

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

Banco Daycoval S.A.

Individual and Consolidated
Interim Financial Information for the
Quarter Ended June 30, 2020 and
Report on Review of Interim
Financial Information

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.

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 June 30, 2020, which comprises the balance sheet as at June 30, 2020 and the related income statement and statement of comprehensive income for the three and six-month periods then ended and the statement of changes in equity and statement of cash flows for the six-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 accounting practices adopted in Brazil, applicable to 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 interim financial information referred to above was not prepared, in all material respects, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by Central Bank of Brazil - BACEN, and presented in accordance with the standards issued by Brazilian Securities and Exchange Commission - CVM.

Other matter

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added - DVA for the six-month period ended June 30, 2020, 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 Brazilian Securities and Exchange Commission - CVM applicable to the preparation of Interim Financial Information - ITR. These statements were subject to review procedures performed together with the review of the Interim Financial Information - ITR to reach a conclusion on whether they were reconciled with the individual and consolidated interim financial information and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that these statements of value added were not appropriately prepared, in all material respects, in relation to the 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, August 5, 2020

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Carlos Claro
Engagement Partner

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Company information / Capital arrangement

**Number of shares
(Units)**

**Current Quarter
06/30/2020**

Paid-in Capital

Common shares

1,323,471,042

Preferred shares

567,201,876

Total

1,890,672,918

Treasury Shares

Common shares

0

Preferred shares

0

Total

0

Company information / Dividends and interest on capital

Event	Approved	Earnings	Beginning of payment	Share type	Share class	Earningsper share(R\$ /share)
Ordinary General Meeting	06/30/2020	Interest on capital	07/15/2020	Common		0.02356
Ordinary General Meeting	06/30/2020	Interest on capital	07/15/2020	Preferred		0.02356

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

Account number	Account description	Current quarter 06/30/2020	Prior year 12/31/2019
1	Total Assets	40,641,233	35,270,442
1.01	Current Assets	26,622,499	23,371,214
1.01.01	Cash and cash equivalents	221,533	357,331
1.01.02	Interbank investments	8,551,106	5,546,407
1.01.02.01	Money market investments	7,052,542	4,223,649
1.01.02.02	Interbank deposits	1,239,617	992,662
1.01.02.03	Foreign currency investments	258,947	330,096
1.01.03	Securities and derivatives	1,862,502	364,902
1.01.03.01	Own portfolio	148,687	140,733
1.01.03.02	Linked to repurchase commitments	236,581	192,481
1.01.03.03	Derivatives	1,474,922	29,416
1.01.03.05	Linked to guarantees	2,312	2,272
1.01.04	Interbank accounts	99,964	68,508
1.01.04.01	Unsettled payments and receipts	4,141	0
1.01.04.02	Restricted deposits - Central Bank of Brazil	95,358	67,220
1.01.04.03	Correspondents	465	1,288
1.01.06	Lending operations	9,080,503	9,065,465
1.01.06.01	Lending operations - public sector	95,091	80,320
1.01.06.02	Lending operations - private sector	9,686,873	9,596,635
1.01.06.04	(Allowance for loan losses)	- 701,461 -	611,490
1.01.08	Other receivables	6,683,360	7,852,762
1.01.08.01	Guarantees and collaterals	0	1,015
1.01.08.02	Foreign exchange portfolio	2,524,662	1,444,563
1.01.08.03	Income receivable	22,219	20,373
1.01.08.04	Trading account	7,624	12,207
1.01.08.05	Other	4,228,150	6,530,162
1.01.08.06	(Allowance for other loan losses)	- 99,295 -	155,558
1.01.09	Other assets	123,531	115,839
1.01.09.01	Reposessed assets	128,996	117,161
1.01.09.02	(Allowance for reposessed assets losses)	- 12,723 -	8,337
1.01.09.03	Prepaid expenses	7,258	7,015
1.02	Noncurrent Long-Term Assets	12,579,093	10,518,329
1.02.01	Interbank investments	3,568	10,806
1.02.01.01	Interbank deposits	3,568	10,806
1.02.02	Securities and derivatives	2,615,451	1,448,907
1.02.02.01	Own portfolio	2,113,495	1,032,483
1.02.02.02	Linked to repurchase commitments	22,368	0
1.02.02.03	Derivatives	0	111,650
1.02.02.04	Linked to guarantees	479,588	304,774
1.02.05	Lending operations	7,066,467	6,751,630
1.02.05.01	Lending operations - Public sector	136,661	111,942
1.02.05.02	Lending operations - Private sector	7,480,072	7,145,181
1.02.05.03	(Allowance for loan losses)	- 550,266 -	505,493
1.02.07	Other receivables	2,878,816	2,288,760
1.02.07.01	Foreign exchange portfolio	21,940	0
1.02.07.02	Other sundry credits	2,857,337	2,289,072

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

Account number	Account description		Current quarter 06/30/2020	Prior year 12/31/2019
1.02.07.03	(Allowance for loan losses)	-	461 -	579
1.02.07.04	Trading account		0	267
1.02.08	Other assets		14,791	18,226
1.02.08.01	Prepaid expenses		14,791	18,226
1.03	Permanent Assets		1,439,641	1,380,899
1.03.01	Investments		1,374,038	1,312,983
1.03.01.02	In local subsidiaries		1,370,545	1,310,097
1.03.01.04	Other investments		3,493	2,886
1.03.02	Fixed assets		65,603	67,916
1.03.02.02	Other property and equipment in use		107,404	104,537
1.03.02.03	Accumulated Depreciation	-	41,801 -	36,621

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

Account number	Account description	Current quarter 06/30/2020	Prior year 12/31/2019
2	Total Liabilities	40,641,233	35,270,442
2.01	Current Liabilities	18,694,456	15,208,437
2.01.01	Deposits	4,586,702	4,370,951
2.01.01.01	Demand deposits	1,119,701	1,082,182
2.01.01.02	Interbank deposits	379,992	221,833
2.01.01.03	Time deposits	3,081,494	3,050,335
2.01.01.04	Foreign currency deposits	5,515	16,601
2.01.02	Money market funding	1,828,932	2,517,947
2.01.02.01	Own portfolio	263,392	192,448
2.01.02.02	Third parties	1,565,540	2,325,499
2.01.03	Funds from acceptance and issuance of sec	8,505,370	4,975,041
2.01.03.01	Mortgage loan notes	705,500	601,114
2.01.03.02	Agribusiness letter of credit	856,831	759,743
2.01.03.03	Financial bills	6,939,082	3,610,758
2.01.03.04	Securities issued abroad	3,957	3,426
2.01.04	Interbank accounts	14,960	1,609
2.01.05	Interbank accounts	91,664	143,269
2.01.06	Borrowings	931,933	1,141,272
2.01.06.01	Foreign borrowings	931,933	1,141,272
2.01.07	Domestic onlendings	51,328	118,070
2.01.07.01	BNDES	32,434	77,308
2.01.07.02	FINAME	18,894	40,762
2.01.09	Other payables	2,683,567	1,940,278
2.01.09.01	Collected taxes and other	11,951	8,988
2.01.09.02	Foreign exchange portfolio	2,059,080	817,802
2.01.09.03	Social and statutory	92,823	207,445
2.01.09.04	Tax and social security	286,286	541,450
2.01.09.05	Trading account	7,906	7,776
2.01.09.06	Derivatives	33,314	27,019
2.01.09.07	Other	192,207	329,798
2.02	Noncurrent Long-Term Liabilities	17,789,650	16,330,014
2.02.01	Deposits	5,067,307	4,024,383
2.02.01.01	Interbank deposits	329,583	26,533
2.02.01.02	Time deposits	4,737,724	3,997,850
2.02.03	Funds from acceptance and issuance of sec	6,855,202	7,654,211
2.02.03.01	Mortgage loan notes	255,211	244,784
2.02.03.02	Agribusiness letter of credit	7,129	23,538
2.02.03.03	Financial bills	4,186,334	5,977,772
2.02.03.04	Securities issued abroad	2,406,528	1,408,117
2.02.06	Borrowings	3,094,051	2,320,915
2.02.06.01	Foreign borrowings	3,094,051	2,320,915
2.02.07	Domestic onlendings	132,607	107,146
2.02.07.01	BNDES	49,824	33,317
2.02.07.02	FINAME	82,783	73,829
2.02.09	Other payables	2,640,483	2,223,359
2.02.09.01	Foreign exchange portfolio	22,046	0

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

Account number	Account description	Current quarter 06/30/2020	Prior year 12/31/2019
2.02.09.02	Tax and social security	338,123	217,930
2.02.09.03	Derivatives	2,942	73,956
2.02.09.04	Other	1,822,932	1,773,237
2.02.09.05	Subordinated debts	161,498	158,095
2.02.09.06	Trading account	0	141
2.02.09.07	Debt instruments eligible for capital	292,942	0
2.03	Deferred income	36,386	36,832
2.05	Equity	4,120,741	3,695,159
2.05.01	Paid-in Capital	3,557,260	2,253,595
2.05.01.01	Capital	3,557,260	2,253,595
2.05.02	Earnings reserves	279	1,142
2.05.04	Earnings reserves	32,753	1,427,789
2.05.04.01	Legal	32,753	254,751
2.05.04.02	Bylaws	0	1,047,772
2.05.04.06	Special reserve for undistributed dividends	0	125,266
2.05.05	Valuation adjustments to equity	- 2,073	12,633
2.05.05.01	Adjustments to securities	- 2,073	12,633
2.05.06	Retained earnings / accumulated losses	532,522	0

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

Account number	Account description	Current quarter		Prior year	
		04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
3.01	Income from Financial Intermediation	1,205,453	3,660,474	897,119	1,805,384
3.01.01	Lending Operations	859,781	1,835,706	778,360	1,563,719
3.01.03	Securities Transactions	84,600	214,880	121,928	239,611
3.01.04	Derivatives	259,360	1,554,981 -	44,888 -	86,405
3.01.05	Foreign Exchange Transactions	0	51,167	39,481	82,445
3.01.06	Sale or Transfer of Financial Assets	1,712	3,740	2,238	6,014
3.02	Expenses on Financial Intermediation	660,384 -	2,383,352 -	517,356 -	950,725
3.02.01	Funding Operations	336,543 -	1,077,202 -	322,345 -	605,671
3.02.02	Borrowings and Onlendings	226,441 -	1,059,252 -	1,267 -	25,923
3.02.04	Sale or Transfer of Financial Assets	4,175	0	0	0
3.02.05	Allowance for other loan losses	831 -	1,840 -	2,089 -	4,668
3.02.06	(Allowance for loan losses)	92,394 -	245,058 -	191,655 -	314,463
3.03	Gross Profit From Financial Intermediation	545,069	1,277,122	379,763	854,659
3.04	Other Operating (Expenses) Income	107,500 -	210,615 -	134,247 -	283,911
3.04.01	Income from Services Provided	39,697	98,650	46,733	89,776
3.04.02	Personnel Expenses	102,463 -	203,829 -	89,576 -	172,034
3.04.03	Other Administrative Expenses	108,756 -	262,242 -	131,003 -	258,128
3.04.04	Tax Expenses	36,990 -	84,300 -	35,800 -	69,689
3.04.05	Other Operating Income	127,303	286,492	129,880	228,347
3.04.06	Other Operating Expenses	52,889 -	107,607 -	76,802 -	149,318
3.04.07	Equity Income	26,598	62,221	22,321	47,135
3.05	Income from Operations	437,569	1,066,507	245,516	570,748
3.06	Nonoperating (Expenses) Income	3,356 -	5,796	3,490	3,429
3.06.01	Income	2,035	4,631	7,840	11,582
3.06.02	Expenses	5,391 -	10,427 -	4,350 -	8,153
3.07	Income Before Taxes on Income and Profit Sharing	434,213	1,060,711	249,006	574,177
3.08	Provision for Income Tax and Social Contribution	143,567 -	296,397 -	92,279 -	196,595
3.09	Deferred Tax Credits	4,009 -	53,327	26,916	41,362

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

Account number	Account description		Current quarter 04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	Prior year 04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
3.10	Statutory Participations / Contributions	-	27,454 -	55,924 -	20,533 -	40,196
3.10.01	Profit Sharing	-	27,454 -	55,924 -	20,533 -	40,196
3.13	Profit/Loss for the period		259,183	655,063	163,110	378,748
3.99	Earnings per share - (R\$ / share)		0.1371	0.3465	0.0863	0.2003

(In thousands of Brazilian reais - R\$)

Account number	Account description	Current quarter 04/01/2020 to 06/30/2020	01/01/2020 to 06/30/2020	Prior year 04/01/2019 to 06/30/2019	01/01/2019 to 06/30/2019
4.01	Profit for the Period	259,183	655,063	163,110	378,748
4.02	Other Comprehensive Income	9,416 -	14,706 -	775	7,361
4.02.01	Fair value adjustment of available-for-sale securities	10,777 -	22,280 -	3,063	8,955
4.02.02	Deferred taxes from fair value adjustment of available-for-sale securities	1,361	7,574	2,288 -	1,594
4.03	Comprehensive Income for the Period	268,599	640,357	162,335	386,109

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

number	Account description	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
6.01	Cash from Operating Activities	2,003,160	1,657,735
6.01.01	Net Cash Operating Activities	866,761	678,189
6.01.01.01	Profit for the period	655,063	378,748
6.01.01.02	Depreciation and amortization	5,318	5,186
6.01.01.03	Deferred taxes	53,327 -	41,362
6.01.01.04	Provision for risks	37,758	68,339
6.01.01.05	Provision for guarantees and collaterals granted	7,357 -	4,254
6.01.01.06	Allowance for loan losses	310,862	314,370
6.01.01.08	Allowance for other loan losses	- 56,382	26,069
6.01.01.09	Allowance for losses on other assets	- 4,386	336
6.01.01.10	Exchange rate changes on cash and cash equivalents	- 93,708 -	22,508
6.01.01.11	Gains on disposal of permanent assets	- 5,001	400
6.01.01.12	Share of profit (loss) of subsidiaries	- 62,221 -	47,135
6.01.02	Changes In Assets and Liabilities	1,136,399	979,546
6.01.02.01	(Increase) Decrease in interbank investments	- 239,714 -	221,471
6.01.02.02	(Increase) Decrease in securities and derivatives	- 2,743,567	625,364
6.01.02.03	(Increase) Decrease in interbank and interbranch accounts	- 69,710 -	11,769
6.01.02.04	(Increase) Decrease in lending operations	- 636,082 -	1,330,622
6.01.02.06	(Increase) Decrease in other receivables	- 690,604 -	512,188
6.01.02.07	(Increase) Decrease in other assets	- 8,643 -	16,250
6.01.02.08	Increase (Decrease) in deposits	1,258,675	1,475,344
6.01.02.09	Increase (Decrease) in money market funding	70,944	45,566
6.01.02.10	Increase (Decrease) in funds from acceptance and issuance of securities	1,966,111	855,398
6.01.02.11	Increase (Decrease) in borrowings and onlendings	- 35,520 -	47,340
6.01.02.12	Increase (Decrease) in other payables	1,301,906	194,886
6.01.02.13	Income tax and social contribution paid	- 418,159 -	67,712
6.01.02.14	Increase (Decrease) in deferred income	- 446 -	9,660
6.02	Net Cash Investing Activities	- 3,125 -	1,539
6.02.01	Disposal of property and equipment in use	- 3,125 -	1,539
6.03	Net Cash Financing Activities	1,288,162 -	575,626
6.03.01	Increase (Decrease) in funds from acceptance and issuance of securities	765,209	151,509
6.03.02	Increase (Decrease) in borrowings and onlendings	513,493 -	677,908
6.03.03	Increase (Decrease) in subordinated debts	296,345	5,567
6.03.04	Accrued interest on capital	- 286,885 -	54,794
6.04	Exchange Rate Changes on Cash and Cash Equivalents	93,708	22,508
6.05	Increase (Decrease) in Cash and Cash Equivalents	3,381,905	1,103,078
6.05.01	Cash and Cash Equivalents Opening Balance	2,585,577	2,166,296
6.05.02	Cash and Cash Equivalents Closing Balance	5,967,482	3,269,374

