

(Convenience Translation into English from the  
Original Previously Issued in Portuguese)

# **Banco Daycoval S.A.**

Report on Review of Interim  
Financial Information  
for the Quarter Ended  
September 30, 2019

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of  
Banco Daycoval S.A.  
São Paulo - SP

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Banco Daycoval S.A. ("Bank"), included in the Interim Financial Information Form (ITR), for the quarter ended September 30, 2019, which comprises the balance sheet as of September 30, 2019 and the related statements of income and of comprehensive income for the three and nine-month periods then ended and of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil (BACEN), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with the accounting practices adopted in Brazil applicable to the institutions authorized to operate by BACEN, and presented in accordance with the standards issued by CVM.

## Other matters

### *Statements of value added*

The interim financial information referred to above includes the individual and consolidated statements of value added ("DVA") for the nine-month period ended September 30, 2019, prepared under the responsibility of the Bank's Management, the presentation of which in the interim financial information is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR). These statements were subject to the review procedures performed together with the review of the Interim Financial Information (ITR) to reach a conclusion on whether they are reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with technical pronouncement CPC 09 and consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, November 5, 2019

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Carlos Claro  
Engagement Partner

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Company information / Capital arrangement

Number of shares (Units)		Current Quarter 09/30/2019
Paid-in Capital		
Common shares		230,820,429
Preferred shares		0
Total		230,820,429
Treasury Shares		
Common shares		0
Preferred shares		0
Total		0

**Company information / Dividends and interest on capital**

<b>Event</b>	<b>Approved</b>	<b>Earnings</b>	<b>Beginning of payment</b>	<b>Share type</b>	<b>Share class</b>	<b>Earnings per share (R\$ / share)</b>
Ordinary General Meeting	09/30/2019	Interest on capital	10/15/2019	Common		0.21320

**Individual Financial Statements / Balance Sheet - Asset**  
**(In thousands of Brazilian reais - R\$)**

Account number	Account description	Current quarter 09/30/2019	Prior year 12/31/2018
1	Total Assets	32,430,380	29,384,947
1.01	Current Assets	21,037,285	18,710,582
1.01.01	Cash and cash equivalents	262,187	151,733
1.01.02	Interbank investments	5,343,315	5,561,479
1.01.02.01	Money market investments	4,145,760	4,702,402
1.01.02.02	Interbank deposits	905,853	690,921
1.01.02.03	Foreign currency investments	291,702	168,156
1.01.03	Securities and derivatives	406,249	516,762
1.01.03.01	Own portfolio	161,629	72,426
1.01.03.02	Linked to repurchase commitments	196,127	139,474
1.01.03.03	Derivatives	46,249	304,862
1.01.03.05	Linked to guarantees	2,244	0
1.01.04	Interbank accounts	68,803	42,639
1.01.04.01	Unsettled payments and receipts	12,008	0
1.01.04.02	Restricted deposits - Central Bank of Brazil	55,975	42,509
1.01.04.03	Correspondents	820	130
1.01.06	Lending operations	8,691,586	7,441,612
1.01.06.01	Lending operations - Public sector	76,492	38,183
1.01.06.02	Lending operations - Private sector	9,162,797	7,946,219
1.01.06.03	(Allowance for loan losses)	- 547,703 -	542,790
1.01.08	Other receivables	6,157,010	4,890,837
1.01.08.01	Guarantees and collaterals	1,015	0
1.01.08.02	Foreign exchange portfolio	1,837,525	1,064,558
1.01.08.03	Income receivable	17,525	11,660
1.01.08.04	Trading account	6,498	1,779
1.01.08.05	Other	4,451,110	3,951,976
1.01.08.06	(Allowance for other loan losses)	- 156,663 -	139,136
1.01.09	Other assets	108,135	105,520
1.01.09.01	Reposessed assets	115,168	92,832
1.01.09.02	(Allowance for reposessed assets losses)	- 8,890 -	8,422
1.01.09.03	Prepaid expenses	1,857	21,110
1.02	Noncurrent Long-Term Assets	10,047,727	9,406,614
1.02.01	Interbank investments	3,636	6,711
1.02.01.01	Interbank deposits	3,636	6,711
1.02.02	Securities and derivatives	1,326,881	1,907,165
1.02.02.01	Own portfolio	964,157	1,595,899
1.02.02.03	Derivatives	127,060	95,719
1.02.02.04	Linked to guarantees	235,664	215,547
1.02.05	Lending operations	6,226,217	5,161,949
1.02.05.01	Lending operations - Public sector	132,528	71,994
1.02.05.02	Lending operations - Private sector	6,623,496	5,493,477
1.02.05.03	(Allowance for loan losses)	- 529,807 -	403,522
1.02.07	Other receivables	2,489,457	2,328,540
1.02.07.02	Trading account	350	0
1.02.07.03	Other sundry credits	2,491,105	2,329,066
1.02.07.04	(Allowance for loan losses)	- 1,998 -	526

**Individual Financial Statements / Balance Sheet - Asset**  
**(In thousands of Brazilian reais - R\$)**

Account number	Account description	Current quarter	Prior year
		09/30/2019	12/31/2018
1.02.08	Other assets	1,536	2,249
1.02.08.01	Prepaid expenses	1,536	2,249
1.03	Permanent Assets	1,345,368	1,267,751
1.03.01	Investments	1,275,586	1,192,436
1.03.01.02	In local subsidiaries	1,272,700	1,191,273
1.03.01.04	Other investments	2,886	1,163
1.03.02	Fixed assets	69,782	75,315
1.03.02.02	Other property and equipment in use	69,782	75,315



**Individual Financial Statements / Balance Sheet - Liability**  
**(In thousands of Brazilian reais - R\$)**

<b>Account number</b>		<b>Current quarter</b>	<b>Prior year</b>
		<b>09/30/2019</b>	<b>12/31/2018</b>
2	Total Liabilities	32,430,380	29,384,947
2.01	Current Liabilities	14,693,673	15,794,804
2.01.01	Deposits	4,318,030	3,219,471
2.01.01.01	Demand deposits	939,853	864,844
2.01.01.02	Interbank deposits	190,871	373,667
2.01.01.03	Time deposits	3,173,411	1,973,639
2.01.01.04	Foreign currency deposits	13,895	7,321
2.01.02	Money market funding	3,135,088	2,992,328
2.01.02.01	Own portfolio	194,710	136,333
2.01.02.02	Third parties	2,940,378	2,855,995
2.01.03	Funds from acceptance and issuance of securit	3,960,974	6,405,886
2.01.03.01	Mortgage loan notes	766,988	648,667
2.01.03.02	Agribusiness letter of credit	712,813	617,665
2.01.03.03	Financial bills	2,458,636	3,232,736
2.01.03.04	Securities issued abroad	22,537	1,906,818
2.01.04	Interbank accounts	24,078	1,181
2.01.05	Interbank accounts	111,521	107,529
2.01.06	Borrowings	1,112,661	1,675,209
2.01.06.01	Foreign borrowings	1,112,661	1,675,209
2.01.07	Domestic onlendings	148,204	193,481
2.01.07.01	BNDES	109,568	151,383
2.01.07.02	FINAME	38,636	42,098
2.01.09	Other payables	1,883,117	1,199,719
2.01.09.01	Collected taxes and other	16,181	8,562
2.01.09.02	Foreign exchange portfolio	1,214,755	501,455
2.01.09.03	Social and statutory	108,244	118,434
2.01.09.04	Tax and social security	326,383	330,106
2.01.09.05	Trading account	6,915	3,035
2.01.09.06	Derivatives	10,530	29,662
2.01.09.07	Other	200,109	208,465
2.02	Noncurrent Long-Term Liabilities	13,959,610	10,300,464
2.02.01	Deposits	3,034,730	2,247,127
2.02.01.01	Interbank deposits	4,231	21,813
2.02.01.02	Time deposits	3,030,499	2,225,314
2.02.03	Funds from acceptance and issuance of securit	7,736,912	4,964,814
2.02.03.01	Mortgage Loan Notes	177,873	125,237
2.02.03.02	Agrobusiness letter of credit	32,908	46,168
2.02.03.03	Financial bills	7,526,131	4,772,807
2.02.03.04	Securities issued abroad	0	20,602
2.02.06	Borrowings	394,724	371,839
2.02.06.01	Foreign borrowings	394,724	371,839
2.02.07	Domestic onlendings	121,005	173,089
2.02.07.01	BNDES	50,634	108,234
2.02.07.02	FINAME	70,371	64,855
2.02.09	Other payables	2,672,239	2,543,595
2.02.09.02	Tax and social security	267,137	245,597

**Individual Financial Statements / Balance Sheet - Liability**  
**(In thousands of Brazilian reais - R\$)**

Account number		Current quarter	Prior year
		09/30/2019	12/31/2018
2.02.09.03	Trading account	173	0
2.02.09.04	Derivatives	674	0
2.02.09.05	Other	2,248,522	2,150,684
2.02.09.06	Subordinated debts	155,733	147,314
2.03	Deferred income	40,397	52,641
2.05	Equity	3,736,700	3,237,038
2.05.01	Paid-in Capital	2,253,595	2,253,595
2.05.01.01	Capital	2,253,595	2,253,595
2.05.02	Earnings reserves	1,142	0
2.05.04	Earnings reserves	998,363	979,426
2.05.04.01	Legal	222,676	203,739
2.05.04.02	Bylaws	775,687	775,687
2.05.05	Valuation adjustments to equity	10,979	4,017
2.05.05.01	Adjustments to securities	10,979	4,017
2.05.06	Retained earnings / accumulated losses	472,621	0

**Individual Income Statements**  
**(In thousands of Brazilian reais - R\$)**

Account number		Current Quarter from 07/01/2019 to 09/30/2019	Accumulated Current Year from 01/01/2019 to 09/30/2019	Similar Quarter from Prior Year 07/01/2018 to 09/30/2018	Accumulated Prior Year from 01/01/2018 to 09/30/2018
3.01	Income from Financial Intermediation	1,033,668	2,839,052	1,050,648	3,317,182
3.01.01	Lending Operations	833,723	2,397,442	742,177	2,246,843
3.01.02	Securities Transactions	122,718	362,329	125,678	366,095
3.01.03	Derivatives	2,898 -	83,507	131,070	546,415
3.01.04	Foreign Exchange Transactions	71,588	154,033	50,358	156,464
3.01.05	Sale or Transfer of Financial Assets	2,741	8,755	1,365	1,365
3.02	Expenses on Financial Intermediation	- 466,103 -	1,416,828 -	595,710 -	2,169,171
3.02.01	Funding Operations	- 326,762 -	932,433 -	367,958 -	1,179,491
3.02.02	Borrowings and Onlendings	- 103,231 -	129,154 -	104,792 -	440,495
3.02.03	Sale or Transfer of Financial Assets	- 1,638 -	6,306 -	3,945 -	14,576
3.02.04	Allowance for other loan losses	- 34,472 -	348,935 -	119,015 -	534,609
3.03	Gross Profit From Financial Intermediation	567,565	1,422,224	454,938	1,148,011
3.04	Other Operating (Expenses) Income	- 150,581 -	434,492 -	131,695 -	368,155
3.04.01	Income from Services Provided	53,204	142,980	38,385	109,828
3.04.02	Personnel Expenses	- 95,418 -	267,452 -	83,010 -	235,429
3.04.03	Other Administrative Expenses	- 155,600 -	413,728 -	126,530 -	363,766
3.04.04	Tax Expenses	- 39,956 -	109,645 -	32,627 -	94,244
3.04.05	Other Operating Income	128,446	356,793	92,415	265,445
3.04.06	Other Operating Expenses	- 68,283 -	217,601 -	44,177 -	128,514
3.04.07	Equity Income	27,026	74,161	23,849	78,525
3.05	Income from Operations	416,984	987,732	323,243	779,856
3.06	Nonoperating (Expenses) Income	- 1,791	1,638 -	1,334	3,293
3.06.01	Income	3,940	15,522	5,763	15,424
3.06.02	Expenses	- 5,731 -	13,884 -	7,097 -	12,131
3.07	Income Before Taxes on Income and Profit Sharing	415,193	989,370	321,909	783,149
3.08	Provision for Income Tax and Social Contribution	- 131,150 -	327,745 -	72,073 -	232,755
3.09	Deferred Tax Credits	10,416	51,778	38,394	14,414
3.10	Profit Sharing	- 26,143 -	66,339 -	17,255 -	50,060

**Individual Income Statements**  
**(In thousands of Brazilian reais - R\$)**

<b>Account number</b>		<b>Current Quarter from 07/01/2019 to 09/30/2019</b>	<b>Accumulated Current Year from 01/01/2019 to 09/30/2019</b>	<b>Similar Quarter from Prior Year 07/01/2018 to 09/30/2018</b>	<b>Accumulated Prior Year from 01/01/2018 to 09/30/2018</b>
3.13	Profit/Loss for the period	268,316	647,064	194,187	485,920
3.99	Earnings per share - (R\$ / share)	1.16244	2.80332	0.95132	2.38052

**Individual Statements of Comprehensive Income**  
**(In thousands of Brazilian reais - R\$)**

<b>Account number</b>	<b>Account description</b>	<b>Current Quarter from 07/01/2019 to 09/30/2019</b>	<b>Accumulated Current Year from 01/01/2019 to 09/30/2019</b>	<b>Similar Quarter from Prior Year 07/01/2018 to 09/30/2018</b>	<b>Accumulated Prior Year from 01/01/2018 to 09/30/2018</b>
4.01	Profit for the period	268,316	647,064	194,187	485,920
4.02	Comprehensive Income -	399	6,962	2,815 -	2,495
4.02.01	Other - available-for-sale marketable securities -	587	8,368	4,401 -	1,389
4.02.02	Deferred taxes on valuation adjustments to equ	188 -	1,406 -	1,586 -	1,106
4.03	Comprehensive Income for the period	267,917	654,026	197,002	483,425

**Individual Statements of Cash Flows**  
**(In thousands of Brazilian reais - R\$)**

Account number	Account description		Accumulated Current Year from 01/01/2019 to 09/30/2019	Accumulated Prior Year from 01/01/2018 to 09/30/2018
6.01	Cash from Operating Activities		246,748 -	1,032,150
6.01.01	Net Cash Operating Activities		968,240	1,055,850
6.01.01.01	Profit for the period		647,064	485,920
6.01.01.02	Depreciation and amortization		7,844	7,509
6.01.01.03	Deferred taxes	-	51,778	14,414
6.01.01.04	Provision for risks		124,203	135,517
6.01.01.05	Provision for guarantees and collaterals granted		358	10,667
6.01.01.06	Allowance for loan losses		357,378	636,028
6.01.01.07	Allowance for other loan losses	-	8,443 -	101,419
6.01.01.08	Allowance for other loan losses- without credit characteristics		27,442	0
6.01.01.09	Allowance for losses on other assets		468 -	860
6.01.01.10	Exchange rate changes on cash and cash equivalents	-	66,026 -	58,315
6.01.01.11	Gains on disposal of permanent assets		3,891	4,914
6.01.01.12	Share of profit (loss) of subsidiaries	-	74,161 -	78,525
6.01.02	Changes In Assets and Liabilities	-	721,492 -	2,088,000
6.01.02.01	(Increase) Decrease in interbank investments	-	211,857 -	158,838
6.01.02.02	(Increase) Decrease in securities and derivatives		679,301 -	945,495
6.01.02.03	(Increase) Decrease in interbank and interbranch accounts		27,614	87,511
6.01.02.04	(Increase) Decrease in lending operations	-	2,671,621 -	1,360,162
6.01.02.05	(Increase) Decrease in other receivables	-	1,376,173 -	743,222
6.01.02.06	(Increase) Decrease in other assets	-	35,623 -	74,044
6.01.02.07	Increase (Decrease) in deposits		1,886,162 -	49,971
6.01.02.08	Increase (Decrease) in money market funding		58,376 -	106,335
6.01.02.09	Increase (Decrease) in funds from acceptance and issuance of securitie:		239,549	691,580
6.01.02.10	Increase (Decrease) in borrowings and onlendings		20,694	64,884
6.01.02.11	Increase (Decrease) in other payables		785,956	445,135
6.01.02.12	Income tax and social contribution paid	-	111,626 -	96,718
6.01.02.13	Increase (Decrease) in deferred income	-	12,244 -	9,587
6.02	Net Cash Investing Activities	-	2,456 -	2,170
6.02.02	Disposal of property and equipment in use	-	2,456 -	0
6.03	Net Cash Financing Activities	-	717,343	808,926
6.03.01	Increase (Decrease) in funds from acceptance and issuance of securitie:		87,637	790,686
6.03.02	Increase (Decrease) in borrowings and onlendings	-	657,718	106,672
6.03.03	Increase (Decrease) in subordinated debts		8,419	10,450
6.03.04	Accrued interest on capital	-	155,681 -	98,882
6.04	Exchange Rate Changes on Cash and Cash Equivalents		66,026	58,315
6.05	Increase (Decrease) in Cash and Cash Equivalents	-	407,025 -	167,079
6.05.01	Cash and cash equivalents opening balance		2,166,296	2,561,185
6.05.02	Cash and cash equivalents closing balance		1,759,271	2,394,106

**Individual Statements of Changes in Shareholders Equity - from - 01/01/2019 to 09/30/2019**  
**(In thousands of Brazilian reais - R\$)**

<b>Account number</b>		<b>Capital</b>	<b>Capital reserves</b>	<b>Revaluation reserves</b>	<b>Earnings reserves</b>	<b>Retained earnings</b>	<b>Valuation adjustments to equity</b>	<b>Equity</b>
5.01	Opening balance	2,253,595	0	0	979,426	0	4,017	3,237,038
5.03	Adjusted balance	2,253,595	0	0	979,426	0	4,017	3,237,038
5.04	Profit/Loss for the period	0	0	0	0	647,064	0	647,064
5.05	Allocation	0	0	0	0 -	155,506	0 -	155,506
5.05.02	Interest on capital	0	0	0	0 -	155,506	0 -	155,506
5.06	Legal Reserve	0	0	0	18,937 -	18,937	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	6,962	6,962
5.07.01	Securities Adjustments	0	0	0	0	0	6,962	6,962
5.09	Constitution / Realization Capital	0	1,142	0	0	0	0	1,142
5.13	Closing balance	2,253,595	1,142	0	998,363	472,621	10,979	3,736,700

**Individual Statements of Changes in Shareholders Equity - from - 01/01/2018 to 09/30/2018**  
**(In thousands of Brazilian reais - R\$)**

<b>Account number</b>		<b>Capital</b>	<b>Capital reserves</b>	<b>Revaluation reserves</b>	<b>Earnings reserves</b>	<b>Retained earnings</b>	<b>Valuation adjustments to equity</b>	<b>Equity</b>
5.01	Opening balance	1,892,143	0	0	1,111,764	0	5,121	3,009,028
5.03	Adjusted balance	1,892,143	0	0	1,111,764	0	5,121	3,009,028
5.04	Profit/Loss for the period	0	0	0	0	485,920	0	485,920
5.05	Allocation	0	0	0	0	- 148,382	0	- 148,382
5.05.02	Interest on capital	0	0	0	0	- 148,382	0	- 148,382
5.06	Legal Reserve	0	0	0	14,587	- 14,587	0	0
5.07	Valuation adjustments to equity	0	0	0	0	0	- 2,495	- 2,495
5.07.01	Securities adjustments	0	0	0	0	0	- 2,495	- 2,495
5.13	Closing balance	1,892,143	0	0	1,126,351	322,951	2,626	3,344,071



**Individual Statements of Value Added**  
**(In thousands of Brazilian reais - R\$)**

Account number			Accumulated Current Year from 01/01/2019 to 09/30/2019	Accumulated Prior Year from 01/01/2018 to 09/30/2018
7.01	Revenue		2,773,927	3,032,435
7.01.01	Income from financial intermediation		2,839,052	3,317,182
7.01.02	Revenue from services		142,980	109,828
7.01.03	Allowance for loan losses	-	348,935 -	534,609
7.01.04	Other		140,830	140,034
7.02	Expenses on Financial Intermediation	-	1,067,893 -	1,634,562
7.03	Inputs Purchased from Third Parties	-	394,254 -	344,715
7.03.01	Materials and utilities	-	71,480 -	58,889
7.03.02	Outside services	-	322,774 -	286,017
7.03.03	Loss / Recovery of Assets		0	191
7.04	Gross Value Added		1,311,780	1,053,158
7.05	Retention	-	7,844 -	7,509
7.05.01	Depreciation and amortization	-	7,844 -	7,509
7.06	Wealth Created		1,303,936	1,045,649
7.07	Wealth Received in Transfer		74,161	78,525
7.07.01	Equity Income		74,161	78,525
7.08	Total Wealth for Distribution		1,378,097	1,124,174
7.09	Distribution of Wealth		1,378,097	1,124,174
7.09.01	Employees		292,409	250,663
7.09.01.01	Salaries and wages		177,179	160,855
7.09.01.02	Benefits		105,984	82,105
7.09.01.03	Severance pay fund (FGTS)		9,246	7,703
7.09.02	Taxes		426,996	376,240
7.09.02.01	Federal		415,328	366,282
7.09.02.02	State		1,095	1,193
7.09.02.03	Municipal		10,573	8,765
7.09.03	Rentals		11,628	11,351
7.09.03.01	Lenders and Lessors		11,628	11,351
7.09.04	Shareholders		647,064	485,920
7.09.04.01	Interest on capital		155,506	148,382
7.09.04.03	Retained Income / Loss accumulated		491,558	337,538

**Performance Comments**

**Net Profit**

**R\$ 268.3 million in 3Q19**  
**R\$ 647.1 million in 9M19**  
**+ 33.2% over 9M18**

**Profitability**

**29.5% in 3Q19**  
**24.6% in 9M19**  
**+ 4.2 p.p. over 9M18**

**Shareholders' Equity**

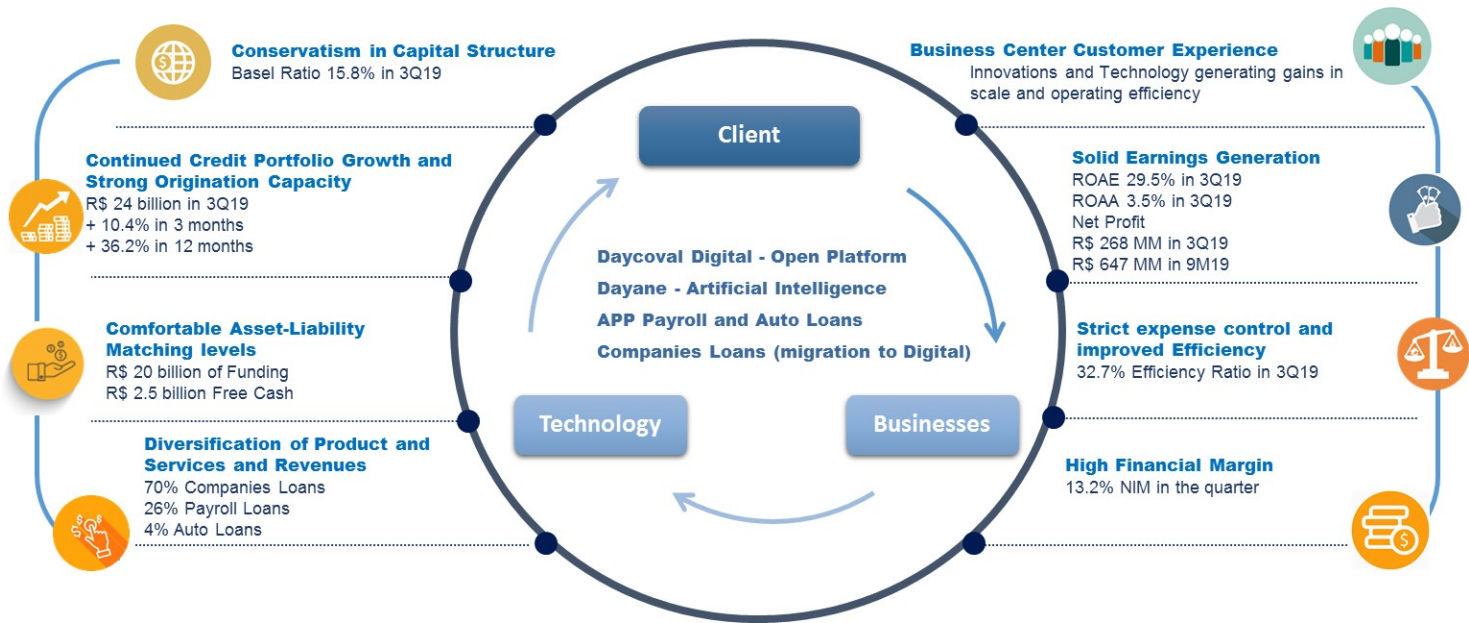
**R\$ 3,736.7 million**  
**+ 11.7% in the last 12 months**

MAIN FIGURES (R\$ million unless otherwise stated)	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
<b>RESULTS</b>								
Income from loans operations	837.1	780.8	7.2%	743.8	12.5%	2,405.5	2,250.4	6.9%
Net Income	268.3	163.1	64.5%	194.2	38.2%	647.1	485.9	33.2%
Recurring Net Income	276.3	195.1	41.6%	180.6	53.0%	695.8	457.4	52.1%
<b>FINANCIAL POSITION</b>								
Total Assets	32,071.2	30,443.6	5.3%	26,995.1	18.8%	32,071.2	26,995.1	18.8%
Expanded Loan Portfolio <sup>(1)</sup>	23,899.7	21,645.3	10.4%	17,548.3	36.2%	23,899.7	17,548.3	36.2%
- Companies	16,662.1	14,807.1	12.5%	11,856.7	40.5%	16,662.1	11,856.7	40.5%
- Payroll Loans	6,173.9	5,877.4	5.0%	4,984.6	23.9%	6,173.9	4,984.6	23.9%
- Auto Loans	1,009.5	907.4	11.3%	661.0	52.7%	1,009.5	661.0	52.7%
- Home Equity	54.2	53.4	1.5%	46.0	17.8%	54.2	46.0	17.8%
Funding	20,384.8	20,460.2	-0.4%	17,302.2	17.8%	20,384.8	17,302.2	17.8%
Local Bonds	9,466.2	10,049.0	-5.8%	6,525.4	45.1%	9,466.2	6,525.4	45.1%
Total Deposits + LCI + LCM	8,963.8	8,549.3	4.8%	6,444.3	39.1%	8,963.8	6,444.3	39.1%
Shareholders' Equity	3,736.7	3,518.0	6.2%	3,344.1	11.7%	3,736.7	3,344.1	11.7%
<b>CREDIT RATIOS</b>								
Final Balance LLP	1,276.1	1,316.6	-3.1%	1,048.7	21.7%	1,276.1	1,048.7	21.7%
Nonperforming Loans Ratio (90 days overdue)	1.7%	1.7%	0.0 p.p	2.6%	-1.1 p.p	1.7%	2.6%	-1.1 p.p
Final Balance LLP/Loan Portfolio (%)	5.3%	6.1%	-0.7 p.p	6.0%	-0.6 p.p	5.3%	6.0%	-0.6 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	317.0%	349.9%	-32.8 p.p	226.9%	90.0 p.p	317.0%	226.9%	90.0 p.p
Final Balance Loan E-H/Loan Portfolio (%)	148.4%	130.2%	18.2 p.p	129.8%	18.5 p.p	148.4%	129.8%	18.6 p.p
<b>HIGHLIGHTS</b>								
Net Interest Margin (NIM-AR) (% p.a.) <sup>(2)</sup>	13.2%	12.9%	0.3 p.p	12.9%	0.3 p.p	12.7%	13.0%	-0.3 p.p
Return on Average Equity (ROAE) (% p.a.)	29.5%	18.5%	11.0 p.p	23.6%	5.9 p.p	24.6%	20.4%	4.2 p.p
Return on Average Asset (ROAA) (% p.a.)	3.5%	2.2%	1.3 p.p	2.9%	0.6 p.p	3.0%	2.6%	0.4 p.p
Efficiency Ratio (%)	32.7%	30.2%	2.5 p.p	30.2%	2.5 p.p	30.3%	29.0%	1.2 p.p
BIS Index III (%)	15.8%	16.0%	-0.2 p.p	15.0%	0.8 p.p	15.8%	15.0%	0.8 p.p
Employees	2,266	2,169	4.5%	1,788	26.7%	2,266	1,880	20.5%
Number of Branches (Companies)	45	44	2.3%	40	12.5%	45	40	12.5%

(1) Includes Avals and Sureties.

(2) Includes exchange-rate variance on liability transactions, foreign trading, and excludes matched operations— repurchase agreements — tri-party repos outstanding.

Strategy oriented by Digital Transformation



## Innovation and Digital Transformation

### Recognition | Dayane Virtual Assistant

Daycoval won the international **Innovation Award 2019 - Virtual Assistants (Cloud Platform Winner 2019 - Digital Assistant)** from Oracle, a world reference in digital platform development, one of the highlights among financial companies featuring its virtual assistant (Dayane).



Dayane was 100% developed in-house, linking chat bots with deep learning concepts — that is, when a robotic system “learns” based on questions and virtual relationships.

Having a virtual attendant is directly linked to the future of our business, and meets the need to enhance customer service, strengthen their relationships with the Bank, make our processes speedier and optimize the work of our analysts and our clients and attendants.

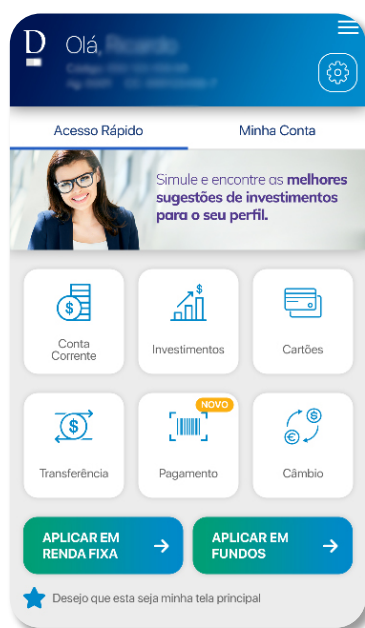
**+ 200 thousand interactions in all service channels (9 months)**

#### Artificial Intelligence

Created in *September 2018*, based on a **Financial Vehicles** project.

#### Client Service Expansion

- Customer Service
- Ombudsman
- Payroll Loans
- Investments
- Dayconnect
- Foreign Exchange



#### Operational Efficiency

Focus on **Customer Experience** and **greater speed in the Bank's internal processes**.

#### Integrated with Whatsapp



- Foreign currency exchange rates,
- Sending of payment receipts;
- Service by Daycoval Investe professionals.

### Verification of Receivables X Artificial Intelligence



- Using Artificial Intelligence for Automatic Receivables Verification and Release.
- For unapproved cases, the business manager receives the information instantly and seeks the best solution to conclude the process.

## Innovation and Digital Transformation

### APP | Payroll

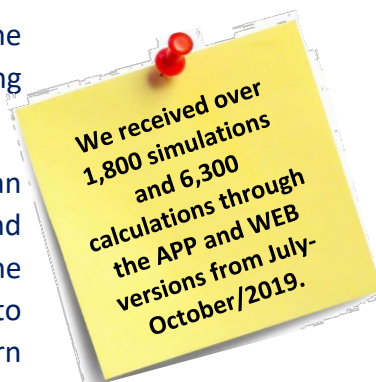


- The Payroll App was created with the goal of delivering simple and fast solutions to our clients while also speeding up the origination.
- The APP makes it possible to simulate and contract loans and financing lines.
- Refinancing.
- Monitor proposals.
- Perform Registration Update.
- In 2019, we originated more than R\$ 150.0 million through this channel.

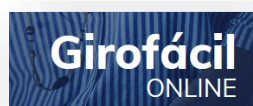
### APP | Vehicles



- APP PromAuto - was developed for the digital journeys of stores and Banking Correspondents for vehicle financing.
- Through PromAuto APP, merchants can conduct simulations, fill out and send client proposals, from where the journey begins. This proposal is sent to the Banking Correspondent, who in turn carries out prior Credit analysis and then forwards the proposal to the Credit Desk.



### Daygiro FGI and Girofácil Online



- Daygiro FGI is a working capital line for small- and medium-sized enterprises without the need for a real guarantee, up to R\$ 500,000, and has the support of the BNDES.
- The prerequisites for contracting a loan are: Annual revenues of R\$ 1 million up to R\$ 90 million; minimum of 5 years in operation after incorporation; and for limited liability companies (LTDA.), joint-stock (S.A.) and others comprised of partners, not being valid for MEI companies or individual entrepreneurs.
- In March 2019, the Bank launched its Girofácil Online feature. Through this new digital channel it is possible to carry out simulations and contract this product.

## Profitability

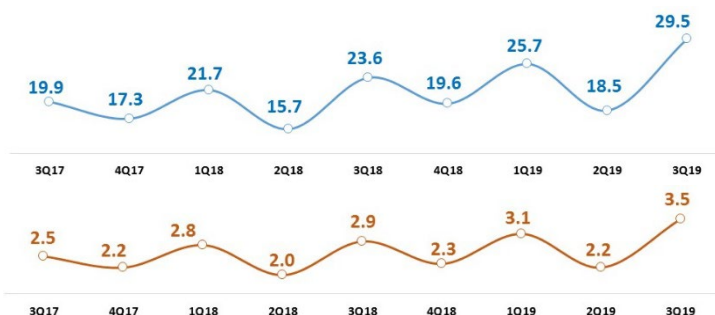
## Performance Comments



### Net Income of R\$ 268.3 million in the quarter and R\$ 647.1 in 9M19

**ROAE\* in 3Q19 (%)**  
**+ 11.0 p.p. in 3 months**  
**+ 5.9 p.p. in 12 months**

**ROAA\*\* in 3Q19 (%)**  
**+ 1.3 p.p. in 3 months**  
**+ 0.6 p.p. in 12 months**

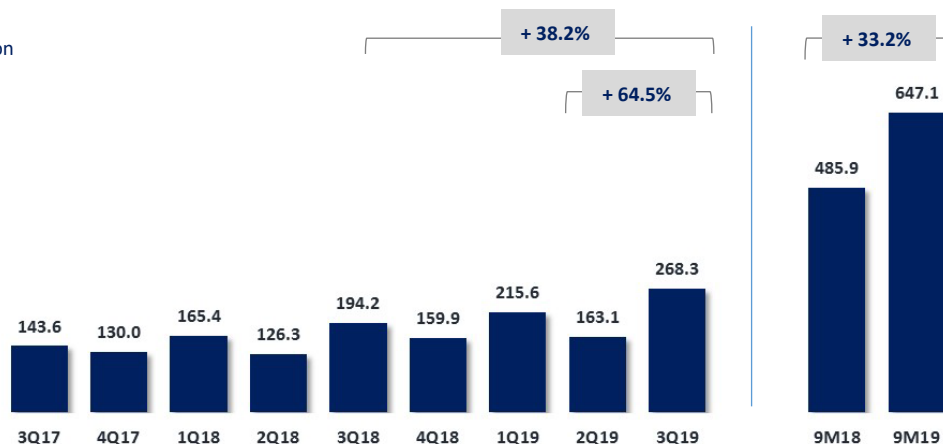


\*ROAE = Net Income/Average Shareholders' Equity \*\*ROAA = Net Income/Average Assets

In this quarter, return on average equity (ROAE) reached 29.5%, the highest in recent years. The evolution of earnings, both quarter-on-quarter (3Q19 x 2Q19) and year-to-date (9M19 x 9M18), reflects the Bank performance, which rose 64.5% in the quarter, and 33.2% compared to 9M18. This performance mainly was due to portfolio growth, lower LLP (expanded) expenses, higher service revenues.

