|----------------------------|--------------|--------------|
| Lowest salary              | 3,022.37     | 2,977.70     |
| Highest salary             | 50,569.51    | 49,822.18    |
| Average salary             | 8,379.41     | 7,796.44     |
| President                  | 68,781.86    | 68,781.86    |
| Vice-president             | 61,564.83    | 61,564.83    |
| Director                   | 52,177.45    | 52,177.45    |
| Fiscal council             | 5,914.84     | 5,948.54     |
| Board of Directors         | 5,914.84     | 5,948.54     |
| Audit Committee - member   | 46,959.71    | 46,959.71    |
| Capital and Risk Committee | 46,959.71    | 46,959.71    |

**f) Insurance policy of assets**

Despite the reduced level of risk to which its assets are subject, the Bank insured its assets in amounts rendered enough to hedge any losses.

**Insurance contracted by the Bank in force on Dec 31, 2020**

| Covered risks  | Amounts covered  | Value of the premium |
|--|------------------|----------------------|
| Property insurance for the relevant fixed assets   | 1,170,028        | 4,072                |
| Life insurance and collective personal accident insurance for the Executive Board <sup>(1)</sup> | 105,260          | 305                  |
| Other  | 1,300            | 1                    |
| <b>Total</b>   | <b>1,276,588</b> | <b>4,378</b>         |

(1) Refers to individual coverage for members of the Executive Board.

**g) Cassi**

On July 22, 2019, the National Agency of Supplementary Health (ANS) published Operational Resolution No. 2,439, which establishes fiscal administration at Cassi. ANS clarifies that the fiscal administration regime is not an intervention. The agency has appointed a tax director, with no management powers at the operator, to evaluate Cassi's situation in person. The director will analyze the remedial measures proposed by the operator and subsidize the ANS in its decisions. The fiscal administration has a duration of up to 365 days and the regime may be renewed.

After 90 days subject to a financial accounting audit, the ANS issued the Directive Instruction No. 12, on October 23, 2019, ratifying that Cassi meet the precepts required by accounting control standards and recommended two specific adjustments. Moreover, the Fiscal Director gave 30 days to present a Sanitation Program, which must imply actions and goals to revert all the noncompliance indicators.

On October, 31, 2019, the Bank announced that the Board of Officers has approved a new proposal for Bylaw reform presented by the Deliberative Council of Cassi. On November 28, 2019, the Bank announced that associates approved the new proposal. In 2019, there was an additional administrative expense of R\$ 549 million, related to funding the new model, that was recognized in Personnel expenses.

On January, 17, 2020, the Bank published Transaction with Related Party informing the settlement of the Bank's contractual obligation to the Group of Indirect Dependents (GDI), belonging to the Associates Plan, managed by Cassi, for the amount of R\$ 451 million. The settlement of this obligation represents a decrease in the Bank's provisions, resulting from CVM Deliberation No. 695/2012, this not generating a financial impact on Banco do Brasil.



In thousand of Reais, unless otherwise stated

On January, 20, 2020, the Bank published Transaction with Related Party informing the following resources were made to Cassi, retroactive to January, 2019: a payment of the Management Fee, in the amount of R\$ 124 million about the Administration Fee, and a payment of the Employer's Contribution on Dependents of Cassi's Associates Plan, for the amount of R\$ 425 million. The increase in expenses does not impact the actuarial liability, calculated in accordance with CVM Deliberation No. 695/2012.

On June 15, 2020, ANS published the Operational Resolution No. 2,556, announcing the end of the special fiscal administration at CASSI. The decision attests that CASSI regularized all the economic and financial indicators that led to the establishment of fiscal administration in July 2019 and fulfills the projections that make up the Sanitation Program, presented to ANS in December of the same year.

#### **h) BB Seguridade Share Capital Reduction**

On September 25, 2019, the Board of Directors of BB Seguridade Participações S.A., a subsidiary of Banco do Brasil, approved the submission of a proposal to the Extraordinary Shareholders Meeting to reduce the share capital in the amount of R\$ 2.7 billion, without cancelling shares, for considering it excessive, pursuant to article 173 of Law 6,404/1976.

On October 30, 2019, the BB Seguridade's Extraordinary Shareholders Meeting approved the proposal to reduce the share capital, that will be effective 60 (sixty) days after the meeting's protocol.