Individual Statements of Changes in Shareholders Equity - from - 01/01/2020 to 06/30/2020**(In thousands of Brazilian reais - R\$)**

Account number	Account description	Capital	Capital Reserves	Revaluation Reserves	Earnings Reserves	Retained earnings	Valuation Adjustments to Equity	Equity
5.01	Opening Balance	2,253,595	1,142	0	1,427,789	0	12,633	3,695,159
5.03	Adjusted Balance	2,253,595	1,142	0	1,427,789	0	12,633	3,695,159
5.04	Profit/Loss for the Period	0	0	0	0	655,063	0	655,063
5.05	Allocation	0	0	0 -	92,513 -	122,541	0 -	215,054
5.05.01	Dividends	0	0	0 -	125,266	0	0 -	125,266
5.05.02	Interest on Capital	0	0	0	-	89,788	0 -	89,788
5.05.03	Other Destinations	0	0	0	32,753 -	32,753	0	0
5.05.03.01	Legal reserve	0	0	0	32,753 -	32,753	0	0
5.07	Valuation Adjustments to Equity	0	0	0	0	0 -	14,706 -	14,706
5.07.01	Securities Adjustments	0	0	0	0	0 -	14,706 -	14,706
5.08	Constitution / Realization Capital Reserves	1,303,665 -	1,142	0 -	1,302,523	0	0	0
5.09	Constitution / Realization of Capital Reserve	0	279	0	0	0	0	279
5.13	Closing Balance	3,557,260	279	0	32,753	532,522 -	2,073	4,120,741

Individual Statements of Changes in Shareholders Equity - from - 01/01/2019 to 06/30/2019
(In thousands of Brazilian reais - R\$)

Account number	Account description	Valuation Adjustments to Equity						
		Capital	Capital reserves	Revaluation Reserves	Earnings Reserves	Retained earnings	Equity	Equity
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	378,748	0	378,748
5.05	Allocation	0	0	0	18,937	- 125,227	0	- 106,290
5.05.02	Interest on Capital	0	0	0	0	- 106,290	0	- 106,290
5.05.03	Other Destinations	0	0	0	18,937	- 18,937	0	0
5.05.03.01	Legal reserve	0	0	0	18,937	- 18,937	0	0
5.07	Valuation adjustments to Equity	0	0	0	0	0	7,361	7,361
5.07.01	Securities adjustments	0	0	0	0	0	7,361	7,361
5.09	Constitution / Realization Capital Reserves	0	1,142	0	0	0	0	1,142
5.13	Closing Balance	2,253,595	1,142	0	998,363	253,521	11,378	3,517,999

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

Account number	Account description	01/01/2020 to 06/30/2020	01/01/2019 to 06/30/2019
7.01	Revenue	3,687,158	1,663,155
7.01.01	Income from Financial Intermediation	3,660,474	1,805,384
7.01.02	Revenue from Services	98,650	89,776
7.01.03	Allowance for Loan Losses	- 245,058 -	314,463
7.01.04	Other	173,092	82,458
7.02	Expenses on Financial Intermediation	- 2,138,294 -	636,262
7.03	Inputs Purchased from Third Parties	- 249,198 -	245,204
7.03.01	Materials and Utilities	- 48,027 -	44,306
7.03.02	Outside Services	- 201,171 -	200,898
7.04	Gross Value Added	1,299,666	781,689
7.05	Retention	- 5,318 -	5,186
7.05.01	Depreciation and Amortization	- 5,318 -	5,186
7.06	Wealth Created	1,294,348	776,503
7.07	Wealth Received in Transfer	62,221	sÃ
7.07.01	Equity Income	62,221	47,135
7.08	Total Wealth for Distribution	1,356,569	823,638
7.09	Distribution of Wealth	1,356,569	823,638
7.09.01	Employees	227,261	185,363
7.09.01.01	Salaries and Wages	134,079	113,404
7.09.01.02	Benefits	86,162	65,992
7.09.01.03	Severance Pay Fund (FGTS)	7,020	5,967
7.09.02	Taxes	466,516	251,790
7.09.02.01	Federal	459,518	244,373
7.09.02.02	State	604	441
7.09.02.03	Municipal	6,394	6,976
7.09.03	Lenders and Lessors	7,729	7,737
7.09.03.01	Rentals	7,729	7,737
7.09.04	Shareholders	655,063	378,748
7.09.04.01	Interest on Capital	89,788	106,290
7.09.04.03	Retained Income / Loss accumulated	565,275	272,458

Message from the Management

During the first semester, the new coronavirus not only represented a huge public health challenge, but also imposed unprecedented tests of resilience on the economic agents. In a scenario with no ready formula, Banco Daycoval created policies to combat the pandemic that, as cautious as they were assertive, led to solid results in the period.

The expanded loan portfolio totaled R\$ 26.0 billion at the end of June, a volume 20.2% higher than in the first half of 2019. The companies, payroll loan and auto loan portfolios grew 20.2%, 19.2% and 25.8%, respectively. Loan operations with a delinquency rate greater than 90 days stood at 2% at the end of the first half, or 0.3 percentage point higher than recorded in the first six months of last year. The balance of the loan loss provision on the E-H portfolio, in turn, ended the first six months of 2020 with 159.8% coverage.

Thus, Daycoval's recurring net income totaled R\$ 576.4 million in the first half, 37.4% higher than in the same period in 2019. In the comparison between the second quarter of last year and the same period of 2020, the increase was 52.8%, to R\$ 298.3 million. In the semester, the Recurring ROAE (% p.a.) was 29.5% and the Recurring ROAA (% p.a.) was 3.2%, while the Recurring Efficiency Index (%), which has historically remained below 30%, was 26.7% in the first six months of the year.

In credit operations, Daycoval adopted specific initiatives to confront the pandemic. In May, the bank launched a R\$ 1 billion emergency loan line for small and medium-sized companies. Operations have been carried out in a fully virtual manner, an innovation launched by the bank in the middle of the pandemic after a year of product development.

And credit expansion measures have already progressed in the second half. In July, Daycoval obtained a US\$ 100 million loan from the IFC, an institution that is part of the World Bank Group, to provide working capital financing lines to small and medium-sized companies, including women-owned businesses. Disbursements will occur over a minimum of 12 months.

In the challenging scenario created by Covid-19, the bank also buttressed its shielding mechanisms. In March, at the beginning of the most acute phase of the pandemic in Brazil, Daycoval increased its supplemental provisions against doubtful loans to almost half a billion reais. The additional Covid 19 provision, in the amount of R\$ 154.3 million, raised the protections to R\$ 445.5 million in June 2020.

In another measure attesting to its caution – and also confidence in the future – the bank subscribed, in all, R\$ 290.0 million in financial bills with perpetual maturity; the first subscription, in February, was R\$ 50 million, and the second, in April, R\$ 240 million. The funds were contributed by the shareholders themselves and became part of the institution's capital stock, and it chose to cancel the initial public share offering that had been scheduled for 2020.

Daycoval took action in the fight against the pandemic on other fronts. Through the “Daycoval Overall Good Connection - Your donation is worth 3” campaign, the bank tripled the donations of reusable masks made by employees, clients and partners. The initiative reached the goal of donating 1 million units, delivered to community centers, health posts and direct actions on behalf of the population, in 200 different locations around the country.

Among employee health measures implemented, Daycoval expanded the adoption of distance work routines; employees in the risk groups entered into the home office model for an indefinite period of time. In addition, Daycoval anticipated its in-company vaccination campaign against the H1N1 flu and rotated work teams for activities that could not be accomplished from a remote setting.

The first half of 2020 was unlike any other experienced by this generation. There are no equivalent parameters. However, with the results presented in this report, Banco Daycoval has reconfirmed the suitability of the strategy it has applied over its more than 50 years of existence: the balance between caution and long-term vision, between credit and funding, between services and support of our stakeholders. This was the bank's posture in previous crises; and this is how it has behaved in the midst of the pandemic. The approach – which also is embedded in the bank's culture – has proven once again to be the right one.

COVID 19 | Donations, Campaigns and initiatives

Overall Good Connection Campaign



The “Daycoval Overall Good Connection - Your donation is worth 3” campaign distributes one million reusable masks in 200 locations and contributes to maintaining businesses activities during the pandemic. Approximately 1,000 donations were made by employees, clients and partners. The bank tripled these donations to reach the target.

Food Donations



Part of a number of solidarity initiatives, the Bank donated an amount equivalent to 4 tons of food to the Amigos do Bem NGO, and supported the “Prato Feito” project by distributing more than 4,000 ready-to-eat meals to people in vulnerable situations who were affected by the Pandemic.

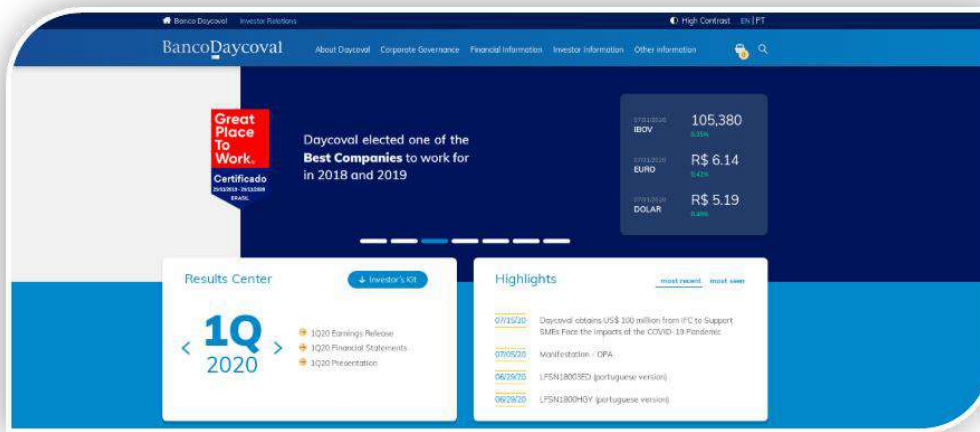
Daycoval Academy



Academia Daycoval presents content designed to **develop, support and prepare** employees for what is coming tomorrow.

- **Time Management** – a necessary skill for professionals working from home offices.
- **Financial Management** – being knowledgeable can be important at this moment in time.
- **Behavioral Skills** – Content regarding emotional intelligence is essential in times of isolation and scarce connections with other people.
- **Technical Skills** – preparing employees for current demands with a view to the future, using digital transformation and project management practices, among others.

New Investor Relations Website



In order to offer greater accessibility and functionality, the IR area launched a new website. With a fully redesigned interface, the site presents some new features, such as:



Responsive design, enabling viewing of content in mobile (smartphones and tablets) and desktop versions;

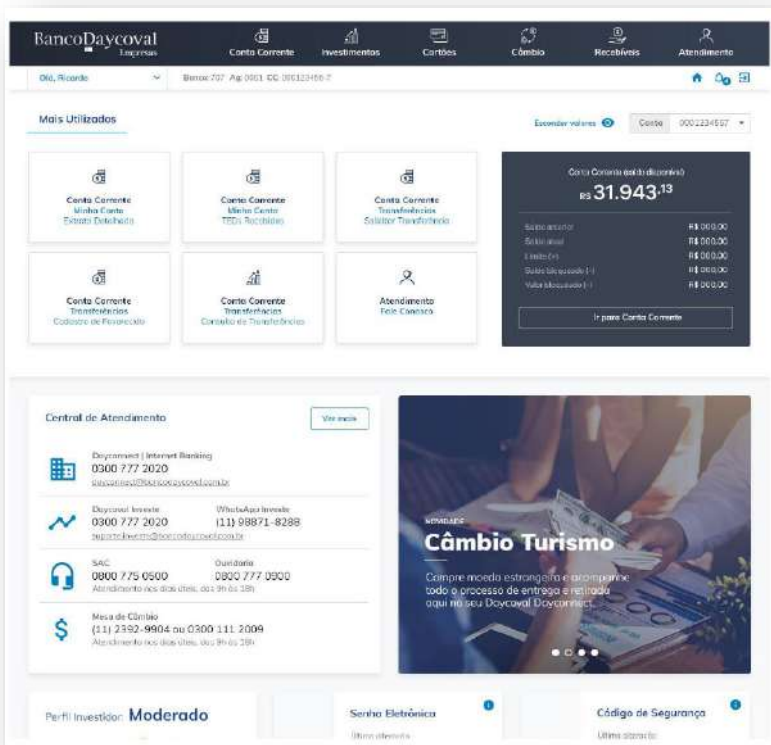


Intelligent information layout, with segmentation and consolidation of content in a more objective and intuitive manner;



Clean layout, providing information in a clear and easy-to-navigate format.

New Dayconnect



Experience

New visual identity aligned with our application, to assure the same experience on all Banco Daycoval platforms. **More modern, current and digital.**

Menus and Navigation

The menus were reorganized, highlighting **the products customers use on a daily basis.**

Home page

The new account gateway now displays **graphics and statements for quickly accessing account positions.**

Features

New features were added to the **statement and investments** to facilitate the management of your account.

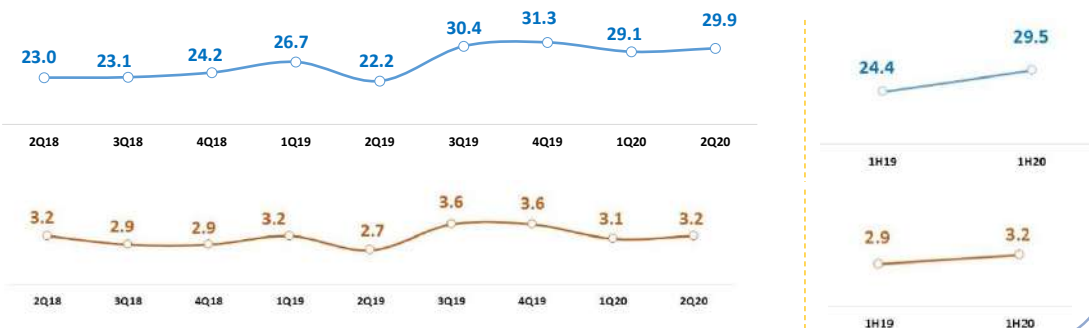
Profitability

Despite the macroeconomic uncertainties, our efforts in recent years to strengthen our Bank, coupled with the solid capital and liquidity position, has prepared us to face the newly imposed challenges.

Recurring Figures

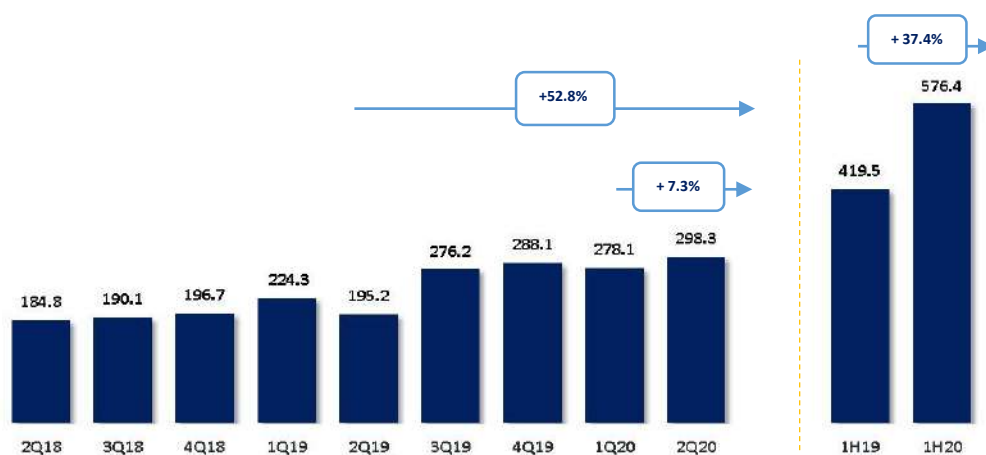
ROAE in 2Q20 (%)
+0.8 p.p in 3 months
+ 7.7 p.p in 12 months

ROAA in 2Q20 (%)
Stable in 3 months
+ 0.5 p.p. in 12 months



Recurring Net Income

R\$ million



In the first six months of this year, **Recurring Net Income** totaled R\$ 576.4 million, an amount 37.4% higher than in the same period last year driven by the growth of the loan portfolio in the period and margins being maintained. The profitability on average shareholders' equity (recurring ROAE) ending at 29.5% in the semester, against 24.4% in 1H19.