### Net Income

R\$ million



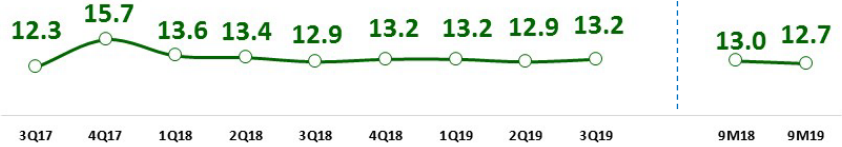
Recurring Key Figures (R\$ million)	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
<b>Accounting Net Income</b>	<b>268.3</b>	<b>163.1</b>	<b>64.5%</b>	<b>194.2</b>	<b>38.2%</b>	<b>647.1</b>	<b>485.9</b>	<b>33.2%</b>
(-) Hedge/ MTM R\$ - Foreign Issues and Credit Operations	(23.0)	(29.4)	-21.8%	7.8	n.a	(61.9)	1.5	n.a
(-) Exchange Variation - Equivalence - Branch	15.0	(2.6)	n.a	5.8	n.a	13.2	27.0	-51.1%
<b>Recurring Net Income</b>	<b>276.3</b>	<b>195.1</b>	<b>41.6%</b>	<b>180.6</b>	<b>53.0%</b>	<b>695.8</b>	<b>457.4</b>	<b>52.1%</b>
<b>Adjusted ROAE (%)</b>	<b>30.4%</b>	<b>22.2%</b>	<b>8.2 p.p</b>	<b>22.0%</b>	<b>8.3 p.p</b>	<b>26.5%</b>	<b>19.2%</b>	<b>7.2 p.p</b>
<b>Adjusted ROAA (%)</b>	<b>3.6%</b>	<b>2.7%</b>	<b>1.0 p.p</b>	<b>2.7%</b>	<b>0.9 p.p</b>	<b>3.2%</b>	<b>2.4%</b>	<b>0.8 p.p</b>
<b>Adjusted Efficiency Ratio (%)</b>	<b>31.2%</b>	<b>28.4%</b>	<b>2.8 p.p</b>	<b>30.8%</b>	<b>0.4 p.p</b>	<b>29.0%</b>	<b>29.0%</b>	<b>0.0 p.p</b>

In 3Q19, Recurring Net Income was R\$ 276.3 million, an increase of 41.6% in the quarter. Year-to-date totaled R\$ 695.8 million, up 52.1% over 9M18. We do not perform mark-to-market foreign funding that is not subject to hedge accounting. However, we perform it on their respective hedges, and therefore we consider this mark-to-market as non-recurring.

Performance Comments

## Adjusted and Recurring Net Interest Margin (NIM-AR)

**NIM - AR of 13.2 % in 3Q19**  
**+ 0.3 p.p in 3 months**  
**+ 0.3 p.p. in 12 months**



Recurring Adjusted Net Interest Margin (NIM-AR) (R\$ mn)	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
Income from Financial Intermediation Reported	744.7	703.1	5.9%	683.5	9.0%	2,170.9	1,994.4	8.8%
Hedge/MTM	(38.2)	(49.0)	-22.0%	16.8	n.a	(103.2)	2.7	n.a
<b>Adjusted Income from Financial Intermediation (A)</b>	<b>782.9</b>	<b>752.1</b>	<b>4.1%</b>	<b>666.7</b>	<b>17.4%</b>	<b>2,274.1</b>	<b>1,991.7</b>	<b>14.2%</b>
Average Remunerated Assets	27,084.5	26,120.4	3.7%	23,699.1	14.3%	26,191.5	22,601.0	15.9%
(-) Expenses of financial intermediation add back provisions	(2,241.8)	(1,770.5)	26.6%	(1,981.9)	13.1%	(1,994.1)	(1,868.4)	6.7%
<b>Average Remunerated Assets (B)</b>	<b>24,842.7</b>	<b>24,349.9</b>	<b>2.0%</b>	<b>21,717.2</b>	<b>14.4%</b>	<b>24,197.4</b>	<b>20,732.6</b>	<b>16.7%</b>
<b>Recurring Adjusted Net Interest Margin (NIM-AR) (%YoY) (A/B)</b>	<b>13.2%</b>	<b>12.9%</b>	<b>0.3 p.p</b>	<b>12.9%</b>	<b>0.3 p.p</b>	<b>12.7%</b>	<b>13.0%</b>	<b>-0.3 p.p</b>

## Net Interest Margin (NIM)

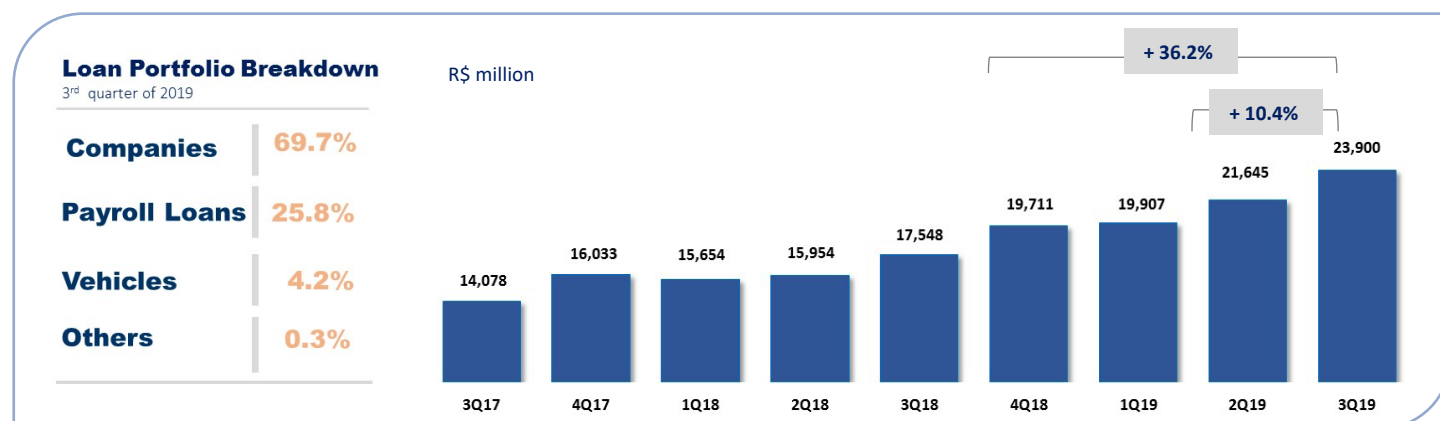
Net Interest Margin (NIM) (R\$ million)	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
Gross Income from Financial Intermediation	621.2	430.4	44.3%	501.0	24.0%	1,574.4	1,281.1	22.9%
Exchange Rate Variation <sup>(1)</sup>	(0.3)	(0.7)	-57.1%	(0.1)	200.0%	(2.8)	(0.3)	n.a
Income from Receivables purchase <sup>(1)</sup>	88.5	79.6	11.2%	63.5	39.4%	243.7	179.5	35.8%
<b>Income from Financial Intermediation</b>	<b>709.4</b>	<b>509.3</b>	<b>39.3%</b>	<b>564.4</b>	<b>25.7%</b>	<b>1,815.3</b>	<b>1,460.3</b>	<b>24.3%</b>
(-) Loan Loss Provision	35.3	193.8	-81.8%	119.1	-70.4%	355.6	534.1	-33.4%
<b>Income from Financial Intermediation adjusted by Loan Loss Provision and Exchange Rate Variation (A)</b>	<b>744.7</b>	<b>703.1</b>	<b>5.9%</b>	<b>683.5</b>	<b>9.0%</b>	<b>2,170.9</b>	<b>1,994.4</b>	<b>8.8%</b>
<b>Average Remunerated Assets (B)</b>	<b>27,084.5</b>	<b>26,120.3</b>	<b>3.7%</b>	<b>23,699.1</b>	<b>14.3%</b>	<b>24,995.1</b>	<b>22,601.0</b>	<b>10.6%</b>
Interbank Investments	5,081.6	5,812.0	-12.6%	5,502.0	-7.6%	5,342.7	5,218.4	2.4%
Securities and Derivatives	2,049.8	2,030.2	1.0%	2,543.4	-19.4%	2,169.5	2,265.6	-4.2%
Lending Operation (does not include assignments)	19,878.9	18,049.2	10.1%	15,427.9	28.9%	17,295.8	14,808.4	16.8%
Trade Finance	74.2	228.9	-67.6%	225.8	-67.1%	187.1	308.6	-39.4%
<b>Net Interest Margin (NIM) (% p.a.) (A/B)</b>	<b>11.5%</b>	<b>11.2%</b>	<b>0.3 p.p</b>	<b>12.0%</b>	<b>-0.5 p.p</b>	<b>11.7%</b>	<b>11.9%</b>	<b>-0.2 p.p</b>

<sup>(1)</sup> Reclassified from other operating/expense revenues.



Performance Comments

## Expanded Loan Portfolio



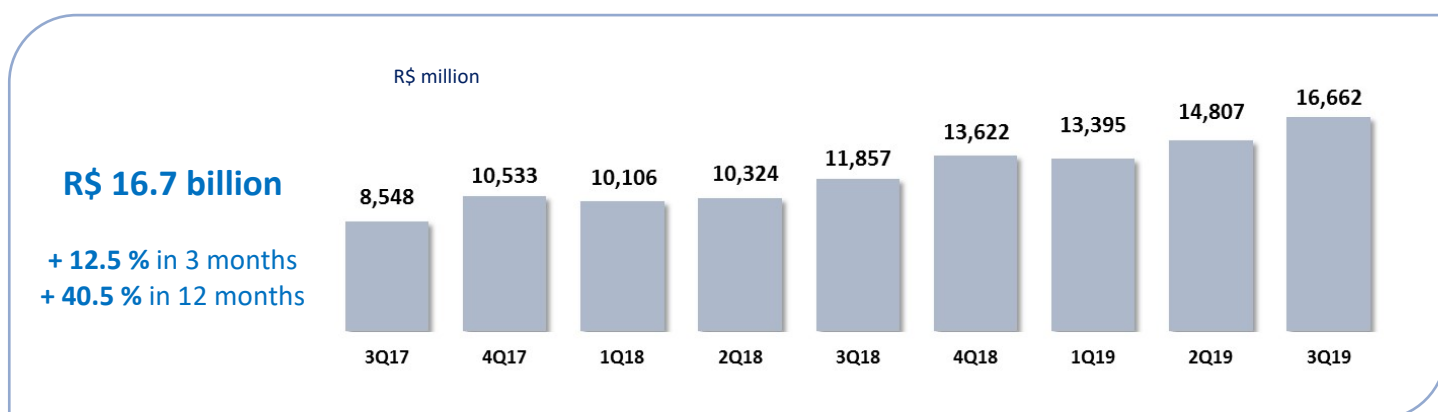
Expanded Loan Portfolio (R\$ mn)	3Q19	2Q19	Δ	3Q18	Δ
<b>Total Companies</b>	<b>16,662.1</b>	<b>14,807.1</b>	<b>12.5%</b>	<b>11,856.7</b>	<b>40.5%</b>
Working Capital	5,542.0	5,054.0	9.7%	4,700.2	17.9%
Receivables Purchase	3,674.3	3,316.9	10.8%	2,567.4	43.1%
Guaranteed Account	1,746.9	1,703.7	2.5%	1,674.8	4.3%
Trade Finance	1,954.2	1,584.7	23.3%	716.6	172.7%
Leasing	1,109.3	967.8	14.6%	760.0	46.0%
BNDES	270.9	307.2	-11.8%	413.3	-34.5%
Avals and Sureties	2,364.5	1,872.8	26.3%	1,024.4	130.8%
<b>Total Payroll Loans</b>	<b>6,173.9</b>	<b>5,877.4</b>	<b>5.0%</b>	<b>4,984.6</b>	<b>23.9%</b>
Payroll Loans	5,700.6	5,422.4	5.1%	4,618.0	23.4%
Payroll Card	473.3	455.0	4.0%	366.6	29.1%
<b>Total Auto Loans/Other</b>	<b>1,009.5</b>	<b>907.4</b>	<b>11.3%</b>	<b>661.0</b>	<b>52.7%</b>
<b>Total Home Equity</b>	<b>54.2</b>	<b>53.4</b>	<b>1.5%</b>	<b>46.0</b>	<b>17.8%</b>
<b>Total Expanded Loan Portfolio</b>	<b>23,899.7</b>	<b>21,645.3</b>	<b>10.4%</b>	<b>17,548.3</b>	<b>36.2%</b>

The expanded loan portfolio in 3Q19 registered positive growth of 10.4% in the quarter, totaling R\$ 23.9 billion and in the 12 months was up 36.2%, mainly driven by corporate operations, especially: Working Capital, Foreign Trade, Purchase of Credit Rights and Sureties and Guarantees Given. Strong commercial dynamics, differentiated service and agile processes are some of the reasons that explain this performance.



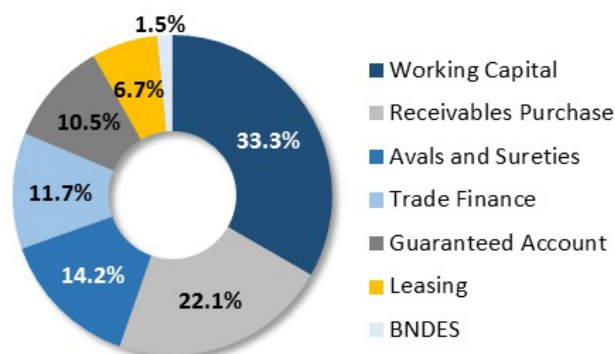
Performance Comments

## Companies Portfolio

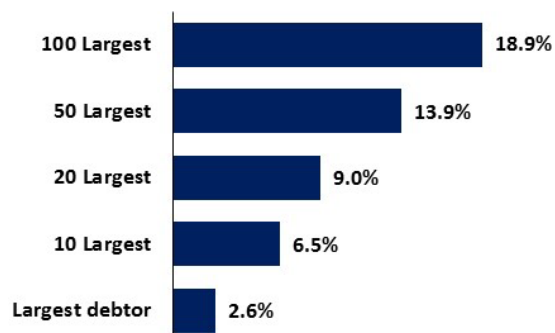


Credit to Companies Breakdown (R\$ mn)	3Q19	2Q19	Δ	3Q18	Δ
Working Capital	5,542.0	5,054.0	9.7%	4,700.2	17.9%
Receivables Purchase	3,674.3	3,316.9	10.8%	2,567.4	43.1%
Trade Finance	1,954.2	1,584.7	23.3%	716.6	172.7%
Guaranteed Account	1,746.9	1,703.7	2.5%	1,674.8	4.3%
Leasing	1,109.3	967.8	14.6%	760.0	46.0%
BNDES	270.9	307.2	-11.8%	413.3	-34.5%
Avals and Sureties	2,364.5	1,872.8	26.3%	1,024.4	130.8%
<b>Total Companies</b>	<b>16,662.1</b>	<b>14,807.1</b>	<b>12.5%</b>	<b>11,856.7</b>	<b>40.5%</b>

### Companies Portfolio Breakdown (%)



### Credit Concentration (%)



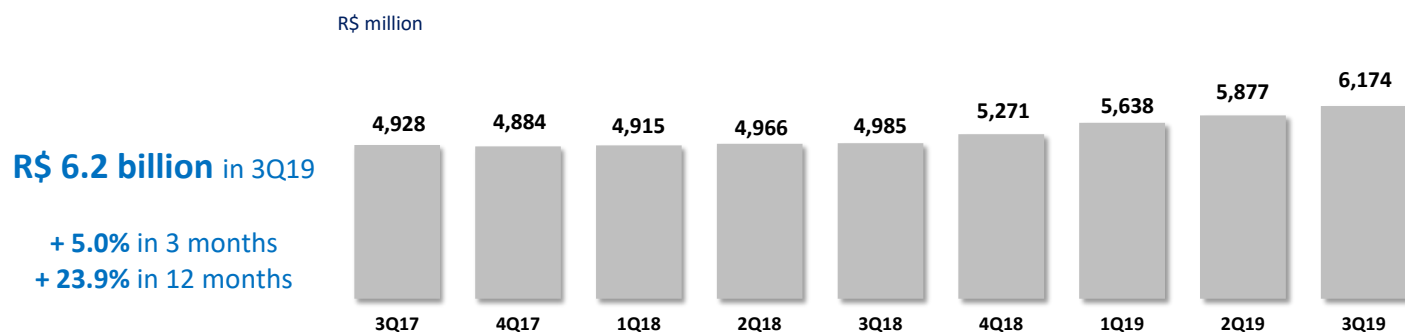
### Companies Overdue Loans (R\$ mn)

	3Q19	2Q19	Δ	3Q18	Δ
Overdue Loans more than 14 days past due	126.8	158.3	-19.9%	151.3	-16.2%
Overdue Loans more than 60 days past due (*)	167.4	221.3	-24.4%	216.1	-22.5%
Overdue Loans more than 90 days past due (*)	152.2	143.0	6.4%	157.3	-3.2%
<b>Credit Ratios - (%)</b>					
Final Balance LLP/Companies Portfolio (%)	4.7%	5.6%	-0.9 p.p	5.9%	-1.2 p.p
Overdue Loans more than 14 days past due / Companies Portfolio	0.8%	1.1%	-0.3 p.p	1.3%	-0.4 p.p
Overdue Loans more than 60 days past due / Companies Portfolio	1.0%	1.5%	-0.5 p.p	1.8%	-0.8 p.p
Overdue Loans more than 90 days past due / Companies Portfolio	0.9%	1.0%	-0.1 p.p	1.3%	-0.4 p.p
<b>Coverage Ratios - (%)</b>					
LLP Balance / Overdue Loans > 60 days (%)	465.9%	374.8%	91.1 p.p	324.7%	141.2 p.p
LLP Balance / Overdue Loans > 90 days (%)	512.4%	580.1%	-67.6 p.p	446.0%	66.4 p.p

(\*) Installments falling due

Performance Comments

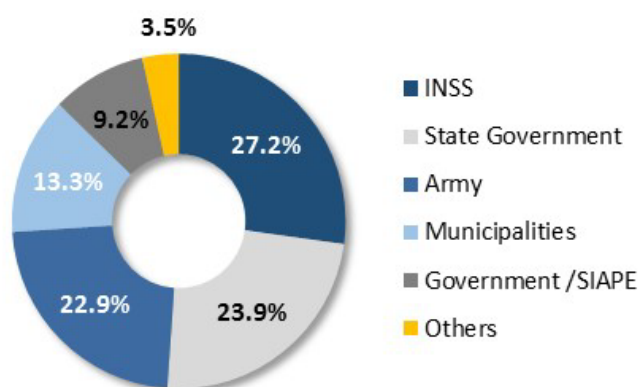
## Payroll Portfolio



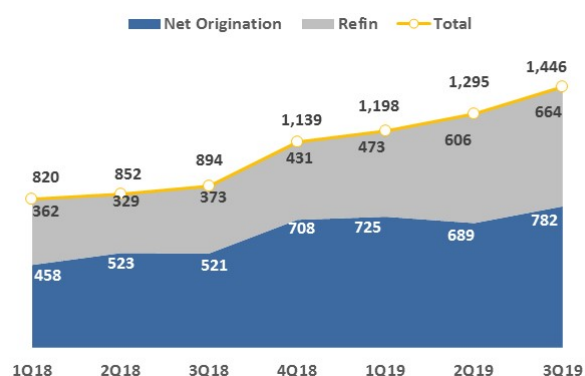
Payroll Loans ended 3Q19 with a balance of R\$ 6,173.9 million, 5.0% up on 2Q19 and 23.9% up on 3Q18, in line with the growth of the total portfolio. The payroll card portfolio totaled R\$ 473.3 million in 3Q19, an increase of 4.0% in three months and growth of 29.1% in the last 12 months. Noteworthy was the growth in the volume of loans released in 9M19, especially when observing the evolution of the mobile channel. The evolution was related to the portfolio's sustainable growth strategy.

Through the APP|Payroll it is possible to simulate and contract loans and financing, refinancing, accompany proposals and registration updates. At the end of 3Q19, more than R\$ 150 million had been originated.

### Payroll Breakdown



### Portfolio Origination

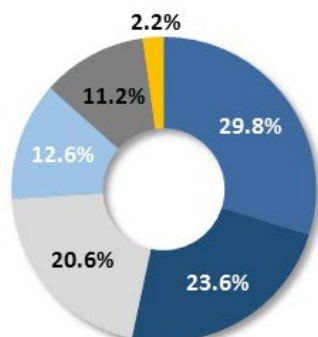


## Performance Comments

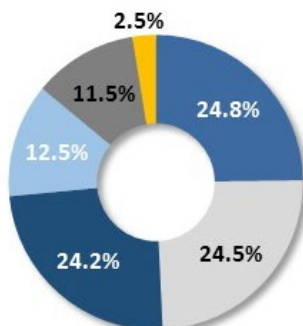
In the charts below, we show the Refinancing loan modality as a new credit operation. The client (public servant/INSS pensioner) gets the previous loan settled with the Bank and is given a new loan. In this transaction, the commission paid to the correspondent bank is lower than the traditional one. The Bank adopted this strategy to focus more on the product margin.

### Breakdown Payroll Origination

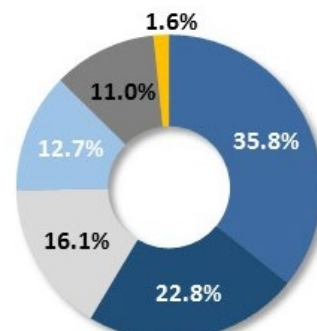
#### Total Origination



#### Net Origination



#### Refinancing Origination



■ Army 
 ■ INSS 
 ■ Municipalities 
 ■ State Government 
 ■ Government/SIAPE 
 ■ Others

#### Payroll Overdue Loans (R\$ mn)

	3Q19	2Q19	Δ	3Q18	Δ
Overdue Loans more than 14 days past due	91.4	146.9	-37.8%	100.6	-9.1%
Overdue Loans more than 60 days past due (*)	228.5	205.7	11.1%	338.4	-32.5%
Overdue Loans more than 90 days past due (*)	187.8	175.1	7.3%	254.7	-26.3%

#### Credit Ratios - (%)

Final Balance LLP/Payroll Portfolio (%)	6.4%	6.7%	-0.4 p.p	5.7%	0.6 p.p
Overdue Loans more than 14 days past due /Payroll Portfolio	1.5%	2.5%	-1.0 p.p	2.0%	-0.5 p.p
Overdue Loans more than 60 days past due /Payroll Portfolio	3.7%	3.5%	0.2 p.p	6.8%	-3.1 p.p
Overdue Loans more than 90 days past due /Payroll Portfolio	3.0%	3.0%	0.0 p.p	5.1%	-2.2 p.p

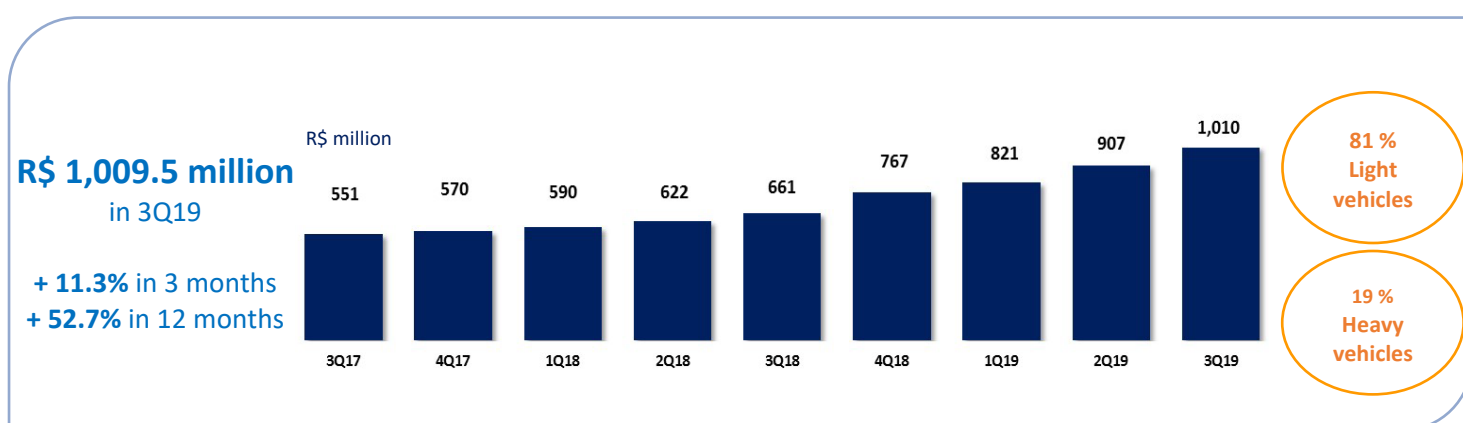
#### Coverage Ratios - (%)

LLP Balance / Overdue Loans > 60 days (%)	171.6%	191.9%	-20.2 p.p	84.1%	87.5 p.p
LLP Balance / Overdue Loans > 90 days (%)	208.8%	225.4%	-16.6 p.p	111.7%	97.1 p.p

(\*) Installments falling due

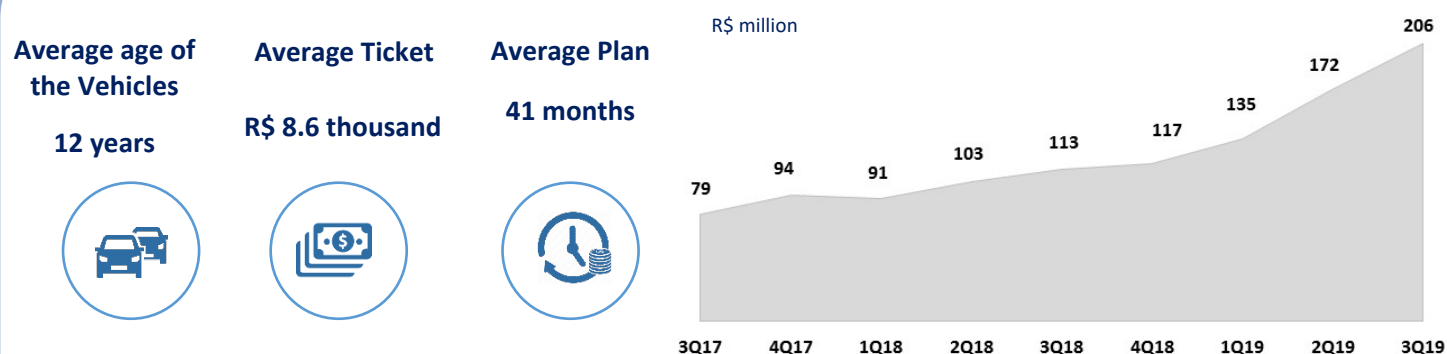
Performance Comments

## Auto Loans



This segment ended 3Q19 with a balance of R\$ 1,009.5 million, growth of 11.3% compared to 2Q19 and 52.7% compared to 3Q18. Light vehicles remain the largest share in the portfolio in relation to heavy vehicles, representing 81% of the portfolio in 3Q19. Our performance continues to be supported by the + business platform that delivers the best client journey experience.

## Total Origination



### Auto Overdue Loans + Others (R\$ mn)

	3Q19	2Q19	Δ	3Q18	Δ
Overdue Loans more than 14 days past due	29.8	29.2	2.1%	26.3	13.3%
Overdue Loans more than 60 days past due (*)	80.2	80.3	-0.1%	64.7	24.0%
Overdue Loans more than 90 days past due (*)	57.5	54.1	6.3%	45.0	27.8%

### Credit Ratios - (%)

Final Balance LLP/Auto Loans Portfolio (%)	10.0%	9.8%	0.3 p.p	9.1%	0.9 p.p
Overdue Loans more than 14 days past due / Auto Loans Portfolio + Others	3.0%	3.2%	-0.2 p.p	4.0%	-1.0 p.p
Overdue Loans more than 60 days past due / Auto Loans Portfolio + Others	7.9%	8.8%	-0.9 p.p	9.8%	-1.8 p.p
Overdue Loans more than 90 days past due / Auto Loans Portfolio + Others	5.7%	6.0%	-0.3 p.p	6.8%	-1.1 p.p

### Coverage Ratios - (%)

LLP Balance / Overdue Loans > 60 days (%)	125.7%	110.2%	15.5 p.p	92.6%	33.1 p.p
LLP Balance / Overdue Loans > 90 days (%)	175.3%	163.6%	11.7 p.p	133.1%	42.2 p.p

(\*) Installments falling due

## Performance Comments

### CGI – Home Equity

**R\$ 54.2 million**  
in 3Q19

+ **17.8%** in 12 months

#### Advantages



- ✓ Credit limit from R\$ 50,000 to R\$ 1 million;
- ✓ Credit equivalent to up to 60% of the property;
- ✓ Up to 180 months to pay;

#### Guarantees



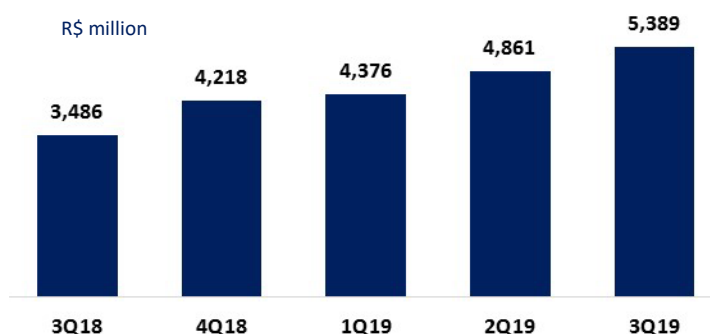
- ✓ Have own property built;
- ✓ Property in the name of the borrower;
- ✓ Property with value over R\$ 100,000;
- ✓ Income for credit approval comprised of up to 4 people;
- ✓ Legalized documentation.

**Daycoval**  
ASSET MANAGEMENT

**R\$ 5.4 billion of Assets under Management**



**Management of 56 Funds**



Daycoval Asset Management serves clients who are looking for sophisticated solutions aligned with their investment profile. With various types of investment funds and differentiated products and services, such as portfolio management. In 3Q19, it ended with a total of administered and/or managed funds of R\$ 5,389.5 million.

It currently manages 56 funds: 34 Multimarket Funds, 8 Fixed Income Funds, 2 Equity Fund, 5 FIDCs, 1 Real Estate Fund, 5 Equity Funds and 1 Managed Portfolio.

The gross revenue from investment fund management totaled R\$ 4.9 million in 3Q19 and R\$ 12.2 million in 9M19. Asset has a specialized team of **21** employees, including traders, managers, back office and commercial area, with deep knowledge of the market.

## Custodial and Administration Services

## Performance Comments

The focus was expanded on the Capital Market services segment, with a new team focused on the Custodianship and Administration segments.

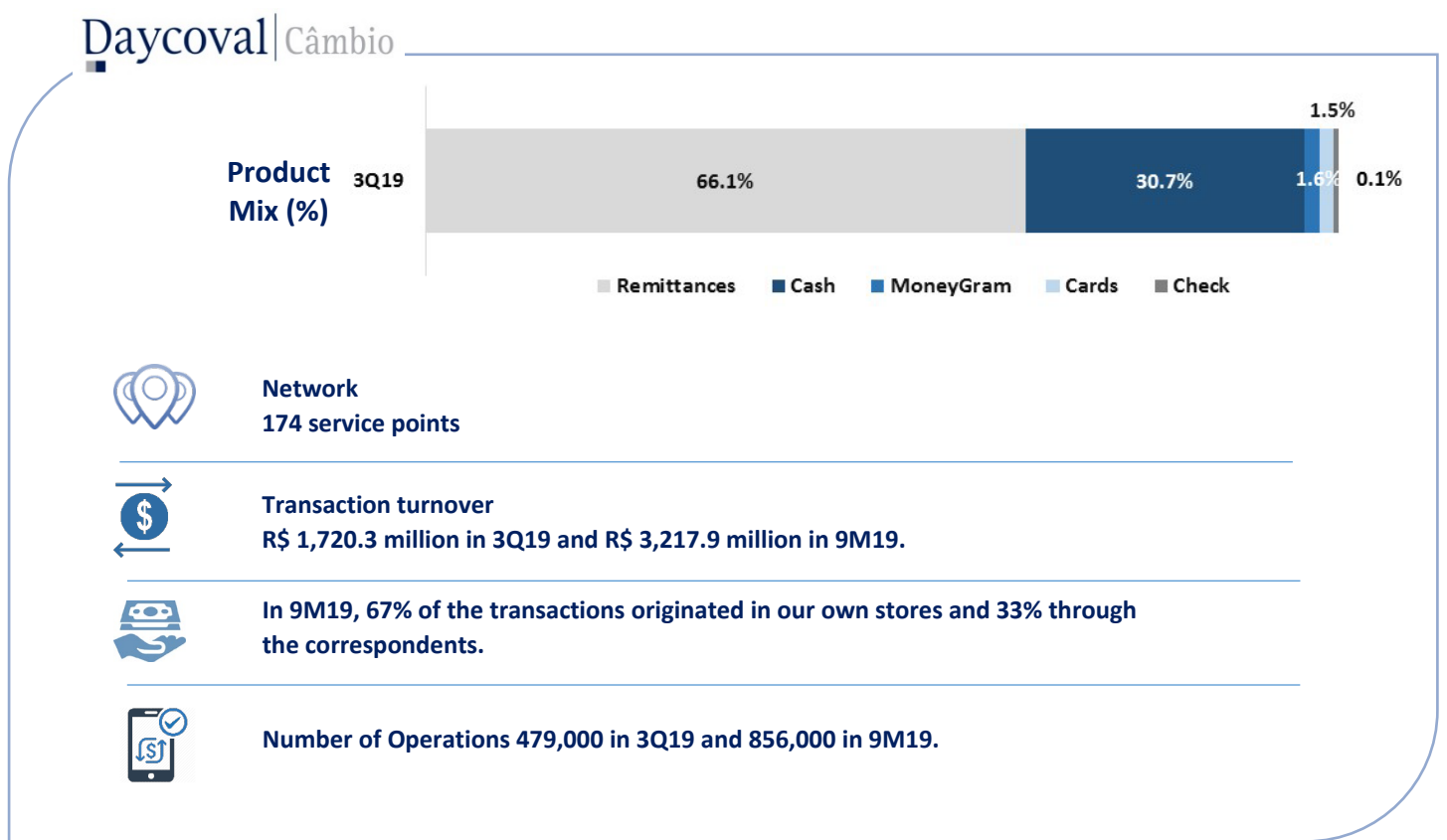
## Asset Highlights

### Daycoval Multiestratégia FIM

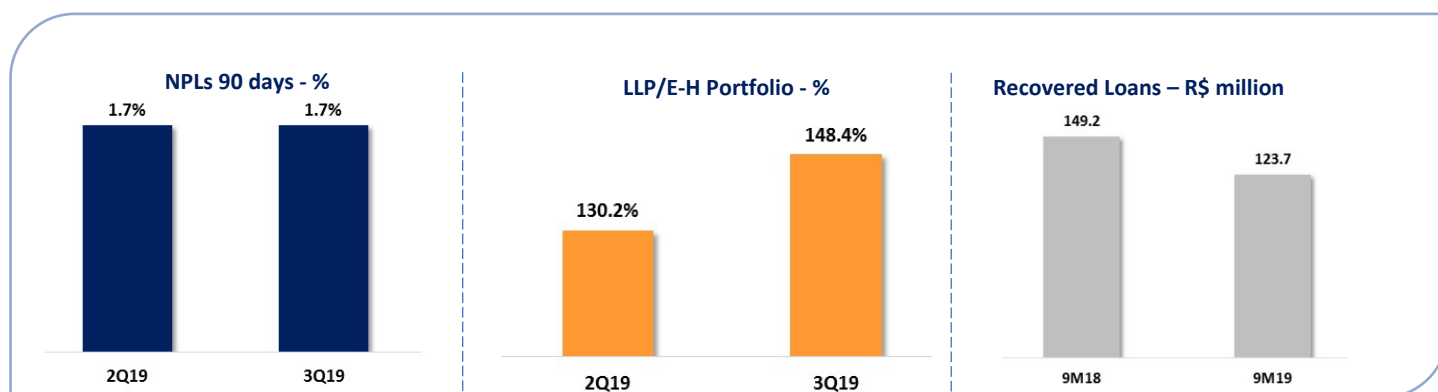
A fund with low volatility and attractive returns, as well as high liquidity (D+1.) The fund's objective is to reach 130% of the CDI with a maximum volatility of 3%/4% per annum. The fund currently has a return of 140% of the CDI with a volatility of less than 1% in the last 12 months.