With this approval, the Bank has received, as a refund of part of the value of its shares, the approximate amount of R\$ 1.8 billion. This amount did not affect the Bank's profit or loss.

#### **i) Assignment of credit portfolio**

On July 1, 2020, the Bank assigned a loan portfolio, mostly in losses, to the Non-Standardized and Exclusive Credit Rights Investment Fund (FIDC-NP), managed by BTG Pactual Serviços Financeiros S.A. DTVM.

The assigned portfolio has a book value of R\$ 2.9 billion and the financial impact of the transaction was R\$ 371 million, before taxes, recorded in the 3<sup>rd</sup> quarter/2020 net income.

#### **j) Call option for perpetual debt security**

Banco do Brasil exercised on October 20, 2020 the call option of the total perpetual debt security issued in 2009 (Banbra 8.5%), in force under the Basel II rules. The redemption was for 100% of its face value and interest accrued and unpaid to date, amounting R\$ 4.953 billion (Note 19.d).

The redemption was paid in cash and will not have any significant impact on the institution's liquidity and capital levels.

#### **k) Coronavirus Pandemic (Covid-19)**

In 2020, the world economy was negatively impacted by the spread of respiratory disease caused by the new Coronavirus (Covid-19), raised to the level of a pandemic by the World Health Organization (WHO).

Banco do Brasil adopted several preventive measures recommended by specialists, by the Ministry of Health and by the authorities of the countries where it operates, reaffirming the commitment to the health and safety of employees, collaborators, customers and the society.

At the same time, Banco do Brasil is working to guarantee quality financial services, being prepared to continue attending its demands, as communicated to the market on March 24, 2020.



Among the measures taken, it stands out:

### **Collective Labor Agreement (CLA)**

The Bank signed the Collective Labor Agreement (CLA) with Union Entities on July 16, 2020, reaching to minimize Covid-19 impacts. The new rules are specific to this period and temporary, and they are valid up to 2 (two) years from the signing date. Main themes celebrated in the CLA:

- Working from home, remote work or home office: prioritized use by risk group employees.
- Vacation: must be informed up to 5 days before the absence date, there will be preserved 15 days from the acquisition period to be used in the future, when anticipating. In addition, an allowance on April 7, 8, 9, 28 and 29, 2020 to the employees who received a vacation notice at the initiative of the company and were in a situation other than “real workforce”.
- Bank of negative hours: applies to all employees subject to journey control, without the need for accession; 18-month deadline to compensate for negative hours made since July 7, 2020; in order to use the hour bank, the need for negotiation between the employee and the manager remains; 10% discount on the negative hours accumulated until July and on the month-to-month balance from August to December, 2020.
- Other commitments arising from the negotiation: no decommissioning due to performance during the pandemic; possibility of using the positive balance of the hour bank, together with other situations of absences, for post-pandemic rest, primarily for employees who are in person attendance; maintenance of the possibility, even if on a rotating basis, of the manager paying 1 or 2 hours for employees who are in person at the branches.

Additionally to signing the agreement, the Bank adopted these actions:

### **Employees and collaborators**

- Communication with employees, guiding constantly about work conditions and customer service, according to the disease evolution in the country.
- Creation of a Strategic Group for the Crisis Management to properly deal with the matter, ensuring uniqueness and opportune dissemination of information to the internal and external public.
- Suspension of international and national travels.
- Replacement of physical meetings for videoconferences and audio conferences.
- Increased cleanliness and sanitation of the ambience and spaces.
- Work leave for 14 days of employees who have symptoms and who had contact with confirmed or suspected cases (social isolation).
- Work leave for seven days of employees arriving from any country from the date of departure of any foreign country (social isolation).
- Prioritization of home office according to the process criticality and to the type of work, and for employees considered as risk group.
- Distinguished working hours, change on vacation period and licenses.

### **Customers and users**

- Securing essential banking services to the population, prioritizing the continued supply and operation of ATMs in self-service rooms.