In 2Q20, **Recurring Net Income** reached R\$ 298.3 million, an increase of 7.3% in the quarter and up 52.8% compared to 2Q19.

In this quarter, the mark-to-market negative impact of the hedge on external funding and credit operations was R\$ 49.7 million. In 1Q20, this effect had been positive by R\$ 73.2 million and the appreciation of the dollar against the real generated a positive variation due to the Cayman subsidiary.

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.

Recurring Key Figures (R\$ million)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Accounting Net Income	259.2	395.9	-34.5%	163.1	58.9%	655.1	378.7	73.0%
(-) Hedge/ MTM R\$ - Foreign Issues and Credit Operations	(49.7)	73.2	n.a	(29.4)	69.0%	23.5	(39.0)	n.a
(-) Exchange Variation - Equivalence - Branch	10.6	44.6	-76.2%	(2.7)	n.a	55.2	(1.8)	n.a
Recurring Net Income	298.3	278.1	7.3%	195.2	52.8%	576.4	419.5	n.a.
Recurring ROAE (%)	29.9%	29.1%	0.8 p.p	22.2%	7.7 p.p	29.5%	24.4%	5.1 p.p
Recurring ROAA (%)	3.2%	3.1%	0.1 p.p	2.7%	0.4 p.p	3.2%	2.9%	0.2 p.p
Adjusted Efficiency Ratio (%)	25.1%	28.2%	-3.1 p.p	28.3%	-3.2 p.p	26.7%	27.7%	-1.0 p.p

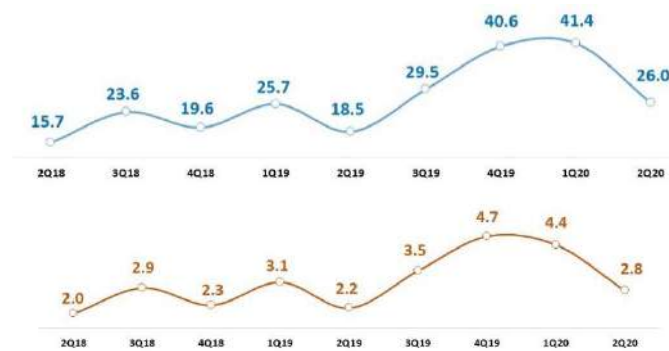
Net Income totaled R\$ 259.2 million, a reduction of 34.5%, over 1Q20, already taking into account a new scenario for the next quarters. In 1H20, net income was R\$ 655.1 million, an increase of 73.0% compared to 1H19. The return on average shareholders' equity (ROAE) was 33.5% in the semester, 11.5 p.p. above 1H19.



Net Income of R\$ 259.2 million in the 2nd quarter of 2020

ROAE in 2Q20 (%)
- 15.4 p.p in 3 months
+ 7.5 p.p in 12 months

ROAA in 2Q20 (%)
- 1.6 p.p. in 3 months
+0.6 p.p. in 12 months



Net Income

R\$ million



Adjusted and Recurring Net Interest Margin (NIM-AR)

NIM - AR of 11.3% in 2Q20
- 1.6 p.p in 3 months
- 1.7 p.p. in 12 months



Recurring Adjusted Net Interest Margin (NIM-AR) (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Income from Financial Intermediation Reported	762.8	1,038.7	-26.6%	704.4	8.3%	1,801.5	1,429.2	n.a.
Hedge/MTM - Foreign Issues and Credit Operations	(90.3)	132.2	n.a.	(49.0)	84.3%	41.9	(65.0)	n.a.
Adjusted Income from Financial Intermediation (A)	853.1	906.5	-5.9%	753.4	13.2%	1,759.6	1,494.2	17.8%
Average Remunerated Assets	33,212.6	32,077.0	3.5%	26,120.4	27.2%	32,644.9	25,745.0	26.8%
(-) Expenses of financial intermediation add back provisions	(1,764.5)	(2,750.5)	-35.8%	(1,770.5)	-0.3%	(2,179.2)	(1,870.2)	16.5%
Average Remunerated Assets (B)	31,448.1	29,326.5	7.2%	24,349.9	29.2%	30,465.7	23,874.8	27.6%
Recurring Adjusted Net Interest Margin (NIM-AR) (%YoY) (A/B)	11.3%	12.9%	-1.6 p.p	13.0%	-1.7 p.p	11.9%	12.9%	-1.0 p.p

Net Interest Margin (NIM)

Net Interest Margin (NIM) (R\$ million)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Gross Income from Financial Intermediation	763.2	1,038.8	-26.5%	704.3	8.4%	1,802.00	1,429.2	26.1%
Securities Adjustments ⁽¹⁾	(0.4)	(0.1)	n.a.	-	n.a.	(0.5)	-	n.a.
Income from Financial Intermediation (A)	762.8	1,038.7	-26.6%	704.3	8.3%	1,801.5	1,429.2	26.0%
Average Remunerated Assets (B)	33,212.6	32,077.0	3.5%	26,120.3	27.2%	32,644.9	25,745.1	26.8%
Interbank Investments	7,375.9	5,988.8	23.2%	5,812.0	26.9%	6,682.4	5,473.2	22.1%
Securities and Derivatives	3,884.9	2,744.9	41.5%	2,030.2	91.4%	3,314.9	2,229.5	48.7%
Lending Operation (does not include assignments)	22,277.5	23,348.8	-4.6%	18,049.2	23.4%	22,813.2	17,798.8	28.2%
Trade Finance	(325.7)	(5.5)	n.a.	228.9	n.a.	(165.6)	243.6	n.a.
Net Interest Margin (NIM) (% p.a.) (A/B)	9.5%	13.6%	-4.2 p.p	11.2%	-1.7 p.p	11.3%	11.4%	-0.1 p.p

⁽¹⁾ Reclassified from other operating/expense revenues.

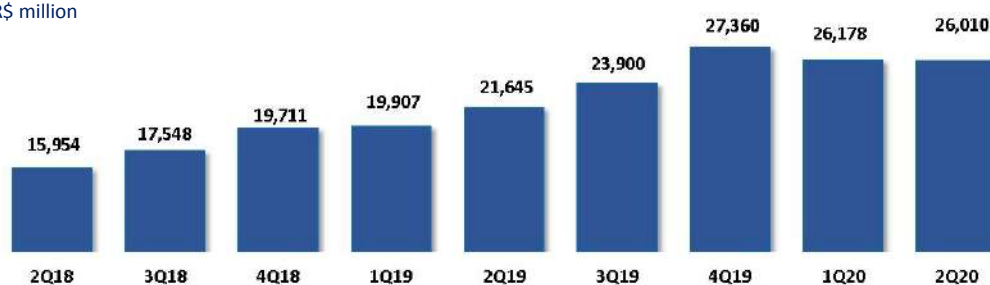
Expanded Loan Portfolio

Loan Portfolio Breakdown

2nd quarter of 2020

R\$ million

Companies	68.4%
Payroll Loans	27.0%
Auto Loans	4.4%
Others	0.2%



Expanded Loan Portfolio (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ
Total Companies	17,803.4	17,778.5	0.1%	14,807.1	20.2%
Working Capital	7,027.8	6,454.9	8.9%	5,054.0	39.1%
Receivables Purchase	3,975.8	3,920.4	1.4%	3,316.9	19.9%
Guaranteed Account	1,456.6	1,689.5	-13.8%	1,703.7	-14.5%
Trade Finance	1,238.5	1,546.5	-19.9%	1,584.7	-21.8%
Leasing	1,315.1	1,252.2	5.0%	967.8	35.9%
BNDES	185.4	197.2	-6.0%	307.2	-39.6%
Avals and Sureties	2,604.2	2,717.7	-4.2%	1,872.8	39.1%
Total Payroll Loans	7,007.1	7,135.8	-1.8%	5,877.4	19.2%
Payroll Loans	6,473.8	6,600.9	-1.9%	5,422.4	19.4%
Payroll Card	533.3	534.9	-0.3%	455.0	17.2%
Total Auto Loans/Other	1,141.8	1,206.3	-5.3%	907.4	25.8%
Total Home Equity	57.5	57.1	0.7%	53.4	7.7%
Total Expanded Loan Portfolio	26,009.8	26,177.7	-0.6%	21,645.3	20.2%

The loan portfolio reached R\$ 26.0 billion, an increase of 20.2% in 12 months and stable in relation to 1Q20. The corporate credit segment closed at R\$ 17.8 billion, stable compared to 1Q20 and an increase of 20.2% when compared to the same period of the previous year. Credit for individuals totaled R\$ 8.2 billion in June 2020, an increase of 20.0% in 12 months and a reduction of 2.3% in the quarter.

The highlight in 2Q20 was the working capital line, which grew 8.9% in the quarter, demonstrating that we continue to operate with our clients and the purchase of credit rights, which remained stable in the quarter, evidencing that the economy remains active, since the product represents a short-term loan.

In July 2020, Daycoval started to operate New FGI PEAC (**Emergency Program for Access to Credit**) of the BNDES. This line aims to support **small and medium-sized companies (SMEs)** in obtaining credit, thus helping them to get through the economic crisis resulting from the Covid-19 pandemic.

Daycoval Emergency Credit - New FGI PEAC



Crédito Emergencial Daycoval

- VOCÊ FAZ O USO DO RECURSO DO JEITO QUE ACHAR MELHOR
- SEM NECESSIDADE DE GARANTIA REAL* COM APOIO DO BNDES FGI

COMECE A PAGAR SÓ EM 2021

Créditos de **R\$ 50 MIL** a **R\$ 700 MIL** | **ATÉ 60 MESES** para pagar com **6 DE CARÊNCIA**** | **ON-LINE** com análise em **24 HORAS*****

BNDES FGI



Pioneer in launching a loan 100% online and without the need for guarantees.

In July, Daycoval started operating the New FGI PEAC (Emergency Credit Program) of the BNDES.

The Daycoval Emergency Credit is a loan from Banco Daycoval for companies, without the need for collateral.

The program aims to support SMEs (small and medium-sized companies) in obtaining credit, helping to overcome the economic crisis resulting from the pandemic.

For more information, access this site:

<https://www.creditoemergencialdaycoval.com.br/>

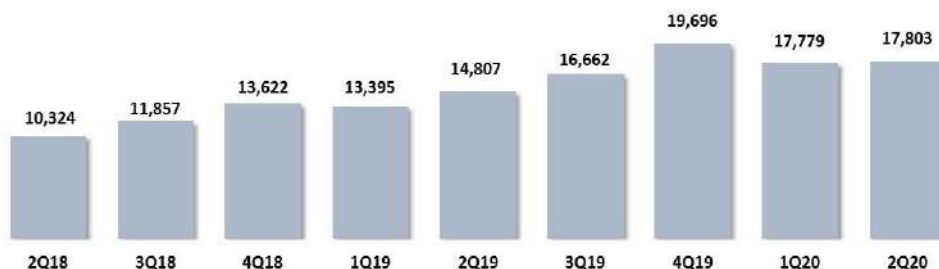
In the payroll segment, there was a small reduction in the quarter and growth of 19.2% over the last 12 months. The Auto loan segment ended the quarter down by 5.3%. We continue to apply the strategy of reducing origination in this segment, as we believe it a product that is linked to unemployment.

Companies Portfolio

R\$ million

R\$ 17.8 billion

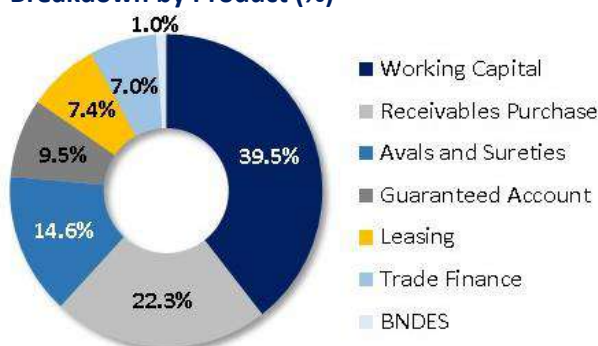
+ 0.1% in 3 months
+ 20.2% in 12 months



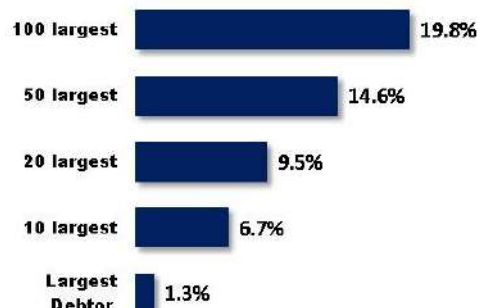
Credit to Companies Breakdown (R\$ mn)

	2Q20	1Q20	Δ	2Q19	Δ
Working Capital	7,027.8	6,454.9	8.9%	5,054.0	39.1%
Receivables Purchase	3,975.8	3,920.4	1.4%	3,316.9	19.9%
Guaranteed Account	1,456.6	1,689.5	-13.8%	1,703.7	-14.5%
Trade Finance	1,238.5	1,546.5	-19.9%	1,584.7	-21.8%
Leasing	1,315.1	1,252.2	5.0%	967.8	35.9%
BNDES	185.4	197.2	-6.0%	307.2	-39.6%
Avals and Sureties	2,604.2	2,717.7	-4.2%	1,872.8	39.1%
Total Companies	17,803.4	17,778.5	0.1%	14,807.1	20.2%

Breakdown by Product (%)



Credit Concentration (%)



This credit concentration has remained at the same level for the past five years

Companies Overdue Loans (R\$ mn)

	2Q20	1Q20	Δ	2Q19	Δ
Overdue Loans more than 14 days past due	113.5	150.0	-24.3%	158.3	-28.3%
Overdue Loans more than 60 days past due (*)	169.8	155.8	9.0%	221.3	-23.3%
Overdue Loans more than 90 days past due (*)	132.3	104.5	26.6%	143.0	-7.5%

Credit Ratios - (%)

	2Q20	1Q20	Δ	2Q19	Δ
Final Balance LLP/Companies Portfolio	4.5%	4.6%	-0.1 p.p	5.4%	-1.0 p.p
Overdue Loans more than 14 days past due / Companies Portfolio	0.6%	0.8%	-0.2 p.p	1.1%	-0.5 p.p
Overdue Loans more than 60 days past due / Companies Portfolio	1.0%	0.9%	0.1 p.p	1.5%	-0.5 p.p
Overdue Loans more than 90 days past due / Companies Portfolio	0.7%	0.6%	0.1 p.p	1.0%	-0.3 p.p

Coverage Ratios - (%)

	2Q20	1Q20	Δ	2Q19	Δ
LLP Balance / Overdue Loans > 60 days	466.7%	526.6%	-59.9 p.p	363.3%	103.4 p.p
LLP Balance / Overdue Loans > 90 days	598.9%	785.1%	-186.2 p.p	562.2%	36.7 p.p

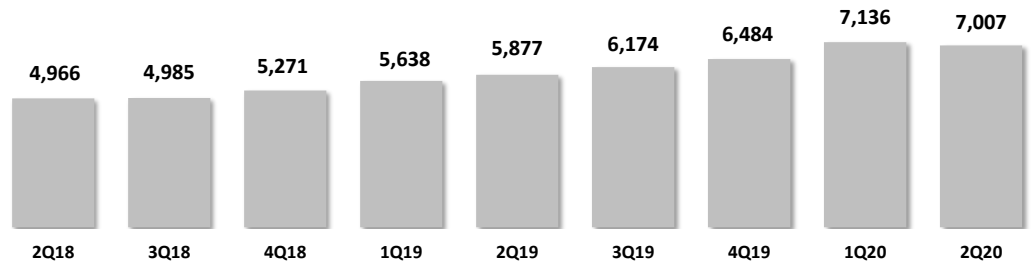
(*) Installments falling due

Payroll Loans

R\$ million

R\$ 7.0 billion in 2Q20

- 1.8% in 3 months
+ 19.2% in 12 months



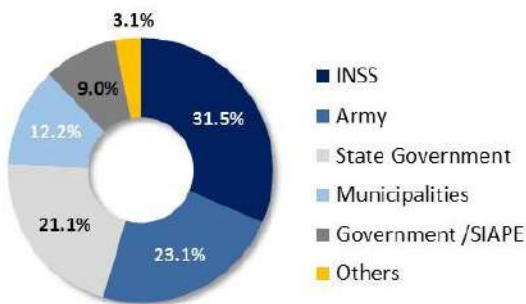
Payroll loans ended 2Q20 with a balance of R\$ 7,007.1 million, a drop of 1.8% compared to 1Q20 and an increase of 19.2% in the last 12 months. The payroll card portfolio totaled R\$ 533.3 million in 2Q20, stable in the quarter and growth of 17.2% in the last 12 months.