### Daycoval Ibovespa Ativo FIA

A fund aiming to surpass the Ibovespa index in the medium- to long-term, through allocation of shares based on active and diversified management. The fund has a detailed fundamentalist analysis (qualitative and quantitative), technical and flow analysis. Daycoval Ibovespa Ativo FIA is outperforming the Ibovespa by more than 2% in all observed windows (6 months, 12 months, 18 months, 24 months, year 2019).



Performance Comments



Banco Daycoval - R\$ MM

Rating	Required Provision	Loans	%	Provision	
AA	0.0%	3,677.6	15.4%	-	<b>93.6% between AA-C</b>
A	0.5%	7,906.4	33.1%	62.3	
B	1.0%	8,384.4	35.1%	234.3	
C	3.0%	2,409.0	10.1%	172.5	
D	10.0%	662.4	2.8%	66.1	
E	30.0%	91.4	0.4%	27.4	
F	50.0%	95.3	0.4%	47.7	
G	70.0%	24.6	0.1%	17.2	
H	100.0%	648.6	2.7%	648.6	
<b>Total Portfolio</b>		<b>23,899.7</b>	<b>100.0%</b>	<b>1,276.1</b>	
<b>Total Provision/Portfolio</b>				<b>5.3%</b>	

An important indicator of the quality of the loan portfolio is the total operations rated AA and C, which are the best risk ratings under current regulations, which totaled 93.6% of the total loan portfolio as at September 30, 2019. The loan loss provision represented 5.3% of the loan portfolio.

3Q19

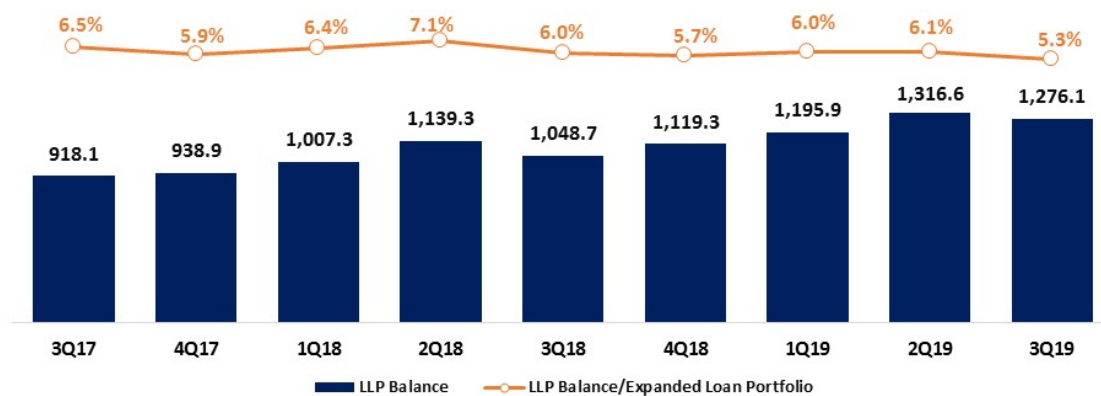
Companies			Payroll		Vehicles/Others		Home Equity	
Rating	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision
AA - C	15,717.4	279.7	5,882.1	150.1	726.3	37.7	51.6	1.6
D	412.6	41.2	27.3	2.7	222.3	22.2	0.2	-
E	50.5	15.1	20.5	6.2	19.4	5.8	1.0	0.3
F	72.7	36.3	13.4	6.7	8.4	4.2	0.8	0.4
G	4.7	3.3	13.7	9.6	6.1	4.3	-	-
H	404.2	404.2	216.9	216.9	27.0	27.0	0.6	0.6
<b>Total</b>	<b>16,662.1</b>	<b>779.8</b>	<b>6,173.9</b>	<b>392.2</b>	<b>1,009.5</b>	<b>101.2</b>	<b>54.2</b>	<b>2.9</b>
<b>LLP Balance/Loans</b>		<b>4.7%</b>			<b>6.4%</b>	<b>10.0%</b>		

2Q19

**Performance Comments**

Companies			Payroll		Vehicles/Others		Home Equity	
Rating	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision
AA - C	13,875.5	261.3	5,583.1	144.1	677.9	33.0	50.3	1.5
D	252.4	25.2	23.2	2.4	170.8	17.1	0.7	0.1
E	48.4	14.5	16.8	5.1	20.4	6.1	0.2	0.1
F	198.5	99.3	15.3	7.6	8.6	4.3	-	-
G	10.1	7.0	11.7	8.2	5.7	4.0	-	-
H	422.2	422.2	227.3	227.3	24.0	24.0	2.2	2.2
<b>Total</b>	<b>14,807.1</b>	<b>829.5</b>	<b>5,877.4</b>	<b>394.7</b>	<b>907.4</b>	<b>88.5</b>	<b>53.4</b>	<b>3.9</b>
LLP Balance/Loans		5.6%					6.7%	
							9.8%	
							7.3%	

**LLP Balance (including avals and sureties) /Expanded Loan Portfolio**





Performance Comments

## Credit Portfolio Quality

Overview of Quality of Expanded Loan Portfolio (R\$ million)	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
Expanded Loan Portfolio	23,899.7	21,645.3	10.4%	17,548.3	36.2%	23,899.7	17,548.3	36.2%
Establishment of Provision	41.0	188.2	-78.2%	121.7	-66.3%	383.0	544.6	-29.7%
LLP Balance	1,276.1	1,316.6	-3.1%	1,048.7	21.7%	1,276.1	1,048.7	21.7%
Final Balance Loan E-H	860.1	1,011.3	-15.0%	807.7	6.5%	859.9	807.7	6.5%
Overdue Loans more than 14 days past due	248.6	334.9	-25.8%	278.1	-10.6%	248.6	278.1	-10.6%
Overdue Loans more than 60 days past due (*)	481.7	512.0	-5.9%	625.3	-23.0%	481.7	625.3	-23.0%
Overdue Loans more than 90 days past due (*)	402.6	376.3	7.0%	462.1	-12.9%	402.6	462.1	-12.9%
<b>Credit Ratios - (%)</b>								
Final Balance LLP/Loan Portfolio	5.3%	6.1%	-0.7 p.p	6.0%	-0.6 p.p	5.3%	6.0%	-0.6 p.p
Final Balance Loan E-H/Loan Portfolio	3.6%	4.7%	-1.1 p.p	4.6%	-1.0 p.p	3.6%	4.6%	-1.0 p.p
Overdue Loans more than 60 days past due / Loan Portfolio	2.0%	2.4%	-0.4 p.p	3.6%	-1.5 p.p	2.0%	3.6%	-1.5 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	1.7%	1.7%	0.0 p.p	2.6%	-0.9 p.p	1.7%	2.6%	-0.9 p.p
<b>Coverage Ratios - (%)</b>								
Final Balance LLP / Overdue Loans more than 14 days past due	513.3%	393.1%	120.1 p.p	377.1%	136.2 p.p	513.3%	377.1%	136.2 p.p
Final Balance LLP / Overdue Loans more than 60 days past due	264.9%	257.1%	7.8 p.p	167.7%	97.2 p.p	264.9%	167.7%	97.2 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	317.0%	349.9%	-32.9 p.p	226.9%	90.0 p.p	317.0%	226.9%	90.0 p.p
Final Balance LLP / Loan E-H	148.4%	130.2%	18.2 p.p	129.8%	18.5 p.p	148.4%	129.8%	18.6 p.p
Write-offs R\$ (mn)	(81.5)	(67.5)	20.7%	(196.3)	-58.5%	(226.2)	(434.8)	-48.0%
Companies Recovered Loans	8.6	20.9	-58.9%	32.0	-73.1%	88.9	117.8	-24.5%
Retail Recovered Loans	12.5	11.3	10.6%	10.9	14.7%	34.8	31.4	10.8%

(\*) falling due installments

The provision balance, excluding the additional provision, totaled R\$ 1,276.1 million in 3Q19, a 3.1% decrease in the quarter, driven by the reversal of the required provision from the companies portfolio, where the impact is neutral and does not change the volume of the provisions and the coverage ratio. When we analyze 9M19 versus 9M18, we had growth of 21.7%, in line with the portfolio growth in the period.

The reduction in LLP expenses, compared to 2Q19, was related to the quality of our portfolio, which can be explained by the improvement in repayment delinquency indicators, loans overdue by more than 90 days/corporate portfolio (including installments falling due) stood at 1.7% in 3Q19, stable compared to 2Q19 and a decrease of 0.9 p.p. compared to 3Q18. When we analyzed the credit indicators for loans overdue by 14 and 60 days, we observed an improvement in the ratios during the quarter.

The E-H portfolio balance ended 3Q19 at R\$ 860.1 million, 15.0% lower than in 2Q19. The provision for doubtful accounts ratio divided by the E-H Portfolio was 148.4%, an improvement of 18.2 p.p. over 2Q19. Our provisioning level in relation to the loan portfolio reflects the improvement in the quality of our operations and the improvement of the provisioning models, which are based on statistical models that capture historical, current and prospective information.

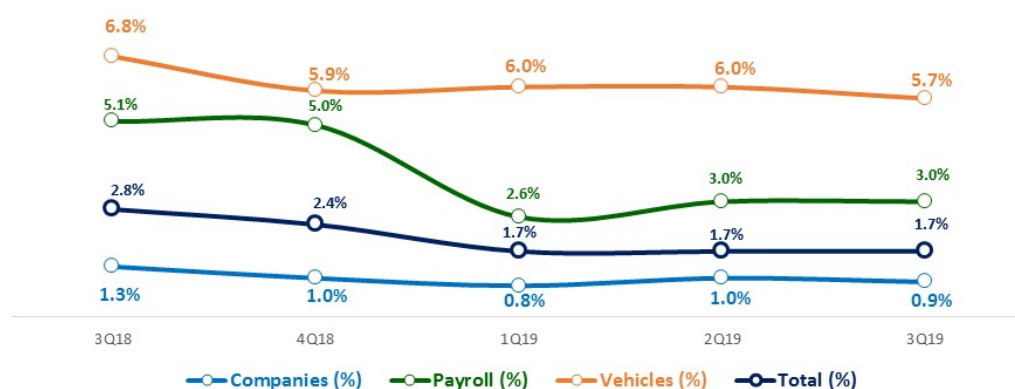
We ended the quarter with an additional LLP provision in the amount of R\$ 273.2 million, included in the indicators.

The amount written off for losses was R\$ 81.5 million during 3Q19. In 9M19, the total amount written off was R\$ 226.2 million, against R\$ 434.8 million in the same period of the previous year.

LLP (R\$ mn)	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
Balance at the Beginning of the Period	1,316.6	1,195.9	10.1%	1,123.3	17.2%	1,119.3	938.9	19.2%
<b>Establishment of Provision</b>	<b>41.0</b>	<b>188.2</b>	<b>-78.2%</b>	<b>121.7</b>	<b>-66.3%</b>	<b>383.0</b>	<b>544.6</b>	<b>-29.7%</b>
Companies	(14.3)	61.1	-123.4%	91.9	-115.6%	150.3	300.1	-49.9%
Avals and Sureties	4.7	(7.0)	-167.1%	2.9	n.a.	0.5	10.7	n.a.
Payroll	27.7	107.7	-74.3%	13.8	n.a.	162.3	189.1	-14.2%
Auto/Other	23.1	26.2	-11.8%	12.1	n.a.	68.8	42.1	63.4%
Home Equity	(0.2)	0.2	n.a.	1.0	n.a.	1.1	2.6	n.a.
<b>Write-offs</b>	<b>(81.5)</b>	<b>(67.5)</b>	<b>20.7%</b>	<b>(196.3)</b>	<b>-58.5%</b>	<b>(226.2)</b>	<b>(434.8)</b>	<b>-48.0%</b>
Companies	(40.4)	(28.6)	41.3%	(150.8)	-73.2%	(103.9)	(300.4)	-65.4%
Retail	(41.1)	(38.9)	5.7%	(45.5)	-9.7%	(122.3)	(134.4)	-9.0%
<b>Final Balance LLP</b>	<b>1,276.1</b>	<b>1,316.6</b>	<b>-3.1%</b>	<b>1,048.7</b>	<b>21.7%</b>	<b>1,276.1</b>	<b>1,048.7</b>	<b>21.7%</b>

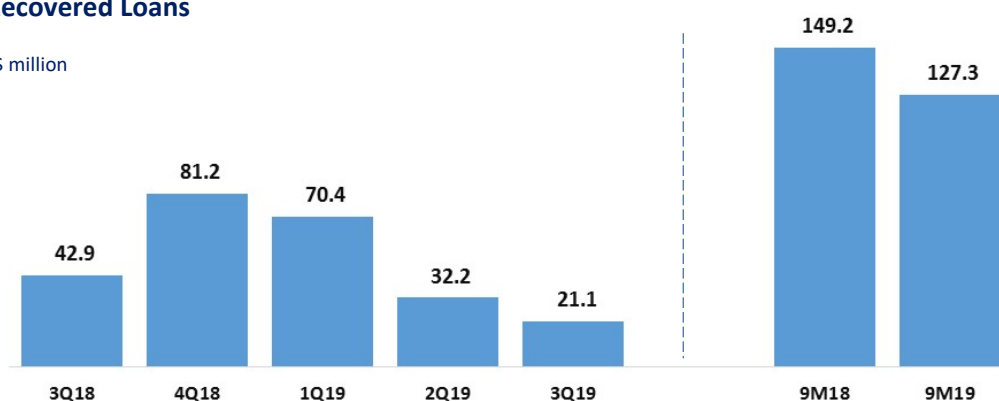
## Performance Comments

### NPLs | 90 days



### Recovered Loans

R\$ million

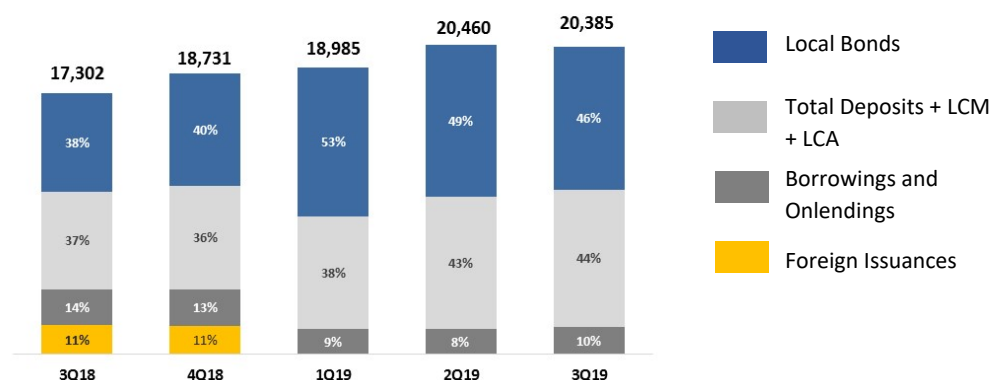


## Funding

R\$ million

**R\$ 20.4 billion** in 3Q19

-0.4% in 3 months  
+ 17.8% in 12 months



## Performance Comments

Funding (R\$ mn)	3Q19	2Q19	Δ	3Q18	Δ
<b>Total Deposits</b>	<b>7,273.3</b>	<b>6,861.4</b>	<b>6.0%</b>	<b>5,027.4</b>	<b>44.7%</b>
Time Deposits	6,125.2	5,603.8	9.3%	4,019.9	52.4%
Demand Deposits + Other Deposits	953.0	810.1	17.6%	531.1	79.4%
Interbank Deposits	195.1	447.5	-56.4%	476.4	-59.0%
<b>Local Bonds (Letras Financeiras)</b>	<b>9,466.2</b>	<b>10,049.0</b>	<b>-5.8%</b>	<b>6,525.4</b>	<b>45.1%</b>
Private Offerings	6,948.3	7,465.3	-6.9%	5,527.5	25.7%
Public Offerings	2,517.9	2,583.7	-2.5%	997.9	152.3%
<b>Letter of Credit Home Mortgage</b>	<b>944.8</b>	<b>954.0</b>	<b>-1.0%</b>	<b>724.4</b>	<b>30.4%</b>
<b>Letter of Credit Agribusiness</b>	<b>745.7</b>	<b>733.9</b>	<b>1.6%</b>	<b>692.5</b>	<b>7.7%</b>
<b>Subordinated Local Bonds (Letras Financeiras Subordinadas)</b>	<b>155.7</b>	<b>152.9</b>	<b>1.8%</b>	<b>10.5</b>	<b>n.a</b>
<b>Borrowing and Onlending</b>	<b>1,799.1</b>	<b>1,709.0</b>	<b>5.3%</b>	<b>2,376.2</b>	<b>-24.3%</b>
Foreign borrowings	1,529.9	1,402.4	9.1%	1,982.8	-22.8%
Domestic onlendings	269.2	306.6	-12.2%	393.4	-31.6%
<b>Foreign Issuances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,945.8</b>	<b>-</b>
Bonds	-	-	-	1,945.8	n.a
<b>Total</b>	<b>20,384.8</b>	<b>20,460.2</b>	<b>-0.4%</b>	<b>17,302.2</b>	<b>17.8%</b>

Regarding funding, the institution continued to focus on the stability of the funds raised, either by lengthening the operations or through the solid expansion of its client base, comprising both individuals and companies.

Client funding totaled R\$ 20.4 billion in the quarter, stable compared to 2Q19 and increase of 17.8% in 12 months, largely explained by time deposits, which rose 9.3% in three months and 52.4% in 12 months.

Local bonds (*Letras Financeiras*) funding totaled R\$ 9.5 billion, down 5.8% in the quarter but up 45.1% over 3Q18.

Internationally, Daycoval has relationships with correspondent banks, including development banks and multilateral agencies. External issues totaled R\$ 1.8 billion, a 5.3% growth in the quarter, driven by the appreciation of the dollar against the real.

The bank is in a comfortable liquidity situation, with a stable funding source and adequate funding structure.

## Performance Comments

Daycoval has strengthened its digital strategy by enabling its clients to be more agile and making borrowing easier, as well as for contracting financial products and services. Through a wide range of products available (LCI, LCA, Local Bonds, Fixed Income, CDB, Funds and Automatic Credit), Daycoval's Digital platform also offers Customer Advice and Service through a direct channel with Investment Specialists, either via telephone, email, Whatsapp or Dayane (Virtual Assistant).



### Multiplatforms

Clients enjoy the convergence between service channels, which complement each other on a financial services platform, including application, internet banking, services using artificial intelligence (Dayane).



### Enhanced Customer Journey

Clients receives product and service answers and transaction assistance, enabling greater autonomy and ease in consultations.



### Agility via mobile and Internet transactions

It is possible to open an account, access the account and/or perform operations, consult financial positions, by mobile, computer or tablet from anywhere safely and conveniently.

## Asset and Liability Management

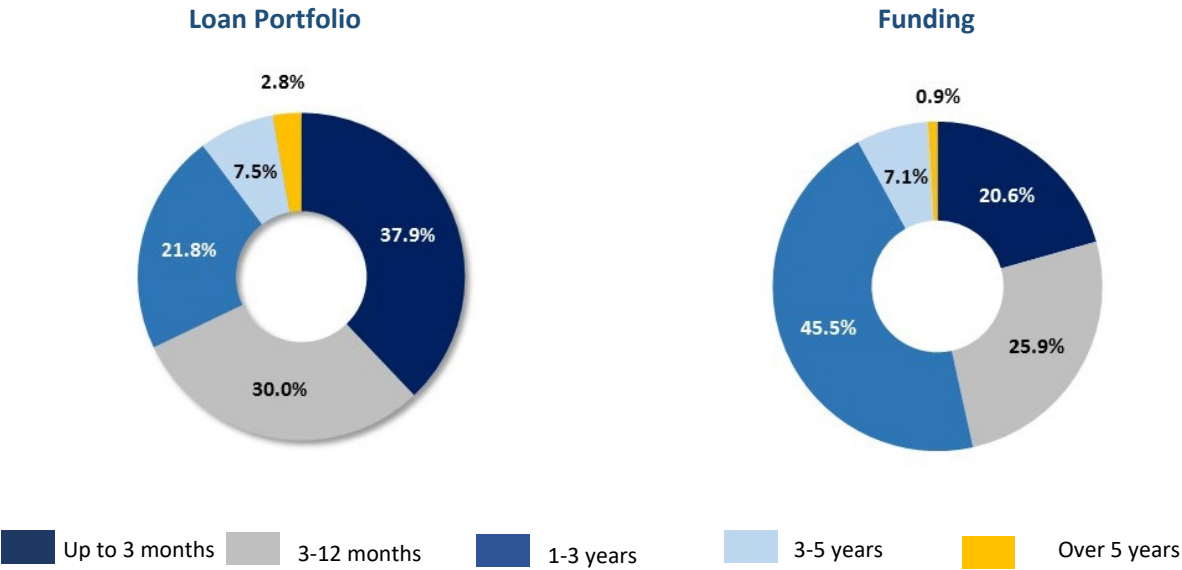


### Positive Gap of 166 days

Loan Portfolio by Segment	Average term to Maturity <sup>(1)</sup> days	Funding	Average term to Maturity <sup>(1)</sup> days
Companies	220	Total Deposits	187
Trade Finance	93	Interbank Deposits	233
Payroll Loans	527	Local Bonds (letras financeiras)	654
Auto Loans	494	LCA (Letter of Credit Agribusiness)	146
Leasing	561	LCM (Letter Home Mortgage)	215
BNDES	396	Borrowing and Onlending <sup>(2)</sup>	294
		BNDES	398
<b>Total Loan Portfolio</b>	<b>344</b>	<b>Total Funding</b>	<b>510</b>

(1) From September, 2019 (2) Does not consider Avals and Sureties

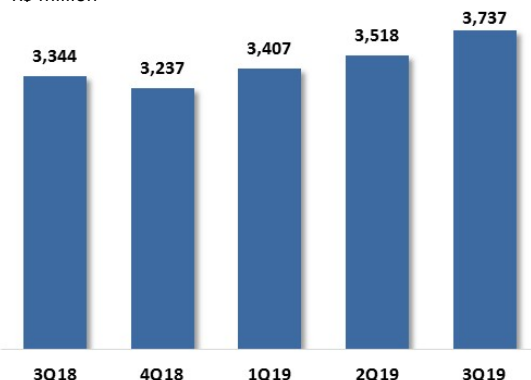
Maturity of Operations



## Performance Comments

### Shareholders' Equity

R\$ million

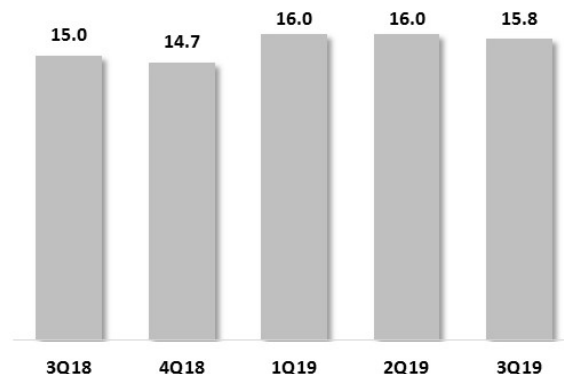


Shareholders' Equity (PL) totaled R\$ 3.7 billion in 3Q19, an increase of 6.2% compared to 2Q19.

In 3Q19, payment of R\$ 49.2 million of Interest on Shareholders' Equity (ISE) was approved. Year-to-date, R\$ 155.5 million has been approved for payout.

The Board of Directors' Meeting held on October 8, 2019 approved the payment of R\$ 150.0 million in Dividends, available to shareholders on 10/15/2019.

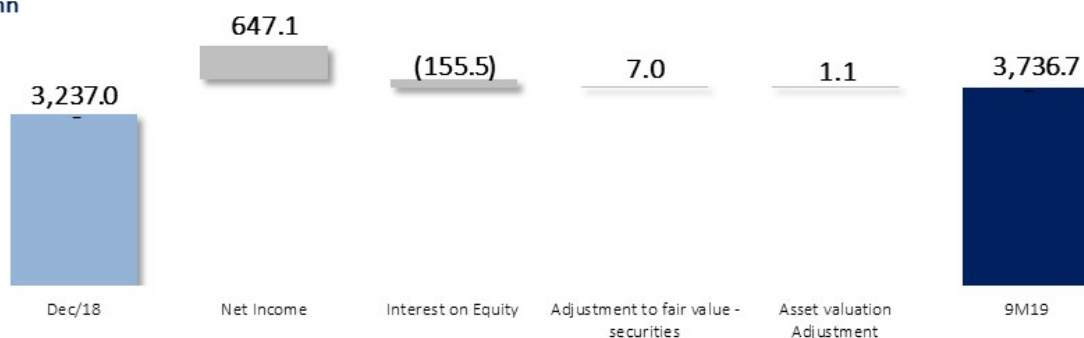
### Basel III Index



The Basel Accord provides for banks to maintain a minimum percentage of equity weighted by the risk incurred in their operations. In Brazil, the Central Bank requires banks operating in Brazil to comply with a minimum percentage of 8.0% of risk-weighted assets, calculated based on the rules of the Basel III Accord.

### Change in Shareholder's Equity – 9M19

R\$ mn



Performance Comments

## Ratings

	Global Scale		National Scale		Outlook
	Long Term	Short Term	Long Term	Short Term	
Moody's	Ba2	-	Aa2.br	BR-1	Stable
Fitch Ratings	BB-	B	AA(bra)	F1+(bra)	Stable
Standard&Poors	BB-	B	brAA+	brA-1+	Stable
RISKbank	BRMP 1 Low Risk for Short Term (up to 2 years) - Very Safe				

**Sovereign  
level**

## Financial Performance

Income from Financial Intermediation (R\$ mn)	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
<b>Loans Operations</b>	<b>837.1</b>	<b>780.8</b>	<b>7.2%</b>	<b>743.8</b>	<b>12.5%</b>	<b>2,405.5</b>	<b>2,250.4</b>	<b>6.9%</b>
Companies Portfolio	377.1	346.2	8.9%	365.8	3.1%	1,101.6	1,113.1	-1.0%
Payroll	385.4	368.3	4.6%	323.2	19.2%	1,103.8	981.2	12.5%
Auto/Other	71.6	63.5	12.8%	52.5	36.4%	191.7	149.3	28.4%
Direct Credit to Consumer	3.0	2.8	7.1%	2.3	30.4%	8.4	6.8	23.5%
Leasing Operation	121.5	112.4	8.1%	95.0	27.9%	341.8	270.3	26.5%
Securities Operations	121.0	119.7	1.1%	125.2	-3.4%	357.8	366.8	-2.5%
Derivatives <sup>(1)</sup>	2.9	(44.9)	n.a.	131.1	-97.8%	(83.5)	546.4	n.a.
Foreign Exchange Operations	74.6	43.6	71.1%	50.3	48.3%	162.2	156.5	3.6%
Sales or Transfer Financial Asset Operations	2.7	2.2	22.7%	1.4	92.9%	8.8	3.4	n.a.
<b>Income from Financial Intermediation (A)</b>	<b>1,159.8</b>	<b>1,013.8</b>	<b>14.4%</b>	<b>1,146.8</b>	<b>1.1%</b>	<b>3,192.6</b>	<b>3,593.8</b>	<b>-11.2%</b>
Funding Operations <sup>(2)</sup>	(315.9)	(310.6)	1.7%	(355.9)	-11.2%	(898.7)	(1,145.4)	-21.5%
Borrowings and Onlendings Operations <sup>(3)</sup>	(103.2)	(1.3)	n.a.	(104.8)	-1.5%	(129.2)	(440.5)	-70.7%
Leasing Operation	(82.6)	(75.7)	9.1%	(62.1)	33.0%	(228.4)	(178.1)	28.2%
Sales or Transfer Financial Asset Operations	(1.6)	(2.0)	-20.0%	(3.9)	-59.0%	(6.3)	(14.6)	-56.8%
Loan Loss Provision (LLP)	(35.3)	(193.8)	-81.8%	(119.1)	-70.4%	(355.6)	(534.1)	-33.4%
<b>Expenses on Financial Intermediation (B)</b>	<b>(538.6)</b>	<b>(583.4)</b>	<b>-7.7%</b>	<b>(645.8)</b>	<b>-16.6%</b>	<b>(1,618.2)</b>	<b>(2,312.7)</b>	<b>-30.0%</b>
<b>Gross Income from Financial Intermediation (A-B)</b>	<b>621.2</b>	<b>430.4</b>	<b>44.3%</b>	<b>501.0</b>	<b>24.0%</b>	<b>1,574.4</b>	<b>1,281.1</b>	<b>22.9%</b>
Exchange Rate Variation <sup>(4)</sup>	(0.3)	(0.7)	n.a.	(0.1)	n.a.	(2.8)	(0.3)	n.a.
Income from Receivables purchase <sup>(4)</sup>	88.5	79.6	11.2%	63.5	39.4%	243.7	179.5	35.8%
<b>Adjusted Income from Financial Intermediation</b>	<b>709.4</b>	<b>509.3</b>	<b>39.3%</b>	<b>564.4</b>	<b>25.7%</b>	<b>1,815.3</b>	<b>1,460.3</b>	<b>24.3%</b>
Hedge MTM - Foreign Issues and Credit Operations	(38.2)	(49.0)	-22.0%	14.3	n.a.	(103.2)	2.7	n.a.
<b>Adjusted Gross Income from financial intermediation - Except MTM - Hed</b>	<b>747.6</b>	<b>558.3</b>	<b>33.9%</b>	<b>550.1</b>	<b>35.9%</b>	<b>1,918.5</b>	<b>1,457.6</b>	<b>31.6%</b>
(1) Income from Derivatives (Hedge)	26.0	(48.4)		119.8		(65.4)	524	
(2) Foreign Exchange Variation without Foreign Issues	0.0	0.0		(74.0)		20.2	(347.9)	
(3) Foreign Exchange Variation without Borrowings abroad	(86.6)	19.5		(71.0)		(60.5)	(349.8)	
(4) Reclassified from other operating/expenses revenues.	88.2	78.9		63.4		240.9	179.2	

In 3Q19, revenues from credit operations reached R\$ 837.1 million, 7.2% higher than 2Q19 and 6.9% in the last 12 months, due to the maintenance of margins and portfolio growth.

The Credit operations for Companies line ended 3Q19 with revenues of R\$ 377.1 million, a growth of 8.9% in the quarter and 19.2% compared to the same period of 2018. The Payroll line at the close of the quarter saw revenues of R\$ 385.4 million, an increase of 4.6% over 2Q19 and the auto loan line closed with a balance of R\$ 71.6 million.

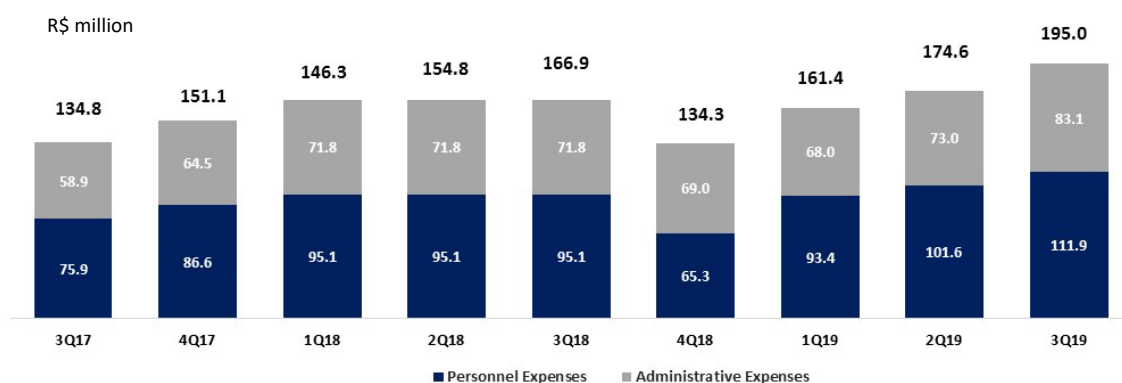
## Performance Comments

Leasing Operations ended the quarter with revenues of R\$ 121.5 million, an increase of 8.1% compared to 2Q19.

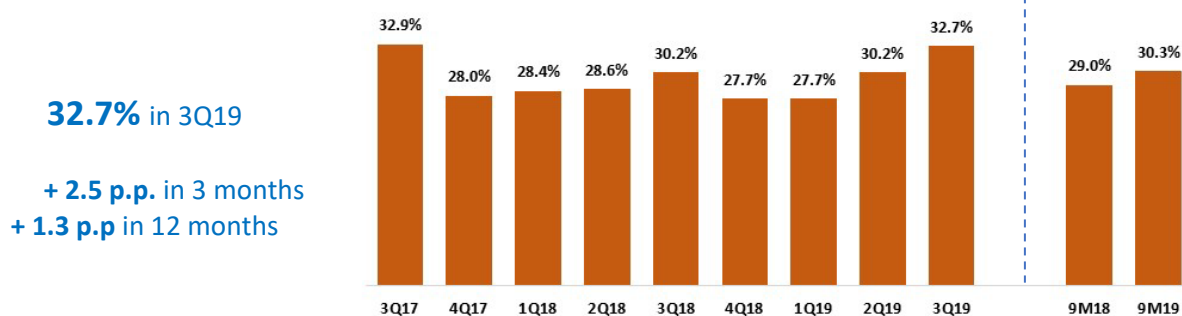
Gross Income from Financial Intermediation closed the quarter with a balance of R\$ 621.2 million. Excluding the effect of the Hedge MTM – Foreign Issues and Credit Operations, considering the reclassification of the exchange variation on liabilities and receivables purchase operations, the adjusted gross income from financial intermediation was R\$ 747.6 million in 3Q19.

Expenses for market funding, borrowing and onlending totaled R\$ 419.1 million in the quarter. The derivatives result was R\$ 2.9 million in 3Q19 because it included R\$ 26.0 million of the hedge result. Excluding these effects, the result with derivatives was R\$ 28.9 million in 3Q19 versus a positive R\$ 3.5 million in 2Q19.