In thousand of Reais, unless otherwise stated

- Providing physical assistance for services considered essential exceptionally at the branches.
- Special hours (9 am to 10 am) exclusive for INSS retirees and the public of greater risk.
- Encouraging the use of digital channels for services and customer relations through internet and mobile phones, expanding access to other customer profiles for customer service through messages, as well as the possibility of performing banking transactions directly by message apps for all the customers.
- Availability of up to R\$100 billion of loans to individuals, companies, agribusiness, in addition to health supplies for city halls and governments. The funds refer to existing credit lines, mainly consumer loans and working capital.
- Complying with the note issued by Febraban on March 16, 2020, and in order to minimize the momentary impacts of this situation, the bank is offering an option to extend the installments falling due in the next 60 days, upon the customer's manifestation, available in the Bank's digital channels. Customers can also adjust their financial commitments, through loans renegotiation, with a grace period for payment of the first installment between 60 and 180 days, depending on the loan line, and the payment term lengthening. This renegotiation process is also available through digital channels.

### **Society**

- Resources donation by the Group companies to promote pandemic combat actions.
- Fundação Banco do Brasil performance in actions to implement assistance and awareness projects with communities.

Banco do Brasil continues to evaluate and monitor the potential impacts on the credit portfolio, considering the various segments and sectors and has adopted proactive measures for risk management.

In addition, the Bank is working to preserve the regularity of its activities and the continuity of operations.

### **Accounting and Capital Implications of COVID-19 Effects**

The Covid-19 pandemic crisis is significantly affecting the economic environment of countries affected by the virus. Despite the mitigating actions adopted to date, implications for the Bank's financial statements are expected. The main reflexes and measures are presented below.

#### **i) Main judgments and uncertainties**

Because of the uncertainties caused by the Covid-19 pandemic scenario, the Bank revised some judgments and estimates historically adopted so that the accounting information derived from these judgments and estimates would reflect with higher reliability the equity position and the results for the period disclosed.

#### **ii) Consolidation**

Despite the challenging economic scenario arising from the confrontation of the pandemic, Banco do Brasil Conglomerate did no corporate restructuring or increased significant intragroup transactions that were not initially foreseen by the Bank's Management, so that there were no changes in the Conglomerate's consolidation process.

#### **iii) Profit Distribution**

According to the Material Fact released on January 25, 2021, the Board of Directors approved, in accordance with CMN Resolution 4,885, dated December 23, 2020, which amended CMN Resolution 4,820, dated May 29, 2020, the payout ratio of 35.29% for the fiscal year of 2020.



**iv) Risk and capital management**

- Capitalization - Sufficiency for protection in a stress event.

**Releasing the Capital Conservation Buffer – CMN Resolution 4,783/2020**

The Capital Conservation Buffer (CCoB) was reduced from 2.5% to 1.25% with an additional year to gradually reestablish the original buffer rate by March 2022. The measure aims at strengthening banks confidence in providing credit, supporting the credit flow. Expected impact: a capital relief (specifically banks' CET1 capital) — creating room for credit supply expansion (Note 30.c).

**FX overhedge of equity abroad – CMN Resolution No. 4,192/2013 (amended by CMN Resolution No. 4,851/2020)**

The measure establishes no capital deduction for the tax effects arising from the FX hedge operations of banks foreign equity investments. Banks hedge their investments on equity held abroad in order to obtain protection against Exchange rate (FX) fluctuations. Specifically, the measure provides financial institutions with confidence to implement or expand their credit grant plans.

- Liquidity - Sufficiency to withstand long periods of stress.

**Enhancement of the Leverage Coverage Ratio's (LCR) regulation - Bacen Circular 3,986/2020**

The measure safely reduced liquidity requirements for Brazilian institutions. The reduction in the need for financial institutions to carry other HQLA will allow an expansion in the ability to grant credit.

Credit, Market and Business - Strategy to mitigate increased volatility in earnings (such as concentration limits and incentives to diversify revenues).

Operational Risk - Identification and mitigation of operational risk events (remote work, occurrence monitoring, fraud prevention).

Reputation - Monitoring the assertiveness of the measures and their impacts in order to mitigate any negative consequences on brand value and reputation.

Credit risk - Monitoring, provisioning, policy review and risk appetite.

**v) Impairment of Assets**

Banco do Brasil carried out studies to identify whether its non-financial assets showed signs of devaluation due to the reduction in their value in use or by discounted cash flows, which may indicate an Impairment of Assets.

The Bank did not identify relevant impacts on the recoverable amounts of property, plant and equipment, investments and intangibles.