In this quarter, we saw a decline in the origination total.

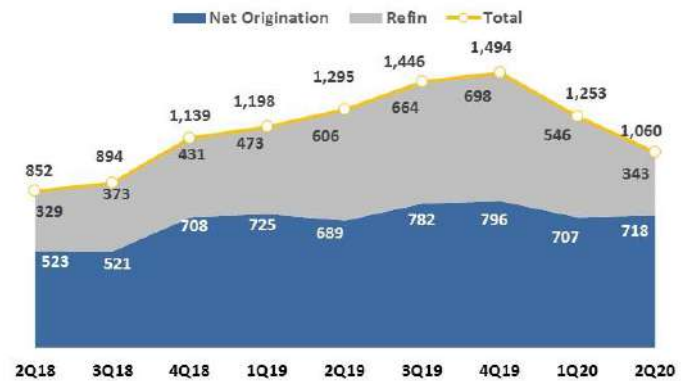
The Payroll APP makes it possible to simulate and contract loans and financing lines, carry out refinancing, follow up proposals and update client information. In 2Q20, more than R\$ 297.6 million was originated through this channel.

We are reducing the origination in the state and municipal agreements due to the higher risk linked to the dissemination of Covid-19.

Portfolio Distribution (%)



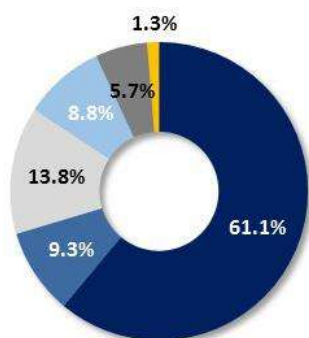
Origination



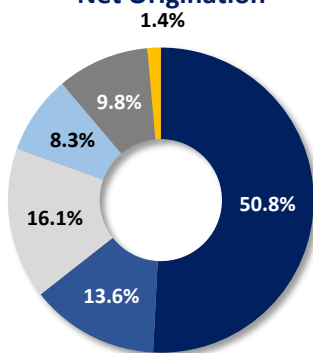
In the following charts we demonstrate Refinancing, where the client (public servant/INSS retiree) settles the primary loan with the Bank and is given a new loan. The Bank adopted this strategy to focus more on the product's margin.

Breakdown Payroll

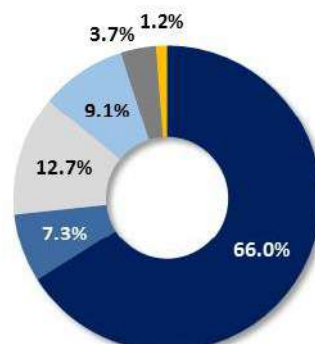
Total Origination



Net Origination



Refinancing Origination



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

Payroll Overdue Loans (R\$ mn)

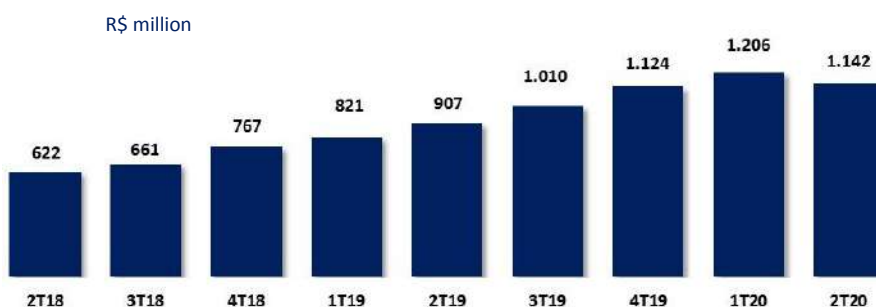
	2Q20	1Q20	Δ	2Q19	Δ
Overdue Loans more than 14 days past due	136.3	115.8	17.7%	146.9	-7.2%
Overdue Loans more than 60 days past due (*)	375.3	269.5	39.3%	205.7	82.5%
Overdue Loans more than 90 days past due (*)	274.8	235.6	16.6%	175.1	56.9%
Credit Ratios - (%)					
Final Balance LLP/Payroll Portfolio (%)	6.3%	5.8%	0.5 p.p	5.4%	0.9 p.p
Overdue Loans more than 14 days past due /Payroll Portfolio	1.9%	1.6%	0.3 p.p	2.5%	-0.6 p.p
Overdue Loans more than 60 days past due /Payroll Portfolio	5.4%	3.8%	1.6 p.p	3.5%	1.9 p.p
Overdue Loans more than 90 days past due /Payroll Portfolio	3.9%	3.3%	0.6 p.p	3.0%	0.9 p.p
Coverage Ratios - (%)					
LLP Balance / Overdue Loans > 60 days (%)	116.9%	154.6%	-37.7 p.p	153.2%	-36.3 p.p
LLP Balance / Overdue Loans > 90 days (%)	159.6%	176.8%	-17.2 p.p	180.0%	-20.4 p.p

(*) Installments falling due

Auto Loans

R\$ 1,141.8 million
in 2Q20

- 5.3% in 3 months
+ 25.8% in 12 months



79 %
Light
Vehicles

21 %
Heavy
vehicles

This segment ended 2Q20 with a balance of R\$ 1,141.8 million, a reduction of 5.3% compared to 1Q20 and 25.8% higher compared to 2Q19. Light vehicles continue to represent the largest share in the portfolio in relation to heavy vehicles, at 79% of the portfolio in 2Q20. Our performance continues to be supported by the + companies platform, that delivers the best client journey experience.

We are reducing origination in this segment, as we believe it is the only product linked to unemployment.

Total Origination

Average age of the Vehicles

12 years



Average Ticket

R\$ 8.8 thousand

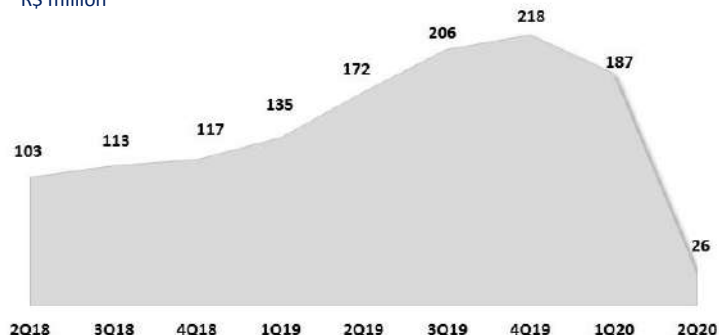


Average Plan

35 months



R\$ million



Auto Overdue Loans + Others (R\$ mn)

	2Q20	1Q20	Δ	2Q19	Δ
Overdue Loans more than 14 days past due	39.4	39.2	0.5%	29.2	34.9%
Overdue Loans more than 60 days past due (*)	127.7	116.2	9.9%	80.3	59.0%
Overdue Loans more than 90 days past due (*)	94.2	77.4	21.7%	54.1	74.1%

Credit Ratios - (%)

Final Balance LLP/Auto Loans Portfolio (%)	14.5%	14.3%	0.2 p.p	8.0%	6.5 p.p
Overdue Loans more than 14 days past due / Auto Loans Portfolio + Others	3.5%	3.2%	0.3 p.p	3.2%	0.1 p.p
Overdue Loans more than 60 days past due / Auto Loans Portfolio + Others	11.2%	9.6%	1.6 p.p	8.8%	2.3 p.p
Overdue Loans more than 90 days past due / Auto Loans Portfolio + Others	8.3%	6.4%	1.9 p.p	6.0%	2.3 p.p

Coverage Ratios - (%)

LLP Balance / Overdue Loans > 60 days (%)	129.4%	148.5%	-19.1 p.p	90.7%	38.8 p.p
LLP Balance / Overdue Loans > 90 days (%)	175.5%	222.9%	-47.4 p.p	134.6%	41.0 p.p

(*) Installments falling due

CGI – Home Equity

R\$ 57.5 million
in 2Q20

+ 7.7 % in 12 months

Advantages



- ✓ Credit limit from R\$ 50 thousand 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 thousand;
- ✓ Income for credit approval comprised of up to 4 people;
- ✓ Legalized documentation.

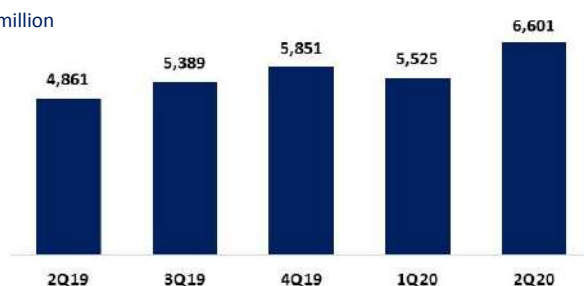
✓ **R\$ 6.6 billion of Assets under Management**



✓ **Management of 83 Funds**

✓ **More than 35 thousand investors**

R\$ million



Daycoval Asset Management serves clients seeking sophisticated solutions aligned with their investment profile. With various types of investment funds and differentiated products and services, such as portfolio management. It ended 2Q20, with a total of administered and/or managed funds totaling approximately R\$ 6,601.2 million.

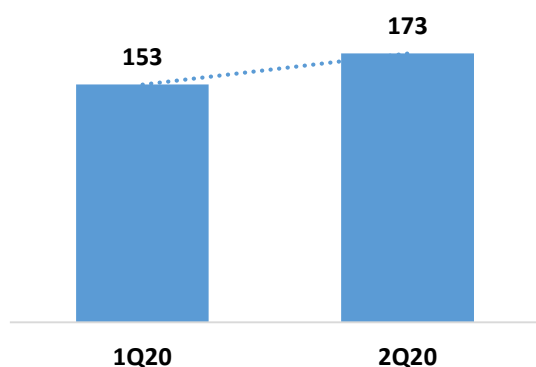
It currently manages 83 funds: 43 Multimarket Funds, 13 Fixed Income Funds, 13 Equity Funds, 7 FIDCs, 1 Real Estate Fund, 5 Holding Funds and 1 Managed Portfolio.

Gross revenues from investment fund management was R\$ 5.2 million in 2Q20 versus R\$ 3.5 million in 2Q19. In 1H20, total gross revenue was R\$ 10.0 million. Asset has a specialized team of 17 employees, including traders, managers, back office and commercial area, with deep market knowledge.

Custodial and Administration Services

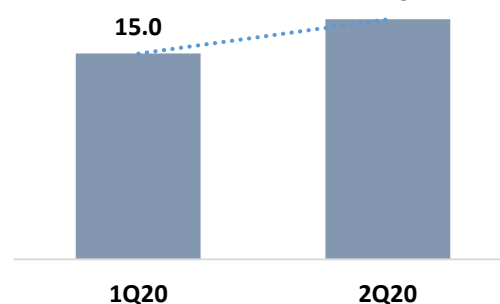
The focus on the Capital Market services segment was expanded, with a new team focused on the Custodial and Administration segments. In 2Q20, the amount of Custody and Management services (including through Daycoval Asset) reached R\$ 17.5 billion.

Number of Funds

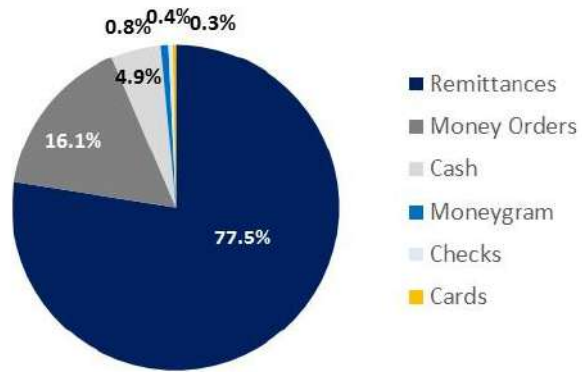


Amount of Custodial and Administration Services

R\$ million

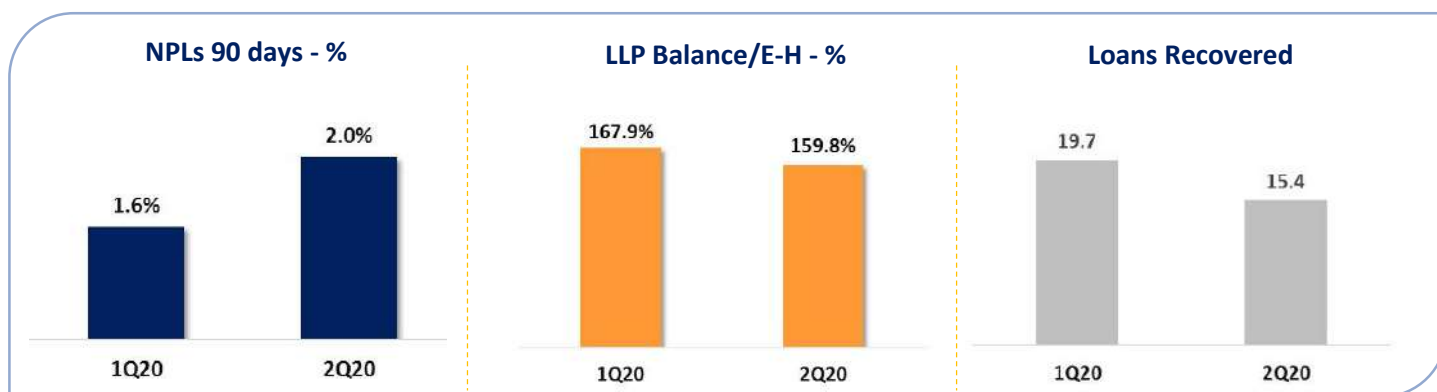


Product Mix (%)



- ✓ + R\$ 2,309.0 million in transactions in 2Q20 versus R\$ 1,792.6 million in 1Q20 and movement of R\$ 4,101.6 million in 1H20 compared to R\$ 1,497.6 million in 1H19;
- ✓ + 2,426 thousand operations in 1H20 compared to 1,046 thousand in 1H19;
- ✓ 151 FX - Service Points;
- ✓ Remittance operations leveraged both transaction volumes and number of operations. The volume of the other products was reduced due to Covid-19.
- ✓ New DayPay Express product - Sending money with Daypay and receiving it at a Western Union location.