## Personnel and Administrative Expenses



## Efficiency Ratio



Efficiency Ratio (R\$ mn)	3Q19	2Q19	Δ	3Q18	Δ	9M19	9M18	Δ
(+) Personnel + Administrative Expenses + Commissions	(265.4)	(230.3)	15.2%	(222.0)	19.5%	(711.8)	(621.7)	14.5%
(+) Depreciation and Amortization	2.7	2.7	0.0%	2.6	3.8%	8.0	7.7	3.9%
<b>Total Expenses (A)</b>	<b>(262.7)</b>	<b>(227.6)</b>	<b>15.4%</b>	<b>(219.4)</b>	<b>19.7%</b>	<b>(703.8)</b>	<b>(614.0)</b>	<b>14.6%</b>
(+) Income from Financial Intermediation - LLP	656.5	624.2	5.2%	620.1	5.9%	1,930.0	1,815.2	6.3%
(+) Income from Services Provided	58.1	50.2	15.7%	43.4	33.9%	155.1	119.9	29.4%
(+) Income from Receivables purchase	88.5	79.6	11.2%	63.5	39.4%	243.7	179.5	35.8%
(+) Exchange Rate Variation	(0.3)	(0.7)	-57.1%	(0.1)	n.a.	- 2.8	(0.3)	n.a.
<b>Total Income (B)</b>	<b>802.8</b>	<b>753.3</b>	<b>6.6%</b>	<b>726.9</b>	<b>10.4%</b>	<b>2,326.0</b>	<b>2,114.3</b>	<b>10.0%</b>
<b>Efficiency Ratio (A/B) (%)</b>	<b>32.7%</b>	<b>30.2%</b>	<b>2.5 p.p</b>	<b>30.2%</b>	<b>2.5 p.p</b>	<b>30.3%</b>	<b>29.0%</b>	<b>1.3 p.p</b>

(+) Personnel + Administrative Expenses + Commissions<sup>(1)</sup>



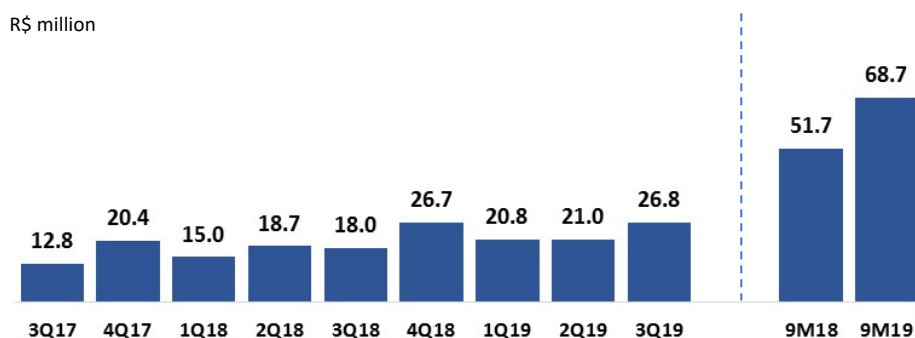
## Performance Comments

### Other Operating Income/Expense

Other Operating Income/Expenses posted a positive result of R\$ 70.0 million in 3Q19, compared to a positive R\$ 51.0 million in 2Q19. Excluding the effects of the foreign exchange variation, this result was a positive R\$ 55.4 million in 3Q19 against a positive R\$ 54.3 million in 2Q19.

### Profit Sharing Program

Expenses related to the provision for PPR and PLR payments totaled R\$ 26.8 million in 3Q19 and R\$ 68.7 million in the first nine months of 2019, growth of 27.1% and 32.9%, respectively.



CONSOLIDATED INTERIM FINANCIAL INFORMATION

As permitted by Brazilian National Monetary Council (CMN) Resolution 3853/10 and the Brazilian Central Bank (BACEN) Circular Letter 3447/10, the Bank elected to prepare its Consolidated Interim Financial Information in accordance with the accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil, as described in Note 2. Accordingly, the standardized tables containing consolidated information are not presented, since they are only applicable in preparing the consolidated financial statements in accordance with the technical pronouncements issued by the Accounting Pronouncements Committee (CPC), as approved by the Brazilian Securities and Exchange Commission (CVM) issued by the International Accounting Standard Board (IASB).

Below is the consolidated interim financial information for the three-month period ended September 30, 2019, prepared in accordance with the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil.

**CONSOLIDATED BALANCE SHEETS**  
**AS AT SEPTEMBER 30, 2019 AND DECEMBER 31, 2018**  
(In thousands of Brazilian reais - R\$)

ASSETS	Note	Current quarter 09/30/2019	Prior year 12/31/2018
<b>CURRENT ASSETS</b>		<b>21,249,744</b>	<b>18,977,088</b>
<b>Cash</b>		<b>263,861</b>	<b>153,172</b>
<b>Interbank investments</b>	<b>Note 5</b>	<b>4,748,685</b>	<b>5,190,943</b>
Money market investments		4,145,760	4,702,402
Interbank deposits		311,223	320,385
Foreign currency investments		291,702	168,156
<b>Securities and derivatives</b>	<b>Note 6</b>	<b>677,062</b>	<b>742,889</b>
Own portfolio		362,933	228,467
Linked to repurchase commitments		196,127	139,474
Derivatives		46,249	304,862
Linked to guarantees		2,244	-
Asset-backed technical reserves		69,509	70,086
<b>Interbank accounts</b>		<b>68,803</b>	<b>42,639</b>
Unsettled payments and receipts		12,008	-
Restricted deposits - Central Bank of Brazil		55,975	42,509
Correspondents		820	130
<b>Lending operations</b>		<b>8,745,507</b>	<b>7,474,760</b>
Lending operations - public sector	Note 7.a)	76,492	38,183
Lending operations - private sector	Note 7.a)	9,217,407	7,980,424
(Allowance for loan losses)	Note 9	(548,392)	(543,847)
<b>Leasing operations</b>		<b>413,417</b>	<b>351,000</b>
Leases receivable	Note 7.a)	422,539	357,253
(Allowance for lease losses)	Note 9	(9,122)	(6,253)
<b>Other receivables</b>		<b>6,224,192</b>	<b>4,917,224</b>
Guarantees and collaterals		1,015	-
Foreign exchange portfolio	Note 10.a)	1,837,524	1,064,558
Income receivable		16,638	10,775
Trading account	Note 6.f)	6,498	1,779
Insurance premiums	Note 19.a)	2,490	2,029
Other	Note 10.b)	4,516,690	3,977,219
(Allowance for other loan losses)	Note 9	(156,663)	(139,136)
<b>Other assets</b>	<b>Note 11</b>	<b>108,217</b>	<b>104,461</b>
Reposessed assets		115,264	92,873
(Allowance for reposessed assets losses)		(8,904)	(8,447)
Prepaid expenses		1,857	20,035
<b>NONCURRENT LONG-TERM ASSETS</b>		<b>10,745,286</b>	<b>9,922,919</b>
<b>Interbank investments</b>	<b>Note 5</b>	<b>3,636</b>	<b>6,711</b>
Interbank deposits		3,636	6,711
<b>Securities and derivatives</b>	<b>Note 6</b>	<b>1,404,311</b>	<b>1,957,556</b>
Own portfolio		1,041,453	1,646,290
Derivatives		127,060	95,719
Linked to guarantees		235,664	215,547
Funds used to guarantee technical reserves		134	-
<b>Lending operations</b>		<b>6,309,246</b>	<b>5,189,498</b>
Lending operations - public sector	Note 7.a)	132,528	71,994
Lending operations - private sector	Note 7.a)	6,707,190	5,521,505
(Allowance for loan losses)	Note 9	(530,472)	(404,001)
<b>Leasing operations</b>		<b>522,993</b>	<b>423,997</b>
Leases receivable	Note 7.a)	532,798	430,132
(Allowance for lease losses)	Note 9	(9,805)	(6,135)
<b>Other receivables</b>		<b>2,503,564</b>	<b>2,342,908</b>
Trading account	Note 6.f)	350	-
Other	Note 10.b)	2,505,212	2,343,434
(Allowance for other loan losses)	Note 9	(1,998)	(526)
<b>Other assets</b>	<b>Note 11</b>	<b>1,536</b>	<b>2,249</b>
Prepaid expenses		1,536	2,249
<b>PERMANENT ASSETS</b>		<b>76,191</b>	<b>79,727</b>
<b>Investments</b>		<b>3,071</b>	<b>1,343</b>
Other investments		3,071	1,343
<b>Property and equipment in use</b>		<b>73,070</b>	<b>78,318</b>
Other property and equipment in use	Note 14	109,780	108,958
(Accumulated depreciation)	Note 14	(36,710)	(30,640)
<b>Intangible assets</b>		<b>50</b>	<b>66</b>
<b>TOTAL ASSETS</b>		<b>32,071,221</b>	<b>28,979,734</b>

The accompanying notes are an integral part of this interim financial information.

**CONSOLIDATED BALANCE SHEETS**  
**AS AT SEPTEMBER 30, 2019 AND DECEMBER 31, 2018**  
(In thousands of Brazilian reais - R\$)

LIABILITIES	Note	Current quarter 09/30/2019	Prior year 12/31/2018
<b>CURRENT LIABILITIES</b>		<b>14,781,264</b>	<b>15,379,714</b>
<b>Deposits</b>	<b>Note 15</b>	<b>4,266,031</b>	<b>3,218,434</b>
Demand deposits		939,044	863,807
Interbank deposits		190,871	373,667
Time deposits		3,122,221	1,973,639
Foreign currency deposit		13,895	7,321
<b>Money market funding</b>	<b>Note 15</b>	<b>3,135,088</b>	<b>2,992,328</b>
Own portfolio		194,710	136,333
Third parties		2,940,378	2,855,995
<b>Funds from acceptance and issuance of securities</b>		<b>3,960,974</b>	<b>5,833,047</b>
Mortgage loan notes	Note 16.a)	766,988	648,667
Agribusiness letters of credit	Note 16.a)	712,813	617,665
Financial bills	Note 16.a)	2,458,636	2,689,289
Securities issued abroad	Note 16.b)	22,537	1,877,426
<b>Interbank accounts</b>		<b>24,078</b>	<b>1,181</b>
<b>Interbranch accounts</b>		<b>111,521</b>	<b>107,529</b>
<b>Borrowings</b>	<b>Note 17</b>	<b>1,112,661</b>	<b>1,675,209</b>
Foreign borrowings		1,112,661	1,675,209
<b>Domestic onlendings - official institutions</b>	<b>Note 18</b>	<b>148,204</b>	<b>193,481</b>
BNDES		109,568	151,383
FINAME		38,636	42,098
<b>Derivatives</b>	<b>Note 6.f)</b>	<b>10,530</b>	<b>29,662</b>
<b>Technical reserves - insurance</b>	<b>Note 19.b)</b>	<b>69,633</b>	<b>67,854</b>
<b>Other payables</b>		<b>1,942,544</b>	<b>1,260,989</b>
Collected taxes and other		16,254	8,600
Foreign exchange portfolio	Note 20.a)	1,214,755	501,455
Social and statutory	Note 20.b)	109,412	119,715
Tax and social security	Note 20.c)	366,227	380,389
Trading account	Note 6.f)	6,915	3,035
Other	Note 20.d)	228,981	247,795
<b>NONCURRENT LONG-TERM LIABILITIES</b>		<b>13,461,087</b>	<b>10,243,815</b>
<b>Deposits</b>	<b>Note 15</b>	<b>3,007,190</b>	<b>2,177,260</b>
Interbank deposits		4,231	21,813
Time deposits		3,002,959	2,155,447
<b>Funds from acceptance and issuance of securities</b>		<b>7,218,241</b>	<b>4,941,903</b>
Mortgage loan notes	Note 16.a)	177,873	125,237
Agribusiness letters of credit	Note 16.a)	32,908	46,168
Financial bills	Note 16.a)	7,007,460	4,749,896
Securities issued abroad	Note 16.b)	-	20,602
<b>Borrowings</b>	<b>Note 17</b>	<b>394,724</b>	<b>371,839</b>
Foreign borrowings		394,724	371,839
<b>Domestic onlendings - official institutions</b>	<b>Note 18</b>	<b>121,005</b>	<b>173,089</b>
BNDES		50,634	108,234
FINAME		70,371	64,855
<b>Derivatives</b>	<b>Note 6.f)</b>	<b>674</b>	<b>-</b>
<b>Other payables</b>		<b>2,719,253</b>	<b>2,579,724</b>
Tax and social security	Note 20.c)	299,295	262,817
Trading account	Note 6.f)	173	-
Other	Note 20.d)	2,264,052	2,169,593
Subordinated debts	Note 21	155,733	147,314
<b>DEFERRED INCOME</b>		<b>91,163</b>	<b>118,179</b>
<b>NONCONTROLLING INTERESTS</b>		<b>1,007</b>	<b>988</b>
<b>EQUITY</b>		<b>3,736,700</b>	<b>3,237,038</b>
<b>Capital -</b>		<b>2,253,595</b>	<b>2,253,595</b>
Residents in Brazil	Note 24.a)	2,253,595	2,253,595
Capital reserves		1,142	-
Earnings reserves	Note 24.e)	998,363	979,426
Valuation adjustments to equity -			
Available-for-sale marketable securities		10,979	4,017
Retained earnings		472,621	-
<b>TOTAL LIABILITIES</b>		<b>32,071,221</b>	<b>28,979,734</b>

The accompanying notes are an integral part of this interim financial information.

**CONSOLIDATED INCOME STATEMENTS**  
**FOR THE QUARTER END NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018**  
(In thousands of Brazilian reais - R\$, unless otherwise stated)

		Current Quarter 07/01/2019 to 09/30/2019	Accumulated Current Year From 01/01/2019 to 09/30/2019	Similar Quarter in the Prior Year From 07/01/2018 to 09/30/2018	Accumulated Prior Year From 01/01/2018 to 09/30/2018
	Note				
<b>INCOME FROM FINANCIAL INTERMEDIATION</b>		<b>1,159,898</b>	<b>3,192,512</b>	<b>1,146,781</b>	<b>3,593,807</b>
Lending operations	Note 25.a)	837,130	2,405,495	743,778	2,250,412
Leasing operations	Note 25.b)	121,514	341,784	95,028	270,297
Securities transactions	Note 25.c)	120,986	357,797	125,182	366,836
Derivatives	Note 25.d)	2,898	(83,507)	131,070	546,415
Foreign exchange transactions	Note 25.e)	74,629	162,188	50,358	156,464
Financial assets sale or transfer		2,741	8,755	1,365	3,383
<b>EXPENSES ON FINANCIAL INTERMEDIATION</b>		<b>(538,674)</b>	<b>(1,618,166)</b>	<b>(645,763)</b>	<b>(2,312,728)</b>
Funding operations	Note 25.f)	(315,901)	(898,652)	(355,930)	(1,145,431)
Borrowings and onlending	Note 25.g)	(103,231)	(129,154)	(104,792)	(440,495)
Leasing operations	Note 25.b)	(82,594)	(228,413)	(62,054)	(178,123)
Financial assets sale or transfer		(1,638)	(6,306)	(3,945)	(14,576)
Allowance for loan losses	Note 9	(35,310)	(355,641)	(119,042)	(534,103)
<b>GROSS PROFIT FROM FINANCIAL INTERMEDIATION</b>		<b>621,224</b>	<b>1,574,346</b>	<b>501,018</b>	<b>1,281,079</b>
<b>OTHER OPERATING INCOME (EXPENSES)</b>		<b>(191,285)</b>	<b>(545,513)</b>	<b>(159,128)</b>	<b>(450,882)</b>
Income from services provided		58,114	155,064	43,376	119,869
Income from insurance operations	Note 19.d)	555	1,869	783	3,025
Personnel expenses	Note 25.h)	(111,898)	(306,850)	(95,102)	(264,433)
Other administrative expenses	Note 25.i)	(153,520)	(404,945)	(126,867)	(357,246)
Tax expenses	Note 25.j)	(54,506)	(135,126)	(37,644)	(109,374)
Share of profit (loss) of subsidiaries	Note 12	-	-	-	-
Other operating income	Note 25.k)	149,051	379,719	107,052	300,798
Other operating expenses	Note 25.l)	(79,081)	(235,244)	(50,726)	(143,521)
<b>OPERATING INCOME</b>		<b>429,939</b>	<b>1,028,833</b>	<b>341,890</b>	<b>830,197</b>
<b>NONOPERATING INCOME</b>		<b>(1,785)</b>	<b>1,635</b>	<b>(1,334)</b>	<b>3,420</b>
Income		3,946	15,572	5,763	15,551
Expenses		(5,731)	(13,937)	(7,097)	(12,131)
<b>INCOME BEFORE INCOME TAXES</b>		<b>428,154</b>	<b>1,030,468</b>	<b>340,556</b>	<b>833,617</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	Note 22.e)	<b>(133,021)</b>	<b>(314,667)</b>	<b>(128,309)</b>	<b>(295,940)</b>
Provision for income tax		(82,758)	(225,252)	(47,976)	(153,390)
Provision for social contribution		(52,840)	(137,998)	(37,977)	(122,268)
Deferred tax assets		2,577	48,583	(42,356)	(20,282)
<b>PROFIT SHARING</b>	Note 27	<b>(26,808)</b>	<b>(68,717)</b>	<b>(18,051)</b>	<b>(51,719)</b>
<b>NONCONTROLLING INTERESTS</b>		<b>(9)</b>	<b>(20)</b>	<b>(9)</b>	<b>(38)</b>
<b>PROFIT FOR THE QUARTER / PERIOD</b>		<b>268,316</b>	<b>647,064</b>	<b>194,187</b>	<b>485,920</b>
Number of shares	Note 24.c)	230,820,429	230,820,429	204,123,780	204,123,780
Earnings per share at the end of the third quarter / period		1.16244	2.80332	0.95132	2.38052

The accompanying notes are an integral part of this interim financial information.

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER END NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018**  
(In thousands of Brazilian reais - R\$, unless otherwise stated)

	Current Quarter 07/01/2019 to 09/30/2019	Accumulated Current Year From 01/01/2019 to 09/30/2019	Similar Quarter in the Prior Year From 07/01/2018 to 09/30/2018	Accumulated Prior Year From 01/01/2018 to 09/30/2018
<b>PROFIT FOR THE QUARTER / PERIOD</b>	<b>268,316</b>	<b>647,064</b>	<b>194,187</b>	<b>485,920</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>(399)</b>	<b>6,962</b>	<b>2,815</b>	<b>(2,495)</b>
Valuation adjustments to equity -				
Available-for-sale marketable securities	(587)	8,368	4,401	(1,389)
Deferred taxes on valuation adjustments to equity	188	(1,406)	(1,586)	(1,106)
<b>COMPREHENSIVE INCOME FOR THE QUARTER / PERIOD</b>	<b>267,917</b>	<b>654,026</b>	<b>197,002</b>	<b>483,425</b>

The accompanying notes are an integral part of this interim financial information.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018**  
(In thousands of Brazilian reais - R\$)

	Accumulated Current Year From 01/01/2019 to 09/30/2019	Accumulated Prior Year From 01/01/2018 to 09/30/2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>PROFIT FOR THE PERIOD</b>	<b>647,064</b>	<b>485,920</b>
<b>Adjustments to reconcile profit for the three-month period to net cash provided by operating activities</b>		
Depreciation and amortization	8,032	7,691
Deferred taxes	(48,583)	20,282
Provision for risks	120,824	126,579
Provision for guarantees and collaterals	358	10,667
Allowance for loan losses	357,545	637,284
Allowance for leasing losses	6,539	(1,762)
Allowance for other loan losses	(8,443)	(101,419)
Allowance for other credit losses - without credit characteristics	27,442	-
Allowance for losses on other assets	457	(836)
Exchange rate changes on cash and cash equivalents	(66,026)	(58,315)
Gains on disposal of permanent assets	3,919	4,501
<b>TOTAL RECONCILIATION ADJUSTMENTS</b>	<b>402,064</b>	<b>644,672</b>
<b>ADJUSTED PROFIT FOR THE PERIOD</b>	<b>1,049,128</b>	<b>1,130,592</b>
<b>CHANGES IN ASSETS AND LIABILITIES</b>	<b>(831,144)</b>	<b>(2,147,234)</b>
(Increase) Decrease in interbank investments	12,237	(26,809)
(Increase) Decrease in securities and derivatives	607,576	(966,769)
(Increase) Decrease in interbank and interbranch accounts	27,614	87,511
(Increase) Decrease in lending operations	(2,748,040)	(1,397,230)
(Increase) Decrease in leasing operations	(167,952)	(179,609)
(Increase) Decrease in other receivables	(1,404,964)	(739,823)
(Increase) Decrease in other assets	(36,753)	73,336
Increase (Decrease) in deposits	1,877,527	(35,260)
Increase (Decrease) in money market funding	58,376	(106,335)
Increase (Decrease) in funds from acceptance and issuance of securities	287,236	663,091
Increase (Decrease) in borrowings and onlendings	20,694	64,884
Increase (Decrease) in other payables	782,483	511,485
Income tax and social contribution paid	(120,162)	(100,233)
Increase (Decrease) in deferred income	(27,016)	4,527
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>217,984</b>	<b>(1,016,642)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment in use	(2,849)	(2,660)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(2,849)</b>	<b>(2,660)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in funds from acceptance and issuance of securities	117,029	774,254
Increase (Decrease) in borrowings and onlendings	(657,718)	106,672
Increase (Decrease) in subordinated debts	8,419	10,450
Accrued interest on capital paid	(155,681)	(98,882)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(687,951)</b>	<b>792,494</b>
<b>EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>66,026</b>	<b>58,315</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(406,790)</b>	<b>(168,493)</b>
Cash and cash equivalents at beginning of the period	2,167,735	2,563,572
Cash and cash equivalents at end of the period	1,760,945	2,395,079
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(406,790)</b>	<b>(168,493)</b>

The accompanying notes are an integral part of this interim financial information

**CONSOLIDATED STATEMENTS OF VALUE ADDED  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018  
(In thousands of Brazilian reais - R\$)**

	<b>Accumulated Current Year From 01/01/2019 to 09/30/2019</b>	<b>Accumulated Prior Year From 01/01/2018 to 09/30/2018</b>
<b>REVENUES</b>	<b>3,139,710</b>	<b>3,343,103</b>
Income from financial intermediation	3,192,512	3,593,807
Revenue from services	155,064	119,869
Allowance for loan losses	(355,641)	(534,103)
Other	147,775	163,530
<b>EXPENSES</b>	<b>(1,262,525)</b>	<b>(1,778,625)</b>
Expenses on financial intermediation	(1,262,525)	(1,778,625)
<b>INPUTS PURCHASED FROM THIRD PARTIES</b>	<b>(380,195)</b>	<b>(335,751)</b>
Materials, electric power and other	(79,279)	(62,999)
Outside services	(301,120)	(272,943)
Asset recovery	204	191
<b>GROSS VALUE ADDED</b>	<b>1,496,990</b>	<b>1,228,727</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>(8,032)</b>	<b>(7,691)</b>
<b>TOTAL WEALTH CREATED BY THE CONSOLIDATED</b>	<b>1,488,958</b>	<b>1,221,036</b>
<b>VALOR ADICIONADO TOTAL A DISTRIBUIR</b>	<b>1,488,958</b>	<b>1,221,036</b>
<b>DISTRIBUTION OF WEALTH</b>	<b>1,488,958</b>	<b>1,221,036</b>
<b>EMPLOYEES</b>	<b>328,511</b>	<b>277,520</b>
Direct compensation	202,473	180,197
Benefits	115,313	88,475
FGTS	10,725	8,848
<b>TAXES</b>	<b>496,849</b>	<b>443,946</b>
Federal	469,629	427,787
State	1,132	1,239
Municipal	26,088	14,920
<b>LENDERS AND LESSORS</b>	<b>16,514</b>	<b>13,612</b>
Rentals	16,514	13,612
<b>SHAREHOLDERS</b>	<b>647,064</b>	<b>485,920</b>
Interest on capital	155,506	148,382
Retained earnings for the semester	491,558	337,538
<b>NONCONTROLLING INTERESTS</b>	<b>20</b>	<b>38</b>

The accompanying notes are an integral part of this interim financial information.



NOTES TO THE INTERIM INFORMATION (ITR)  
FOR THE QUARTER ENDED AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019 AND 2018  
(In thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Bank Daycoval S.A. (the “Bank” or “Daycoval”) is a publicly-held entity, organized as a full-service bank authorized to operate commercial, foreign exchange, investment, and lending and financing portfolios, through its direct and indirect subsidiaries, and also leasing portfolio, asset management, life insurance, pension plans and provision of services. The Bank is part of Daycoval Group and conducts its businesses on an integrated basis.

2. PRESENTATION OF THE INTERIM INFORMATION (ITR)

The Bank’s interim information, including its foreign branch, and the consolidated interim information (“Consolidated”), approved by Management on November 5, 2019, has been prepared in accordance with the accounting practices adopted in Brazil, based on the accounting guidelines set forth in the Brazilian Corporate Law (Law 6404/76), and the changes introduced by Law 11638/07 and Law 11941/09 for the accounting for transactions, coupled with the standards and instructions of the National Monetary Council (“CMN”), the Central Bank of Brazil (“BACEN”), and the Standard Chart of Accounts for Financial Institutions (“COSIF”), the Brazilian Securities and Exchange Commission (“CVM”), the National Private Insurance Council (“CNSP”), the Private Insurance Authority (“SUSEP”), and Accounting Pronouncements Committee (“CPC”) , when applicable.

All relevant information in the interim information (ITR) of Banco Daycoval S.A., and only such information, is being disclosed and corresponds to the information used by the Bank’s Management in managing the Bank.

As part of the process of convergence with the International Financial Reporting Standards (IFRS), the Accounting Pronouncements Committee (CPC) has issued several pronouncements related to the international accounting convergence process that have been approved by the CVM but not all of them have been ratified by the BACEN. Thus, in the preparation of the interim information (ITR), the Bank has adopted the following pronouncements that have been approved by the BACEN, s

Pronouncements CPC	Resolution BACEN / CMN
CPC 00 (R1) - Conceptual Framework to Prepare and Disclose the Financial Report	4144/12
CPC 01 (R1) - Impairment of Assets	3566/08
CPC 02 (R2) - Effects of Changes in Exchange Rates and Translation of Financial Statements	4524/16
CPC 03 (R2) - Statements of Cash Flows	3604/08
CPC 04 (R1) - Intangible Assets	4534/16
CPC 05 (R1) - Related-party Disclosures	3750/09
CPC 10 (R1) - Share-based Payment	3989/11
CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors	4007/11
CPC 24 - Events After the Reporting period	3973/11
CPC 25 - Provisions, Contingent Liabilities and Contingent Assets	3823/09
CPC 27 - Property, Plant and Equipment	4535/16
CPC 33 (R1) - Employee Benefits	4424/15
CPC 46 - Fair Value Measurement (1)	4748/19

(1) The Resolution will come into effect beginning January 1, 2020.

The consolidated interim information comprise the Bank, its foreign branch and the following direct and indirect subsidiaries:

	Ownership interest - %	
	September 30, 2019	December 31, 2018
<b>Leasing operations</b>		
Daycoval Leasing – Banco Múltiplo S.A. (“Daycoval Leasing”)	100.00	100.00
<b>Financial activity - Foreign branch</b>		
Banco Daycoval S.A. - Cayman Branch	100.00	100.00
<b>Insurance and pension plan activity</b>		
Dayprev Vida e Previdência S.A. (“Dayprev”)	97.00	97.00
<b>Non-financial activity</b>		
ACS Participações Ltda. (“ACS”)	99.99	99.99
Daycoval Asset Management Administração de Recursos Ltda. (“Daycoval Asset”)	99.99	99.99
IFP Promotora de Serviços de Consultoria e Cadastro Ltda. (“IFP”)	99.99	99.99
SCC Agência de Turismo Ltda. (“SCC”)	99.99	99.99
Treetop Investments Ltd. (“Treetop”)	99.99	99.99

In the consolidated interim information, the balances and transactions between the Bank, its foreign branch, and its direct and indirect subsidiaries have been eliminated. Profit and equity amounts related to no controlling interests were disclosed in a separate caption.

### 3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by Banco in the preparation of the individual and consolidated interim information (ITR) can be summarized as follows:

a) Income and expenses are recorded on the accrual basis. Fixed-rate transactions are stated at the final amount, and income and expenses for future period are recognized as a reduction of the related assets and liabilities. Finance income and costs are recorded on a pro rata basis and calculated based on the exponential method, except those related to discounted notes or foreign transactions, which are calculated under the straight-line method. Floating-rate transactions or those indexed to foreign currencies are adjusted through the balance sheet date.

b) Interbank investments and other receivables, except securities and derivatives, are stated at cost, plus inflation adjustment, exchange rate changes and contractual interest. When the realizable amount of an asset is lower than its carrying amount, an allowance for impairment is recorded to adjust such asset to its realizable amount.

c) Under BACEN Resolution 3604/08, cash and cash equivalents are represented by cash and bank deposits, recorded in captions "Cash and cash equivalents", "Interbank investments", and "Securities - own portfolio", with original investment term of 90 days or less; the risk of change in their fair value is considered immaterial.

d) Securities are stated at cost plus income earned, as follows: (i) fixed-income securities are adjusted at the applicable interest rate based on the respective maturities; (ii) shares are adjusted based on the average price informed by the Stock Exchange where the shares are more traded; and (iii) investments in investment funds are adjusted based on the share price informed by the fund managers.

Securities are classified in conformity with BACEN Circular Letter 3068/01 into one of the following categories:

- Trading securities - securities acquired for the purpose of being actively and frequently traded, adjusted to fair value as a contra-entry to profit or loss.
- Available-for-sale securities - securities not acquired for the purpose of being actively and frequently traded, which Management does not intend to hold to maturity. The adjustments to fair value (unrealized gains and losses) are recorded as a separate component of equity, net of taxes, and are recognized in profit or loss when realized.
- Held-to-maturity securities - securities that the Bank has the positive intent and ability to hold to maturity and stated at cost, plus income earned, as a contra-entry to profit or loss.
- Bonuses arising from investments in shares issued by publicly-traded companies are recorded in the securities portfolio only according to the respective quantities, without modifying the amount of investments, when the corresponding shares are considered "ex-rights" on the stock exchange.

Dividends and interest on capital arising from investments in shares issued by publicly-traded companies are recorded as income when the related shares are considered "ex-rights" on the stock exchange.

e) Derivatives consist of forward, futures and swap options and are recorded in conformity with BACEN Circular Letter 3082/02, which provides for the adoption of the following criteria:

- Option transactions - premiums received or paid are recorded at fair value in caption "Derivatives" in assets or liabilities, respectively, until the option is exercised, and recorded as a decrease or increase in the cost of the asset subject to the option, for the exercise of the option, or as income or expense in the event of non-exercise;
- Futures transactions - daily adjustments are recorded at fair value in caption "Trading account" in assets or liabilities and allocated daily to profit or loss as income (when relating to gains) or expense (when relating to losses);
- Currency swap and forward transactions (NDF) - differential receivable or payable is recorded at fair value in caption "Derivatives" in assets or liabilities, respectively, and allocated to profit or loss as income (when relating to gains) or expense (when relating to losses); and
- Forward transactions - recorded at the final contractual amount, less the difference between such amount and the cash price of the asset, adjusted to fair value, income and expenses being recognized over the contractual terms.

Derivative transactions are stated at fair value, with gains and losses recorded as described below:

- Derivatives not qualified as hedge - in income or expense in profit or loss; and
- Derivatives qualified as hedge - classified as market risk hedge or cash flow hedge.

Market risk hedges are used to offset the risks arising from the exposure to changes in the fair value of the hedged item, with gains or losses recorded as a contra-entry to income or expense in profit or loss.

Cash flow hedges are used to offset the changes in estimated future cash flows, the effective portion used in such offset being recorded as a contra-entry to a separate item of equity, net of taxes, and any other change as a contra-entry to income or expense in profit or loss.

f) Leasing operations were reclassified so as to reflect its financial position in conformity with the financial method.

g) Lending and leasing operations are classified based on Management's risk assessment, considering the past experience with prior borrowers, the risk rating of such borrowers and their guarantors, the economic environment, and specific and overall portfolio risks, pursuant to CMN Resolution 2682/99, which requires a periodic analysis of the portfolio and its classification into nine risk rating levels from AA (minimum risk) to H (maximum risk - loss).

Also according to CMN Resolution 2682/99, the income from lending operations past due for more than 60 days, regardless of the risk rating, is only recognized when received, and H-rated loans remain as such for 180 days, after which period they are written off against the existing allowance and are controlled in memorandum accounts, no longer being recorded in the balance sheet.

h) A financial asset is derecognized, as prescribed by CMN Resolution 3533/08, when the contractual rights to the financial asset's cash flows expire or when the asset is sold or transferred, which should be classified into the following categories:

- Transactions with substantial transfer of the risks and rewards: the assignor substantially transfers all the risks and rewards of ownership of the financial asset as follows: (i) unconditional sale of the financial asset; (ii) sale of the financial asset with repurchase option at its fair value on the repurchase date; and (iii) sale of the financial asset with call or put options, whose exercise is unlikely to occur;
- Transactions with substantial retention of the risks and rewards: the assignor substantially retains all the risks and rewards of ownership of the financial asset as follows: (i) sale of the financial asset with repurchase commitment at a fixed price or at the sales price plus any yields; (ii) securities lending agreements; (iii) sale of the financial assets with total return rate swap agreement, which transfers the market risk exposure back to the assignor; (iv) sale of the financial asset with call or put options whose exercise is likely to occur; and (v) sale of receivables, when the losses incurred by the buyer or assignee, if any, are compensated by the seller or assignor, or whose sale is made together with the acquisition of subordinated units of the buyer Receivables Investment Fund (FIDC); and
- Transactions with no substantial transfer or retention of the risks and rewards: transactions in which the assignor neither transfers nor substantially retains all the risks and rewards of ownership of the financial asset.

The transfer or retention of the risks and rewards of ownership of the financial asset is analyzed by comparing Daycoval's exposure, before and after the sale or transfer, with the changes in the present value of the financial asset's expected cash flows, adjusted at the appropriate market interest rate.

i) Foreign exchange transactions are stated at realizable values, plus income and exchange rate changes calculated on a daily pro rata basis, and the allowance for other loan losses, pursuant to CMN Resolution 2682/99, when applicable.

j) Prepaid expenses related to commissions paid to bank correspondents are controlled by contract and accounted for in caption "Prepaid expenses in assets, in the balance sheet". Such expenses are recognized as "Other administrative expenses" in profit or loss on a pro rata basis, over the respective contractual terms, or fully recognized, when such contracts are settled in advance.

Upon enactment of BACEN Circular 3738/14, the Bank opted for recognizing prepaid expenses as follows:

- (i) Two-thirds of the amount of commissions paid beginning January 1, 2015 were recorded as "Prepaid expenses" in assets, in the balance sheet, being amortized within up to 36 months as from the initial recognition and the remaining amount directly recognized as expense;
- (ii) One-third of the amount of commissions paid beginning January 1, 2016 was recorded as "Prepaid expenses" in assets, in the balance sheet, being amortized within up to 36 months as from the initial recognition and the remaining amount directly recognized as expense; and
- (iii) For commissions paid beginning January 1, 2017, the total amount is recognized as expense.

As set forth in §4, Art. 1 of BACEN Circular 3693/13, as amended by BACEN Circular Letter 3738/14, beginning January 1, 2020, all amounts potentially recorded in assets, relating to the compensation of domestic corresponding referred to in the main paragraph, must be immediately written down, as a contra entry to an appropriate expense account for the period, it being prohibited any additional recognition or the maintenance of amounts of such nature in assets.

k) Investments in subsidiaries are stated under the equity method, which is applied to all associates over which the Bank has significant influence, that is, in which the Bank holds at least 20% of the voting capital.

l) Other investments are stated at cost, less allowance for loss, when applicable.

m) Property and equipment are stated at cost, except for real estate owned by the subsidiary, which is recorded at cost plus mark-to-market adjustment. Depreciation is calculated under the straight-line method at the annual rates stated in note 14, which take into consideration the economic useful lives of the assets.

n) Intangible assets correspond to rights acquired in intangible assets used in the maintenance of the Bank's and its subsidiaries' activities or exercised for such purpose; intangible assets with finite lives are amortized on a straight-line basis over the estimated period they will generate economic benefits.

o) The impairment of non-monetary assets is recognized as a loss when the carrying amount of an asset or a cash-generating unit is higher than its recoverable or realizable value. A cash-generating unit is the smallest identifiable group of assets that generates cash flows substantially independent from other assets or groups of assets. Impairment losses are recorded in profit or loss for the period they are recognized, when applicable.

The amounts of non-financial assets, except those recorded in captions "Other assets" and "Other receivables - tax credits", are periodically tested for impairment, at least annually.

As at September 30, 2019, the allowance for impairment of repossessed assets was recognized in the amount of R\$8,890 to the Bank and R\$8,904 to Consolidated (R\$8,422 to the Bank and R\$ 8,447 to Consolidated at December 31, 2018) (Note 11). No evidence of impairment of other non-financial assets was identified.



p) Known or estimated liabilities, charges and risks, including tax charges calculated based on profit or loss, are stated at the adjusted amount through the balance sheet date. Liabilities denominated in foreign currencies are translated into local currency at the exchange rates in effect on the balance sheet date, as informed by BACEN, and liabilities subject to inflation adjustments are stated at the adjusted amount through the balance sheet date. Hedged liabilities are adjusted to fair value.

q) The provision for income tax is recognized at the rate of 15%, plus a 10% surtax for taxable income exceeding R\$240, and the social contribution is recognized at the rate of 15%.