**vi) Fair value of financial instruments**

As established in the risk and capital management item, Banco do Brasil adapted its procedures for daily monitoring of the financial market, carrying out simulations and projections that aimed to identify significant variations in the fair value of the financial instruments held or traded by the Bank.

The Bank revised mark-to-market models to take into account the possible impacts of the Covid-19 on the economic and financial indicators used in the projection of scenarios, especially in the calculation of the fair value of financial instruments classified at level 2 and level 3 in the fair value hierarchy.

Changes in the fair value of the financial instruments, caused by the Covid-19 pandemic and so far identified, have already affected these financial statements.



In thousand of Reais, unless otherwise stated

There was no change in the intention to hold or trade the Conglomerate's securities that may give rise to a change in the category of financial instruments, as defined in Bacen Circular 3,068/2001, which the Bank initially intended to hold until maturity and booked at amortized cost.

The Bank reviewed the market value of the main asset securities and identified the need to recognize an impairment in the order of R\$ 2.7 billion to some instruments.

**vii) Provision for losses associated with credit risk of the loans portfolio**

The internal model developed to comply with CMN Resolution 2,682/99 (amended by Resolution 2697/00) implies the attribution of a risk to customer, to the economic group to which this customer belongs and the country risk in which the customer conducts its main business.

The pandemic caused by the Covid-19 generated an increase in the credit risk of customers located in the main affected countries, in which there was a noticeable reduction in economic activity and, therefore, possibly in the ability of these customers to honor their contracts.

In March 2020, CMN Resolution 4,782/2020, established for a determined period of time, for the purposes of credit risk management, due to the eventual impacts of Covid-19 on the economy, temporary criteria for the characterization of the restructuring of loans up to September 30, 2020.

In September 2020, CMN Resolution 4,856/2020 was issued, changing the deadlines in CMN Resolution 4,782/2020 to December 31, 2020, and CMN Resolution 4,855/2020, establishing standards for the provision for loan losses measurement within the scope of the programs addressing the effects of the Covid-19 pandemic on the economy.

In 2020, the Bank made a prudential provision increase, in the order of R\$ 8.1 billion, covering loan segments, which effects were recorded in the respective notes.

**viii) Use of recognized deferred tax assets**

The Bank carried out studies for the recognized deferred tax asset consumptions, in view of the projections of results from the Bank or its subsidiaries in 10 years period.

The study concluded that there would be no change in the expectation of deferred tax assets realization.

**ix) Impacts in the discount rate and in the fair value of assets guaranteeing defined benefit plans**

In 2020, the Bank identified an increase in the discount rate used in actuarial calculations, due to changes in the fair value of Brazilian government bonds, as well as a reduction in the fair value of certain assets guaranteeing defined benefit plans, including publicly traded company shares. These effects jointly generate net adjustments to actuarial liabilities, with an impact of R\$ 8.4 billion in shareholders' equity, net of taxes (Note 29.d.5). However, given the situation of uncertainty at the present economic moment, we observe that these two premises have presented important fluctuations to follow-up.

**x) Provisions for labor, tax and civil lawsuits**

The Bank reassessed the risks involved, especially with regard to civil and labor claims, with no relevant impacts identified so far, in view of the existing provisions.

**xi) Restructuring plans**

There is no expectation that restructuring will occur, such as the sale or closing of part of business or the reduction of operations due to the Covid-19 crisis.



**xii) Other possible identified/expected effects****Governmental assistance**

During the pandemic confrontation period, governmental and regulatory measures took place that provided support to the business and improved the Bank's performance. We list some of these measures and their impacts in the national financial system:

**Taxes:**

Postponement of tax collection, in compliance with ordinance Ministry's of Economy 139/2020. The Group did not adopt the option granted.

**Business support:**

Reduction of the IOF tax rate charged to borrowers of loans (Decreets 10,305, 10,414, 10,504, 10,551 and 10,572/2020). Reduction to zero of IOF rates on loans specified in the Decreets, acquired between April 3 and November 26, 2020 and between December 15 and December 31, 2020.