Credit Portfolio Quality



Banco Daycoval - R\$ mn

Rating	Required Provision	Loans	%	Provision*	
AA	0.0%	4,586.5	17.6%	-	94.6% Between AA and C
A	0.5%	7,843.7	30.2%	59.0	
B	1.0%	9,920.9	38.1%	271.7	
C	3.0%	2,265.6	8.7%	159.7	
D	10.0%	515.8	2.0%	150.0	
E	30.0%	149.8	0.6%	72.9	
F	50.0%	114.5	0.4%	78.3	
G	70.0%	56.8	0.2%	39.8	
H	100.0%	556.2	2.1%	570.2	
Total Portfolio		26,009.8	100.0%	1,401.6	
Total Provision/ Portfolio				5.4%	

(*) Includes Avals and Sureties in the amount of R\$ 32.3 million in 2Q20.

An important indicator of the loan portfolio quality is total operations rated between AA and C, which are the best risk ratings under current regulations, which totaled 94.6% of the overall loan portfolio in 2Q20. The loan loss provision balance represented 5.4% of the loan portfolio, stable compared to 1Q20.

2Q20

Companies			Payroll		Vehicles and Others		C.G.I	
Rating	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision
AA - C	17,027.0	310.5	6,658.6	146.0	879.1	42.6	52.0	1.6
D	308.8	89.5	40.9	12.2	164.4	49.1	1.7	0.5
E	89.1	43.7	27.0	13.5	33.0	16.5	0.7	0.4
F	74.7	51.7	22.6	15.8	16.9	11.8	0.4	0.2
G	22.8	16.0	22.8	16.0	10.5	7.4	0.7	0.5
H	281.0	281.0	235.2	235.2	37.9	37.9	2.0	2.0
Total	17,803.4	792.4	7,007.1	438.7	1,141.8	165.3	57.5	5.2
LLP Balance/ Loans		4.5%	6.3%		14.5%		9.1%	

1Q20

Companies			Payroll		Vehicles and Others		C.G.I	
Rating	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision	Portfolio	Provision
AA - C	16,983.7	304.7	6,807.3	142.6	909.1	49.7	53.4	1.6
D	322.3	91.7	36.8	11.0	222.4	66.5	0.8	0.2
E	47.5	23.2	27.9	14.0	25.3	12.6	0.3	0.1
F	61.6	42.6	32.9	22.9	11.8	8.3	1.3	0.9
G	17.7	12.4	16.1	11.3	7.8	5.5	0.2	0.2
H	345.7	345.8	214.8	214.8	29.9	29.9	1.1	1.1
Total	17,778.5	820.4	7,135.8	416.6	1,206.3	172.5	57.1	4.1
LLP Balance/ Loans		4.6%	5.8%		14.3%		7.2%	

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



Overview of Quality of Expanded Loan Portfolio (R\$ million)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Expanded Loan Portfolio	26,009.8	26,177.7	-0.6%	21,645.3	20.2%	26,009.8	21,645.3	20.2%
Establishment of Provision	104.6	172.7	-39.4%	188.2	-44.4%	277.3	341.9	-18.9%
LLP Balance	1,401.6	1,413.6	-0.8%	1,316.6	6.5%	1,401.6	1,316.6	6.5%
Final Balance Loan E-H	877.3	842.0	4.2%	1011.4	-13.3%	877.3	1,011.4	-13.3%
Overdue Loans more than 14 days past due	289.8	305.5	-5.1%	334.9	-13.5%	289.8	334.9	-13.5%
Overdue Loans more than 60 days past due (*)	679.9	565.5	20.2%	512.0	32.8%	679.9	512.0	32.8%
Overdue Loans more than 90 days past due (*)	507.9	421.4	20.5%	376.3	35.0%	507.9	376.3	35.0%
Credit Ratios - (%)								
Final Balance LLP/Loan Portfolio	5.4%	5.4%	0.0 p.p	6.1%	-0.7 p.p	5.4%	6.1%	-0.7 p.p
Final Balance Loan E-H/Loan Portfolio	3.4%	3.2%	0.2 p.p	4.7%	-1.3 p.p	3.4%	4.7%	-1.3 p.p
Overdue Loans more than 60 days past due / Loan Portfolio	2.6%	2.2%	0.4 p.p	2.4%	0.2 p.p	2.6%	2.4%	0.2 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	2.0%	1.6%	0.4 p.p	1.7%	0.3 p.p	2.0%	1.7%	0.1 p.p
Coverage Ratios - (%)								
Final Balance LLP / Overdue Loans more than 14 days past due	483.6%	462.7%	20.9 p.p	393.1%	90.5 p.p	483.6%	393.1%	90.5 p.p
Final Balance LLP / Overdue Loans more than 60 days past due	206.1%	250.0%	-43.8 p.p	257.1%	-51.0 p.p	206.1%	257.1%	-51.1 p.p
Final Balance LLP / Overdue Loans more than 90 days past due	276.0%	335.5%	-59.5 p.p	349.9%	-73.9 p.p	276.0%	349.9%	-73.9 p.p
Final Balance LLP / Loan E-H	159.8%	167.9%	-8.1 p.p	130.2%	29.6 p.p	159.8%	130.2%	29.6 p.p
Write-offs R\$ (mn)	(116.6)	(78.6)	48.3%	(67.5)	72.7%	(195.2)	(144.6)	35.0%
Companies Recovered Loans	4.0	9.0	-55.6%	20.9	-80.9%	13.0	80.3	-83.8%
Retail Recovered Loans	11.4	10.7	6.5%	11.3	0.9%	22.1	22.3	-0.9%

(*) includes avals and sureties.

(**) falling due installments

Given the crisis caused by the Covid-19 pandemic and the uncertainties regarding the size of the impact it may have on the economy, and consequently on our results, we ended 2Q20 with an additional provision of R\$ 445.5 million. The provision balance totaled R\$ 1,401.6 million in 2Q20, a 0.8% decrease in the quarter and a 6.5% increase in the last 12 months.

The balance of the E-H portfolio ended 2Q20 at R\$ 877.3 million, 4.2% higher than 1Q19 and 13.3% lower compared to the same period of the previous year, representing an improvement in the portfolio quality. The provision for doubtful loans ratio divided by the E-H Portfolio was 159.8%, an improvement of 29.5 p.p. compared to 2Q19. The increase in this index shows that the level of provisioning in relation to the loan portfolio reflects the improvement in the quality of our operations and the constant progress of the models used.

The LLP balance is related to the quality of our portfolio, justified by the better default indicators. Loans overdue for more than 90 days/portfolio of companies (including installments falling due) reached 2.0% in 2Q20, an increase of 0.4 p.p. compared to 1Q20. When we analyzed the credit indicators for loans overdue by more than 60 and 90 days, we observed a trend toward a worsening of the rates in the quarter. However, the Overdue Credit Index for more than 14 days, showed improvement compared to 1Q20.

As of June 30, 2020, the balance of renegotiated operations was R\$ 3.51 billion, which includes R\$ 2.26 billion referring to renegotiated operations due to the circumstances surrounding the Covid-19 pandemic. For more information, see note 9.e to the balance sheet on 6/30/2020.

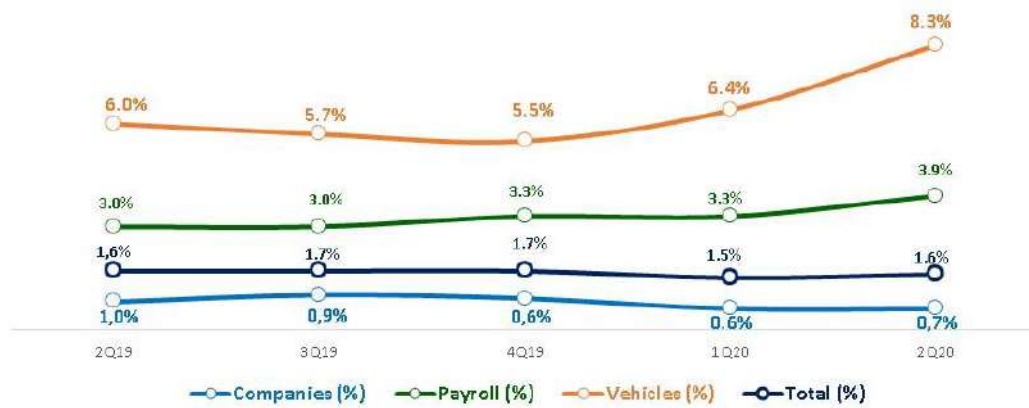
The amount written off for losses was R\$ 116.6 million during 2Q20 and R\$ 195.2 million in the semester. Total credits recovered in the quarter were R\$ 15.4 million and, in the semester, R\$ 35.1 million.

LLP Changes

LLP (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Balance at the Beginning of the Period	1,413.6	1,319.5	7.1%	1,195.9	18.2%	1,319.5	1,119.3	17.9%
Establishment of Provision	104.6	172.7	-39.4%	188.2	-44.4%	277.3	341.9	-18.9%
Companies	35.8	20.0	79.0%	116.9	-69.4%	55.8	225.6	-75.3%
Avals and Sureties	2.3	5.1	-54.9%	(3.5)	n.a.	7.4	(2.0)	n.a.
Payroll	57.0	70.4	-19.0%	52.1	9.4%	127.4	82.0	55.4%
Auto/Other	8.3	76.1	-89.1%	22.5	-63.1%	84.4	35.2	n.a.
Property Guaranteed Credit	1.2	1.1	9.1%	0.2	n.a.	2.3	1.1	n.a.
Write-offs	(116.6)	(78.6)	48.3%	(67.5)	72.7%	(195.2)	(144.6)	35.0%
Companies	(66.1)	(33.2)	99.1%	(28.6)	n.a.	(99.3)	(63.5)	56.4%
Retail	(50.5)	(45.4)	11.2%	(38.9)	29.8%	(95.9)	(81.1)	18.2%
Final Balance LLP*	1,401.6	1,413.6	-0.8%	1,316.6	6.5%	1,401.6	1,316.6	6.5%

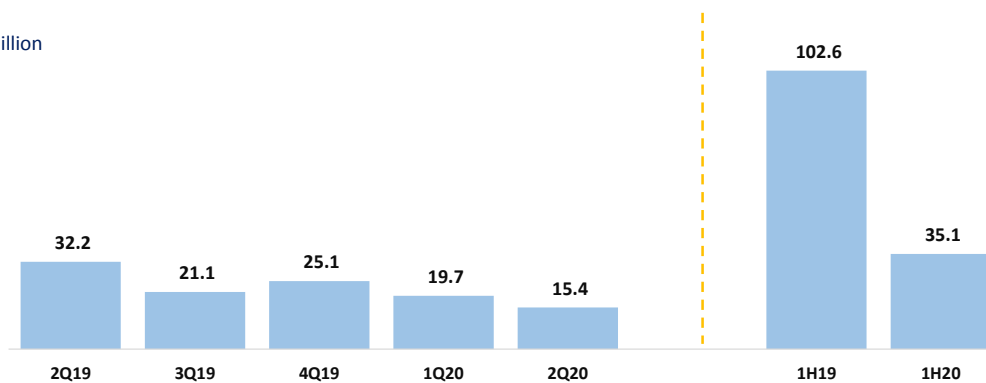
(* Includes Avals and Sureties in the amount of R\$ 32.3 million in 2Q20 and R\$ 30.1 million for 1Q20.

NPLs | 90 days



Recovered Loans

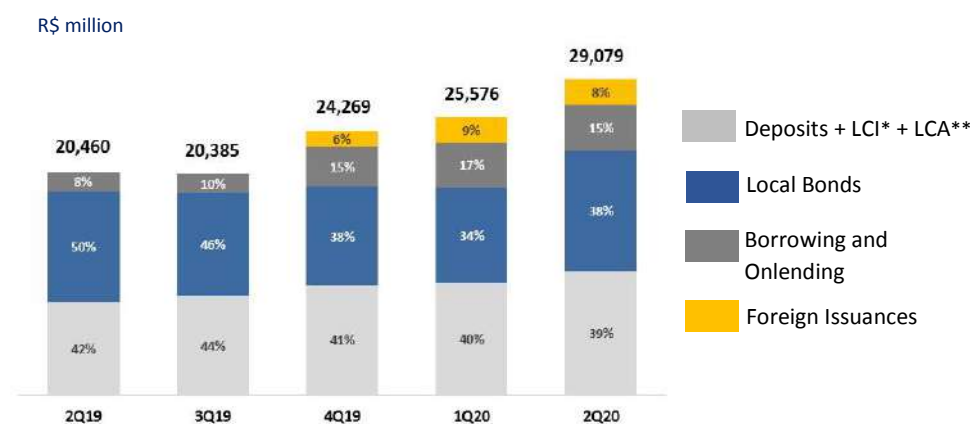
R\$ million



Funding

R\$ 29.1 billion in 2Q20

+13.7% in 3 months
+ 42.1% in 12 months



*LCI = Real Estate Letters of Credit, ** LCA = Agribusiness Letters of Credit

Total Funding (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ
Total Deposits	11,415.6	10,301.1	10.8%	8,549.3	33.5%
Deposits	9,590.9	8,751.5	9.6%	6,861.4	39.8%
Letters of Credit (LCI* + LCA**)	1,824.7	1,549.6	17.8%	1,687.9	8.1%
Local Bonds (Letras Financeiras)	11,042.8	8,751.1	26.2%	10,201.9	8.2%
Private Offerings	5,854.9	6,051.3	-3.2%	7,465.3	-21.6%
Public Offerings	2,305.6	2,489.5	-7.4%	2,583.7	-10.8%
Guaranteed Financial Bills	2,427.9	-	n.a.	-	n.a.
Subordinated + Perpetual Local Bonds	454.4	210.3	0.9%	152.9	5.6%
Foreign Borrowing and Onlending	4,209.9	4,183.2	0.6%	1,709.0	n.a.
Foreign borrowings	4,026.0	3,987.6	1.0%	1,402.4	n.a.
Domestic onlendings	183.9	195.6	-6.0%	306.6	-40.0%
Foreign Issuances	2,410.5	2,340.9	3.0%	-	n.a.
Total	29,078.8	25,576.3	13.7%	20,460.2	42.1%

*LCI = Real Estate Letters of Credit, ** LCA = Agribusiness Letters of Credit

The institution maintained its focus on the balance of funds raised, either through lengthening operations or the solid expansion of its customer base, comprised of both individuals and legal entities, in line with the expected evolution of the loan portfolio, always seeking to match assets and liabilities and achieve cost efficiencies.

During the second quarter, funding grew 13.7% while the credit portfolio remained stable in the period. The bank conducted several new operations in this period, such as: Issuance of Guaranteed Financial Bills in the amount of R\$ 2.4 billion under the BCB program, New DPGE and DPGE DI (Term deposit with special guarantee) programs and funding through CDBs, LCIs and LCAs from our company and individual clients.

In July 2020, Daycoval obtained a US\$ 100.0 million loan from the IFC, a member of the World Bank, to boost access to credit for small and medium-sized enterprises (SMEs), including companies owned by women. IFC's investment will allow Daycoval to support SMEs in preserving jobs and address the impacts of the Covid-19 pandemic.

The final impacts of this pandemic will still require time to be calculated, considering that the disease is not yet under control which Internally, this has resulted in the implementation of a strategy to maintain margins



IFC loan



The IFC, a member of the World Bank Group, granted a **US\$ 100 million** loan to Daycoval.

IFC's investment consists of a one-year loan, renewable for up to another year, to support Daycoval's working capital program and other types of loans to small and medium-sized enterprises (SMEs) that were affected by the Covid-19 outbreak.

At least 20% of the working capital line will be aimed at SMEs owned by women, using resources from the *Women Entrepreneurs Opportunity Facility* (WEOF), a global fund dedicated to expanding access for women entrepreneurs to capital.



Issuance of Guaranteed Financial Bills

In view of the adverse economic scenario, Daycoval made use of a line of loans granted by Brazil's Central Bank (BACEN) to the National Financial System.