Law 13,169, which raised the tax rate of the social contribution (CSLL) from 15% to 20% on taxable income generated in the period from September 1, 2015 and December 31, 2018, was published in October 2015.

r) Income tax credits are recognized on temporary additions and deductions and Daycoval Leasing's prior-year tax losses, based on the legislation in effect on the date of recognition. Due to the amendment to Law 7689/88, mentioned in item "q)" above, social contribution tax credits were recorded as follows: (i) applying the 15% rate on temporary additions and deductions calculated through August 31, 2015 and on those additions and deductions that are expected to be realized after December 31, 2018; and (ii) 20% rate on temporary additions and deductions that are expected to be realized from September 1, 2015 to December 31, 2018. Beginning January 1, 2019, the tax rate will return to 15%. These tax credits will be realized when the amounts on which they were recognized are utilized and/or reversed.

s) Technical reserves for insurance and unsettled claims - refer to Dayprev's share in DPVAT Insurance Consortium and recorded in accordance with the statements received from Seguradora Líder.

t) Contingent assets and liabilities and legal, tax and social security obligations:

Contingent assets and liabilities and legal, tax and social security obligations are recognized, measured, and disclosed, as follows:

- Contingent assets - not recorded in the interim information, except when there is evidence that they will be realized and will not be subject to appeals;
- Contingent liabilities - recorded in the interim information when the risk of loss in an administrative or legal proceeding is assessed by the legal counsel and Management as probable, with probable outflow of funds to settle obligations, and when the related amounts can be reliably measured. Contingent liabilities assessed as possible loss by the legal counsel are only disclosed in the explanatory information, whereas those assessed as remote loss do not require the recognition of a provision and disclosure; and
- Legal obligations (tax and social security) - refer to lawsuits challenging the legality and constitutionality of certain taxes and contributions. The amount under litigation is determined, accrued and adjusted on a monthly basis, regardless of its likelihood of loss.

u) Deferred income refers to: (i) income received in advance for which there is no projected future payment, recognized in the income statements based on the term of the transactions that originated them, as at September 30, 2019, in the amount of R\$40,397 (R\$52,641 as at December 31, 2018) for the Bank and R\$48,600 (R\$70,439 as at December 31, 2018) for the Consolidated; and (ii) negative goodwill on the acquisition of Banco CIT Brasil, which was not absorbed in the consolidation of the interim information, reclassified from "Investments", in permanent assets, to "Deferred income", to the Consolidated in the amount of R\$42,563 (R\$47,740 as at December 31, 2018).

v) Earnings per share are calculated based on the number of shares at the balance sheet dates.

w) Uses of estimates - The preparation of the interim information requires Management to make estimates and adopts assumptions that, in its best judgment, affect the reported amounts of certain assets and liabilities (financial or not), revenues, expenses and other transactions, such as: (i) depreciation rates of property and equipment items and lease property and equipment; (ii) amortization of deferred assets; (iii) allowance for loan and lease losses; (iv) measurement of financial instruments; and (v) provisions for contingencies. Actual results could differ from those estimates.

x) Fixed-rate financial assets and financial liabilities are adjusted to present value by unearned income and unearned expenses, which adjust these instruments to the amounts that would be obtained upon realization should they be cash transactions, as well as floating-rate financial instruments, which are realized at their cash value and are periodically adjusted by their respective transactions rates.

y) Functional and reporting currency, foreign currency-denominated transactions and share of profit (loss) of foreign entities:

I - Functional and reporting currency:

Daycoval's interim information is stated in Brazilian reais (R\$), which is the Bank's functional and reporting currency.

As prescribed by CMN Resolution 4524/16, Daycoval has defined that the functional and reporting currency for each of its direct and indirect subsidiaries, including foreign entities, will also be the Brazilian real (R\$).

II – Translation of foreign currency-denominated transactions:

Based on the functional currency used for the foreign entities, as defined in item "i" above, the transactions in a currency other than the respective functional currencies are translated using the exchange rates of the respective trial balance or balance sheet for monetary items, assets and liabilities stated at fair value or market price and for non-monetary items.

III- Share of profit (loss) of foreign entities:

The share of profit (loss) of foreign entities, the functional currency of which is defined in item "I" above, is recognized directly in Daycoval's income statements, in "Share of profit (loss) of subsidiaries".

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows:

	Bank		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Cash	262,187	151,733	263,861	153,172
Money market investments (1)	1,205,382	1,846,407	1,205,382	1,846,407
Foreign currency investments (2)	291,702	168,156	291,702	168,156
Total cash and cash equivalents	1,759,271	2,166,296	1,760,945	2,167,735

(1) Money market investments comprising cash and cash equivalents are stated net of the amount recorded under "Money market investments – third-party portfolio" which as at September 30, 2019, amounts to R\$2,940,378 (R\$2,855,995 as at December 31, 2018), for the Bank and the Consolidated.

(2) Refers to foreign currency investments maturing within up to 90 days from the investment date.

5. INTERBANK INVESTMENTS

Interbank investments are broken down as follows:

Investments type	Bank			
	September 30, 2019		December 31, 2018	
	Maturity	Value	Maturity	Value
Money market investments	Up to 1st business day	4,145,760	Up to 1st business day	4,702,402
Interbank deposits	Up to May 2022	909,489	Up to May 2022	697,632
Foreign currency	Up to September 2019	291,702	Up to August 2019	168,156
Total		5,346,951		5,568,190

As at September 30, 2019, total interbank investments for the Consolidated is R\$4,752,321 (R\$5,197,654 as at December 31, 2018).

6. SECURITIES AND DERIVATIVES

a) Breakdown by category and type:

	Bank			
	September 30, 2019		December 31, 2018	
	Adjusted cost	Fair value <sup>(1)</sup>	Adjusted cost	Fair value <sup>(1)</sup>
Free trading securities	217,677	218,994	133,791	136,877
Own portfolio	22,875	22,867	1,826	1,859
Debentures	22,875	22,867	1,826	1,859
Linked to repurchase commitments	194,802	196,127	131,965	135,018
Debentures	194,802	196,127	131,965	135,018
Securities available for sale	1,315,193	1,328,141	1,879,784	1,886,469
Own portfolio	1,077,259	1,090,233	1,659,743	1,666,466
Treasury bills (LFT)	975,693	975,535	1,555,928	1,555,776
National Treasury Notes (NTN-B)	141	156	321	322
Foreign securities	46,609	48,319	46,933	45,881
Investment fund units	52,905	64,282	56,561	64,487
Debentures	1,826	1,857	-	-
Certificates of Real Estate Receivables (CRA)	85	84	-	-
Linked to repurchase commitments	-	-	4,456	4,456
Treasury bills (LFT)	-	-	4,456	4,456
Linked to guarantees <sup>(2)</sup>	237,934	237,908	215,585	215,547
Treasury bills (LFT)	237,934	237,908	215,585	215,547
Held-to-maturity securities	12,686	12,686	-	-
Own portfolio	12,686	12,686	-	-
Other government bonds	12,686	12,686	-	-
Total Securities	1,545,556	1,559,821	2,013,575	2,023,346

	Consolidated			
	September 30, 2019		December 31, 2018	
	Adjusted cost	Fair value <sup>(1)</sup>	Adjusted cost	Fair value <sup>(1)</sup>
Free trading securities	287,185	288,503	201,694	204,780
Own portfolio	22,875	22,867	1,826	1,859
Debentures	22,875	22,867	1,826	1,859
Linked to repurchase commitments	194,802	196,127	131,965	135,018
Debentures	194,802	196,127	131,965	135,018
Assets-backed technical reserves (Note 19.c)	69,508	69,509	67,903	67,903
Investment fund units	69,508	69,509	67,903	67,903
Securities available for sale	1,591,405	1,606,875	2,088,022	2,095,084
Own portfolio	1,353,336	1,368,833	1,865,798	1,872,898
Treasury bills (LFT)	1,009,106	1,008,942	1,586,645	1,586,493
National Treasury Notes (NTN-B)	141	156	321	322
Foreign securities	92,063	96,302	83,363	82,687
Investment fund units	250,061	261,438	195,429	203,356
Debentures	1,826	1,857	-	-
Certificates of Real Estate Receivables (CRA)	85	84	-	-
Certificates of Bank Deposit (CDB)	54	54	40	40
Linked to repurchase commitments	-	-	4,456	4,456
Treasury bills (LFT)	-	-	4,456	4,456
Linked to guarantees <sup>(2)</sup>	237,934	237,908	215,585	215,547
Treasury bills (LFT)	237,934	237,908	215,585	215,547
Assets-backed technical reserves (Note 19.c)	135	134	2,183	2,183
Treasury bills (LFT)	135	134	2,183	2,183
Held-to-maturity securities	12,686	12,686	-	-
Own portfolio	12,686	12,686	-	-
Other government bonds	12,686	12,686	-	-
Total Securities	1,891,276	1,908,064	2,289,716	2,299,864

(1) The securities' fair value was calculated based on the prices and rates prevailing as at September 30, 2019, and December 31, 2018, as disclosed by the Brazilian Financial and Capital Markets Association (ANBIMA), by the managers of the investment fund in which the Bank invests, the B3 S.A. - Brasil, Bolsa, Balcão, and other market makers in the case of securities acquired abroad.

(2) As at September 30, 2018, securities linked to guarantees refer to securities linked to: (i) transactions conducted at the B3 S.A. - Brasil, Bolsa, Balcão, and CETIP S.A - Mercados Organizados, in the amount of R\$237,908 (R\$215,547 as at December 31, 2018) (Nota 6.n).

b) Breakdown by maturity:

	Bank						
	September 30, 2019						
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Total
<b>Federal government securities</b>	-	-	75,937	467,357	664,962	5,343	1,213,599
Treasury Bills (LFT)	-	-	75,937	467,357	664,962	5,187	1,213,443
National Treasury Notes (NTN)	-	-	-	-	-	156	156
<b>Foreign securities</b>	-	455	332	20,093	26,591	13,534	61,005
Eurobonds and similar instruments	-	260	332	20,093	26,591	1,043	48,319
Other government bonds	-	195	-	-	-	12,491	12,686
<b>Private-sector securities</b>	-	-	218,994	-	84	1,857	220,935
Debentures (1)	-	-	218,994	-	-	1,857	220,851
Certificates of Real Estate Receivables (CRA)	-	-	-	-	84	-	84
<b>Investment fund units</b>	64,282	-	-	-	-	-	64,282
Real estate investment fund	50,948	-	-	-	-	-	50,948
Fixed-income investment fund	11,768	-	-	-	-	-	11,768
Other investment funds	1,566	-	-	-	-	-	1,566
<b>Total</b>	<b>64,282</b>	<b>455</b>	<b>295,263</b>	<b>487,450</b>	<b>691,637</b>	<b>20,734</b>	<b>1,559,821</b>

	December 31,2018						
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Total
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Total
<b>Federal government securities</b>	-	9,209	322	607,528	98,989	1,060,053	1,776,101
Treasury Bills (LFT)	-	9,209	-	607,528	98,989	1,060,053	1,775,779
National Treasury Notes (NTN-B)	-	-	322	-	-	-	322
<b>Foreign securities</b>	-	901	104	-	34,828	10,048	45,881
Eurobonds and similar instruments	-	901	104	-	34,828	10,048	45,881
<b>Private-sector securities</b>	-	-	136,877	-	-	-	136,877
Debentures (1)	-	-	136,877	-	-	-	136,877
<b>Investment fund units</b>	64,487	-	-	-	-	-	64,487
Real estate investment fund	47,320	-	-	-	-	-	47,320
Fixed-income investment fund	15,722	-	-	-	-	-	15,722
Other investment funds	1,445	-	-	-	-	-	1,445
<b>Total</b>	<b>64,487</b>	<b>10,110</b>	<b>137,303</b>	<b>607,528</b>	<b>133,817</b>	<b>1,070,101</b>	<b>2,023,346</b>

	Consolidated						
	September 30, 2019						
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Total
<b>Federal government securities</b>	-	-	76,237	480,531	685,029	5,343	1,247,140
Treasury Bills (LFT)	-	-	76,237	480,531	685,029	5,187	1,246,984
National Treasury Notes (NTN)	-	-	-	-	-	156	156
<b>Foreign securities</b>	-	774	3,861	31,269	43,082	30,002	108,988
Eurobonds and similar instruments	-	579	3,861	31,269	43,082	17,511	96,302
Other government bonds	-	195	-	-	-	12,491	12,686
<b>Private-sector securities</b>	-	-	218,994	10	128	1,857	220,989
Debentures (1)	-	-	218,994	-	-	1,857	220,851
Certificates of Real Estate Receivables (CRA)	-	-	-	-	84	-	84
Certificates of Bank Deposit (CDB)	-	-	-	10	44	-	54
<b>Investment fund units</b>	330,947	-	-	-	-	-	330,947
Fixed-income investment fund	218,595	-	-	-	-	-	218,595
Real estate investment fund	50,948	-	-	-	-	-	50,948
Multimarket investment fund	39,250	-	-	-	-	-	39,250
Equity funds	20,588	-	-	-	-	-	20,588
Other investment funds	1,566	-	-	-	-	-	1,566
<b>Total</b>	<b>330,947</b>	<b>774</b>	<b>299,092</b>	<b>511,810</b>	<b>728,239</b>	<b>37,202</b>	<b>1,908,064</b>

	December 31,2018						
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Total
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Total
<b>Federal government securities</b>	-	28,564	322	620,875	99,187	1,060,053	1,809,001
Treasury Bills (LFT)	-	28,564	-	620,875	99,187	1,060,053	1,808,679
National Treasury Notes (NTN-B)	-	-	322	-	-	-	322
<b>Foreign securities</b>	-	901	104	4,415	53,004	24,263	82,687
Eurobonds and similar instruments	-	901	104	4,415	53,004	24,263	82,687
<b>Private-sector securities</b>	-	-	136,877	-	40	-	136,917
Debentures (1)	-	-	136,877	-	-	-	136,877
Certificates of Bank Deposit (CDB)	-	-	-	-	40	-	40
<b>Investment fund units</b>	271,259	-	-	-	-	-	271,259
Fixed-income investment fund	187,571	-	-	-	-	-	187,571
Real estate investment fund	47,321	-	-	-	-	-	47,321
Multimarket investment fund	22,631	-	-	-	-	-	22,631
Equity funds	12,291	-	-	-	-	-	12,291
Other investment funds	1,445	-	-	-	-	-	1,445
<b>Total</b>	<b>271,259</b>	<b>29,465</b>	<b>137,303</b>	<b>625,290</b>	<b>152,231</b>	<b>1,084,316</b>	<b>2,299,864</b>

(1) As set forth in the sole paragraph of Article 7 of BACEN Circular Letter No. 3068/01, securities classified as "Trading securities" are recognized in current assets, regardless of their respective maturities.



c) Derivatives:

The Bank conducts derivative transactions recorded in balance sheet, profit or loss and memorandum accounts to meet its own and the clients’ needs.

Derivatives used are properly approved based on the product use policy. Pursuant to this policy, prior to the implementation of each product, all aspects should be analyzed, such as: objectives, methods of use, underlying risks and appropriate supporting operational infrastructure.

The credit and market risk components of derivatives are monitored on a daily basis, and specific limits are set for derivative transactions for clients and also for registration and settlement chambers. Such limits are managed through a system that consolidates exposures by counterparty. Any discrepancies are promptly identified and addressed for immediate solution.

The market risk of derivatives is managed based on a prevailing risk policy, pursuant to which potential risks of price fluctuations in the financial markets are centralized in the Treasury department, which provides hedge for the other areas.

The main derivative financial instruments used by the Bank include swaps, non-deliverable forwards (NDF), US dollar futures (DOL), interest rate (DI) and foreign exchange coupon (DDI). BACEN Circular Letter 3082/02 permitted a specific accounting in those cases derivatives are used to hedge against changes in the fair value or cash flow of the Bank.

No derivative transactions were conducted between the Group companies.

d) Hedge:

The hedging strategy is determined based on the Bank’s operating risk exposure limits. Whenever its transactions have risk exposures above the preset limits, which might result in significant fluctuations in the Bank’s profit or loss, the Bank uses derivatives, contracted in the organized or over-the-counter market, to hedge against such risks, according to the hedging rules set forth in BACEN Circular Letter 3082/02.

The hedge instruments seek to mitigate market, currency fluctuation and interest rate risks. According to the market liquidity, the maturity dates of hedge instruments are the closest possible to the dates of the financial flows of the hedged transactions so as to ensure an efficient hedge.

Hedge Accounting

Market Risk Hedge

The Bank has a market risk hedge structure designed to offset the risks arising from the exposure to changes in the fair value relating to the fluctuation of foreign currency (US dollar and euro fluctuation) and of the Libor interest rate on foreign borrowings - (hedged items) recorded in “Payables for securities issued abroad” (Note 16.2) and “Payables for foreign borrowings” (Note 17).

The table below summarizes the market risk hedge structure:

September 30, 2019				Changes in fair value		Effectiveness
Hedged item	Maturity	Principal Value	Hedge Instrument	Hedged item	Hedge Instrument	
IIC Funding - A/B Loan	7/15/2020	USD 20.000	Swap	(20,061)	20,062	100.00%
IFC Funding	3/15/2022	USD 110.000	Swap	(165,057)	163,577	99.10%
Total				(185,118)	183,639	

December 31,2018				Changes in fair value		Effectiveness
Hedged item	Maturity	Principal Value	Hedge Instrument	Hedged item	Hedge Instrument	
IFC Funding	03/15/2019	USD 105.000	Swap	(100,704)	100,938	100.23%
IFC Funding	03/15/2019	€ 55,500	Swap	(68,326)	67,161	98.29%
Foreign issuance	03/18/2019	USD 500.000	Swap	(446,322)	446,781	100.10%
IIC Funding - A/B Loan	07/15/2020	USD 20.000	Swap	(18,043)	18,055	100.07%
IFC Funding	03/15/2022	USD 110.000	Swap	(116,484)	115,033	98.75%
Total				(749,879)	747,968	

The accounting hedge structure for these transactions was established by linking a cash flow swap contract to each borrowing maturity, either interest or principal plus interest, and the Bank’s long position is identical to the yield of borrowings agreements.



e) Fair value:

The fair value of derivative instruments is determined using available market information, mainly prices and rates disclosed by the B3 S.A. - Brasil, Bolsa, Balcão. When applicable, the Bank adopts mathematical models of rate interpolation for intermediate terms, and rate extrapolation for longer terms.

The following pricing methodologies were adopted for calculating the fair value of derivatives:

- Futures transactions - quotations disclosed by B3 S.A. - Brasil, Bolsa, Balcão.
- Swap agreements and non-deliverable forwards (NDF) - use of the future cash flow, discounted to present value based on future interest curves, obtained from information disclosed by B3 S.A. - Brasil, Bolsa, Balcão.

f) Breakdown of the balances recorded in assets and liabilities, in line item “Derivatives” and “Trading account”:

Assets	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Derivatives	46,249	127,060	304,862	95,719
Swaps - differential receivable	5,135	120,632	278,581	94,744
Currency forward receivable	34,932	5,956	26,281	975
Premiums paid for purchase of stock options	6,182	472	-	-
Trading account	6,498	350	1,779	-
Unsettled futures	2,130	-	1,779	-
Dollar futures (DOL)	1,594	-	330	-
Foreign exchange coupon (DDI)	531	-	1,358	-
Interest rate (DI)	3	-	91	-
Coupon future IPC-A (DAP)	2	-	-	-
Unsettled listed option premium	4,368	350	-	-
Call options	4,368	350	-	-

Liabilities	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Derivatives	10,530	674	29,662	-
Swaps - differential payable	1,517	118	9,631	-
Currency forward payable	2,834	84	20,031	-
Premiums received on the sale of call options	6,179	472	-	-
Trading account	6,915	173	3,035	-
Futures pending settlement	2,195	-	3,035	-
Foreign exchange coupon (DDI)	1,325	-	1,153	-
Interest rate (DI)	741	-	459	-
Dollar futures (DOL)	128	-	1,423	-
Coupon future IPC-A (DAP)	1	-	-	-
Unsettled purchased option premium	4,720	173	-	-
Call options	4,720	173	-	-

Differentials receivable and payable and daily adjustments paid or received for financial assets and financial liabilities are recorded in respective balance sheet accounts as “Derivatives” and “Trading account” which, as at September 30, 2019 and December 31, 2018, are adjusted to fair value, and the notional values of these transactions are recorded in memorandum accounts (Note 6.j).

g) Breakdown by type of contract and counterparty (Bank and consolidated):

Contracts	Type of counterparty	September 30, 2019		December 31,2018	
		Amounts receivable	Amounts (payable)	Amounts receivable	Amounts (payable)
Futures	B3 S.A. - Brasil, Bolsa, Balcão	2,130	(2,195)	1,779	(3,035)
	Total futures transactions	2,130	(2,195)	1,779	(3,035)
Swap	Financial institutions	125,250	-	371,292	(8,879)
	Companies	517	(1,635)	2,033	(752)
	Total	125,767	(1,635)	373,325	(9,631)
Forward	Companies	40,888	(2,918)	27,256	(20,031)
	Total forward transactions	40,888	(2,918)	27,256	(20,031)
Options	Financial institutions	-	(6,651)	-	-
	Companies	6,654	-	-	-
	Total	6,654	(6,651)	-	-

h) Swap contracts (Bank and Consolidated):

	September 30, 2019					
	Notional value	Cost Value		Fair Value		Differential receivable (payable)
		Bank	Counterparty	Bank	Counterparty	
Lending operations						
Accounting hedge objective (Note 6.d)	365,711	485,157	366,811	486,345	361,095	125,250
LIBOR X CDI	365,711	485,157	366,811	486,345	361,095	125,250
Trading objective	14,682	15,126	15,304	16,248	15,731	517
CDI x DOLLAR	1,546	1,546	1,546	1,567	1,550	17
PRE x DOLLAR	13,136	13,580	13,758	14,681	14,181	500
Total lending operations	380,393	500,283	382,115	502,593	376,826	125,767
Borrowing operations						
Trading objective	54,367	55,224	56,986	57,674	59,309	(1,635)
CDI x DOLLAR	30,024	30,748	32,285	30,747	32,178	(1,431)
PRE x DOLLAR	2,829	2,871	3,058	3,043	3,133	(90)
CDI x EURO	1,137	1,159	1,193	1,169	1,189	(20)
CDI x PRE	20,377	20,446	20,450	22,715	22,809	(94)
Total de borrowing operations	54,367	55,224	56,986	57,674	59,309	(1,635)

	December 31,2018					
	Notional value	Cost Value		Fair Value		Differential receivable (payable)
		Bank	Counterparty	Bank	Counterparty	
Lending operations						
Accounting hedge objective (Note 6.d)	2,489,182	2,733,190	2,569,158	2,734,882	2,564,529	170,353
PRE x CDI	1,776,750	1,853,976	1,853,972	1,853,976	1,853,972	4
LIBOR x CDI	712,432	879,214	715,186	880,906	710,557	170,349
Trading objective	1,759,810	2,743,918	2,536,059	2,741,567	2,538,595	202,972
CDI x DOLAR	1,147,133	1,454,138	1,447,671	1,454,347	1,447,584	6,763
DOLLAR x CDI	610,175	1,287,158	1,085,957	1,284,217	1,088,316	195,901
PRE x DOLLAR	2,502	2,622	2,431	3,003	2,695	308
Total lending operations	4,248,992	5,477,108	5,105,217	5,476,449	5,103,124	373,325
Borrowing operations						
Accounting hedge objective (Note 6.d)	1,961,199	2,220,404	2,229,282	2,220,404	2,229,282	(8,878)
EMTA x PRE	1,776,750	1,973,119	1,980,944	1,973,119	1,980,944	(7,825)
EURO x CDI	184,449	247,285	248,338	247,285	248,338	(1,053)
Trading objective	16,785	17,108	17,933	17,111	17,864	(753)
CDI x DOLLAR	16,785	17,108	17,933	17,111	17,864	(753)
Total de borrowing operations	1,977,984	2,237,512	2,247,215	2,237,515	2,247,146	(9,631)

i) Forward contracts (Bank and Consolidated):

Currency Forward	September 30, 2019					
	Notional value	Cost Value		Fair Value		Differential receivable (payable)
		Bank	Counterparty	Bank	Counterparty	
Trading objective						
Non-deliverable currency forward purchase	735,590	721,757	741,617	721,757	680,921	40,836
Non-deliverable currency forward sale	13,969	12,919	13,996	12,919	12,867	52
Total lending operations	749,559	734,676	755,613	734,676	693,788	40,888
Trading objective						
Non-deliverable currency forward purchase	89,659	82,924	89,761	82,924	83,159	(235)
Non-deliverable currency forward sale	61,769	60,486	62,534	60,486	63,169	(2,683)
Total de Borrowing operations	151,428	143,410	152,295	143,410	146,328	(2,918)

Currency Forward	December 31,2018					
	Notional value	Cost Value		Fair Value		Differential receivable (payable)
		Bank	Counterparty	Bank	Counterparty	
Trading objective						
Non-deliverable currency forward purchase	361,861	377,452	364,562	377,451	365,163	12,288
Non-deliverable currency forward sale	1,331,779	1,330,055	1,338,688	1,330,055	1,315,087	14,968
Total lending operations	1,693,640	1,707,507	1,703,250	1,707,506	1,680,250	27,256
Trading objective						
Non-deliverable currency forward purchase	991,130	984,382	997,437	984,382	1,000,106	(15,724)
Non-deliverable currency forward sale	175,647	180,465	140,291	180,465	184,772	(4,307)
Total de Borrowing operations	1,166,777	1,164,847	1,137,728	1,164,847	1,184,878	(20,031)

j) Future contracts (Bank and Consolidated):

Contracts	September 30, 2019				
	Long Position	Notional value		Total exposure	Daily adjustments receivable (payable)
		Short Position			
Trading objective					
Foreign exchange coupon (DDI)	595,711	556,565	1,152,276	531	(1,325)
Interest rate (DI)	40,116	5,478,925	5,519,041	3	(741)
Dollar futures (DOL)	184,275	637,274	821,549	1,594	(128)
Coupon future IPC-A (DAP)	-	11,264	11,264	2	(1)
Total	820,102	6,684,028	7,504,130	2,130	(2,195)

Contracts	December 31,2018				
	Long Position	Notional value		Total exposure	Daily adjustments receivable (payable)
		Short Position			
Trading objective					
Foreign exchange coupon (DDI)	308,019	411,616	719,635	1,358	(1,153)
Interest rate (DI)	44,989	3,053,318	3,098,307	91	(459)
Dollar futures (DOL)	367,496	-	367,496	330	(1,423)
Total	720,504	3,464,934	4,185,438	1,779	(3,035)

k) Option contracts (Bank and Consolidated):

Contracts	September 30, 2019			
	Underlying asset	Notional value	Amounts of premiums paid (received)	
			curve	market
Purchase of options				
Purchase of call options	DOLAR	94,977	4,893	6,654
Sale of options				
Sale of call options	DOLAR	94,977	(4,718)	(6,651)

I) Operations by maturity (notional values) (Bank and Consolidated):

September 30, 2019					
Contracts	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Total
Futures	1,786,234	2,865,074	2,535,679	317,143	7,504,130
Swap	31,570	26,621	356,116	20,453	434,760
Forward	328,851	489,049	67,928	15,159	900,987
Options	27,659	63,683	2,589	1,047	94,977
Total	2,174,314	3,444,427	2,962,312	353,802	8,934,854

December 31,2018						
Contracts	Up to 3 months	From 3 to 12 months	From 1 to 3 years	From 3 to 5 years	Over 5 years	Total
Futures	989,748	1,574,474	1,436,933	139,295	44,988	4,185,438
Swap	5,791,589	52,128	33,519	349,740	-	6,226,976
Forward	2,467,099	363,015	30,303	-	-	2,860,417
Total	9,248,436	1,989,617	1,500,755	489,035	44,988	13,272,831

m) Trading location (Bank and Consolidated):

	Notional value	
	September 30, 2019	December 31, 2018
Futures / Swap / Forward / Options B3 S.A. - Brasil, Bolsa, Balcão	8,934,854	13,272,831

n) Collateral margins (Bank and Consolidated)

Federal government securities	September 30, 2019		December 31,2018	
	Cost Value	Market value	Cost Value	Market value
Treasury Bills (LFT)	237,934	237,908	215,585	215,547

Federal government bonds are pegged to guarantees for outstanding futures transactions at B3 S.A. - Brasil, Bolsa, Balcão as at September 31, 2019 and December 31, 2018.

7. LENDING, OTHER LENDING AND LEASING OPERATIONS

a) Breakdown of the loan, other loan and leasing portfolio:

	Bank			
	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Loans <sup>(1)</sup>	5,873,693	5,832,882	5,493,314	4,813,958
Discounted trade notes	1,321,781	424	708,116	979
Loans assigned with substantial retention of risks and benefits (Note 8)	22,610	15,645	37,033	35,145
Financing	1,853,114	904,718	1,693,762	712,945
Rural and agro-industrial financing	168,091	2,355	52,177	2,444
<b>Total lending operations</b>	<b>9,239,289</b>	<b>6,756,024</b>	<b>7,984,402</b>	<b>5,565,471</b>
Guarantees and collaterals	1,015	-	-	-
Payables for purchase of assets (Note 10.b)	9,578	3,513	12,873	8,491
Other credit and notes receivable (Note 10.b)	3,682,839	25,816	3,210,382	15,489
Loans and financing linked to transactions acquired under assignment (Note 10.b) <sup>(2)</sup>	35,902	33,554	51,219	59,028
Financed imports (Note 20.a)	-	-	509	-
Advances on foreign exchange contracts (Note 10.a and 20.a)	610,497	-	569,363	-
<b>Total other credits</b>	<b>4,339,831</b>	<b>62,883</b>	<b>3,844,346</b>	<b>83,008</b>
<b>Total</b>	<b>13,579,120</b>	<b>6,818,907</b>	<b>11,828,748</b>	<b>5,648,479</b>

	Consolidated			
	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Loans <sup>(1)</sup>	5,873,693	5,832,882	5,493,314	4,813,958
Discounted trade notes	1,321,781	424	708,116	979
Loans assigned with substantial retention of risks and benefits (Note 8)	22,610	15,645	37,033	35,145
Financing	1,907,724	988,412	1,727,967	740,973
Rural and agro-industrial financing	168,091	2,355	52,177	2,444
<b>Total lending operations</b>	<b>9,293,899</b>	<b>6,839,718</b>	<b>8,018,607</b>	<b>5,593,499</b>
Financial leasing	379,276	496,083	320,405	401,910
Operating leasing	43,263	36,715	36,848	28,222
<b>Total leasing operations</b>	<b>422,539</b>	<b>532,798</b>	<b>357,253</b>	<b>430,132</b>
Guarantees and collaterals	1,015	-	-	-
Payables for purchase of assets (Note 10.b)	9,578	3,513	12,873	8,491
Other credit and notes receivable (Note 10.b)	3,698,533	25,816	3,210,382	15,489
Loans and financing linked to transactions acquired under assignment (Note 10.b) <sup>(2)</sup>	35,902	33,554	51,219	59,028
Financed imports (Note 20.a)	-	-	509	-
Advances on foreign exchange contracts (Note 10.a and 20.a)	610,497	-	569,363	-
<b>Total other credits</b>	<b>4,355,525</b>	<b>62,883</b>	<b>3,844,346</b>	<b>83,008</b>
<b>Total</b>	<b>14,071,963</b>	<b>7,435,399</b>	<b>12,220,206</b>	<b>6,106,639</b>

(1) Includes loan transactions as set forth in CMN Res. No 2921/02 (Note 7.h).

(2) Loan transactions acquired from financial institution comprising the National Financial System, with retention of risks and benefits by the assignor.



b) Breakdown of the loan, other loan and leasing portfolio by risk level:

Risk Level	Bank							
	September 30, 2019				December 31,2018			
	Total portfolio	Allowance			Total portfolio	Allowance		
		Required by BACEN Res. 2682/99 <sup>(1)</sup>	Additional <sup>(2)</sup>	Total allowance		Required by BACEN Res. 2682/99 <sup>(1)</sup>	Additional <sup>(2)</sup>	Total allowance
AA	2,047,915	-	-	-	1,316,083	-	-	-
A	7,138,570	35,692	20,860	56,552	7,390,511	36,954	29,562	66,516
B	7,421,550	74,216	141,009	215,225	6,334,105	63,341	120,348	183,689
C	2,326,176	69,785	100,026	169,811	1,186,409	35,593	15,423	51,016
D	647,127	64,713	-	64,713	366,672	36,667	-	36,667
E	87,739	26,322	-	26,322	77,982	23,394	-	23,394
F	92,896	46,448	-	46,448	135,349	67,674	-	67,674
G	24,627	17,239	-	17,239	43,660	30,562	-	30,562
H	611,427	611,427	-	611,427	626,456	626,456	-	626,456
Total	20,398,027	945,842	261,895	1,207,737	17,477,227	920,641	165,333	1,085,974

Risk Level	Consolidated							
	September 30, 2019				December 31,2018			
	Total portfolio	Allowance			Total portfolio	Allowance		
		Required by BACEN Res. 2682/99 <sup>(1)</sup>	Additional <sup>(2)</sup>	Total allowance		Required by BACEN Res. 2682/99 <sup>(1)</sup>	Additional <sup>(2)</sup>	Total allowance
AA	2,147,454	-	-	-	1,316,083	-	-	-
A	7,583,571	37,917	20,860	58,777	7,758,115	38,791	29,562	68,353
B	7,888,833	78,889	141,009	219,898	6,723,487	67,235	120,348	187,583
C	2,401,060	72,031	100,026	172,057	1,259,874	37,797	15,423	53,220
D	655,857	65,586	-	65,586	374,560	37,456	-	37,456
E	91,404	27,422	-	27,422	84,672	25,402	-	25,402
F	95,028	47,514	-	47,514	138,128	69,064	-	69,064
G	24,636	17,245	-	17,245	43,685	30,579	-	30,579
H	619,519	619,519	-	619,519	628,241	628,241	-	628,241
Total	21,507,362	966,123	261,895	1,228,018	18,326,845	934,565	165,333	1,099,898

(1) Refers to the allowance for loan losses considering the minimum percentage rates required by CMN Resolution No. 2682/99, as mentioned in Note 3.g.