**Emergency Employment Support Program provides emergency payroll financing for small and medium-sized businesses - CMN Resolution 4,846/2020**

The program was instituted for Law 14,043 on August 19, 2020. Total amount of the credit goes down to R\$ 29 billion, of which R\$ 12 billion on guarantees for loans of Pronampe (Programa Nacional de Apoio à Microempresas e Empresas de Pequeno Porte) and R\$ 17 billion to be injected from de federal government on the BNDES (Banco Nacional de Desenvolvimento Econômico e Social) for funding the credit line. The resources are still 85% from the BNDES and the remaining from participating financial institutions. The measure provides for return to federal government up to 50% of resources that had not been passed to the banks as of September 30, 2020. In 2020, the Bank lent the amount of R\$ 8.0 billion on the program.

**Additional reduction in reserve requirements - Bacen Resolution 21/ 2020**

The Resolution revoked the Bacen Circular 3.993/2020, however, in this Resolution, the Central Bank maintained a 17% reduction in rate up to March/2021. The measure aims to the strategic increase of liquidity to the economy. The releases adds up to the amount of R\$50 billion already released from March 16, 2020 due to the previous reduction from 31% to 25%.

**Dollar sovereign bond repos - Bacen Circular 3,990/2020 (updated by Circular 3,992/2020)**

The Bacen started to offer liquidity operations in US dollars through the purchase with a resale commitment (repos) of Brazilian sovereign bonds denominated in dollars (global bonds) held by national financial institutions. The Bacen will purchase the bonds at a 10% discount compared to market prices. This measure aims to ensure the smooth functioning of the markets and were effective on March 18.

**New Time Deposit with Special Guarantees - CMN Resolution 4,785/2020**

The New Time Deposit with Special Guarantees (NDPGE) is an additional option for fundraising accessible to the financial institutions associated with the Credit Guarantee Fund (FGC). It is about the possibility of these institutions taking deposits guaranteed by the FGC, which also contributes to the continuity of the credit offer for the real sector. The FGC coverage, previously limited to R\$ 20 million, was increased to R\$ 40 million per holder. This guarantee does not involve public funds, since the FGC is a 100% private entity.

**Flexibility in Agribusiness Letters of Credit (LCAs) - CMN Resolution 4,787/2020**

The calculation basis was adjusted in order to allow more institutions to raise funds with LCAs, increasing their liquidity. Thus, the funds application rules from agribusiness funding activities were relaxed.

**Loan backed by debentures - CMN Resolution 4,786/2020**

The Bacen now has the possibility to grant loans backed by debentures (private securities) to financial institutions. The resources that financial institutions compulsorily maintain in their reserve accounts with the Bacen also guarantees these operations, eliminating the risk to the monetary authority. This is a Special Temporary Liquidity Line, which aims to guarantee liquidity and the normal functioning of the private corporate credit market during the crisis.

**Greater possibility for banks to repurchase their own financial bills - CMN Resolution 4,788/2020**

The largest banks will be able to repurchase a larger volume of their own financial bills. As a result, holders of these securities (mostly investment funds) will find it easier to redeem the funds invested, if necessary. The allowed repurchase percentage went from 5% to 20%.

**Loan backed by financial bills guaranteed by credit operations**

The Bacen is developing legal and operational framework for granting loans to financial institutions with the guarantee of the institutions' credit portfolios. The measure will provide liquidity and guarantee the normal functioning of the credit market in the country.

**Injection of longer-term funds by Bacen via repo operations backed by Federal Public Securities**

In times of crisis, institutions may find it difficult to access liquid resources for longer periods. In order to provide liquidity to the SFN, Bacen started to offer longer repo operations at the donor end, through its open market operations. As a result, institutions can obtain liquid resources for longer terms as opposed to the demand for very short-term liquidity by market agents. This measure also facilitates the management of liquidity in its balance sheets, as it provides a reduction in the cost of maintaining a longer-term portfolio (duration cost).

**US dollar liquidity swap line**

The Bacen established a US\$ 60 billion liquidity swap line in cooperation with the Federal Reserve (FED). The line expands the potential supply of dollars in the domestic market and does not imply economic policy conditionalities. If necessary, it can be used to increase the funds available for operations in the foreign exchange market by the Bacen. The swap agreement between the Bacen and the FED will remain effective for at least six months.