At the end of the semester, the Bank had issued the amount of **R\$ 2,427.9 million** in Guaranteed Financial Bills.



Issuance of Perpetual Financial Bills

On February 19, 2020, the Bank issued Financial Bills with perpetual maturity in the amount of R\$ 50 million and on April 15, 2020, the Bank issued Financial Bills with perpetual maturity in the amount of R\$ 240.0 million.

This amount became part of the Complementary Capital (Level I) in 1H20.

Both were carried out with funds from the shareholders.

Asset and Liability Management



Positive Gap of 223 days

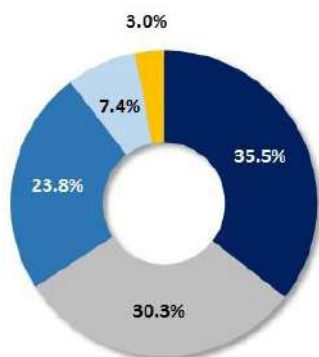
Loan Portfolio by Segment	Average term to Maturity ⁽¹⁾ days	Funding	Average term to Maturity ⁽¹⁾ days
Companies	223	Total Deposits	132
Trade Finance	86	Interbank Deposits	211
Payroll Loans	525	Local Bonds (letras financeiras)	497
Auto Loans	483	LCA (Letter of Credit Agribusiness)	85
Leasing	574	LCM (Letter Home Mortgage)	309
BNDES	424	DPGE (Guaranteed Time-Deposit Asset)	689
		Bonds	1.477
		Borrowing and Onlending	517
		BNDES	428
Total Loan Portfolio	344	Total Funding	567

(1) From June 30, 2020

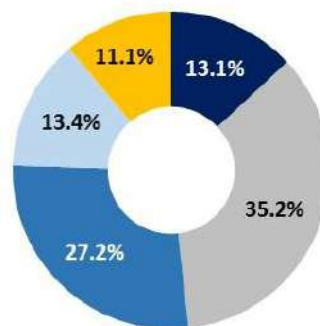
(1) From June 30, 2020

Maturity of Operations

Loan Portfolio



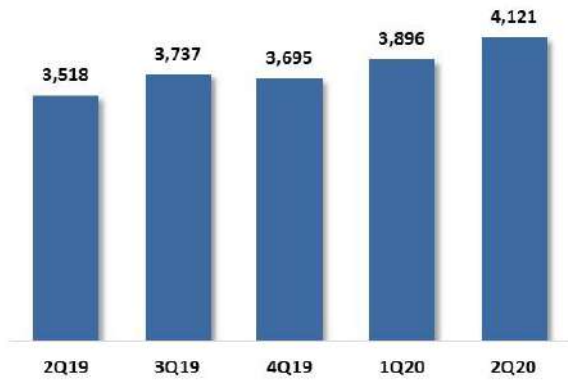
Funding



Up to 3 months
 3 - 12 months
 1 - 3 years
 3 - 5 years
 Over 5 years

Patrimônio Líquido

R\$ million



Shareholders' Equity (PL) totaled R\$ 4.1 billion in 2Q20, an increase of 17.1% compared to 2Q19.

In the first half of 2020, there was a payout of R\$ 89.8 million in Interest on Shareholders' Equity (ISE).

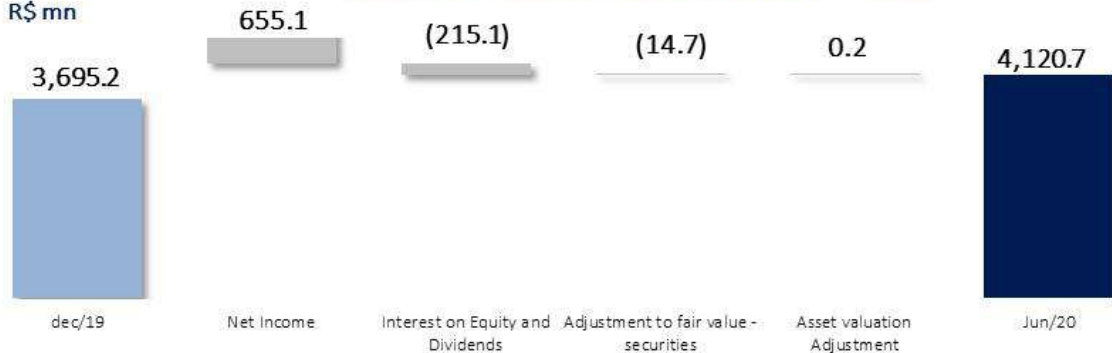
Basel Index III



The Basel Accord requires banks to maintain a minimum percentage of equity weighted by the risk incurred in their operations. In Brazil, the Central Bank instructs 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 – 1H20

R\$ mn



Ratings

	Global Scale		National Scale	Perspective
	Long Term	Sovereign	Long Term	
Moody's ¹	Ba2	Ba2	Aa2.br	Stable
Fitch Ratings ²	BB-	BB-	AA(bra)	Negative
Standard & Poors ³	BB-	BB-	brAA+	Stable
RISKbank ⁴	BRMP 3 Low Risk for Long Term (up to 5 years) - negative			

**Sovereign
Level**

Date : 1 - Feb/20, 2 - Apr/20, 3 - Jan/20, 4 - Apr/20 .

Financial Performance

Income from Financial Intermediation (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Loans Operations	988.4	1,149.7	-14.0%	907.1	9.0%	2,138.1	1,817.7	17.6%
Companies Portfolio	455.0	601.6	-24.4%	435.7	4.4%	1,056.6	899.3	17.5%
Payroll	415.1	423.4	-2.0%	368.3	12.7%	838.5	718.4	16.7%
Auto/Other	78.9	84.8	-7.0%	63.5	24.3%	163.7	120.1	36.3%
Direct Credit to Consumer	1.4	0.1	n.a.	2.8	-50.0%	1.5	5.4	-72.2%
Leasing Operation Result	38.0	39.8	-4.5%	36.8	3.3%	77.8	74.5	4.4%
Securities Operations Result	27.7	55.6	-50.2%	29.4	-5.8%	83.3	64.6	28.9%
Derivatives result ⁽¹⁾	259.4	1,295.6	-80.0%	(44.9)	n.a.	1,555.0	(86.4)	n.a.
Operations linked to repurchase commitments and interbank deposits	42.0	29.8	40.9%	61.6	-31.8%	71.8	112.4	-36.1%
Foreign Exchange Operations	(14.5)	45.1	n.a.	33.7	n.a.	30.6	67.9	-54.9%
Sales or Transfer Financial Asset Operations	0.9	1.0	-10.0%	0.1	n.a.	1.9	1.3	46.2%
Income from Financial Intermediation (A)	1,303.9	2,576.8	-49.4%	987.0	32.1%	3,880.7	1,977.5	96.2%
Funding Operations ⁽²⁾	(314.3)	(705.3)	-55.4%	(281.4)	11.7%	(1,019.6)	(522.3)	95.2%
Borrowings and Onlendings Operations ⁽³⁾	(226.4)	(832.8)	-72.8%	(1.3)	n.a.	(1,059.2)	(25.9)	n.a.
Loan Loss Provision (LLP)	(101.4)	(158.4)	-36.0%	(188.4)	-46.2%	(259.8)	(342.1)	-24.1%
Expenses on Financial Intermediation (B)	(642.1)	(1,696.5)	-62.2%	(471.1)	36.3%	(2,338.6)	(890.3)	n.a.
Gross Income from Financial Intermediation (A-B)	661.8	880.3	-24.8%	515.9	28.3%	1,542.1	1,087.2	41.8%
Hedge MTM - Foreign Issues and Credit Operations	(90.3)	132.2	n.a.	4.4	n.a.	41.9	(4.0)	n.a.
Adjusted Gross Income from financial intermediation	752.1	748.1	0.5%	511.5	47.0%	1,500.2	1,091.2	37.5%
(1) Foreign Exchange Variation without Foreign Issues	286.2	1,279.5		(48.4)		1,565.7	(89.6)	
(2) Foreign Exchange Variation without Borrowings abroad	(124.8)	(504.0)		0.0		(628.8)	20.2	
(3) Reclassified from other operating/expenses revenues.	(183.1)	(860.1)		19.5		(1,043.2)	26.1	

In 2Q20, revenues from credit operations reached R\$ 988.4 million, 14.0% lower than in 1Q20 and 9.0% higher in the last 12 months due to the maintenance of margins and portfolio growth.

The line of credit operations for Companies ended 2Q20 with revenues totaling R\$ 455.0 million, a reduction of 24.4% in the quarter and an increase of 4.4% compared to the same period in 2019. The Payroll Loan line ended the quarter with revenue of R\$ 415.1 million, a reduction of 2.0% compared to 1Q20, in line with the drop in the portfolio in the period and the auto line with a balance of R\$ 78.9 million.

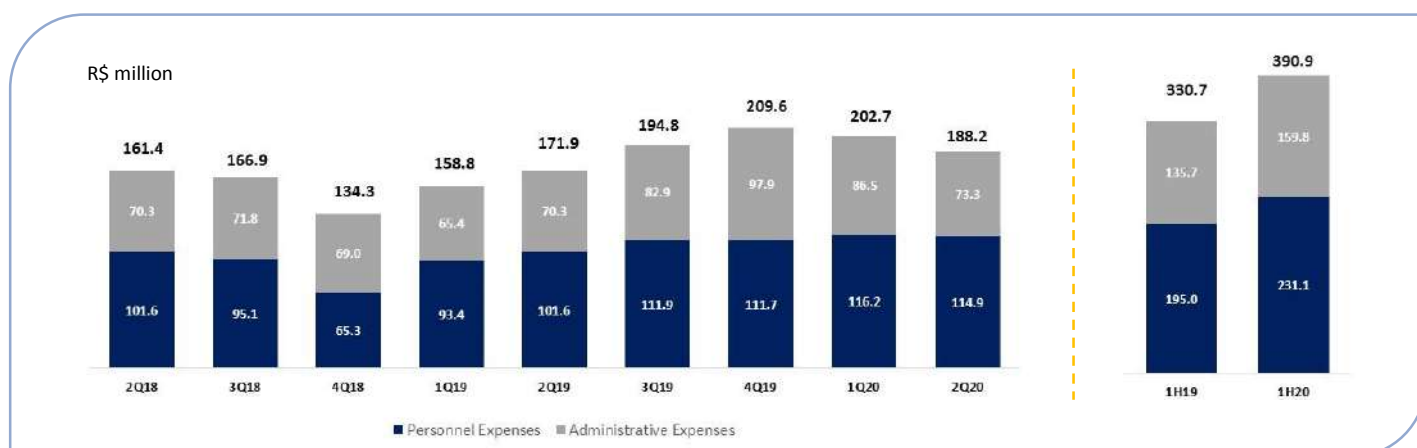
Leasing Operations result ended the quarter with revenues of R\$ 38.0 million, down 4.5% compared to 1Q20 and growth of 3.3% in the last 12 months.

Gross Income from Financial Intermediation ended the quarter with a balance of R\$ 661.8 million. Excluding the effect of the MTM adjustment of the hedge of the overseas issuances, the adjusted gross income from financial intermediation was R\$ 752.1 million in 2Q20.

Expenses for market funding, borrowing and onlending totaled R\$ 540.7 million in the quarter.

The result with derivatives was a positive R\$ 259.4 million in 2Q20 because it included R\$ 286.2 million positive from the hedge. Excluding these effects, the result with derivatives was a negative R\$ 26.8 million in 2Q20 versus a negative R\$ 16.1 million in 1Q20.

Personnel and Administrative Expenses



Personnel and Administrative Expenses (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
Personnel Expenses	(114.9)	(116.2)	-1.1%	(101.6)	13.1%	(231.1)	(195.0)	18.5%
Administrative Expenses	(73.3)	(86.5)	-15.3%	(70.3)	4.3%	(159.8)	(135.7)	17.8%
Personnel and Administrative Expense	(188.2)	(202.7)	-7.2%	(171.9)	9.5%	(390.9)	(330.7)	18.2%
Commission Expenses (Total)	(32.3)	(62.0)	-47.9%	(55.7)	-42.0%	(94.3)	(110.4)	-14.6%
Payroll	(28.9)	(48.7)	-40.7%	(44.2)	-34.6%	(77.6)	(89.6)	-13.4%
Auto Loans	(3.4)	(13.2)	-74.2%	(11.4)	-70.2%	(16.6)	(20.6)	-19.4%
Home Equity	0.0	(0.1)	-100.0%	(0.1)	-100.0%	(0.1)	(0.2)	-50.0%
Total	(220.5)	(264.7)	-16.7%	(227.6)	-3.1%	(485.2)	(441.1)	10.0%

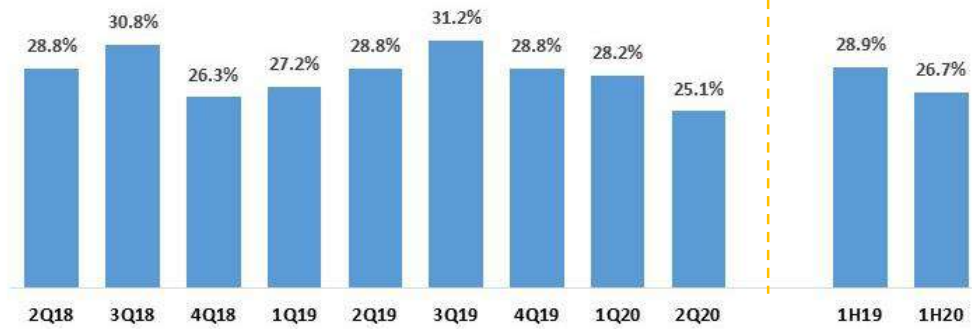
Administrative and personnel expenses totaled R\$ 188.2 million in the quarter, a 7.2% decrease in the period, motivated by administrative expenses, which were down 15.3% in the quarter.

Commission expenses decreased by 47.9% during the quarter, due to the lower origination in the period.

Recurring Efficiency Ratio

25.1% in 2Q20

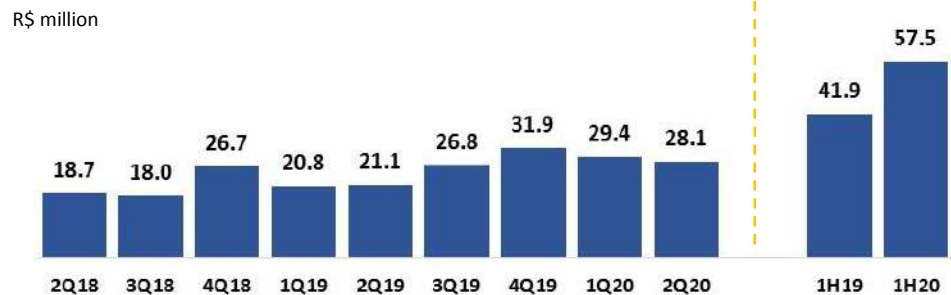
-3.1 p.p in 3 meses
-3.2 p.p in 12 months



Recurring Efficiency Ratio (R\$ mn)	2Q20	1Q20	Δ	2Q19	Δ	1H20	1H19	Δ
(+) Personnel	(114.9)	(116.2)	-1.1%	(101.6)	13.1%	(231.1)	(195.0)	18.5%
(+) Administrative Expenses	(73.3)	(86.5)	-15.3%	(70.3)	4.3%	(159.8)	(135.7)	17.8%
(+) Commissions	(32.3)	(62.0)	-47.9%	(55.7)	-42.0%	(94.3)	(110.4)	-14.6%
Total Expenses (A)	(220.5)	(264.7)	-16.7%	(227.6)	-3.1%	(485.2)	(441.1)	10.0%
(+) Income from Recurring Financial Intermediation - LLP	853.5	906.6	-5.9%	753.4	13.3%	1,760.1	1,494.2	17.8%
(+) Income from Services Provided	26.4	31.9	-17.2%	50.1	-47.3%	58.3	97.0	-39.9%
(+) Other Adjustments	(0.4)	(0.1)	n.a	-	n.a	(0.5)	-	n.a
Total Income (B)	879.5	938.4	-6.3%	803.5	9.5%	1,817.9	1,591.2	14.2%
Recurring Efficiency Ratio (A/B) (%)	25.1%	28.2%	-3.1 p.p	28.3%	-3.2 p.p	26.7%	27.7%	-1.0 p.p
Profit Sharing	(28.1)	(29.4)	-4.4%	(21.0)	33.8%	(57.5)	(41.9)	37.2%
Recurring Efficiency Ratio (considering Profit Sharing) (%)	28.3%	31.3%	-3.0 p.p	30.9%	-2.6 p.p	29.9%	30.4%	-0.5 p.p

Profit Sharing Program

Expenses related to the provision for profit sharing payments totaled R\$ 28.1 million in 2Q20 and R\$ 57.5 million in 1H20.