(2) Additional allowance recognized in relation to the minimum percentage required by the prevailing regulation, based on a specific credit risk assessment methodology.

c) Breakdown of the loan, other loan and leasing portfolio by business sector

	Bank		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Private sector	20,189,007	17,367,050	21,298,342	18,216,668
Industrial	5,724,735	4,825,155	5,947,995	5,018,420
Commercial	3,610,891	3,335,420	3,765,499	3,476,737
Financial	95,058	120,443	99,854	124,439
Other services	3,358,206	2,815,274	4,084,501	3,325,775
Individuals	7,400,117	6,270,758	7,400,117	6,270,758
Rural	-	-	376	539
Public sector	209,020	110,177	209,020	110,177
Total	20,398,027	17,477,227	21,507,362	18,326,845

d) Breakdown of the loan, other loan and leasing portfolio by maturity:

	Bank		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
<b>Current</b>				
Up to 3 months	7,665,782	6,288,191	7,835,656	6,421,368
3 to 12 months	5,695,241	5,274,066	6,016,532	5,531,406
1 to 3 years	4,594,175	3,892,038	5,089,205	4,281,865
3 to 5 years	1,572,505	1,271,022	1,681,794	1,339,095
Over 5 years	652,227	485,419	664,400	485,679
<b>Total - current</b>	<b>20,179,930</b>	<b>17,210,736</b>	<b>21,287,587</b>	<b>18,059,413</b>
<b>Past-due</b>				
Up to 60 days	65,018	87,247	65,714	87,940
61 to 90 days	16,701	31,125	16,898	31,229
91 to 180 days	44,830	44,226	45,387	44,344
181 to 360 days	91,548	103,893	91,776	103,919
<b>Total - past-due</b>	<b>218,097</b>	<b>266,491</b>	<b>219,775</b>	<b>267,432</b>
<b>Total</b>	<b>20,398,027</b>	<b>17,477,227</b>	<b>21,507,362</b>	<b>18,326,845</b>

e) Concentration of credit risk:

	Bank			
	September 30, 2019		December 31,2018	
<b>Largest debtors</b>	Amount	% on portfolio	Amount	% on portfolio
10 largest debtors	1,771,549	8.68	1,113,947	6.37
50 next largest debtors	2,368,817	11.61	2,076,303	11.88
100 next largest debtors	1,924,075	9.43	1,780,317	10.19
Other debtors	14,333,586	70.28	12,506,660	71.56
<b>Total</b>	<b>20,398,027</b>	<b>100.00</b>	<b>17,477,227</b>	<b>100.00</b>

	Consolidated			
	September 30, 2019		December 31,2018	
<b>Largest debtors</b>	Amount	% on portfolio	Amount	% on portfolio
10 largest debtors	2,069,712	9.62	1,326,821	7.24
50 next largest debtors	2,696,427	12.54	2,305,889	12.58
100 next largest debtors	2,116,448	9.84	1,952,110	10.65
Other debtors	14,624,775	68.00	12,742,025	69.53
<b>Total</b>	<b>21,507,362</b>	<b>100.00</b>	<b>18,326,845</b>	<b>100.00</b>

f) Renegotiated lending and leasing operations:

During the quarter and the nine-month period ended September 30, 2019, the Bank renegotiated delinquent customers’ loans in the amount of R\$217,090 e de R\$627,152, respectively (R\$563,170 as at December 31, 2018) and Daycoval Leasing renegotiated leasing operations in the amount of R\$1,015 and R\$4,019, respectively (R\$4,215 as at December 31, 2018).

g) Recovery of loans written off as loss:

During the quarter and the nine-month period ended September 30, 2019, the Bank recovered credits previously written off as loss, in the amounts of R\$21,073 e de R\$123,394, respectively (R\$42,837 and R\$148,420, respectively, for the quarter and the nine-month period ended September 30, 2018) (Note 25.a) and Daycoval Leasing recovered the amounts of R\$158 and R\$407 (R\$70 and R\$742, respectively for the quarter and the nine-month period ended September 30, 2018) (Note 25.b), recognized in the income statements.

h) Linked lending transactions:

The table below shows the information on linked lending transactions carried out as set forth in CMN Resolution 2921/02:

	September 30, 2019	December 31, 2018
	Up to 12 months	Up to 12 months
<b>Linked lending transactions</b>		
Lending transactions	26,580	24,355
<b>Payables for linked lending transactions</b>		
Bank Certificates of Deposit (CDBs)	26,514	25,291

**8. ASSIGNMENT OF LOANS (Bank and Consolidated):**

Loan assignments carried out by the Bank meet the accounting criteria described in CMN Resolution 3533/08 (Note 3.h), regarding the classification of these assignments in the category "Operations with substantial retention of risks and benefits.

During the quarter and the nine-month period ended September 30, 2019 and in the year ended December 31, 2018, there were no assignment of loans.

As at September 30, 2019, the carrying amount of these assignments recorded under "Lending operations" (Note 7.a), amounts to R\$38,255 (R\$72,178 as at December 31, 2018) with the related obligation arising from the assignment recognized under "Other payables - Sundry- Payables for sale and transfer of financial assets" (Note 20.d), amounting to R\$45,172 (R\$86,864 as at December 31, 2018).

Such loan assignments did not generate advanced profit or loss for the Bank.



9. ALLOWANCE FOR LOAN, OTHER CREDIT AND LEASE LOSSES

The allowance for loan, other credit and lease losses was recognized based on the criteria described in note 3.g) and is considered sufficient to cover probable losses.

During the quarter and the nine-month period ended September 30, 2019 and in the year ended December 31, 2018, the changes in the expenses on the allowance for loan, other credit and lease losses, recognized in the income statements, under “Allowance for loan losses”, were as follows:

Quarter ended September 30, 2019	Opening allowance balance	Recognition of allowance			Write-off of transactions against loss	Closing allowance balance
		Required by BACEN Res. 2682/99 <sup>(1)</sup>	Additional <sup>(2)</sup>	Total allowance expenses		
Bank	1,254,748	20,066	14,406	34,472	(81,483)	1,207,737
Daycoval Leasing	19,756	838	-	838	(313)	20,281
Total - Consolidated	1,274,504	20,904	14,406	35,310	(81,796)	1,228,018

	Bank	Consolidated
Current assets - lending operations	547,703	548,392
Noncurrent long-term assets - lending operations	529,807	530,472
Current assets - other sundry credits	128,229	128,229
Noncurrent assets - other sundry credits	1,998	1,998
Current assets - leasing	-	9,122
Noncurrent long-term assets - leasing	-	9,805
Total allowance for loan and other credit losses with credit and lease characteristics	1,207,737	1,228,018
Noncurrent assets - other sundry credits without credit characteristics <sup>(3)</sup>	28,434	28,434
Total allowance for other credit losses without credit characteristics	28,434	28,434
Total allowance for loan losses	1,236,171	1,256,452

Nine-month period ended September 30, 2019	Opening allowance balance	Recognition of allowance			Write-off of transactions against loss	Closing allowance balance
		Required by BACEN Res. 2682/99 <sup>(1)</sup>	Additional <sup>(2)</sup>	Total allowance expenses		
Bank	1,084,985	251,585	97,350	348,935	(226,183)	1,207,737
Daycoval Leasing	13,924	6,707	-	6,707	(350)	20,281
Total - Consolidated	1,098,909	258,292	97,350	355,642	(226,533)	1,228,018

	Bank	Consolidated
Current assets - lending operations	547,703	548,392
Noncurrent long-term assets - lending operations	529,807	530,472
Current assets - other sundry credits	128,229	128,229
Noncurrent assets - other sundry credits	1,998	1,998
Current assets - leasing	-	9,122
Noncurrent long-term assets - leasing	-	9,805
Total allowance for loan and other credit losses with credit and lease characteristics	1,207,737	1,228,018
Noncurrent assets - other sundry credits without credit characteristics <sup>(3)</sup>	28,434	28,434
Total allowance for other credit losses without credit characteristics	28,434	28,434
Total allowance for loan losses	1,236,171	1,256,452

December 31, 2018	Opening allowance balance	Recognition of allowance			Write-off of transactions against loss	Closing allowance balance
		Required by BACEN Res. 2682/99 <sup>(1)</sup>	Additional <sup>(2)</sup>	Total allowance expenses		
Bank	916,075	533,008	165,333	698,341	(528,442)	1,085,974
Daycoval Leasing	14,399	570	-	570	(1,045)	13,924
Total - Consolidated	930,474	533,578	165,333	698,911	(529,487)	1,099,898

	Bank	Consolidated
Current assets - lending operations	542,790	543,847
Noncurrent long-term assets - lending operations	403,522	404,001
Current assets - other sundry credits	139,136	139,136
Noncurrent assets - other sundry credits	526	526
Current assets - leasing	-	6,253
Noncurrent long-term assets - leasing	-	6,135
Total	1,085,974	1,099,898

(1) Refers to the allowance for loan losses considering the minimum percentage rates required by CMN Resolution No. 2682/99, as mentioned in Note 3.g.

(2) Additional allowance recognized in relation to the minimum percentage required by the prevailing regulation, based on a specific credit risk assessment methodology.

(3) Refers to the expense on allowance for other credits without credit characteristics, recognized in the income statements in line item "Other operating expenses".

10. OTHER CREDITS

Other credits are broken down as follows:

a) Foreign exchange portfolio (Bank and Consolidated)

	September 30, 2019	December 31, 2018
	Current	Noncurrent
Foreign exchange purchased pending settlement	852,187	678,972
Right on foreign exchange sold	972,763	372,360
(-) Advances received in local currency	(3,185)	(1,774)
Income receivable from advances granted (Note 7.a)	15,760	15,000
Total	1,837,525	1,064,558

b) Sundry:

	Bank			
	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Salary advances	4,811	-	854	-
Advances for payment of our account	14,727	-	13,692	-
Advances for property, plant and equipment	270	-	85	-
Tax credits (Note 22.c)	499,795	594,570	473,452	552,405
Debtors for purchase of assets (Note 7.a)	9,578	3,513	12,873	8,491
Debtors for escrow deposits <sup>(1)</sup>	-	1,830,438	3,158	1,695,149
Recoverable taxes (2)	113,653	-	137,460	-
Reimbursable payments	895	-	891	-
Prepaid profit sharing	26,824	-	27,169	-
Credits linked to transactions acquired under assignment (Note 7.a)	35,902	33,554	51,219	59,028
Discount on the acquisition of lending operations <sup>(3)</sup>	(1,391)	3,214	(7,908)	(1,496)
Other credits and notes receivables (Note 7.a)	3,682,839	25,816	3,210,382	15,489
Sundry debtors	63,207	-	28,649	-
Total	4,451,110	2,491,105	3,951,976	2,329,066

	Consolidated			
	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Salary advances	5,133	-	929	-
Advances for payment of our account	15,039	-	13,850	-
Advances for property, plant and equipment	270	-	85	-
Tax credits (Note 22.c)	505,580	599,850	476,545	558,279
Debtors for purchase of assets (Note 7.a)	9,578	3,513	12,873	8,491
Debtors for escrow deposits <sup>(1)</sup>	-	1,839,265	3,158	1,703,643
Recoverable taxes <sup>(2)</sup>	139,776	-	152,609	-
Reimbursable payments	895	-	891	-
Prepaid profit sharing	27,319	-	27,169	-
Credits linked to transactions acquired under assignment (Note 7.a)	35,902	33,554	51,219	59,028
Discount on the acquisition of lending operations <sup>(3)</sup>	(1,391)	3,214	(7,908)	(1,496)
Other credits and notes receivables (Note 7.a)	3,698,533	25,816	3,210,382	15,489
Sundry debtors	80,056	-	35,417	-
Total	4,516,690	2,505,212	3,977,219	2,343,434

(1) As at September 30, 2019, refers to the accounting for deposits linked to legal requirements (Note 23.b), made for the filing of appeals relating to: (i) taxes and contributions in the amount of R\$1,792,315 or the Bank and R\$1,798,694 for the Consolidated (R\$1,662,901 for the Bank and R\$1,669,014 for the Consolidated as at December 31, 2018); (ii) labor, amounting to R\$9,490 for the Bank and R\$11,834 for the Consolidated (R\$10,616 or the Bank and R\$12,897 for the Consolidated as at December 31, 2018); (iii) civil, amounting to R\$28,633 for the Bank and Consolidated (R\$24,789 for the Bank and Consolidated as at December 31, 2018); and (iv) Daycoval Leasing rental guarantee in the amount of R\$104 (R\$100 as at December 31, 2018).

(2) As at September 30, 2018, the caption "Recoverable taxes" is composed mainly of prepaid income tax and social contribution in the amount of R\$111,626 (R\$135,441 as at December 31, 2018), for the Bank, and R\$120,161 (R\$147,275 as at December 31, 2018), for the Consolidated.

(3) As at September 30, 2019 and December 31, 2018, refers to discounts obtained on the acquisition of lending operations from other institutions comprising the National Financial System, to be recognized in the income statements of Banco Daycoval, in caption "Lending operations", due to the term of transactions.

11. OTHER ASSETS (Bank and Consolidated)

Other assets	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Reposessed assets <sup>(1)</sup>	115,168	-	92,832	-
(-) Allowance for depreciation of reposessed assets	(8,890)	-	(8,422)	-
<b>Total reposessed assets <sup>(2)</sup></b>	<b>106,278</b>	<b>-</b>	<b>84,410</b>	<b>-</b>
<b>Prepaid expenses <sup>(3)</sup></b>				
Bank	1,857	1,536	21,110	2,249
Consolidated	1,857	1,536	20,035	2,249

(1) Refer to assets received as payment for loans.

(2) As at September 30, 2019, the total of reposessed assets amounts to R\$106,360 (R\$84,426 as at December 31, 2018) for the Consolidated.

(3) Refer mainly to expenses on commissions paid in advance upon origination of loans (Note 3.j).

As mentioned in Note 3.j), the Bank elected to adopt the provision set forth in paragraph 1 of Circular Letter 3693/13, as amended by Circular Letter 3738/14, both from BACEN, and recognized in Prepaid expenses” the commissions paid to correspondents upon origination of loans in years prior to 2017. Beginning January 1, 2017, expenses on commissions were directly recognized in profit or loss for the period, upon origination of loans. During the quarter and the nine-month period ended September 30, 2019, the total commissions paid to third parties upon origination of loans, pursuant to the criteria set out in the abovementioned regulations, recognized in the income statements (Note 25.i) amounts to R\$55,923 and R\$134,479, respectively (R\$37,927 and R\$104,769, respectively, for the quarter and nine-month period ended September 30, 2018).

12. INVESTMENTS

Investments are represented by investments in subsidiaries; the main information on these investments are as follows:

a) Direct subsidiaries:

	Daycoval Leasing		Dayprev <sup>(3)</sup>	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Total Assets	1,289,474	862,945	103,611	101,059
Total Liabilities	842,662	471,502	70,060	68,295
Equity	446,812	391,443	33,551	32,764
Negative goodwill on acquisition (Note 3.u)	(42,563)	(49,466)	-	-
Capital	206,805	206,805	25,000	15,000
Number of shares	5,780,078,463	5,780,078,463	19,591,614	14,550,000
Profit for the quarter	11,429	13,645	288	302
Profit for the nine-month period	40,909	41,054	649	1,248
Ownership interest - %	100.00%	100.00%	97.00%	97.00%
<b>Adjusted investment</b>	<b>404,250</b>	<b>341,977</b>	<b>32,545</b>	<b>31,781</b>
<b>Share of profit (loss) of subsidiaries of the quarter</b>	<b>11,429</b>	<b>13,645</b>	<b>279</b>	<b>303</b>
<b>Share of profit (loss) of subsidiaries of the period</b>	<b>40,909</b>	<b>41,054</b>	<b>630</b>	<b>1,249</b>

	ACS		Daycoval Asset	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Total Assets	807,651	808,209	47,228	40,802
Total Liabilities	12,323	33,117	2,645	2,298
Equity	795,328	775,092	44,583	38,504
Capital	623,448	623,448	1,554	1,554
Number of shares	536,730,077	536,730,077	36,875	36,875
Profit for the quarter	17,094	8,724	2,066	958
Profit for the nine-month period	24,734	32,558	3,903	2,407
Ownership interest - %	99.99%	99.99%	99.99%	99.99%
<b>Adjusted investment</b>	<b>791,322</b>	<b>737,733</b>	<b>44,583</b>	<b>38,504</b>
<b>Share of profit (loss) of subsidiaries of the quarter</b>	<b>13,252</b>	<b>8,944</b>	<b>2,066</b>	<b>957</b>
<b>Share of profit (loss) of subsidiaries of the period</b>	<b>28,720</b>	<b>33,817</b>	<b>3,903</b>	<b>2,405</b>

b) Indirect subsidiaries

	Treetop <sup>(2)</sup>		IFP <sup>(4)</sup>		SCC	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Total Assets	79,688	75,621	253,687	64,784	13,501	13,016
Total Liabilities	-	6,525	18,260	14,892	159	84
Equity	79,688	69,096	235,427	49,892	13,342	12,932
Capital	10,227	10,685	260,020	60,020	10,020	10,020
Number of shares	2,668,585	2,668,585	260,020,000	60,020,000	10,020,000	10,020,000
Profit for the quarter	3,086	1,082	(3,594)	(1,515)	105	97
Profit for the nine-month period	6,064	2,682	(11,812)	(606)	313	166
Ownership interest - %	100.00%	100.00%	99.99%	99.99%	99.99%	99.99%
Adjusted investment	79,688	69,096	235,427	49,892	13,342	12,932
Share of profit (loss) of subsidiaries of the quarter <sup>(1)</sup>	3,086	1,082	(3,594)	(1,515)	105	97
Share of profit (loss) of subsidiaries of the period <sup>(1)</sup>	6,064	2,682	(11,811)	(606)	313	166

(1) As at September 30, 2019, the share of profit (loss) of subsidiaries for the quarter and nine-month period then ended, amounting to an expense of R\$403 and income of R\$5,434 (income of R\$336 and revenue of R\$2,242 for the quarter and nine-month period ended September 30, 2018), was recognized in profit or loss of ACS Participações (direct parent), referred to in the table in item 12.a) above.

(2) During the quarter and nine-month period ended September 30, 2019, exchange gains in the amounts of R\$2,694 and R\$4,944 (exchange losses of R\$2,295 and R\$10,786, respectively, for the quarter and nine-month period ended September 30, 2018) on the investment in Treetop was recognized in profit or loss of ACS Participações (direct parent), referred to in the table in item 12.a) above.

(3) The Extraordinary General Meeting held on October 30, 2018 decided on and approved the capital increase of Dayprev in the amount of R\$10 million, with the payment of earnings reserves and issuance of 4,591,614 million of registered common granted to shareholders as bonus. This increase was approved by SUSEP on January 2, 2019.

(4) On July 8, 2019 and pursuant to the Contractual Amendment proposed and approved as at that date, ACS made a capital increase of R\$200 million in IFP.

13. FOREIGN BRANCH

The balances of the transactions of Banco Daycoval S.A. - Cayman Branch (foreign branch) conducted with third parties and included in the Bank's interim information

	September 30, 2019		December 31,2018	
	US\$ mil	R\$ mil <sup>(1)</sup>	US\$ mil	R\$ mil <sup>(1)</sup>
Assets				
Cash and cash equivalents	587	2,445	234	907
Interbank investments	47,000	195,727	26,100	101,132
Securities	11,603	48,319	11,840	45,880
Lending operations	308,926	1,286,493	99,465	385,407
Other receivables	143	597	-	-
Other assets	135	562	673	2,609
Total assets	368,394	1,534,143	138,312	535,935
Liabilities				
Demand deposit	35,450	147,626	10,022	38,833
Time deposits	210,571	876,902	35,486	137,501
Funds from acceptance and issuance of securities	5,412	22,537	5,317	20,602
Borrowings and onlendings	87,829	365,757	81,736	316,710
Deferred income	453	1,885	183	709
Total liabilities	339,715	1,414,707	132,744	514,355

(1) The amounts in US dollars were translated into Brazilian reais (R\$) based on the R\$/US\$ 4.1644 and R\$/US\$3.8748 exchange rates disclosed by BACEN, as at September 30, 2019 and December 31, 2018.

During the quarter and nine-month period ended September 30, 2019, expenses on exchange rate changes in the amounts of R\$2,347 and R\$1,334 (income of R\$3,499 and R\$11,086, respectively, for the quarter and nine-month period ended September 30, 2018) were recognized in the Bank's profit or loss, respectively, on the investment in Banco Daycoval S.A. - Cayman Branch.



14. PROPERTY AND EQUIPMENT

Description	Bank				
	September 30, 2019				December 31, 2018
	Annual depreciation %	Cost	Accumulated depreciation	Net amount	Net amount
Airplane	10	75,865	(15,173)	60,692	66,382
Computers and peripherals	20	15,859	(11,403)	4,456	4,327
Communications equipment	20	611	(340)	271	372
Security equipment	10	1,457	(874)	583	671
Facilities	10	669	(645)	24	28
Furniture and equipment	10	6,494	(4,226)	2,268	2,248
Vehicles	20	2,798	(1,310)	1,488	1,287
Total assets		103,753	(33,971)	69,782	75,315

Description	Consolidated				December 31, 2018
	September 30, 2019				
	Annual depreciation %	Cost	Accumulated depreciation	Net amount	Net amount
Airplane	10	75,865	(15,173)	60,692	66,382
Computers and peripherals	20	16,946	(12,489)	4,457	4,327
Communications equipment	20	665	(394)	271	372
Security equipment	10	1,457	(874)	583	671
Properties	4	2,140	-	2,140	2,140
Facilities	10	758	(645)	113	131
Furniture and equipment	10	7,626	(5,080)	2,546	2,454
Vehicles	20	4,323	(2,055)	2,268	1,841
Total assets		109,780	(36,710)	73,070	78,318

15. DEPOSITS AND MONEY MARKET FUNDING

Demand deposits, interbank deposits, time deposits and foreign-currency deposits and money market funding are negotiated at usual market rates. Their aging list is as follows:

	Bank						
	September 30, 2019						
	Without Maturity	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	939,853	-	-	-	-	-	939,853
Interbank deposits	-	31,328	159,543	1,649	-	2,582	195,102
Time deposits	-	1,273,705	1,899,706	2,755,776	267,491	7,232	6,203,910
Foreign-currency deposits	13,895	-	-	-	-	-	13,895
Total deposits	953,748	1,305,033	2,059,249	2,757,425	267,491	9,814	7,352,760
Money market funding	-	3,135,088	-	-	-	-	3,135,088
Total money market funding	-	3,135,088	-	-	-	-	3,135,088
Total deposits and money market funding	953,748	4,440,121	2,059,249	2,757,425	267,491	9,814	10,487,848

	December 31,2018						
	Without Maturity	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	864,844	-	-	-	-	-	864,844
Interbank deposits	-	37,452	336,215	21,813	-	-	395,480
Time deposits	-	870,898	1,102,741	2,073,048	141,595	10,671	4,198,953
Foreign-currency deposits	7,321	-	-	-	-	-	7,321
Total deposits	872,165	908,350	1,438,956	2,094,861	141,595	10,671	5,466,598
Money market funding	-	2,992,328	-	-	-	-	2,992,328
Total money market funding	-	2,992,328	-	-	-	-	2,992,328
Total deposits and money market funding	872,165	3,900,678	1,438,956	2,094,861	141,595	10,671	8,458,926

	Consolidated						
	September 30, 2019						
	Without Maturity	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	939,044	-	-	-	-	-	939,044
Interbank deposits	-	31,328	159,543	1,649	-	2,582	195,102
Time deposits	-	1,273,705	1,848,516	2,755,462	240,265	7,232	6,125,180
Foreign-currency deposits	13,895	-	-	-	-	-	13,895
Total deposits	952,939	1,305,033	2,008,059	2,757,111	240,265	9,814	7,273,221
Money market funding	-	3,135,088	-	-	-	-	3,135,088
Total money market funding	-	3,135,088	-	-	-	-	3,135,088
Total deposits and money market funding	952,939	4,440,121	2,008,059	2,757,111	240,265	9,814	10,408,309

	December 31,2018						
	Without Maturity	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Demand deposits	863,807	-	-	-	-	-	863,807
Interbank deposits	-	37,452	336,215	21,813	-	-	395,480
Time deposits	-	870,898	1,102,741	2,003,181	141,595	10,671	4,129,086
Foreign-currency deposits	7,321	-	-	-	-	-	7,321
Total deposits	871,128	908,350	1,438,956	2,024,994	141,595	10,671	5,395,694
Money market funding	-	2,992,328	-	-	-	-	2,992,328
Total money market funding	-	2,992,328	-	-	-	-	2,992,328
Total deposits and money market funding	871,128	3,900,678	1,438,956	2,024,994	141,595	10,671	8,388,022

16. FUNDS FROM ACCEPTANCE AND ISSUANCE OF SECURITIES

16. a) Financial bills and credit notes:

Program for Public Issuance of Financial Bills Non-Convertible into Banco Daycoval’s shares

Pursuant to the Notice to the Market, published on March 12, 2019, the Bank has completed the seventh issuance of Financial Bills in the amount of R\$2 billion, 4 series in the amount of R\$500 million maturing as at March 15, 2021, as at March 15, 2022, as at March 15, 2023 and as at March 15, 2024, respectively.

	Bank					
	September 30, 2019					
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Mortgage loan notes	366,465	400,523	169,898	6,791	1,184	944,861
Agribusiness letter of credit	318,247	394,566	30,483	2,425	-	745,721
Financial bills	675,727	1,782,909	5,826,865	1,676,925	22,341	9,984,767
Total	1,360,439	2,577,998	6,027,246	1,686,141	23,525	11,675,349

	December 31,2018					
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Mortgage loan notes	196,562	452,105	125,232	5	-	773,904
Agribusiness letter of credit	279,733	337,932	43,924	2,244	-	663,833
Financial bills	322,729	2,910,007	4,483,871	244,836	44,100	8,005,543
Total	799,024	3,700,044	4,653,027	247,085	44,100	9,443,280

	Consolidated					
	September 30, 2019					
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Mortgage loan notes	366,465	400,523	169,898	6,791	1,184	944,861
Agribusiness letter of credit	318,247	394,566	30,483	2,425	-	745,721
Financial bills	675,727	1,782,909	5,812,564	1,172,555	22,341	9,466,096
Total	1,360,439	2,577,998	6,012,945	1,181,771	23,525	11,156,678

	December 31,2018					
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
Mortgage loan notes	196,562	452,105	125,232	5	-	773,904
Agribusiness letter of credit	279,733	337,932	43,924	2,244	-	663,833
Financial bills	322,729	2,366,560	4,460,960	244,836	44,100	7,439,185
Total	799,024	3,156,597	4,630,116	247,085	44,100	8,876,922

16.b) Payables for securities issued abroad:

The table below shows the features of these programs and the related balances, in local currency:

	Amount issued (US\$)	Interest rate (a.a.)	Issuance date	Maturity date	September 30, 2019		December 31,2018	
					Bank (R\$)	Consolidated (R\$)	Bank (R\$)	Consolidated (R\$)
Foreign issuance program <sup>(1)</sup>	500,000	5.75%	03/19/2014	03/18/2019	-	-	1,906,818	1,877,426
Other issuances	5,000	2.50%	07/01/2016	01/03/2020	22,537	22,537	20,602	20,602
			Total issuances		22,537	22,537	1,927,420	1,898,028
			Total current		22,537	22,537	1,906,818	1,877,426
			Total noncurrent		-	-	20,602	20,602

(1) the security issued abroad in the amount of US\$500 million is subject to accounting hedge of market risk (Note 6.d), whose settlement occurred on March 2019.

17. BORROWINGS (Bank and Consolidated)

September 30, 2019	Up to 3 months	3 to 12 Months	1 to 3 years	Total
<b>Borrowings</b>				
Foreign-currency payables (1)	304,612	483,962	-	788,574
Foreign borrowings (2)	236,818	87,269	394,724	718,811
<b>Total</b>	<b>541,430</b>	<b>571,231</b>	<b>394,724</b>	<b>1,507,385</b>

December 31,2018	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Total
<b>Borrowings</b>					
Foreign-currency payables (1)	424,022	246,496	-	-	670,518
Foreign borrowings (2)	725,062	279,629	224,833	147,006	1,376,530
<b>Total</b>	<b>1,149,084</b>	<b>526,125</b>	<b>224,833</b>	<b>147,006</b>	<b>2,047,048</b>

(1) The balance of "Foreign-currency payables" refers to funding for foreign exchange operations related to export and import financing.

(2) As at September 30, 2019, includes the foreign borrowings, in the amount of US\$130 million (US\$235 million as at December 31, 2018), and €55 million (€55 million as at December 31, 2018), subject to market risk hedge accounting (Note 6.d), whose carrying amount and fair value are R\$485,157 and R\$487,790 (R\$1,126,693 and R\$1,129,218 as at December 31, 2018).

Financial covenants

The Bank is subject to financial covenants related to the maintenance of certain performance, liquidity and debt ratios, linked to loan agreements entered into with the International Finance Corporation (IFC) and the Inter-American Investment Corporation (IIC), which, if not fulfilled, may cause the accelerated settlement of the agreements entered into between the Company and these institutions.

18. ONLENDINGS (Bank and Consolidated)

September 30, 2019	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
<b>Domestic onlendings official institutions</b>						
BNDES Onlendings	34,220	75,348	49,839	795	-	160,202
FINAME Onlendings	10,601	28,035	52,829	17,143	399	109,007
<b>Total</b>	<b>44,821</b>	<b>103,383</b>	<b>102,668</b>	<b>17,938</b>	<b>399</b>	<b>269,209</b>

December 31,2018	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total
<b>Domestic onlendings official institutions</b>						
BNDES Onlendings	37,954	113,429	103,175	5,059	-	259,617
FINAME Onlendings	11,736	30,362	49,627	14,483	745	106,953
<b>Total</b>	<b>49,690</b>	<b>143,791</b>	<b>152,802</b>	<b>19,542</b>	<b>745</b>	<b>366,570</b>



19. INSURANCE OPERATIONS (Consolidated)

a) Insurance premiums receivable:

Represented by DPVAT (mandatory insurance against personal injury caused by vehicles) insurance operations which, as at September 30, 2019, amount to R\$2,490 (R\$2,029 as at December 31, 2018), recorded in accordance with the statements received by Seguradora Líder dos Consórcios dos Seguros DPVAT, in caption “Other credits – insurance premiums receivable” in current assets.

b) Breakdown of technical reserves:

	September 30, 2019	December 31, 2018
Unsettled claims	6,974	7,347
Provision for incurred but not reported losses (IBNR)	61,617	60,226
Other provisions <sup>(1)</sup>	1,042	281
Total	69,633	67,854

(1) Refers to provisions for administrative expenses, recorded in accordance with the statements received from Seguradora Líder dos Consórcios dos Seguros DPVAT.

c) Assets-backed technical reserves:

	September 30, 2019	December 31, 2018
Treasury Bills (LFT)	134	2,183
Investment fund units	69,509	67,903
Total (Note 6.a.) - Consolidated	69,643	70,086

d) Profit (loss) on insurance operations:

	Quarters ended September 30,		Nine-month periods ended September 30,	
	2019	2018	2019	2018
Revenue from premiums and contributions	1,726	3,139	7,946	15,373
Claims expenses	(1,134)	(2,703)	(5,128)	(12,084)
Other operating income and expenses	(37)	347	(949)	(264)
Total	555	783	1,869	3,025

20. OTHER PAYABLES

a) Foreign exchange portfolio (Bank and Consolidated):

	September 30, 2019	December 31, 2018
	Current	Noncurrent
Foreign exchange sold pending settlement	999,554	391,194
(-) Financed imports (Note 7.a)	-	(509)
Payable for foreign exchange purchased	809,796	665,086
(-) Advances on foreign exchange contracts (Note 7.a)	(595,294)	(555,179)
Foreign currencies payable	142	47
Unearned income on advances granted (Note 7.a)	557	816
Total	1,214,755	501,455

b) Social and statutory:

	Banco		Consolidado	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Dividends and bonuses payable (Note 24.d.2)	41,834	41,982	41,834	41,987
Profit sharing program	66,410	76,452	67,578	77,728
Total	108,244	118,434	109,412	119,715

c) Tax and social security

	Bank			
	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Provision for income tax	203,534	-	209,133	-
Provision for social contribution	74,527	-	79,084	-
Taxes and contributions payable	41,051	-	31,214	-
Provision for deferred income tax and social contribution - (Note 22.c)	7,271	267,137	10,675	245,597
Total	326,383	267,137	330,106	245,597

	Consolidated			
	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Provision for income tax	214,518	-	232,791	-
Provision for social contribution	87,860	-	101,570	-
Taxes and contributions payable	56,578	-	35,353	-
Provision for deferred income tax and social contribution - (Note 22.c)	7,271	299,295	10,675	262,817
Total	366,227	299,295	380,389	262,817

d) Sundry

	Bank			
	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Cashier´s checks	532	-	11,973	-
Creditors for unreleased resources	1,090	-	1,380	-
Payables for sales operations and transfer of financial assets (Note 8)	26,273	18,899	42,165	44,699
Accrued payments <sup>(1)</sup>	69,321	-	47,109	-
Provision for risks (Note 23.b)	21,705	2,228,085	20,689	2,104,898
Provision for financial collaterals provided (Note 28)	18,143	1,538	18,236	1,087
Sundry creditors <sup>(2)</sup>	63,045	-	66,913	-
Total	200,109	2,248,522	208,465	2,150,684

	Consolidated			
	September 30, 2019		December 31,2018	
	Current	Noncurrent	Current	Noncurrent
Cashier´s checks	532	-	11,973	-
Creditors for unreleased resources	1,090	-	1,380	-
Payables for sales operations and transfer of financial assets (Note 8)	26,273	18,899	42,165	44,699
Accrued payments <sup>(1)</sup>	78,179	-	59,721	-
Provision for risks (Note 23.b)	21,705	2,243,615	20,689	2,123,807
Provision for financial collaterals provided (Note 28)	18,143	1,538	18,236	1,087
Sundry creditors <sup>(2)</sup>	83,059	-	93,631	-
Total	228,981	2,264,052	247,795	2,169,593

(1) As at September 30, 2019, caption “Accrued payments” (Bank and Consolidated) mainly comprises the following: (i) personnel expenses in the amount of R\$34,036 for the Bank and R\$39,054 for the Consolidated (R\$20,382 and R\$23,195 for the Bank and Consolidated, respectively as at December 31, 2018); (ii) expenses on suppliers in the amount of R\$16,223 for the Bank and R\$17,112 for the Consolidated (R\$10,694 and R\$17,801 for the Bank and Consolidated, respectively as at December 31, 2018); and (iii) commissions payable in the amount of R\$15,431, Bank and Consolidated (R\$13,157 as Bank and Consolidated at December 31, 2018).

(2) As at September 30, 2019, caption “Sundry creditors“ (Bank and Consolidated) mainly comprises: (i) the unreleased collections, in the amount of R\$4,318 (R\$5,249 as at December 31, 2018); (discounted notes partially received, in the amount of R\$10,416 (R\$19,198 as at December 31, 2018); (iii) commitments arising from credit card operations, in the amount of R\$28,204 (R\$22,803 as at December 31, 2018); and (iv) cash payment to suppliers from Daycoval Leasing in the amount of R\$20,053, for the Consolidated (R\$24,561 as at December 31, 2018 for the Consolidated).

21. SUBORDINATED DEBTS (Bank and Consolidated)

a) Information on the issuances of subordinated debts

	Funding instruments	Dates of issuance	maturity	Amount	Interest rate	Date of BACEN'S authorization to comprise Tier II of Capital <sup>(1)</sup>
1st issuance	Financial bills	02/28/2018	03/05/2025	R\$10 millions	CDI	04/04/2018
2nd issuance	Financial bills	10/30/2018	10/30/2028	R\$135 millions	CDI	11/30/2018

(1) Issuances were authorized by the BACEN to comprise Tier II of the Bank's Capital, pursuant to CMN Resolution 4192/13, according to the ordinance from the Financial System Organization Director.