**Working Capital Program for the Preservation of Companies (CGPE)**

On July 16, 2020, the Provisional Measure 992/2020 was issued, which provides, among other purposes, for the financing to micro and small and medium-sized companies within the scope of the Working Capital Program for the Preservation of Companies (CGPE). In addition, it provides for the use of presumed credit calculated based on credits arising from temporary differences and the sharing of fiduciary alienation. On July 21, 2020, the Resolution CMN 4,838 was issued, which provides for credit operations contracted within the scope of the CGPE. In 2020, the Bank registered the amount of R\$ 10.2 billion in program operations.



### 33 - SUBSEQUENT EVENTS

#### a) Review and resizing of the organizational structure and incentive termination

As disclosed in the Relevant Fact to the market on January 11, 2021, the Bank approved a set of measures related to the revision and resizing of its organizational structure, in line with the strategic objectives of centrality in the client and increase of operational efficiency.

The full implementation of the measures is expected to occur during the first half of 2021, providing efficiency and optimization gains in 870 service points in the country, including: i) deactivation of units; ii) conversion of branches into service stations and service stations transformed into branches; iii) transformation of business units into BB Stores, without cashier counters, with a greater vocation for advisory and relationship; iv) shared relocation of business units; and v) creation of specialized branches for agribusiness customers and Leve Digital Offices (specialized services to customers with digital maturity).

The reorganization of the service network is being adapted driven by the new profile and behavior of customers and includes, in addition to the structure optimization measures described above, other revision and resizing measures in the directorships, support areas and service network, favoring the specialization of service and expanding the offer of digital solutions.

Furthermore, with the measures, BB expands its capacity of serving customers with managed advisory, expanding relationship and businesses and enhancing satisfaction and loyalty.

At the same time, two modalities of voluntary termination incentive program were approved: the Staff Adequacy Program (PAQ), in order to optimize the distribution of the workforce, addressing the situations of vacancies and excesses in the bank units, and the Extraordinary Dismissal Program (PDE), available to all employees that meet the prerequisites. The Programs have specific regulations that define the rules for adhesion.

After completing the phase of voluntary expression of interest in the incentive termination programs, the terminations of 5,533 employees in the PAQ and PDE were validated, whose financial impacts are estimated at R\$ 794,828 thousand, in the year 2021.



## DECLARATION OF THE EXECUTIVE BOARD MEMBERS ABOUT THE FINANCIAL STATEMENTS

According to the article 25, item VI, of CVM Instruction No. 480 of December 07, 2009, we declare that the Financial Statements of the Banco do Brasil S.A. related to the period ended December 31, 2020 were reviewed and, based on subsequent discussions, we agree that such statement fairly reflects, in all material facts, the financial position for the periods presented.

Brasília (DF), February 08, 2021.

André Guilherme Brandão  
Chief Executive Officer (CEO)

Bernardo de Azevedo Silva Rothe  
Chief Wholesale Officer

Carlos Motta dos Santos  
Chief Retail Business Officer

Gustavo de Souza Fosse  
Chief Technology and Business Development  
Officer (CTO)

Mauro Ribeiro Neto  
Chief Corporate Officer

Carlos José da Costa André  
Chief Financial and Investor Relations Officer (CFO)

Carlos Renato Bonetti  
Chief Risk Management and Internal Controls Officer  
(CRO)

João Pinto Rabelo Júnior  
Chief Agribusiness and Government Affairs Officer



**DECLARATION OF THE EXECUTIVE BOARD MEMBERS  
ABOUT THE REPORT OF INDEPENDENT AUDITORS**

According to article 25, item V, of CVM Instruction No. 480 of December 07, 2009, we affirm based on our knowledge, on auditor's plan and on discussions about the audit results, that we agree, with no dissent, to the opinions expressed in the Report of Independent Auditors for Financial Statements.

Brasília (DF), February 08, 2021.

André Guilherme Brandão  
Chief Executive Officer (CEO)

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Chief Wholesale Officer

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Chief Retail Business Officer

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Chief Agribusiness and Government Affairs Officer



## MEMBERS OF MANAGEMENT

### CHIEF EXECUTIVE IN OFFICE (CEO)

André Guilherme Brandão

### VICE-PRESIDENTS

Bernardo de Azevedo Silva Rothe  
Carlos José da Costa André  
Carlos Motta dos Santos  
Carlos Renato Bonetti  
Gustavo de Souza Fosse  
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