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 six-month period ended June 30, 2020, prepared in accordance with the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil.

Pursuant to CMN Resolution 4720/19 and to BACEN Circular Letter 3959/19, the financial institutions and other institutions authorized by BACEN to operate shall prepare their financial statements according to the criteria and procedures mentioned therein, which provide for the disclosure of financial statements for the six-month and annual period, as well as their contents that comprise the balance sheet, statement of income, statement of comprehensive income, statement of cash flows and statement of changes in equity and notes thereto.

The financial statements start being disclosed as follows: (i) the balance sheet for the end of the current period shall be compared with the balance sheet for the end of the previous year; (ii) the other financial statements shall be compared with the same periods in previous year for which they were presented; and (iii) the notes necessary to gain a correct understanding shall be presented on a comparative basis, when significant for the understanding of the set of the financial statements for the period.

Following are the balance sheet and the respective statements of income and of other comprehensive income, of changes in equity, of cash flows and of value added in accordance with the accounting practices adopted in Brazil, applicable to financial institutions authorized by the Central Bank of Brazil to operate:


BALANCE SHEETS
AS AT JUNE 30, 2020 AND AS AT DECEMBER 31, 2019
(In thousands of Brazilian reais - R\$)

ASSETS	Note	Bank		Consolidated	
		2020	2019	2020	2019
Cash and cash equivalents	4	5,967,482	2,585,577	5,981,865	2,592,027
Restricted deposits - Central Bank of Brazil	5	95,358	67,220	95,358	67,220
Interbank accounts		4,606	1,288	4,606	1,288
Financial instruments		31,355,028	29,457,856	32,194,683	30,217,951
Interbank investments	6	2,808,725	3,328,967	2,073,199	2,651,429
Money market investments	7	3,003,031	1,672,743	3,263,080	1,906,558
Derivatives	8	1,482,091	149,784	1,482,091	149,784
Own portfolio					
Lending portfolio	9	17,398,698	16,934,078	17,554,706	17,083,532
Leasing	9	-	-	1,150,083	1,050,561
Other transactions with loan characteristics	9	4,115,881	5,927,721	4,124,922	5,931,524
Foreign exchange portfolio	10	2,546,602	1,444,563	2,546,602	1,444,563
(Allowance for loan losses)	9	(1,351,483)	(1,273,120)	(1,369,218)	(1,294,579)
Lending operations		(1,251,727)	(1,116,983)	(1,253,710)	(1,118,655)
Leasing operations		-	-	(15,707)	(19,787)
Other		(99,756)	(156,137)	(99,801)	(156,137)
Tax credits	19.c	1,369,910	1,307,461	1,382,962	1,319,417
Debtors for escrow deposits	18.c	1,408,314	1,308,577	1,411,269	1,311,097
Tax		1,362,795	1,270,531	1,362,795	1,270,531
Civil		36,779	29,357	36,779	29,387
Labor		8,740	8,689	11,630	11,011
Other		-	-	65	168
Other credits		214,055	300,619	248,607	348,309
Income receivable		22,219	20,373	23,524	19,287
Trading account		455	3,756	455	3,756
Other	11	191,381	276,490	224,628	325,266
Other assets	12	138,322	134,065	138,478	134,132
Repossessed assets		128,996	117,161	129,147	117,229
(Allowance for repossessed assets losses)		(12,723)	(8,337)	(12,723)	(8,338)
Prepaid expenses		22,049	25,241	22,054	25,241
Investments		1,374,038	1,312,983	59,760	74,999
Equity in domestic subsidiaries	14	1,370,545	1,310,097	-	-
Other investments		3,493	2,886	59,760	74,999
Property and equipment in use	15	65,603	67,916	72,523	72,809
Other property and equipment in use		107,404	104,537	117,399	112,302
(Accumulated depreciation)		(41,801)	(36,621)	(44,876)	(39,493)
Intangible assets		-	-	365	346
TOTAL ASSETS		40,641,233	35,270,442	40,221,258	34,845,016

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


BALANCE SHEETS
AS AT JUNE 30, 2020 AND AS AT DECEMBER 31, 2019
(In thousands of Brazilian reais - R\$)

LIABILITIES	Note	Bank		Consolidated	
		2020	2019	2020	2019
Financial instruments		33,632,950	28,312,100	33,032,766	27,710,619
Deposits	16.a	9,654,009	8,395,334	9,590,877	8,319,941
Repurchase commitments	16.a	1,828,932	2,517,947	1,828,932	2,517,947
Issuance of securities	16.a	15,360,572	12,629,252	14,823,520	12,103,164
In Brazil		12,950,087	11,217,709	12,413,035	10,691,621
Exterior		2,410,485	1,411,543	2,410,485	1,411,543
Foreign borrowings	16.a	4,025,984	3,462,187	4,025,984	3,462,187
Domestic onlendings	16.a	183,935	225,216	183,935	225,216
Subordinated debts	16.a	454,440	158,095	454,440	158,095
Derivatives	8	43,952	106,267	43,952	106,267
Foreign currency portfolio	10	2,081,126	817,802	2,081,126	817,802
Interbank accounts		106,624	144,878	106,624	144,878
Obligations		379,109	736,904	401,207	777,638
Social and statutory	17.a	92,823	207,445	94,322	209,557
Tax and social security	17.b	286,286	529,459	306,885	568,081
Provision for risks	18	1,812,802	1,775,044	1,827,589	1,789,434
Tax		1,589,302	1,530,665	1,589,642	1,530,665
Civil		156,336	184,760	156,849	185,247
Labor		67,164	59,619	81,098	73,522
Provision for financial guarantees provided	9	32,364	25,007	32,364	25,007
Deferred tax liabilities	19.c	338,123	229,921	388,222	266,897
Other payables		182,134	314,597	231,902	352,635
Collected taxes and others		11,951	8,988	11,951	9,004
Trading account		210	2,625	210	2,625
Other	17.c	169,973	302,984	219,741	341,006
DEFERRED INCOME		36,386	36,832	78,816	81,734
NONCONTROLLING INTERESTS		-	-	1,027	1,015
EQUITY	20	4,120,741	3,695,159	4,120,741	3,695,159
Capital social		3,557,260	2,253,595	3,557,260	2,253,595
Capital reserves		279	1,142	279	1,142
Earnings reserves		32,753	1,427,789	32,753	1,427,789
Other comprehensive income		(2,073)	12,633	(2,073)	12,633
Retained earnings		532,522	-	532,522	-
TOTAL LIABILITIES		40,641,233	35,270,442	40,221,258	34,845,016

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


INCOME STATEMENTS
FOR THE QUARTERS AND SEMESTERS ENDED JUNE 30, 2020 AND 2019
(In thousands of Brazilian reais - R\$)

Note	Bank				Consolidated			
	Quarter ended 06/30/2020	Semester ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2019	Quarter ended 06/30/2020	Semester ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2019
INCOME FROM FINANCIAL INTERMEDIATION	1,257,578	3,802,828	945,916	1,896,068	1,303,891	3,880,809	987,022	1,977,480
Lending operations 21.a	946,353	2,052,029	867,837	1,738,593	988,404	2,138,126	907,033	1,817,690
Securities transactions and derivatives 21.b	279,241	1,639,262	(20,322)	(32,318)	287,099	1,638,340	(15,489)	(21,823)
Interbank accounts 21.c	47,778	85,293	68,671	125,658	41,967	71,753	61,623	112,364
Foreign exchange transactions 21.d	(16,675)	24,344	29,581	62,789	(14,460)	30,690	33,706	67,903
Sale transactions or transfer of financial assets	881	1,900	149	1,346	881	1,900	149	1,346
EXPENSES ON FINANCIAL INTERMEDIATION	(545,987)	(2,091,092)	(294,919)	(571,728)	(540,727)	(2,078,806)	(283,215)	(548,810)
Interbank and time deposits 21.e	(61,913)	(140,331)	(83,226)	(153,040)	(61,388)	(139,008)	(82,179)	(150,829)
Issuance of securities in Brazil and Exterior 21.e	(257,633)	(891,509)	(210,426)	(392,765)	(252,898)	(880,546)	(199,769)	(372,058)
Domestic onlendings 21.f	(226,441)	(1,059,252)	(1,267)	(25,923)	(226,441)	(1,059,252)	(1,267)	(25,923)
GROSS PROFIT FROM FINANCIAL INTERMEDIATION	711,591	1,711,736	650,997	1,324,340	763,164	1,802,003	703,807	1,428,670
Expenses allowance for loan losses	(99,200)	(257,071)	(186,278)	(336,185)	(101,401)	(259,837)	(188,413)	(342,053)
Lending operations 9.d	(75,656)	(214,388)	(155,296)	(277,075)	(77,820)	(217,108)	(157,430)	(282,943)
Other credits	(21,281)	(35,326)	(37,860)	(63,364)	(21,318)	(35,372)	(37,861)	(63,364)
Guarantees and collaterals	(2,263)	(7,357)	6,878	4,254	(2,263)	(7,357)	6,878	4,254
RESULTS FROM FINANCIAL INTERMEDIATION	612,391	1,454,665	464,719	988,155	661,763	1,542,166	515,394	1,086,617
OTHER OPERATING INCOME (EXPENSES)	(174,822)	(388,158)	(219,203)	(417,407)	(208,490)	(446,984)	(254,960)	(487,723)
Income from services provided	39,697	98,651	46,732	89,776	43,589	106,981	50,160	96,950
Income from insurance operations	-	-	-	-	23	165	531	1,315
Personnel expenses 21.g	(102,463)	(203,829)	(89,576)	(172,034)	(114,907)	(231,129)	(101,568)	(194,952)
Other administrative expenses 21.h	(106,074)	(256,927)	(128,343)	(252,942)	(105,516)	(254,080)	(126,003)	(246,117)
Tax expenses 19.a.ii	(36,990)	(84,300)	(35,800)	(69,689)	(42,367)	(95,552)	(41,385)	(80,620)
Equity in subsidiaries 14.a	26,598	62,221	22,321	47,135	-	-	-	-
Other operating income and expenses 21.i	(14,505)	(811)	(25,192)	(19,756)	(8,067)	30,507	(27,126)	(21,853)
Depreciation and amortization expenses	(2,684)	(5,318)	(2,660)	(5,186)	(2,854)	(5,633)	(2,721)	(5,308)
Expenses with provision for risks	-	-	-	-	-	-	-	-
Tax	(8,374)	(18,726)	(21,354)	(38,435)	(8,546)	(19,065)	(21,354)	(38,435)
Civil	33,826	28,426	15,668	10,409	33,837	28,399	15,668	10,409
Labor	(3,853)	(7,545)	(999)	(6,685)	(3,682)	(7,577)	(1,162)	(9,112)
OPERATING INCOME	437,569	1,066,507	245,516	570,748	453,273	1,095,182	260,434	598,894
NONOPERATING INCOME	(3,356)	(5,796)	3,490	3,429	(2,532)	(3,932)	3,512	3,420
INCOME BEFORE INCOME TAXES	434,213	1,060,711	249,006	574,177	450,741	1,091,250	263,946	602,314
INCOME TAX AND SOCIAL CONTRIBUTION	(147,576)	(349,724)	(65,363)	(155,233)	(163,436)	(378,666)	(79,743)	(181,646)
Provision for income tax 19.a.i	(79,176)	(173,525)	(57,043)	(122,050)	(81,801)	(178,241)	(57,380)	(142,494)
Provision for social contribution	(64,391)	(122,872)	(35,236)	(74,545)	(71,245)	(135,065)	(40,416)	(85,158)
Deferred tax assets / liabilities	(4,009)	(53,327)	26,916	41,362	(10,390)	(65,360)	18,053	46,006
PROFIT SHARING	(27,454)	(55,924)	(20,533)	(40,196)	(28,113)	(57,506)	(21,090)	(41,909)
NONCONTROLLING INTERESTS	-	-	-	-	(9)	(15)	(3)	(11)
PROFIT FOR THE QUARTER	259,183	655,063	163,110	378,748	259,183	655,063	163,110	378,748
NET PROFIT FOR SHARE								
BASIC EARNINGS PER SHARE								
Common shares	0.1371	0.3465	0.0863	0.2003	0.1371	0.3465	0.0863	0.2003
Preferred shares	0.1371	0.3465	0.0863	0.2003	0.1371	0.3465	0.0863	0.2003
DILUTED EARNINGS PER SHARE								
Common shares	0.1371	0.3465	0.0863	0.2003	0.1371	0.3465	0.0863	0.2003
Preferred shares	0.1371	0.3465	0.0863	0.2003	0.1371	0.3465	0.0863	0.2003
WEIGHTED AVERAGE NUMBER OF SHARES - BASIC								
Common shares	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042
Preferred shares	567,201,876	567,201,876	567,201,876	567,201,876	567,201,876	567,201,876	567,201,876	567,201,876
WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED								
Common shares	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042	1,323,471,042
Preferred shares	567,201,876	567,201,876	567,201,876	567,201,876	567,201,876	567,201,876	567,201,876	567,201,876

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



STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(In thousands of Brazilian reais - R\$)

	Bank e Consolidated			
	Current Quarter 04/01/2020 to 06/30/2020	Accumulated from the Current Year 01/01/2020 to 06/30/2020	Same Quarter of the Previous Fiscal Year 04/01/2019 to 06/30/2019	Accumulated from Previous Year 01/01/2019 to 06/30/2019
PROFIT FOR THE SEMESTER	259,183	655,063	163,110	378,748
OTHER COMPREHENSIVE INCOME	9,416	(14,706)	(775)	7,361
Attributable to the parent	3,024	(16,833)	(4,469)	6,342
Attributable to subsidiaries	7,753	(5,447)	1,406	2,613
Deferred taxes on valuation adjustments to equity Assigned to the Controller	(1,361)	7,574	2,288	(1,594)
COMPREHENSIVE INCOME TOTAL	268,599	640,357	162,335	386,109