	September 30, 2019		31 de dezembro de 2018	
	Over 5 years	Total	Over 5 years	Total
Financial Bills	155,733	155,733	147,314	147,314
Total	155,733	155,733	147,314	147,314

22. INCOME TAX AND SOCIAL CONTRIBUTION

a) Income tax and social contribution were calculated as follows:

	Bank		Bank	
	Quarters ended September 30,		Nine-month period ended September 30,	
	2019	2018	2019	2018
Profit before taxes on income and profit sharing	415,193	321,909	989,370	783,149
(-) Profit sharing	(26,143)	(17,255)	(66,339)	(50,060)
Profit before taxes on income	389,050	304,654	923,031	733,089
Additions	218,609	206,365	807,275	777,113
Temporary	206,314	201,580	762,218	761,125
Permanent	12,295	4,785	45,057	15,988
Deductions	(276,549)	(348,350)	(902,232)	(982,927)
Temporary	(180,274)	(270,064)	(636,712)	(730,727)
Permanent	(47,059)	(28,786)	(110,014)	(103,818)
Interest on capital (Note 24.d.2)	(49,216)	(49,500)	(155,506)	(148,382)
Income tax and social contribution base	331,110	162,669	828,074	527,275
Income tax and social contribution at statutory rates tax incentives	(131,150)	(72,073)	(327,745)	(232,755)
Recognition / reversal of tax credits and/or deferred tax liabilities	10,416	(38,394)	51,778	(14,414)
Income Tax and social contribution expenses	(120,734)	(110,467)	(275,967)	(247,169)

The total expenses on income tax and social contribution in the Consolidated for the quarter and nine-month period ended September 30, 2019 amounts to R\$133,021 and R\$314,667, respectively (R\$128,309 and R\$295,940, respectively, for the quarter and nine-month period ended September 30, 2018).

b) Deferred income tax and social contribution on temporary additions and deductions (assets and liabilities):

As established by Resolution 3059/02, amended by Resolution 3355/06, both from the CMN, and CVM Instruction 371/02, the recognition of deferred tax assets and liabilities (“tax credits” and “deferred tax liabilities”) arising from temporary differences must cumulatively meet the following conditions: (i) history of taxable income or profit for income tax and social contribution purposes, for at least three of the last five fiscal years, which period must include the current year; and (ii) expected future taxable income or profit generation for income tax and social contribution purposes, in subsequent period, based on an internal technical study showing the probability of occurrence of future tax obligations that enable the realization of the tax credit within no more than ten years.

Law 13169/15, which amends Law 7689/88, raises the social contribution rate to 20% of profit for the period from September 1, 2015 to December 31, 2018. Beginning January 1, 2019, such rate will return to 15%. As a result of such change, social contribution credits were recognized as follows: (i) applying the 15% rate on temporary additions and deductions through August 31, 2015 and on those that are expected to be realized in the period subsequent to December 31, 2018; and (ii) 20% tax rate on temporary additions and deductions that are expected to be realized in the period from September 1, 2015 to December 31, 2018. Beginning January 1, 2019, the rate will return to 15%.

c) Origin of tax credits and deferred tax liabilities:

Tax credits:	Bank			
	Quarter ended			September 30, 2019
	June 30, 2019	Recognition	Realization	
Deferred income tax and social contribution on:				
Provision for tax risks	162,042	-	-	162,042
Allowance for loan losses	498,672	41,405	(55,828)	484,249
Adjustment to fair value of securities and derivatives	32,430	43,935	(32,430)	43,935
Inflation adjustment of contingencies	293,960	7,543	-	301,503
Other temporary additions	93,936	9,739	(1,039)	102,636
Total tax credits on temporary differences	1,081,040	102,622	(89,297)	1,094,365

Deferred tax liabilities:

Deferred income tax and social contribution on:				
Adjustment to fair value of securities and derivatives	13,912	10,659	(13,912)	10,659
Unrealized profit (loss) on derivatives	5,128	3,206	(5,128)	3,206
Amortization of negative goodwill on the acquisition of Daycoval Leasing	9,949	690	-	10,639
Inflation adjustment of escrow deposits	242,699	7,205	-	249,904
Total deferred tax liabilities on temporary differences	271,688	21,760	(19,040)	274,408

Tax credits:	Nine-month period ended			
	December 31, 2018	Recognition	Realization	September 30, 2019

Deferred income tax and social contribution on:				
Provision for tax risks	162,042	-	-	162,042
Allowance for loan losses	463,466	200,170	(179,387)	484,249
Adjustment to fair value of securities and derivatives	24,235	95,906	(76,206)	43,935
Inflation adjustment of contingencies	278,972	22,531	-	301,503
Other temporary additions	97,142	18,264	(12,770)	102,636
Total tax credits on temporary differences	1,025,857	336,871	(268,363)	1,094,365

Deferred tax liabilities:

Deferred income tax and social contribution on:				
Adjustment to fair value of securities and derivatives	12,257	36,790	(38,388)	10,659
Unrealized profit (loss) on derivatives	6,660	15,427	(18,881)	3,206
Amortization of negative goodwill on the acquisition of Daycoval Leasing	8,569	2,070	-	10,639
Inflation adjustment of escrow deposits	228,786	21,118	-	249,904
Total deferred tax liabilities on temporary differences	256,272	75,405	(57,269)	274,408



Tax credits:	Year ended			December 31, 2018
	December 31, 2017	Recognition	Realization	
Deferred income tax and social contribution on:				
Provision for tax risks	162,042	-	-	162,042
Allowance for loan losses	437,586	289,413	(263,533)	463,466
Adjustment to fair value of securities and derivatives	21,327	103,028	(100,120)	24,235
Inflation adjustment of contingencies	247,308	31,664	-	278,972
Other temporary additions	70,098	33,429	(6,385)	97,142
<b>Total tax credits on temporary differences</b>	<b>938,361</b>	<b>457,534</b>	<b>(370,038)</b>	<b>1,025,857</b>

Deferred tax liabilities:

Deferred income tax and social contribution on:				
Adjustment to fair value of securities and derivatives	6,050	39,093	(32,886)	12,257
Unrealized profit (loss) on derivatives	4,094	37,633	(35,067)	6,660
Amortization of negative goodwill on the acquisition of Daycoval Leasing	5,808	2,761	-	8,569
Inflation adjustment of escrow deposits	201,858	26,928	-	228,786
<b>Total deferred tax liabilities on temporary differences</b>	<b>217,810</b>	<b>106,415</b>	<b>(67,953)</b>	<b>256,272</b>

For the Consolidated, as at September 30, 2019, total tax credits on temporary differences amount to R\$1,105,430 (R\$1,034,824 as at December 31, 2018), of which R\$505,580 (R\$476,545 as at December 31, 2018) recorded in current assets and R\$599,850 (R\$558,279 as at December 31, 2018) recorded in noncurrent long-term assets (Note 10.b). The deferred tax liabilities on temporary differences amount to R\$306,566 (R\$273,492 as at December 31, 2018), of which R\$7,271 (R\$10,675 as at December 31, 2018) recorded in current liabilities and R\$299,295 (R\$262,817 as at December 31, 2018) recorded in noncurrent long-term liabilities (Note 20.c).

d) Estimated realization of tax credits:

Realization term	Bank			Consolidated		
	September 30, 2019			September 30, 2019		
	Temporary differences		Total Deferred taxes	Temporary differences		Total Deferred taxes
	Income tax	Social contribution		Income tax	Social contribution	
Up to 1 year	308,714	191,081	499,795	312,330	193,250	505,580
Up to 2 years	8,387	5,032	13,419	10,506	6,304	16,810
Up to 3 years	6,996	4,197	11,193	7,762	4,657	12,419
Up to 4 years	2,195	1,317	3,512	2,518	1,511	4,029
Up to 5 years	355,490	210,916	566,406	355,581	210,971	566,552
Over 5 years	25	15	40	25	15	40
<b>Total</b>	<b>681,807</b>	<b>412,558</b>	<b>1,094,365</b>	<b>688,722</b>	<b>416,708</b>	<b>1,105,430</b>

Realization term	Bank			Consolidated		
	December 31,2018			December 31,2018		
	Temporary differences		Total Deferred taxes	Temporary differences		Total Deferred taxes
	Income tax	Social contribution		Income tax	Social contribution	
Up to 1 year	292,250	181,202	473,452	294,182	182,363	476,545
Up to 2 years	3,950	2,370	6,320	6,975	4,185	11,160
Up to 3 years	3,321	1,993	5,314	3,764	2,259	6,023
Up to 4 years	1,374	971	2,345	1,525	1,062	2,587
Up to 5 years	337,944	200,389	538,333	337,996	200,420	538,416
Over 5 years	58	35	93	58	35	93
<b>Total</b>	<b>638,897</b>	<b>386,960</b>	<b>1,025,857</b>	<b>644,500</b>	<b>390,324</b>	<b>1,034,824</b>

As at September 30, 2019, the present value of total tax credits is R\$972,490 for the Bank (R\$876,959 as at December 31, 2018) and R\$982,931 for the Consolidated (R\$885,215 as at December 31, 2018), and was calculated based on the expected realization of temporary differences, discounted at the average funding rate of the Bank and Daycoval Leasing, projected for the related period.

Taxable income projections consider macroeconomic assumptions, exchange and interest rates, estimates of new financial operations, among others, which may vary in relation to actual results.

23. ATIVOS E PASSIVOS CONTINGENTES E OBRIGAÇÕES LEGAIS - FISCAIS E PREVIDENCIÁRIAS

- a) Contingent assets - as at September 30, 2019 and December 31, 2018 the Bank did not recognize contingent assets.
- b) Contingent liabilities assessed as probable losses and legal obligations (tax and social security).

The Bank is a party to lawsuits involving labor, civil and tax matters. Provisions are recorded based on the criteria described in note 3.t). The Bank’s management understands that the provisions recorded are sufficient to cover probable losses on these lawsuits.

The balances of provisions for tax, civil and labor risks recognized and the respective variations for the quarter and the nine-month period ended September 30, 2019 and for the year ended December 31, 2018, are broken down below:

	Bank		Consolidated	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Legal obligation tax risks (Note 20.d and 22.b.1 and b.2)	2,018,276	1,907,489	2,018,276	1,907,489
Civil lawsuits (Note 20.d)	172,138	164,459	172,650	164,602
Labor lawsuits (Note 20.d)	59,376	53,639	74,394	72,405
Total	2,249,790	2,125,587	2,265,320	2,144,496

	Quarter ended September 30, 2019					
	Bank			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Balance at the beginning of the quarter	1,979,550	154,051	60,325	1,979,550	154,610	81,511
Inflation adjustment	18,858	-	-	18,858	-	-
Recognition / (reversal)	19,868	18,087	(949)	19,868	18,040	(7,117)
Balance at the end of the quarter	2,018,276	172,138	59,376	2,018,276	172,650	74,394

	Nine-month period ended September 30, 2019					
	Bank			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Balance at the beginning of the nine-month period	1,907,489	164,459	53,639	1,907,489	164,602	72,405
Inflation adjustment	56,325	-	-	56,325	-	-
Recognition / (reversal)	54,462	7,679	5,737	54,462	8,048	1,989
Balance at the end of the nine-month period	2,018,276	172,138	59,376	2,018,276	172,650	74,394

	Year ended December 31, 2018					
	Bank			Consolidated		
	Tax	Civil	Labor	Tax	Civil	Labor
Balance at the beginning of the year	1,713,089	118,427	43,206	1,713,089	118,903	71,060
Inflation adjustment	79,112	-	-	79,112	-	-
Recognition	115,288	46,032	10,433	115,288	45,699	1,345
Balance at the end of the year	1,907,489	164,459	53,639	1,907,489	164,602	72,405

**b.1.) The Bank is challenging in court the legality of certain taxes and contributions and the related amounts are fully accrued.**

The main challenges are:

**Income tax:** challenges the effect of the discontinuation of the inflation adjustment of the balance sheet and the amount accrued in September 30, 2019 amounted to R\$446,537 (R\$407,125 as on December 31, 2018). The total escrow deposits for this lawsuit amounts to R\$418,913 (R\$407,124 as at December 31, 2018).

**Social contribution tax:** (i) challenges the effect of the discontinuation of the inflation adjustment of the balance sheet, the existence of different tax rates and seeks the recognition of interest on capital as deductible expense for 1996; and (ii) challenges the increase of the social contribution rate from 9% to 15%, as established by Provisional Act 413/08, converted into Law 11727/2008 and from 15% to 20%, converted into Law 13169/2015, which amends Law 7689/88, the latter change relating to the period from September 1, 2015 to December 31, 2018. The amount accrued for this lawsuit in September 30, 2019 is R\$795,329 (R\$719,813 on December 31, 2018) and total escrow deposits for this lawsuit amounts to R\$776,295 (R\$674,964 on December 31, 2018).

**COFINS (tax on revenue):** challenges the constitutionality of Law 9718/98. The amount accrued for this lawsuit on September 30, 2019 amounts to R\$669,094 (R\$652,469 on December 31, 2018) and total escrow deposits for this lawsuit amounts to R\$487,293 (R\$473,827 on December 31, 2018).

**PIS (tax on revenue):** challenges the application of Law 9718/98 and the requirement of determination of the PIS tax base by the tax authorities in noncompliance with Constitutional Amendments 01/94, 10/96 and 17/97. The amount accrued for this lawsuit on September 30, 2019 amounts to R\$103,712 (R\$101,217 on December 31, 2018) and total escrow deposits for this lawsuit amounts to R\$106,208 (R\$103,555 on December 31, 2018).

On September 30, 2019, other tax challenges are accrued and amount to R\$3,604 (R\$3,431 on December 31, 2018) and total escrow deposits for these lawsuits amount to R\$3,604 (R\$3,431 on December 31, 2018).

**b.2.) Daycoval Leasing has been challenging in courts the Tax Assessment Notices and Fine Interpretation issued by the State of São Paulo, as described below:**

**AIIM No. 4.012.543-9** in the amount of R\$54,148, of which R\$47,826 are assessed as remote loss, which likelihood of favorable outcome is corroborated upon the execution of ICMS Agreement 36 and ratified by the São Paulo State Decrees 56045/2010 and 56952/2013. In turn, the amount of R\$6,322 was assessed as possible loss and subject to payment eligible to the Special Installment Payment Program (PEP) enacted by the São Paulo State government through Decree 60444/2014, in the amount of R\$3,857 paid on August 29, 2014.

**AIIM No. 4.021.955-0** in the amount of R\$4,480 assessed as remote loss based on the reasons described in the preceding item pursuant to ICMS Agreement 36.

**AIIM No. 3.125.010-5** in the amount of R\$2,310 assessed as remote loss, which discusses the difference in the rate upon the application of the benefit from the CONFAZ Agreement 52/91. Such lawsuit ensures the escrow deposit adjusted as at September 30, 2019 in the amount of R\$6,381.

**Case No. 0030121-4.2011.8.16.0021** relating to the tax execution of the ISS in the municipality of Cascavel-PR, in the amount of R\$20, assessed as remote loss, which claims the collection of ISS relating to lease transactions entered into with customers headquartered in that municipality.

**c) Contingent liabilities assessed as possible losses:**

Contingent liabilities, represented by civil and labor lawsuits, are not recorded.

Civil lawsuits amount to approximately R\$11,428 as at September 30, 2019 (R\$9,525 for the Bank and for the Consolidated as at December 31, 2018) for the Bank and the Consolidated.

As at September 30, 2019, the risk estimate for labor lawsuits is approximately R\$1,712 for the Bank and R\$2,697 for the Consolidated (R\$639 for the Bank and for the Consolidated as at December 31, 2018).

There are no ongoing administrative proceedings for noncompliance with the rules of the National Financial System or payment of fines, which may have significant impacts on the financial position of the Bank or its subsidiaries.



24. EQUITY (Controlling Company)

a) Capital:

As at September 30, 2019, the Bank’s fully subscribed and paid-in capital is R\$2,253,595, divided into 230,820,429 registered and book-entry common shares, without par value.

b) Breakdown of common and preferred shares:

The Extraordinary General Meeting held on October 30, 2018 decided on and approved the Bank’s capital increase in the amount of R\$361,452, upon the issuance of 26,696,649 subscribed and fully paid-up common shares on the same date. This capital increase was ratified by the Central Bank of Brazil on December 13, 2018.

c) Breakdown of common and preferred shares:

	Number of shares	
	September 30, 2019	December 31, 2018
Common shares <sup>(1)</sup>	230,820,429	230,820,429
Total shares	230,820,429	230,820,429

(1) The Extraordinary General Meeting held on October 30, 2018, decided on and approved the conversion of all 43,253,988 preferred shares issued by the Bank into common shares, at the ratio of one common share for one preferred share.

During the quarter and the nine-month period ended September 30, 2019 and year ended December 31, 2018, there were no variations in the Bank’s capital.

d) Interest on capital and/or dividends:

According to the bylaws, the shareholders are entitled to dividends and/or interest on capital corresponding to no less than 25% of profit for the year, adjusted in accordance with the Brazilian corporate law.

Interest on capital is calculated on equity, limited to the variation of the TJLP (long-term interest rate), contingent upon the existence of profit determined before its deduction or retained earnings and earnings reserves.

d.1) Statement of calculation of interest on capital:

The calculation of interest on capital for the quarter and the nine-month period ended September 30, 2019 and December 31, 2018 is as follows:

	September 30, 2019			
	Quarter	% (a)	nine-month period	% (a)
Profit for the quarter / period (Parent)	268,316		647,064	
Recognition of legal reserve	-		(18,937)	
Adjusted calculation basis	268,316		628,127	
Gross interest on capital	49,216		155,506	
(-) Withholding income tax relating to interest on capital	(7,382)		(23,325)	
Net interest on capital	41,834	15.59	132,181	21.04

	September 30, 2018			
	Quarter	% (a)	Nine-month period	% (a)
Profit for the quarter / period (Parent)	194,187		485,920	
Recognition of legal reserve	-		(14,587)	
Adjusted calculation basis	194,187		471,333	
Gross interest on capital	49,500		148,382	
(-) Withholding income tax relating to interest on capital	(7,425)		(22,257)	
Net interest on capital	42,075	21.67	126,125	26.76

(a) Refers to the percentage corresponding to the sum of the net interest on capital on adjusted profit.

d.2) Interest on capital declared and/or paid for the quarter and the nine-month period ended September 30, 2019 and 2018:

Interest on capital declared and/or paid is as follows

Board of Director's Meeting Date	Availability date	September 30, 2019			
		Price per share		Net amount	Net amount
		ON			
09/30/2019	10/15/2019	0.2132		49,216	(7,382)
06/28/2019	07/15/2019	0.2231		51,496	(7,724)
03/29/2019	04/15/2019	0.2374		54,794	(8,219)
		Total		155,506	(23,325)

Board of Director's Meeting Date	Availability date	September 30, 2018			
		Price per share		Net amount	Net amount
		ON	PN		
09/28/2018	10/15/2018	0.2425	0.2425	49,500	(7,425)
06/29/2018	07/16/2018	0.2450	0.2450	50,014	(7,502)
03/29/2018	04/16/2018	0.2394	0.2394	48,868	(7,330)
		Total		148,382	(22,257)

e) Earnings reserves

	September 30, 2019	December 31, 2018
Earnings reserves	998,363	979,426
Legal reserve <sup>(1)</sup>	222,676	203,739
Statutory reserves <sup>(2)</sup>	775,687	775,687

(1) 5% of profit for the year must be allocated to this reserve until it reaches 20% of capital, according to the prevailing legislation.

(2) Reserve recorded according to the bylaws.

25. INCOME STATEMENTS

INCOME FROM FINANCIAL INTERMEDIATION

(a) Lending operations

	Bank		Consolidated	
	Quarters ended		September 30,	
	2019	2018	2019	2018
Advance on deposits	1,042	1,264	1,042	1,264
Secured account / overdraft account	99,751	94,906	99,751	94,906
Discounted notes	37,205	40,411	37,205	40,411
Onlending - Resolution 3844/10	7,210	3,960	7,210	3,960
Working capital	142,359	122,072	142,359	122,072
Export Credit Notes - CCE	49,951	32,518	49,951	32,518
Onlending – BNDES	5,270	11,417	5,270	11,417
Onlending – FINAME	3,003	2,863	3,003	2,863
Rural credit	2,043	757	2,043	757
Financing with intervenience	3,237	2,572	3,237	2,572
Foreign currency financing	7,350	15,208	7,350	15,208
Consumer credit - Store owners	(4)	(35)	(4)	(35)
Payroll-deductible loans	323,476	277,166	323,476	277,166
Vehicle financing	67,055	48,045	67,055	49,656
Real estate mortgage financing	6	-	6	-
Daypag - discount of forwarding agents' checks	133	144	133	144
Other lending operations	61,684	40,401	65,092	40,391
Recovery of credits previously written off as loss (Note 7.g)	21,073	42,837	21,073	42,837
Loan origination income	1,883	5,671	1,883	5,671
Total profit (loss) from lending operations	833,723	742,177	837,130	743,778

	Bank		Consolidated	
	Nine-month period ended		September 30,	
	2019	2018	2019	2018
Advance on deposits	3,986	3,454	3,986	3,454
Secured account / overdraft account	295,528	269,549	295,528	269,549
Discounted notes	112,919	127,452	112,919	127,452
Onlending - Resolution 3844/10	9,260	15,830	9,260	15,830
Working capital	401,689	345,012	401,689	345,012
Export Credit Notes - CCE	106,199	97,103	106,199	97,103
Onlending – BNDES	21,408	31,348	21,408	31,348
Onlending – FINAME	8,326	8,290	8,326	8,290
Rural credit	4,473	2,964	4,473	2,964
Financing with intervenience	9,513	7,335	9,513	7,335
Foreign currency financing	13,567	56,840	13,567	56,840
Consumer credit - Store owners	(18)	28	(18)	28
Payroll-deductible loans	938,780	851,485	938,780	851,485
Vehicle financing	178,963	136,416	178,963	140,061
Real estate mortgage financing	6	-	6	-
Daypag - discount of forwarding agents' checks	433	527	433	527
Other lending operations	160,655	123,611	168,709	123,536
Recovery of credits previously written off as loss (Note 7.g)	123,394	148,420	123,394	148,419
Loan origination income	8,364	21,179	8,364	21,179
Total profit (loss) from lending operations	2,397,442	2,246,843	2,405,495	2,250,412

b) Leasing operations (Consolidated)

	Quarter ended September 30,		Nine-month period ended September 30,	
	2019	2018	2019	2018
Revenue from leasing				
Finance leasing - internal resources	102,353	70,155	285,049	212,641
Operating leasing - internal resources	14,407	12,754	41,884	36,899
Finance leasing - external resources	-	895	8	2,501
Operating leasing - external resources	-	64	35	261
Gain on disposal of leased assets	4,594	11,090	14,402	17,253
Recovery of credits previously written off as loss (Note 7.g)	158	70	407	742
Total revenue from leasing operations	121,514	95,028	341,784	270,297
Expenses on leasing				
Finance leasing - internal resources	(72,793)	(53,950)	(201,257)	(153,008)
Operating leasing - internal resources	(9,801)	(8,104)	(27,157)	(24,458)
Loss on disposal of leased assets	-	-	-	(657)
Total expenses on leasing operations	(82,594)	(62,054)	(228,413)	(178,123)

c) Securities transactions:

	Bank		Consolidated	
	Quarters ended September 30,		September 30,	
	2019	2018	2019	2018
Repurchase agreements	74,289	82,585	74,289	82,585
Interbank deposits	14,470	8,372	5,549	3,764
Fixed-income securities	25,550	28,745	26,897	29,484
Variable-income securities	3	2	3	2
Investments in investment fund units	954	1,514	5,171	4,909
Gain (loss) on sale of securities	148	134	148	134
Fair value adjustments	(1,360)	1,728	265	1,706
Foreign investments	8,688	2,605	8,688	2,605
Loss on investments in investment fund units	(27)	(4)	(27)	(4)
Permanent losses on securities	-	(3)	-	(3)
Total profit (loss) on securities operations	122,718	125,678	120,986	125,182

	Bank		Consolidated	
	Nine-month period ended September 30,		September 30,	
	2019	2018	2019	2018
Repurchase agreements	236,381	239,726	236,381	239,726
Interbank deposits	37,901	26,023	15,685	14,685
Fixed-income securities	77,087	84,188	82,730	87,309
Variable-income securities	7	13	18	159
Investments in investment fund units	3,124	3,110	13,745	12,209
Gain (loss) on sale of securities	490	1,028	490	1,028
Fair value adjustments	(1,771)	4,374	(363)	4,087
Foreign investments	9,138	7,686	9,138	7,686
Loss on investments in investment fund units	(32)	(50)	(32)	(50)
Permanent losses on securities	-	(3)	-	(3)
Total profit (loss) on securities operations	362,329	366,095	357,797	366,836

d) Derivatives:

Derivatives	Quarters ended September 30,					
	2019			2018		
	Gain	Loss	Net gain (loss)	Gain	Loss	Net gain (loss)
Swap	51,279	(20,458)	30,821	2,085,898	(1,959,772)	126,126
Currency forward	79,055	(30,470)	48,585	29,867	(22,159)	7,708
Futures	29,566	(103,543)	(73,977)	25,993	(28,757)	(2,764)
Options	-	(2,531)	(2,531)	-	-	-
Total	159,900	(157,002)	2,898	2,141,758	(2,010,688)	131,070

Derivatives	Nine-month period ended September 30,					
	2019			2018		
	Gain	Loss	Net gain (loss)	Gain	Loss	Net gain (loss)
Swap	1,598,731	(1,610,690)	(11,959)	4,729,645	(4,195,604)	534,041
Currency forward	293,201	(237,946)	55,255	105,106	(69,450)	35,656
Futures	109,379	(236,077)	(126,698)	65,034	(88,316)	(23,282)
Options	2,426	(2,531)	(105)	-	-	-
Total	2,003,737	(2,087,244)	(83,507)	4,899,785	(4,353,370)	546,415

Gain (loss) on derivatives includes net gains from mark-to-market in the amount of R\$13,191 and net losses in the amount of R\$1,258, respectively, for the quarter and the nine-month period ended September 30, 2019 (net gains from mark-to-market in the amount of R\$20,173 and R\$5,897, respectively for the quarter and the nine-month period ended September 30, 2018), both for the Bank and Consolidated.

e) Foreign exchange operations (Bank and Consolidated):

	Bank		Consolidated	
	Quarters ended		September 30,	
	2019	2018	2019	2018
Income from foreign exchange operations	28,884	17,870	28,884	17,870
Expenses on foreign exchange operations	(12,791)	(946)	(9,750)	(946)
Exchange rate changes	55,493	33,434	55,493	33,434
Total profit (loss) on foreign exchange operations	71,588	50,358	74,629	50,358

	Bank		Consolidated	
	Nine-month period ended		September 30,	
	2019	2018	2019	2018
Income from foreign exchange operations	69,548	48,585	69,548	48,585
Expenses on foreign exchange operations	(31,315)	(3,190)	(23,161)	(3,190)
Exchange rate changes	115,799	111,069	115,799	111,069
Total profit (loss) on foreign exchange operations	154,033	156,464	162,188	156,464

EXPENSES ON FINANCIAL INTERMEDIATION

f) Funding operations:

	Bank		Consolidated	
	Quarters ended September 30,		September 30,	
	2019	2018	2019	2018
Interbank deposits	(5,043)	(5,644)	(5,043)	(5,644)
Time deposits	(83,168)	(62,046)	(81,308)	(60,712)
Repurchase agreements	(35,655)	(30,611)	(35,655)	(30,611)
Foreign securities	(591)	(114,252)	(591)	(113,308)
Mortgage loan notes	(14,274)	(10,289)	(14,274)	(10,289)
Agribusiness letter of credit	(10,872)	(10,544)	(10,872)	(10,544)
Financial bills	(174,878)	(132,856)	(165,876)	(123,106)
Contributions to the Loan Guarantee Fund - FGC	(2,282)	(1,716)	(2,282)	(1,716)
Total	(326,762)	(367,958)	(315,901)	(355,930)

	Bank		Consolidated	
	Nine-month period ended September 30,		September 30,	
	2019	2018	2019	2018
Interbank deposits	(17,736)	(16,668)	(17,736)	(16,668)
Time deposits	(219,469)	(182,417)	(215,398)	(178,289)
Repurchase agreements	(95,521)	(95,706)	(95,521)	(95,706)
Foreign securities	(11,295)	(447,898)	(10,719)	(446,454)
Mortgage loan notes	(41,132)	(26,364)	(41,132)	(26,364)
Agribusiness letter of credit	(32,813)	(26,320)	(32,813)	(26,320)
Financial bills	(508,140)	(378,793)	(479,006)	(350,305)
Contributions to the Loan Guarantee Fund - FGC	(6,328)	(5,325)	(6,328)	(5,325)
Total	(932,433)	(1,179,491)	(898,652)	(1,145,431)

g) Borrowings and onlendings (Bank and Consolidated):

	Quarters ended September 30,		Nine-month period ended September 30,	
	2019	2018	2019	2018
Foreign borrowings	(42,272)	(58,296)	(51,522)	(278,938)
Onlending - BNDES	(3,053)	(7,659)	(13,335)	(20,734)
Onlendings - FINAME	(1,853)	(1,960)	(5,460)	(5,539)
Obligations to foreign banks	(56,056)	(36,877)	(58,837)	(135,284)
Total gains (losses) on borrowings and onlendings	(103,231)	(104,792)	(129,154)	(440,495)



OTHER OPERATING INCOME (EXPENSES)

h) Personnel expenses:

	Bank		Consolidated	
	Quarters ended		September 30,	
	2019	2018	2019	2018
Executive Committee's and Board of Directors' compensation	(14,687)	(17,732)	(15,322)	(18,218)
Benefits	(13,798)	(11,219)	(16,350)	(13,000)
Social security charges	(17,794)	(14,468)	(20,656)	(16,219)
Proceeds	(48,771)	(39,412)	(59,184)	(47,477)
Training	(52)	(18)	(54)	(19)
Interns' compensation	(315)	(161)	(333)	(169)
<b>Total personnel expenses</b>	<b>(95,418)</b>	<b>(83,010)</b>	<b>(111,898)</b>	<b>(95,102)</b>

	Bank		Consolidated	
	Nine-month period ended September 30,			
	2019	2018	2019	2018
Executive Committee's and Board of Directors' compensation	(43,584)	(51,197)	(45,249)	(52,651)
Benefits	(39,559)	(32,011)	(46,508)	(36,718)
Social security charges	(50,629)	(42,529)	(57,782)	(47,481)
Proceeds	(132,682)	(109,246)	(156,269)	(127,116)
Training	(86)	(34)	(88)	(37)
Interns' compensation	(912)	(412)	(955)	(430)
<b>Total personnel expenses</b>	<b>(267,452)</b>	<b>(235,429)</b>	<b>(306,850)</b>	<b>(264,433)</b>

i) Other administrative expenses:

	Bank		Consolidated	
	Quarters ended		September 30,	
	2019	2018	2019	2018
Public utilities (water, power and gas)	(584)	(513)	(764)	(638)
Rent and insurance	(4,791)	(5,089)	(6,586)	(5,976)
Communication	(2,562)	(2,352)	(2,967)	(2,590)
Charitable contributions	(1,290)	(1,437)	(1,290)	(1,437)
Maintenance and upkeep of asset	(1,151)	(3,204)	(1,643)	(3,409)
Consumables	(718)	(617)	(764)	(636)
Data processing	(18,769)	(16,084)	(19,559)	(16,400)
Promotions, advertising and publications	(9,872)	(6,139)	(10,274)	(6,323)
Outside, technical and specialized services <sup>(1)</sup>	(98,149)	(80,578)	(90,136)	(77,830)
Depreciation and amortization	(2,658)	(2,508)	(2,725)	(2,567)
Other administrative expenses	(15,057)	(8,009)	(16,816)	(9,061)
Total	(155,600)	(126,530)	(153,520)	(126,867)

	Bank		Consolidated	
	Nine-month period ended September 30,			
	2019	2018	2019	2018
Public utilities (water, power and gas)	(1,749)	(1,435)	(2,338)	(1,801)
Rent and insurance	(14,257)	(13,283)	(19,156)	(15,575)
Communication	(7,427)	(6,980)	(8,433)	(7,674)
Charitable contributions	(3,453)	(4,079)	(3,453)	(4,079)
Maintenance and upkeep of asset	(4,209)	(4,815)	(5,497)	(5,256)
Consumables	(2,285)	(2,193)	(2,410)	(2,242)
Data processing	(54,463)	(44,767)	(56,399)	(45,730)
Promotions, advertising and publications	(25,842)	(19,080)	(27,091)	(19,630)
Outside, technical and specialized services <sup>(1)</sup>	(257,579)	(233,877)	(232,227)	(219,205)
Depreciation and amortization	(7,844)	(7,509)	(8,032)	(7,691)
Other administrative expenses	(34,621)	(25,748)	(39,908)	(28,363)
Total	(413,728)	(363,766)	(404,945)	(357,246)

(1) Includes the recognition of expenses on commissions paid in advance to third parties, upon origination of lending operations, as determined by Circular Letter 3693/13, as amended by Circular Letter 3738/14, both issued by BACEN, mentioned in Note 3.j) and Note 11.



j) Tax expenses:

	Bank		Consolidated	
	Quarters ended		September 30,	
	2019	2018	2019	2018
Tax expenses	(1,877)	(2,047)	(2,296)	(2,191)
Services tax (ISS) expenses	(2,647)	(1,914)	(13,575)	(3,873)
Expenses on contributions to COFINS	(30,478)	(24,659)	(33,195)	(27,135)
Expenses on contributions to PIS/PASEP	(4,953)	(4,007)	(5,438)	(4,445)
Total	(39,956)	(32,627)	(54,506)	(37,644)

	Bank		Consolidated	
	Nine-month period ended		September 30,	
	2019	2018	2019	2018
Tax expenses	(4,806)	(5,024)	(5,450)	(5,411)
Services tax (ISS) expenses	(7,481)	(5,469)	(22,748)	(11,477)
Expenses on contributions to COFINS	(83,750)	(72,044)	(91,872)	(79,467)
Expenses on contributions to PIS/PASEP	(13,609)	(11,707)	(15,056)	(13,019)
Total	(109,645)	(94,244)	(135,126)	(109,374)

k) Other operating income:

	Bank		Consolidated	
	Quarters ended		September 30,	
	2019	2018	2019	2018
Exchange rate changes <sup>(1)</sup>	9,273	3,499	21,102	9,395
Inflation adjustment of escrow deposits	17,931	17,799	18,075	17,927
Other operating income <sup>(2)</sup>	101,237	70,929	109,870	79,548
Recovery of charges and expenses	2	188	2	182
Total	128,446	92,415	149,051	107,052

	Bank		Consolidated	
	Nine-month period ended		September 30,	
	2019	2018	2019	2018
Exchange rate changes <sup>(1)</sup>	9,273	16,258	21,102	32,901
Inflation adjustment of escrow deposits	54,447	51,866	54,788	52,551
Other operating income <sup>(2)</sup>	293,074	197,124	303,624	215,153
Recovery of charges and expenses	2	197	206	193
Total	356,793	265,445	379,719	300,798

(1) Refers to the reclassification of exchange rate changes on foreign investments, not eliminated in the consolidated financial statements.

(2) Total other operating income for the Bank and Consolidated are substantially comprised of income from notes and credits receivable – with no right of recourse which amount to R\$88,468 and R\$243,687 for the quarter and nine-month period ended September 30, 2019, (R\$63,532 and R\$179,473 for the quarter and nine-month period ended September 30, 2018).

l) Other operating expenses:

	Bank		Consolidated	
	Quarters ended		September 30,	
	2019	2018	2019	2018
Expenses on provisions <sup>(1)</sup>	(26,522)	(12,743)	(27,197)	(14,494)
Inflation adjustment of taxes	(18,858)	(18,129)	(18,858)	(18,129)
Exchange rate changes	(328)	(113)	(6,486)	(3,753)
Other operating expenses <sup>(2)</sup>	(22,567)	(13,192)	(26,531)	(14,339)
Interest expenses	(9)	-	(9)	(11)
Total	(68,283)	(44,177)	(79,081)	(50,726)

	Bank		Consolidated	
	Nine-month period ended		September 30,	
	2019	2018	2019	2018
Expenses on provisions <sup>(1)</sup>	(49,637)	(38,484)	(53,286)	(44,392)
Inflation adjustment of taxes	(56,327)	(57,564)	(56,327)	(57,564)
Exchange rate changes	(3,790)	(282)	(10,676)	(6,177)
Other operating expenses <sup>(2)</sup>	(92,626)	(31,300)	(99,731)	(34,491)
Interest expenses	(15,222)	(884)	(15,224)	(897)
Total	(217,601)	(128,514)	(235,244)	(143,521)

(1) For the nine-month period ended September 30, 2019, respectively, expenses on provisions are substantially comprised of: (i) civil risks - R\$18,087 and R\$23,346 for the Bank and for Consolidated (R\$2,226 for the Bank and R\$9,211 for the Consolidated for the nine-month period ended September 30, 2018); (ii) labor risks - R\$3,293 and R\$ 14,091 for the Bank and R\$3,968 and R\$17,740 for Consolidated (R\$6,634 and R\$ 15,376 for the Bank and R\$8,385 and R\$12,898 for Consolidated for the nine-month period ended September 30, 2018); and (iii) guarantees and collaterals - R\$5,142 and R\$11,235 for the Bank and for Consolidated (R\$3,883 and R\$13,849 for the Bank and for Consolidated for the nine-month period ended September 30, 2018).

(2) The other operating expenses for the quarter and nine-month period ended September 30, 2019 are mainly broken down as follows: (i) discounts and reimbursements in loan transactions - R\$10,337 and R\$21,720 for the Bank and Consolidated; (ii) settlement of lawsuits - R\$3,972 and R\$11,063 for the Bank and R\$4,016 and R\$11,515 for the Consolidated; and (iii) allowance for loan losses on transfers of payroll-deductible loans - R\$6,744 and R\$34,708 for the Bank and Consolidated.

26. CAPITAL MANAGEMENT AND BASEL ACCORD

Capital management

Daycoval carefully manages its capital base to cover the risks inherent to its business, Daycoval’s capital adequacy is monitored upon compliance with the rules and proportions established by the Basel Committee on Banking Supervision and adopted by the Central Bank of Brazil, among others.

The main purpose of Daycoval’s capital management is to ensure the compliance with foreign capital requirements to maintain a solid credit rating and proper capital structure to support its business and maximize the share value to its shareholders.

Basel Accord

BACEN has issued, beginning March 1, 2013, which have become effective beginning October 1, 2013, a set of standards that govern the Basel Committee’s recommendations relating to the capital structure of the financial institutions. Known as Basel III, these new standards improve the capacity of these institutions to absorb the impacts from possible crisis, by strengthening the financial stability and increasing the quantity and quality of the regulatory capital.

These standards address the following issues:

- New regulatory capital calculation methodology (Regulatory Capital (PR)), which remains divided in tiers I and II;
- New required capital calculation methodology, by adopting the minimum requirements of PR, Tier I and Principal Capital, and introduction of the Principal Capital Additional; and
- New optional methodology to determine the minimum capital requirements for the credit cooperatives that joined the Prudential Simplified Regime (RPS), and introduction of the Principal Capital Additional specifically for these cooperatives.

In addition to the issues above, the CMN established a new method to prepare and submit information using a new document called Analytic Trial Balance - Prudential Financial, which started to be used as the basis to calculate the Regulatory Capital (PR) beginning January 2015.

The Basel III rules seek to improve the capital quality of the financial institutions, by restricting the use of financial instruments that are not able to absorb losses and deducting assets that could impact the capital value due to their low liquidity, their dependency on future earnings for realization purposes or whose value cannot be easily accurately. These instruments comprise tax credits, intangible assets and investments in non-controlled companies, specifically those operating in the insurance market.

The new minimum capital requirements establish the percentage amount of the risk-weighted assets and represent the capital requirements to be complied with by the financial institutions, based on the schedule below:

	2018	2019
Principal capital <sup>(a)</sup> (minimum + additional	6.375 a 8.28%	7.0 a 9.5%
Tier I <sup>(b)</sup> (minimum + additional)	7.875 a 9.75%	8.5 a 11.0%
PR <sup>(c)</sup> (minimum + additional)	10.5 a 12.375%	10.5 a 13.0%

a) Principal Capital - comprised of shares, reserves and retained earnings;

b) Tier I - comprised of Principal Capital and other instruments to absorb losses while the institution continue as a going concern; and

c) PR (Regulatory Capital) - comprised of Tier I and other underlying instruments to absorb losses upon the institution’s liquidation.

The Principal Capital Additional, which represents the supplementary maintenance (fixed) and cyclic (variable) capital, was also created, and at the end of the transition period, it must represent no less than 2.5% and no more than 5% of the risk-weighted assets, whose percentage is established by BACEN according to current macroeconomic conditions.

These new Basel III standards are effective beginning October 1, 2013, based on the international schedule until their effective implementation on January 1, 2022.

The table below shows the calculation of regulatory capital requirements and the Basel ratio:

	September 30, 2019	December 31, 2018
<b>Regulatory capital for comparison with risk-weighted assets (RWAs)</b>	<b>3,891,800</b>	<b>3,382,951</b>
<b>Regulatory Capital – Tier I</b>	<b>3,736,700</b>	<b>3,237,038</b>
Equity	3,736,700	3,237,038
<b>Valuation adjustments to equity –derivatives for cash flow hedge</b>	<b>(633)</b>	<b>(1,401)</b>
Prudential adjustment - Bacen Resolution 4277/13	(633)	(1,401)
<b>Regulatory Capital - Tier II</b>	<b>155,733</b>	<b>147,314</b>
Subordinated debts (Note 21)	155,733	147,314
<b>Risk-Weighted Assets (RWA)</b>	<b>24,665,476</b>	<b>23,016,753</b>
Exposure to credit risk - RWAcpad	21,542,820	18,725,498
Foreign exchange asset - RWAcam	910,067	1,564,403
Assets indexed to fixed interest - RWAjur1	260,147	444,052
Assets indexed to foreign exchange coupon - RWAjur2	281,242	185,619
Assets indexed to inflation - RWAjur3	7,171	100
Shares - RWApacs	101,581	87,783
Operational risk - RWAopad	1,562,448	2,009,298
<b>Minimum Required Regulatory Capital (RWA x 8.00%) (8.625% in 2018) <sup>(1)</sup></b>	<b>1,973,238</b>	<b>1,985,195</b>
<b>Basel ratio - Total</b>	<b>15.78%</b>	<b>14.70%</b>
<b>Basel ratio - Tier I</b>	<b>15.15%</b>	<b>14.06%</b>
<b>Basel ratio - Tier II</b>	<b>0.63%</b>	<b>0.64%</b>
Portion of the interest rate in the Banking Book (Pbanking)	193,538	192,123

(1) The minimum required Regulatory Capital (PR), determined by CMN Resolution 4193/13, corresponding to the application of factor “F” on the amount of risk-weighted assets (RWA), will gradually decrease as follows: (i) 8.625% until December 31, 2018; (ii) 8% beginning January 1, 2019.

As at September 30, 2019 and December 31, 2018, the Bank’s Regulatory Capital exceeded by 97.23% and 70.41%, respectively, the minimum regulatory capital required by the BACEN.

27. EMPLOYEE BENEFITS

Education incentive and profit sharing programs

As part of its strategy of being ranked among the best companies to work in Brazil, the Bank invests in the training and welfare of its employees, through programs involving college and MBA and postgraduate students, participates in the federal government’s Minor Apprentice program, and implements its own internship programs.

The Bank offers a profit sharing program to all employees. This program is designed in partnership with the Union of Bank Employees and is tied to performance goals annually evaluated, using the criteria according to the Performance Evaluation program.

28. GUARANTEES AND COLLATERALS PROVIDED ON BEHALF OF THIRD PARTIES (BANK AND CONSOLIDATED)

a) Breakdown by type and maturity date of guarantees and collaterals provided and responsibilities to third parties:

	September 30, 2019		December 31, 2018	
	Outstanding credits for import	Beneficiaries of guarantees provided	Outstanding credits for import	Beneficiaries of guarantees provided
Up to 3 months	19,042	1,107,339	-	719,764
3 to 12 months	30,406	1,048,170	114,594	344,071
1 to 3 years	-	76,765	63	141,897
3 to 5 years	-	81,517	-	63,359
Over 5 years		632	-	-
Total	49,448	2,314,423	114,657	1,269,091

The Bank does not guarantee any transaction of direct and indirect subsidiaries, their officers and directors and their family members.

b) Provision for guarantees and collaterals provided and responsibilities to third parties:

As prescribed by CMN Resolution No. 4512/16 on accounting policies applicable to the assessment and recognition of the provision for financial guarantees provided, the Bank has recorded the provision for bank guarantees based on the parameters established by CMN Resolution No. 2682/99, which requires the periodical analysis of the portfolio and its classification into nine levels (“AA” (minimum risk) and “H” (maximum risk - loss).

	September 30, 2019			
	Total guarantees and collaterals	Provision		
		Required by BACEN Res. 4512/16	Additional <sup>(1)</sup>	Total provision
AA	1,530,127	-	-	-
A	322,143	1,611	966	2,577
B	495,530	4,955	9,415	14,370
C	7,829	235	337	572
D	6,557	656	-	656
F	359	180	-	180
H	1,326	1,326	-	1,326
Total provision for transactions with characteristics of loans (Note 20.d)	2,363,871	8,963	10,718	19,681

	December 31, 2018			
	Total guarantees and collaterals	Provision		
		Required by BACEN Res. 4512/16	Additional <sup>(1)</sup>	Total provision
AA	557,170	-	-	-
A	345,770	1,729	1,383	3,112
B	448,903	4,489	8,529	13,018
C	11,116	333	145	478
D	19,549	1,955	-	1,955
E	318	95	-	95
F	514	257	-	257
H	408	408	-	408
Total provision for transactions with characteristics of loans (Note 20.d)	1,383,748	9,266	10,057	19,323

(1) Additional allowance recognized in relation to the minimum percentage required by the prevailing regulation, based on a specific credit risk assessment methodology.

c) Variations in the provision for guarantees and collaterals provided and responsibilities to third parties:

Quarter ended September 30, 2019	Opening provision balance	Recognition (reversal) of provision			Closing provision balance
		Required by BACEN Res. 4512/16 <sup>(1)</sup>	Additional	Total provision expenses	
Bank	15,069	3,434	1,178	4,612	19,681
Total	15,069	3,434	1,178	4,612	19,681
Current liabilities – sundry payables - provision for financial guarantees provided					18,143
Noncurrent long-term liabilities - sundry payables - provision for financial guarantees provided					1,538
Total					19,681

Nine-month period ended September 30, 2019	Opening provision balance	Recognition (reversal) of provision			Closing provision balance
		Required by BACEN Res. 4512/16 <sup>(1)</sup>	Additional	Total provision expenses	
Bank	19,323	1,452	(1,094)	358	19,681
Total	19,323	1,452	(1,094)	358	19,681
Current liabilities – sundry payables - provision for financial guarantees provided					18,143
Noncurrent long-term liabilities - sundry payables - provision for financial guarantees provided					1,538
Total					19,681

December 31, 2018	Opening provision balance	Recognition (reversal) of provision			Closing provision balance
		Required by BACEN Res. 4512/16 <sup>(1)</sup>	Additional	Total provision expenses	
Bank	8,401	865	10,057	10,922	19,323
Total	8,401	865	10,057	10,922	19,323
Current liabilities – sundry payables - provision for financial guarantees provided					18,236
Noncurrent long-term liabilities - sundry payables - provision for financial guarantees provided					1,087
Total					19,323

(1) As prescribed by CMN Resolution No. 4512/16 on accounting policies applicable to the assessment and recognition of the provision for financial guarantees provided, the Bank has recorded the provision for bank guarantees based on the parameters established by CMN Resolution No. 2682/99, which requires the periodical analysis of the portfolio and its classification into nine levels “AA” (minimum risk) and “H” (maximum risk - loss).



29. RELATED-PARTY TRANSACTIONS

a) The direct and indirect subsidiaries and the Bank’s shareholders enter into transactions with the Bank under usual market conditions. These transactions are contracted at rates consistent with those prevailing in the market on the transaction and settlement dates.

The table below shows the transactions between the Bank and its related parties as at September 30, 2019 and December 31, 2018:

Transactions	Bank			
	September 30, 2019		December 31, 2018	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
<b>Demand deposits</b>	<b>(3,850)</b>	-	<b>(2,670)</b>	-
<b>Direct subsidiaries</b>	<b>(224)</b>	-	<b>(182)</b>	-
ACS Participações Ltda.	(5)	-	(83)	-
Daycoval Asset Management Ltda.	(37)	-	(16)	-
Daycoval Leasing - Banco Múltiplo S.A.	(170)	-	(64)	-
Dayprev Vida e Previdência S.A.	(12)	-	(19)	-
<b>Indirect subsidiaries</b>	<b>(586)</b>	-	<b>(855)</b>	-
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(146)	-	(134)	-
SCC Agência de Turismo Ltda.	(8)	-	(15)	-
Treetop Investments Ltd.	(432)	-	(706)	-
<b>Other associates</b>	<b>(3)</b>	-	<b>(4)</b>	-
Shtar Empreendimentos e Participações S.A.	(1)	-	(2)	-
Paratei Agropecuária e Imobiliária Ltda.	(1)	-	(1)	-
Valco Adm. Part. e Representações Ltda.	(1)	-	(1)	-
<b>Other related parties – individuals</b>	<b>(3,037)</b>	-	<b>(1,629)</b>	-
<b>Interbank deposits</b>	<b>594,629</b>	<b>8,921</b>	<b>370,536</b>	<b>16,751</b>
<b>Direct subsidiaries</b>	<b>594,629</b>	<b>8,921</b>	<b>370,536</b>	<b>16,751</b>
Daycoval Leasing - Banco Múltiplo S.A.	594,629	8,921	370,536	16,751
<b>Time Deposits</b>	<b>(278,319)</b>	<b>(43,561)</b>	<b>(258,758)</b>	<b>(17,259)</b>
<b>Direct subsidiaries</b>	-	<b>(2)</b>	-	<b>(308)</b>
ACS Participações Ltda.	-	(2)	-	(290)
Daycoval Asset Management Ltda.	-	-	-	(18)
<b>Indirect subsidiaries</b>	<b>(78,731)</b>	<b>(4,069)</b>	<b>(69,867)</b>	<b>(5,039)</b>
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(42,515)	(2,565)	(57,116)	(4,180)
SCC Agência de Turismo Ltda.	(13,124)	(649)	(12,751)	(859)
Treetop Investments Ltd.	(23,092)	(855)	-	-
<b>Other related parties – individuals</b>	<b>(199,588)</b>	<b>(39,490)</b>	<b>(188,891)</b>	<b>(11,912)</b>
<b>Financial bills</b>	<b>(686,987)</b>	<b>(57,224)</b>	<b>(701,831)</b>	<b>(51,395)</b>
<b>Direct subsidiaries</b>	<b>(366,347)</b>	<b>(26,809)</b>	<b>(566,358)</b>	<b>(37,982)</b>
ACS Participações Ltda.	(366,347)	(26,809)	(566,358)	(37,982)
<b>Other related parties – individuals</b>	<b>(168,316)</b>	<b>(28,091)</b>	<b>(135,473)</b>	<b>(13,413)</b>
<b>Indirect subsidiaries</b>	<b>(152,324)</b>	<b>(2,324)</b>	-	-
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(152,324)	(2,324)	-	-
<b>Agribusiness letter of credit</b>	<b>(9,188)</b>	<b>(11,571)</b>	<b>(1,367)</b>	<b>(452)</b>
Other related parties – individuals	(9,188)	(11,571)	(1,367)	(452)
<b>Mortgage Loan Notes</b>	<b>(25,535)</b>	<b>(4,592)</b>	<b>(2,997)</b>	<b>(403)</b>
Other related parties – individuals	(25,535)	(4,592)	(2,997)	(403)
<b>Securities issued abroad</b>	-	<b>(392)</b>	<b>(29,392)</b>	<b>(3,053)</b>
<b>Indirect subsidiaries</b>	-	<b>(392)</b>	<b>(29,392)</b>	<b>(3,053)</b>
Treetop Investments Ltd.	-	(392)	(29,392)	(3,053)
<b>Prepaid expenses</b>	<b>366</b>	<b>(12,964)</b>	<b>1,075</b>	<b>(24,369)</b>
<b>Indirect subsidiaries</b>	<b>366</b>	<b>(12,964)</b>	<b>1,075</b>	<b>(24,369)</b>
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	366	(12,964)	1,075	(24,369)

Transactions	Daycoval Leasing			
	September 30, 2019		December 31, 2018	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
<b>Interbank deposits</b>	<b>(594,629)</b>	<b>(8,921)</b>	<b>(370,536)</b>	<b>(16,751)</b>
<b>Controlling shareholder</b>	<b>(594,629)</b>	<b>(8,921)</b>	<b>(370,536)</b>	<b>(16,751)</b>
Banco Daycoval S.A.	(594,629)	(8,921)	(370,536)	(16,751)

b) The table below shows the yield rates and respective terms of the transactions between the Bank and its related parties as at September 30, 2019:

Description	Interest rate	Assets (liabilities)				Total
		Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	
Interbank deposits		594,629	-	-	-	594,629
Direct subsidiaries		594,629	-	-	-	594,629
Daycoval Leasing - Banco Múltiplo S.A.	Floating	594,629	-	-	-	594,629
Time deposits		(22,449)	(54,464)	(123,627)	(77,779)	(278,319)
Indirect subsidiaries		-	(51,191)	(314)	(27,226)	(78,731)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	Floating	-	(38,039)	(314)	(4,162)	(42,515)
SCC Agência de Turismo Ltda.	Floating	-	(13,124)	-	-	(13,124)
Treetop Investments Ltd.	Fixed	-	(28)	-	(23,064)	(23,092)
Other related parties - individuals	Fixed /Floating	(22,449)	(3,273)	(123,313)	(50,553)	(199,588)
Financial bills		(6,481)	(119,809)	(32,225)	(528,472)	(686,987)
Direct subsidiaries		-	-	(14,302)	(352,045)	(366,347)
ACS Participações Ltda.	Fixed /Floating	-	-	(14,302)	(352,045)	(366,347)
Other related parties - individuals	Fixed /Floating	(6,481)	(119,809)	(17,923)	(24,103)	(168,316)
Indirect subsidiaries		-	-	-	(152,324)	(152,324)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	Floating	-	-	-	(152,324)	(152,324)
Agribusiness letter of credit		(1,628)	(7,070)	(490)	-	(9,188)
Other related parties - individuals	Fixed /Floating	(1,628)	(7,070)	(490)	-	(9,188)
Mortgage Loan Notes		(2,347)	(8,855)	(13,149)	(1,184)	(25,535)
Other related parties - individuals	Fixed /Floating	(2,347)	(8,855)	(13,149)	(1,184)	(25,535)
Prepaid expenses		-	-	-	-	-
Indirect subsidiaries		46	320	-	-	366
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	n.a.	46	320	-	-	366

(1) Interest rates range between: (i) fixed from 10.81% to 17.40% p.a.; and (ii) floating from 93.50% to 115% of the CDI rate.

c) Compensation of key management personnel:

The Annual Shareholders’ Meeting sets the overall compensation of Management, as established by the Bank’s bylaws.

The Annual Shareholders' Meetings held on April 30, 2019 established the overall compensation of up to R\$70 million (R\$70 million for the year ended December 31, 2018) for the year ending December 31, 2019.

	September 30, 2019	December 31, 2018
Total compensation	45,249	45,471
Direct and fringe benefits (healthcare plan)	819	953

The Bank does not offer other short or long-term post-employment or severance benefits to its key management personnel

d) Ownership interest:

As at September 30, 2019 and December 31, 2018, the members of the Board of Directors and the Executive Committee held jointly the following interest in the Bank’s capital:

	Ownership interest in relation to share class	
	September 30, 2019	December 31, 2018
Common shares (ON)	100.00%	100.00%



## 30. OTHER INFORMATION

### a) Asset management:

The Bank Daycoval S/A and Daycoval Asset Management is responsible for administering and managing third-party assets through investment funds, whose net assets as at September 30, 2019 are R\$8.6 billion (R\$3.7 billion as at December 31, 2018).

### b) Insurance coverage against losses:

Despite the low risk exposure as a result of their assets not being physically concentrated, the Bank and its subsidiaries insure their assets at amounts considered sufficient to cover probable losses.

### c) Relationship with Auditors:

In accordance with CVM Instruction 381, of January 14, 2003, we inform that the firm engaged to review the Bank's interim information and audit the financial statements for the quarter and the nine-month period ended September 30, 2019, has not provided any other services to the Bank and the Group companies, other than the

Our policy, including our subsidiaries, to engage non-audit services from our independent auditors, is based on applicable regulation and internationally accepted principles that preserve the independence of the auditor. These principles consist of: (a) the auditor must not audit its own work; (b) the auditor must not exercise managerial functions in its client; and (c) the auditor must not promote the interests of its client.

### d) Audit Committee:

As required by CMN Resolution 3198/04, and with a view to adopting the industry best practices when conducting its businesses, Extraordinary General Meeting held on March 26, 2009 has decided on and approved the establishment of an Audit Committee, which will be comprised of 3 independent members, pursuant to the prevailing legislation. The establishment of this committee was ratified by the Central Bank of Brazil on May 26, 2009.

31. INTEGRATED RISK AND CAPITAL MANAGEMENT

On February 23, 2017, BACEN has disclosed CMN Resolution No. 4557, which was effective for the banks from S2 to S5 segments, defined pursuant to CMN Resolution No. 4.553/17, beginning February 22, 2018, and revoked CMN Resolutions No. 3380, 3464, 3721, 3988, and 4090, which provided for the implementation of individual operating, market, credit, capital and liquidity risk management frameworks, respectively.

Daycoval, in addition to being aligned with the requirements set out in CMN Resolution No. 4557, understands the integrated risk management as an important tool for the generation of value to the Bank, shareholders, employees and clients. Accordingly, it establishes strategies and goals to reach the ideal balance between the growth and investment return targets and the related risks, being allowed to explore its resources with efficiency and effectiveness in the attainment of the Bank's objectives.

The Corporate Risk Management structuring, in addition to complying with the regulatory body requirements, contributes to a better Corporate Governance, which is one of Daycoval's strategic goals, and which was designed based on the purposes, demands and institutional culture.

The identification of risks allows mapping the internal and external risk events that could affect the business unit purposes. In this regard, the Risk Committees and the risk managers play an important role in the Bank's several areas to ensure its continuous expansion.

The Risk Managers identify, measure, control, assess and manage the risks, ensuring the consistency between the risks assumed and the acceptable risk level defined by the Institution, as well as report the exposure to the senior management, business areas and regulatory bodies.

In addition to the requirement to implement an integrated risk and capital management framework, CMN Resolution No. 4557/17 also required financial institutions to prepare the Risk Appetite Statement (RAS) and to establish a Risk Management Committee and appoint, to BACEN, the Chief Risk Officer (CRO), with designation of roles, responsibilities and independence requirements.

Main risk categories and respective management frameworks:

a) Market risk

Market risk is the risk of incurring losses due to fluctuations in the fair values of the positions held by a financial institution, including the risks to which the transactions subject to exchange rate changes, interest rates, stock prices, and commodity prices are exposed.

a.1) Main market risks to which Daycoval is exposed:

Interest rate risk

Possible interest rate fluctuations that could adversely affect the value of the financial instruments. This risk is classified as follows:

- Parallel change risk: exposure of profit and loss to parallel changes in the interest curve, resulting in equal differentials for all terms.
- Risk of changes in curve slop: exposure of profit or loss to the changes in the timeframe structure of the interest curve, resulting in changes in pending or curve form.

Currency price risk

The exposure of foreign currency positions to the changes in the exchange type.

Price risk

The exposure of outstanding securities to adverse market price fluctuations. This risk is classified as follows:

- Generic or systematic risk: exposure of the position value to the changes in prices in general;
- Specific risk: exposure not related to the changes in prices in general but related to the issuer's own characteristics

Commodity price risk

The risk related to the effects from the potential changes in the portfolio commodity prices.

**a.2) Market Risk management methodologies**

**Value-at-Risk (VaR)**

The Value-at-Risk or VaR is the benchmark used in the market and a measure that properly summarizes the market risk exposure from the trading activities (trading portfolio). It represents the potential maximum loss in the market value that, under normal market conditions, can result in a specific position or portfolio, considering a defined certainty level (confidence level) and time horizon.

Among the different methodologies available to calculate the VaR (parametric, historical simulation and Montecarlo simulation), Daycoval understands that the parametric methodology is the most adequate to the characteristics of the positions of its trading portfolio.

**Parametric methodology**

It is based on the normality statistics in the distribution of probabilities related to the risk factor changes, based on the volatilities and correlations to determine the potential change of a position. Accordingly, the risk factors must be identified and the positions must be allocated to the defined vertices. Subsequently, the volatilities of each risk factor and the correlations to the positions are applied.

**a.3) Stress test**

It is a supplementary tool to the VaR measures and scenario analysis used to measure and assess the risk to which the Bank is exposed. It is based on the definition of a set of movements for certain market variables and the determination of the effects from the movements on the portfolio value. The stress test results are periodically analyzed by the Market Risk Committee.

**a.4) Scenario analysis**

The purpose of the scenario analysis is to assist the senior management in understanding the impact caused by certain events on the Bank, using a risk analysis tool that defines the long-term scenarios that affect the parameters or variables defined for risk measurement.

Differently from the stress tests, which consider the impact from the changes in the market risk factors on the short-term portfolio, the scenario analysis determines the impact from more complex events on the Bank as a whole.

In the definition of the scenarios, the following factors are considered:

- The experience and expertise of the persons responsible for the areas involved;
- The proper number of relevant variables and their explanation power in order to avoid unnecessary problems in the analysis and interpretation of the results.

As a risk management governance practice, Daycoval and its subsidiaries adopt a continuous risk management process that involves controlling all the positions exposed to the market risk. The market risk limits are determined according to the characteristics of the operations, which are segregated in the following portfolios:

- Trading portfolio: refers to transactions with financial instruments and commodities, including derivatives, that are held for the purpose of being actively traded or to hedge other financial instruments comprising the trading portfolio. These held-for-trading transactions are those intended for the resale, obtain gains from actual or expected price fluctuations, or arbitrage.
- Banking portfolio: refers to all transactions that are not classified in the trading portfolio and are represented by transactions arising from the Bank’s business lines.

The segregation above is related to the way Management manages Daycoval's business and its exposure to the market risks, in conformity with the best market practices, the transaction classification criteria set forth in prevailing regulations issued by BACEN and the –Basel Accord. Therefore, according to the nature of the activities, the sensitivity analysis, as prescribed by CVM Instruction 475/08, was conducted for the trading and banking portfolio operations, as they represent significant exposures for Daycoval's profit or loss.

The sensitivity analysis of the trading and banking portfolios as at September 30, 2019 and December 31, 2018 is as follows:

Financial exposures Risk factors	September 30, 2019			December 31, 2018		
	Scenarios			Scenarios		
	1	2	3	1	2	3
Fixed rate	(22,570)	(38,627)	(54,302)	(12,952)	(24,328)	(35,450)
Foreign currencies	7,164	13,187	14,389	10,447	29,503	48,796
Price indices	(21)	(29)	(36)	(4)	(6)	(8)
Variable income	(7,642)	(18,469)	(29,295)	(7,098)	(17,154)	(27,209)
Borrowings	(2,305)	(3,311)	(5,765)	(6,340)	(11,853)	(17,198)
Other	(398)	(599)	(801)	(16)	(60)	(103)
Total Trading	(25,772)	(47,848)	(75,810)	(15,963)	(23,898)	(31,172)
Total Banking	(295,875)	(500,804)	(701,321)	(234,581)	(437,350)	(631,955)
Total	(321,647)	(548,652)	(777,131)	(250,544)	(461,248)	(663,127)

The sensitivity analysis was carried out considering the following scenarios:

- Scenario 1: refers to the probable stress scenario for risk factors, and available market information (B3 S.A., ANBIMA, etc.) was used as basis for the preparation of this scenario. Accordingly, the risk factors considered were as follows: (i) R\$/US\$4.74 (R\$/US\$4.41 as at December 31, 2018); (ii) fixed interest rate – 7.37%p.a. (9.05%p.a. as at December 31, 2018); (iii) Ibovespa – 89,034 points (74,704 points as at December 31, 2018); and (iv) Exchange Coupom 5.39% p.a. (6.22%p.a. as at December 31, 2018).
- Scenario 2: As established by CVM Instruction 475/08, this scenario considered a deterioration of the risk factors of approximately 25%. Accordingly, the risk factors considered were as follows: (i) R\$/US\$5.92 (R\$/US\$5.51 as at December 31, 2018); (ii) fixed interest rate – 9.21%p.a. (11.31%p.a. as at December 31, 2018); (iii) Ibovespa – 66,775 points (56,028 points as at December 31, 2018); and (iv) Exchange Coupon 6.74%p.a. (7.78%p.a. as at December 31, 2018).
- Scenario 3: As established by CVM Instruction 475/08, this scenario considered a deterioration of the risk factors of approximately 50%. Accordingly, the risk factors considered were as follows: (i) R\$/US\$7.11 (R\$/US\$6.61 as at December 31, 2018); (ii) fixed interest rate 11.06%p.a. (13.58%p.a. as at December 31, 2018); (iii) Ibovespa - 44,517 points (37,352 points as at December 31, 2018); and (iv) Exchange Coupon 8.09%p.a. (9.33%p.a. as at December 31, 2018).

It is important to mention that the results shown in the tables above reflect the impacts for each scenario projected on a static position of the portfolio as at September 30, 2019 and December 31, 2018. The market dynamics changes this position continually and does not necessary reflect the actual position on the reporting date. Additionally, as mentioned above, the Trading and banking portfolio positions are continuously managed to mitigate the related risks, according to the strategy defined by Management and, when there are any indication of deterioration of a certain position, proactive actions are taken to minimize possible adverse impacts to maximize the risk/return ratio for the Bank.

a.5) Backtesting

Backtesting is the comparison between the former estimated gain/loss and the effective gain/loss. The purpose is to analyze the model adequacy. For purposes of backtesting, effective gains/losses are used for each business unit.

b) Liquidity risk

Liquidity risk is the risk of mismatches between tradable assets and payable liabilities — payables and receivables mismatches — that might affect the payment ability of the Bank, taking into consideration the different currencies and settlement terms of its assets and liabilities.

The model risk is not included among them, which is defined as the potential loss for incorrect estimates and calculation of the parameters and assumptions included in the liquidity risk management methodologies. This risk is more related to the operations rather than liquidity.

c) Credit risk

The credit risk is the risk of incurring losses due to borrower or counterparty default under agreed financial obligations, the depreciation of a credit agreement due to the downgrading of the borrowers’ risk ratings, the decrease in gains or returns, the advantages granted in restructurings, and the recovery costs.

Classification of operations

For the classification of the lending operations, Daycoval adopts consistent, verifiable criteria that combine the borrower’s economic, financial, personal and market information with the accessory collaterals provided for the operation. Based on this information, the minimum provision will be recognized to cover the risks assumed, as prescribed by BACEN Resolution 2682/99.

Daycoval credit scoring models

These are statistical models designed and used for risk rating in the credit granting process following the adoption of the credit policies previously analyzed and approved.

Treasury - financing of government bonds, over-the-counter derivatives and brokers

Low-risk strategies are adopted in the structuring of operations based on the exposure limit analysis against the counterparties’ equity, trading agreements previously agreed and according to the objective technical assessment conditions of the counterparties’ credit risk and strict selection of brokers related to prime banks to deal with the positions allocated.

d) Operational risk

Operational risk is the possibility of an entity incurring losses due to failure, deficiency or ineffectiveness of internal processes, people and systems, or external events. It includes the legal risk associated to inadequacy or deficiency in contracts entered into by the Bank, as well as penalties due to noncompliance with legal provisions, and compensation paid for damages caused to third parties as a result of the activities conducted by the Bank.

In managing operational risks, the Bank relies on a qualified risk management framework to identify, control and identify operational risks, as well as to disseminate the risk mitigation culture.

e) Social and environmental risk

Refers to the possibility of incurring losses arising from social and environmental damages, related to each entity individually, comprising Daycoval Group, in accordance with the following principles:

- Significance: Establishes as significance criterion the most representative segment in its product portfolio; and
- Proportionality: Establishes as proportionality criterion the credit operations of the most significant segment, whose economic activity may pose a higher risk of causing social and environmental damages associated with the customer’s total debt amount in an institution.

32. EVENTS AFTER THE REPORTING PERIOD

a) Distribution of prior-years’ dividends

The Meeting of the Board of Directors held on October 8, 2019 approved the distribution of dividends to shareholders on prior-years’ profits, in the amount of R\$150,001, at the price of R\$0.64986 per share, “ad referendum” of the General Meeting that approves the financial statements for 2019. Dividends were made available to Daycoval’s shareholders on October 15, 2019.

Administration

Luiz Alexandre Cadarin  
Contador  
CRC 1SP243564/O-2

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 09/30/2019 - BCO DAYCOVAL S.A.

Version: 1

**Commentary on the Behavior of Business Projections**

Not applicable.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 09/30/2019 - BCO DAYCOVAL S.A.

Version: 1

**Other Information that the Company understands Relevant**

Not applicable.



(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 09/30/2019 - BCO DAYCOVAL S.A.

Version: 1

**Opinions and Declarations / Opinion of the Fiscal Council or Equivalent Body**

Up to the date of presentation of the financial statements, there is no Fiscal Council installed.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 09/30/2019 - BCO DAYCOVAL S.A.

Version: 1

**Summarized Audit Committee Opinions and Statements / Report (statutory, set forth in specific CVM regulation)**

Not applicable for the quarter ended September 30, 2019.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ITR - Interim Financial Information - 06/30/2019 - BCO DAYCOVAL S.A.

Version: 1

**Summarized Audit Committee Opinions and Statements / Opinion or Report, if any (either statutory or not)**

Not applicable for the quarter ended September 30, 2019.

**Opinions and Statements / Statement of Directors on the Financial Statements**

**DECLARATION ON FINANCIAL STATEMENTS**

In compliance with CVM Instruction 480/09, the directors of Banco Daycoval S.A., a publicly-held company registered with the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias & Futuros in Category B, hereby DECLARES that they reviewed, discussed and agreed to the financial statements for the quarter ended September 30, 2019.

São Paulo, November 05, 2019.

SALIM DAYAN  
Executive Director

MORRIS DAYAN  
Executive Director

CARLOS MOCHE DAYAN  
Executive Director

ALBERT ROUBEN  
Director

MARIA REGINA R. M. NOGUEIRA  
Director

NILO CAVARZAN  
Director

RICARDO GELBAUM  
Director

ALEXANDRE TEIXEIRA  
Director

ALEXANDRE RHEIN  
Director

PAULO AUGUSTO LUZ FERREIRA SABA  
Director

EDUARDO CAMPOS RAYMUNDO  
Director

CLAUDINEI APARECIDO PEDRO  
Director

ELIE JACQUES MIZRAHI  
Director

ERICK WARNER DE CARVALHO  
Director

**Opinions and Statements / Statement of Directors on the Report of the Independent Auditors**

DECLARATION ON THE REPORT OF THE INDEPENDENT AUDITORS

Pursuant to CVM Instruction No. 480/09, the directors of Banco Daycoval S.A., a publicly-held company registered with the CVM in Category B, hereby DECLARES that they have reviewed, discussed and agreed with the opinions expressed in the Independent Auditors' Quarterly Information, Deloitte Touche Tohmatsu - Auditores Independentes, referring to the financial statements for the quarter ended September 30, 2019.

São Paulo, November 05, 2019.

SALIM DAYAN  
Executive Director

MORRIS DAYAN  
Executive Director

CARLOS MOCHE DAYAN  
Executive Director

ALBERT ROUBEN  
Director

MARIA REGINA R. M. NOGUEIRA  
Director

NILO CAVARZAN  
Director

RICARDO GELBAUM  
Director

ALEXANDRE TEIXEIRA  
Director

ALEXANDRE RHEIN  
Director

PAULO AUGUSTO LUZ FERREIRA SABA  
Director

EDUARDO CAMPOS RAYMUNDO  
Director

CLAUDINEI APARECIDO PEDRO  
Director

ELIE JACQUES MIZRAHI  
Director

ERICK WARNER DE CARVALHO  
Director