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



**INDIVIDUAL STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(In thousands of Brazilian reais - R\$)**

	Note	Capital	Increase capital	Earnings capital	Earnings reserves			Adjustments of equity valuation	Accumulated Profits	Total
					Legal	Bylaws	Special earnings reserve			
BALANCE AS AT DECEMBER 31, 2019		2,253,595	-	1,142	254,751	1,047,772	125,266	12,633	-	3,695,159
Capital increase	20.b	-	1,303,665	(1,142)	(254,751)	(1,047,772)	-	-	-	-
Capital increase - ratified by BACEN	20.b	1,303,665	(1,303,665)	-	-	-	-	-	-	-
Adjustment to fair value - Available-for-sale marketable securities		-	-	-	-	-	-	(14,706)	-	(14,706)
Update of equity securities		-	-	279	-	-	-	-	-	279
Additional dividends proposed	20.d.iii	-	-	-	-	-	(125,266)	-	-	(125,266)
Net income		-	-	-	-	-	-	-	655,063	655,063
Allocations:		-	-	-	-	-	-	-	(32,753)	(32,753)
Legal reserve	20.e	-	-	-	32,753	-	-	-	-	-
Interest on capital	20.d.ii	-	-	-	-	-	-	-	(89,788)	(89,788)
BALANCE AS AT JUNE 30, 2020		3,557,260	-	279	32,753	-	-	(2,073)	532,522	4,120,741
BALANCE AS AT DECEMBER 31, 2018		2,253,595	-	-	203,739	775,687	-	4,017	-	3,237,038
Adjustment to fair value - Available-for-sale marketable securities		-	-	-	-	-	-	7,361	-	7,361
Update of equity securities		-	-	1,142	-	-	-	-	-	1,142
Net income		-	-	-	-	-	-	-	378,748	378,748
Allocations:		-	-	-	-	-	-	-	(18,937)	(18,937)
Legal reserve	20.e	-	-	-	18,937	-	-	-	-	-
Interest on capital	20.d.ii	-	-	-	-	-	-	-	(106,290)	(106,290)
BALANCE AS AT JUNE 30, 2019		2,253,595	-	1,142	222,676	775,687	-	11,378	253,521	3,517,999

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



STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(In thousands of Brazilian reais - R\$)

	Bank		Consolidated	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT FOR THE SEMESTER	655,063	378,748	655,063	378,748
Adjustments to reconcile profit				
net cash provided by operating activities				
Depreciation and amortization	5,318	5,186	5,633	5,308
Deferred taxes	53,327	(41,362)	65,360	(46,006)
Provision for risks	37,758	68,339	38,155	71,175
Provision for guarantees and collaterals	7,357	(4,254)	7,357	(4,254)
Allowance for loan losses	310,862	314,370	317,662	310,760
Allowance for doubtful leasing operations	-	-	(4,080)	6,260
Allowance for leasing losses	(61,148)	26,069	(61,102)	29,287
Allowance for other loan losses	4,766	-	4,766	(2,226)
Allowance for losses on other assets	4,386	336	4,385	324
Exchange rate changes on cash and cash equivalents	(93,708)	(22,508)	(93,708)	(22,508)
Gains on disposal of permanent assets	5,001	400	4,956	433
Share of profit (loss) of subsidiaries and associates	(62,221)	(47,135)	-	-
TOTAL RECONCILIATION ADJUSTMENTS	211,698	299,441	289,384	348,553
ADJUSTED NET INCOME	866,761	678,189	944,447	727,301
CHANGES IN ASSETS AND LIABILITIES	1,136,399	979,546	1,069,139	901,226
(Increase) Decrease in Interbank accounts	(239,714)	(221,471)	(181,729)	(123,001)
(Increase) Decrease in securities and derivatives	(2,743,567)	625,364	(2,706,525)	652,835
(Increase) Decrease in interbank and interbranch accounts	(69,710)	(11,769)	(69,710)	(11,769)
(Increase) Decrease in lending operations	(636,082)	(1,330,622)	(724,779)	(1,445,587)
(Increase) Decrease in other receivables	690,604	(512,188)	700,546	(571,726)
(Increase) Decrease in other assets	(8,643)	(16,250)	(8,732)	(16,792)
Increase (Decrease) in deposits	1,258,675	1,475,344	1,270,934	1,465,751
Increase (Decrease) in repurchase commitments	70,944	45,566	70,944	45,566
Increase (Decrease) in funds from acceptance and issuance of securities	1,966,111	855,398	1,955,147	801,646
Increase (Decrease) in borrowings and onlendings	(35,520)	(47,340)	(35,520)	(47,340)
Increase (Decrease) in other payables	1,301,906	194,886	1,238,647	245,337
Income tax and social contribution paid	(418,159)	(67,712)	(437,166)	(73,460)
Increase (Decrease) in deferred income	(446)	(9,660)	(2,918)	(20,234)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,003,160	1,657,735	2,013,586	1,628,527
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment in use	(3,125)	(1,539)	(5,618)	(1,956)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(3,125)	(1,539)	(5,618)	(1,956)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase (Decrease) in funds from acceptance and issuance of securities	765,209	151,509	765,209	180,901
Increase (Decrease) in borrowings and onlendings	513,493	(677,908)	513,493	(677,908)
Increase (decrease) of subordinated debts	296,345	5,567	296,345	5,567
Dividends and interest on capital paid	(286,885)	(54,794)	(286,885)	(54,794)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,288,162	(575,626)	1,288,162	(546,234)
EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	93,708	22,508	93,708	22,508
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,381,905	1,103,078	3,389,838	1,102,845
Cash and cash equivalents at beginning of the six-month period	2,585,577	2,166,296	2,592,027	2,167,735
Cash and cash equivalents at end of the six-month period	5,967,482	3,269,374	5,981,865	3,270,580
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,381,905	1,103,078	3,389,838	1,102,845

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



**CONSOLIDATED STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019
(In thousands of Brazilian reais - R\$)**

	Bank		Consolidated	
	2020	2019	2020	2019
REVENUES	3,639,956	1,598,621	3,756,458	1,677,917
Income from financial intermediation	3,802,828	1,896,068	3,880,809	1,977,480
Revenue from services	98,651	89,776	106,981	96,950
Allowance for loan losses	(257,071)	(336,185)	(259,837)	(342,053)
Other	(4,452)	(51,038)	28,505	(54,460)
EXPENSES	(2,091,092)	(571,728)	(2,078,806)	(548,810)
Expenses on financial intermediation	(2,091,092)	(571,728)	(2,078,806)	(548,810)
INPUTS PURCHASED FROM THIRD PARTIES	(249,198)	(245,204)	(245,963)	(235,077)
Materials, electric power and other	(48,027)	(44,306)	(51,107)	(49,421)
Outside services	(201,171)	(200,898)	(194,856)	(185,860)
Asset recovery	-	-	-	204
GROSS VALUE ADDED	1,299,666	781,689	1,431,689	894,030
DEPRECIATION AND AMORTIZATION	(5,318)	(5,186)	(5,633)	(5,308)
TOTAL WEALTH CREATED BY THE BANK AND CONSOLIDATED	1,294,348	776,503	1,426,056	888,722
WEALTH RECEIVED IN TRANSFER	62,221	47,135	-	-
Equity in subsidiaries	62,221	47,135	-	-
WEALTH FOR DISTRIBUTION	1,356,569	823,638	1,426,056	888,722
DISTRIBUTION OF WEALTH	1,356,569	823,638	1,426,056	888,722
EMPLOYEES	227,261	185,363	252,216	206,650
Salaries and wages	134,079	113,404	151,121	127,634
Benefits	86,162	65,992	92,973	72,101
Severance pay fund (FGTS)	7,020	5,967	8,122	6,915
TAXES	466,516	251,790	510,636	292,477
Federal	459,518	244,373	498,232	280,520
State	604	441	652	475
Municipal	6,394	6,976	11,752	11,482
LENDERS AND LESSORS	7,729	7,737	8,126	10,836
Rentals	7,729	7,737	8,126	10,836
SHAREHOLDERS	655,063	378,748	655,063	378,748
Interest on capital	89,788	106,290	89,788	106,290
Retained earnings	565,275	272,458	565,260	272,447
Noncontrolling interests	-	-	15	11

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



**NOTES TO THE FINANCIAL STATEMENTS
AT JUNE 30, 2020
(In thousands of Brazilian reais - R\$, unless otherwise stated)**

1 - GENERAL INFORMATION

Banco 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

a) Presentation

The Bank's Financial Statements, including its foreign branch, and the Consolidated Financial Statements, which include directly and indirectly controlled entities and investment funds in which risks and benefits are retained, approved by Management on August 5, 2020, have been prepared in accordance with the accounting practices adopted in Brazil, based on the accounting guidelines set forth in the Brazilian Corporation Law (Law 6404/76), as amended 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 the Accounting Pronouncements Committee ("CPC"), when applicable.

In accordance with CMN Resolution 4720/19 and BACEN Circular Letter 3959/19, the financial institutions and other institutions authorized by BACEN to operate shall prepare their financial statements in light of the criteria and procedures thereunder, which provide for the disclosure of semiannual and annual financial statements, as well as for the content that includes the balance sheets and the statements of income, of comprehensive income, of cash flows, and of changes in equity and notes thereto.

The disclosure of the financial statements, on a comparative basis, starts being presented as follows: (i) the balance sheet at the end of the current period shall be compared with the balance sheet at the end of the immediately prior year; (ii) the other statements shall be compared with the same periods of the prior year for which they were presented; and (iii) the notes necessary to gain a correct understanding of those financial statements shall be presented on a comparative basis, whenever relevant for the understanding of the financial statements as a whole.

Daycoval adopts criteria for presentation of its financial statements, in order to reflect the economic essence of its operations, observing the criteria for preparation and disclosure of financial statements set forth in CMN Resolution No. 4720/19, and supplementary rules, effective since January 1, 2020, for which we highlight the following:

Balance sheet

- i Adoption of the new format of presentation of the financial statements set forth in CMN Resolution 4720/2019, presenting the balance sheet accounts in decreasing order of liquidity and collectibility, without segregation between current and noncurrent. The terms of realization and collectibility for the relevant assets and liabilities groups are broken down in the notes to financial statements, according to the option provided by article 5 of BACEN Circular Letter 3959/19.
- ii Presentation of the line item "Cash and cash equivalents" with consolidation of the following line items: (i) cash; (ii) money market investments; and (iii) foreign currency investments. The financial assets presented in this line item fall due within 90 days after the date of financial statements.
- iii Presentation of "Total reserves at the Central Bank of Brazil".
- iv Presentation of the line item "Financial instruments", assets and liabilities.
- v Loan portfolio:
 - Leasing operations under the financial method, which results in the presentation of these operations at present value, eliminating the line items "Lease property and equipment" and "Guaranteed residual value";
 - Purchase of credit rights, reclassified from "Assets - Sundry" to "Other sundry credits".
- vi Presentation of the line items "Tax credits" and "Debtors for escrow deposits" segregated from the line item "Other credits - sundry", and of the line items "Deferred tax liabilities" and "Provision for risks" segregated from the line items "Tax and social security" and "Other payables", respectively.



- vii Daycoval started presenting the operations of Seguradora Líder of consortiums DPVAT in a single line of assets, included in "Insurance premiums" in Other receivables - other.

Statements of income

- i Income from lending operations starts being comprised as follows: (i) income from leasing operations and income from purchase of credit rights, the latter one previously classified in "Other operating income"; and (ii) advances on foreign exchange contracts, reclassified from "Foreign exchange transactions", except for income and expenses from differences in rates charged on the amounts of foreign currencies, presented as "Foreign exchange transactions".
- ii Highlight of gross profit from financial intermediation before expenses on allowance for loan losses.
- iii Expenses with allowance for loan losses start encompassing allowances for other loan losses added to the Expanded Loan Portfolio and for operations of Financial Guarantees provided.
- iv Other operating income and expenses start being presented in a single line item.
- iv Highlight of "Expenses on depreciation and amortization" and "Expenses on provision for risks", which were previously presented in "Operating expenses".
- v Presentation of the statement of comprehensive income, following the statement of income.

For purposes of presenting the financial statements on comparative basis, the balances and results from criteria adopted in this period were reclassified in the financial statements for the previous periods. The reclassification of the balances of assets, liabilities and results due to the new format of presentation did not change total assets and liabilities, equity and net income for the year ended December 31, 2019 and six-month period ended June 30, 2019.

b) Process of convergence with International Financial Reporting Standards ("IFRS")

As part of the process of convergence with the International Financial Reporting Standards ("IFRS"), the Accounting Pronouncements Committee (CPC) has issued 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. Accordingly, in the preparation of the Financial Statements, the Bank has adopted the following pronouncements that have been approved by the BACEN:

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 came effect beginning January 1, 2020.

All relevant information in the Individual and Consolidated Financial Statements of the Bank, and only such information, is being disclosed and corresponds to the information used by the Bank's Management in managing the Bank.



c) Consolidation

In the process of consolidation of the financial statements, the balances of assets, liabilities and results from the transactions among the Bank, its foreign branch, its direct and indirect subsidiaries and the investment funds acquired with substantial retention of risks and benefits, were eliminated, and the balances of net income and equity attributable to noncontrolling interests were recorded in separate line items.

The consolidated financial statements include the Bank and the following entities:

	Ownership interest - %	
	06/30/2020	12/31/2019
Leasing operations		
Daycoval Leasing – Banco Múltiplo S.A. ("Daycoval Leasing")	100.00	100.00
Financial activity - Foreign branch		
Banco Daycoval S.A. - Cayman Branch	100.00	100.00
Insurance and pension plan activity		
Dayprev Vida e Previdência S.A. ("Dayprev")	97.00	97.00
Non-financial activity		
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
Investment funds		
Multigestão Renda Comercial Fundo de Investimento Imobiliário - FII ("Fundo") ⁽¹⁾	68.10	68.10

(1) Pursuant to Art. 4 of CMN Resolution 4.280/13, the investment funds in which Daycoval substantially assumes or retains substantial risks and rewards, on any account, must be consolidated in the financial statements of the controlling institution. For purposes of comparability of the balances, the Fund was consolidated in the financial statements for the year ended December 31, 2019.

3 - SIGNIFICANT ACCOUNTING POLICIES

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

i Functional and reporting currency

Daycoval's financial statements are presented 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

If foreign investees conduct transactions in a currency different from their respective functional currencies, these transactions will be translated by applying the exchange rates of the respective trial balance or balance sheet for monetary items, assets and liabilities measured at fair value and for items not classified as 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".

b) Recording of income and expenses

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.



c) Cash and cash equivalents

Under BACEN Resolution 4720/19, cash and cash equivalents are represented by cash and bank deposits, recorded in line items "Cash", "Interbank accounts", and "Securities - own portfolio", with original investment term of 90 days or less; the risk of change in their fair value is considered immaterial.

The breakdown of cash and cash equivalents is presented in Note 4.

d) Financial instruments

i Interbank accounts

Repurchase commitments are stated at cost, plus income earned through the balance sheet date, less allowance for impairment, when applicable.

The breakdown of Interbank accounts is presented in Note 6.

ii Securities

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

The breakdown and classification of securities are presented in Notes 7.a and 7.b.

iii Derivative financial instruments (assets and liabilities)

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
- Futures transactions - daily adjustments are recorded at fair value in line item "Trading account" in assets or liabilities and allocated daily to profit or loss as income
- 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

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.

The breakdown of derivative financial instruments recorded in assets and liabilities accounts and in memorandum accounts is presented in Note 8.

iv Fair value measurement

The methodology applied to measure the fair value of financial assets and derivative financial instruments measured at fair value is based on the economic scenario and on the pricing models designed by Management, which include capturing average prices charged in the market, applicable to the balance sheet date. Accordingly, upon the financial settlement of these items, the results may be different from estimates.

The model of fair value measurement of financial instruments assets and liabilities, including derivatives, designed by the Management, takes into consideration the economic scenario, the collection of indicators and prices charged in the market, applicable to these instruments at the balance sheet date. The value of settlement of these financial instruments may be different from estimates.

e) Lending operations, other transactions with loan and lease characteristics and allowance for losses associated with the credit risks of these instruments

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

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).

Additionally to the minimum levels of provision mentioned in Resolution 2682/99, and subsequent amendments, Daycoval also established a provision for additional credit risk, calculated on the basis of a credit risk assessment and monitoring from time to time revalued and approved by Management.

The allowance for losses associated with the credit risk is established in an amount sufficient to cover probable losses and in accordance with standards and guidelines from CMN and Bacen.

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.

Renegotiated operations are held at least at the same level of risk in which they were classified on the date of renegotiation. In case of significant amortization of the operation or when new significant or observable facts justify the change of risk level, the operation can be reclassified into a lower risk category.

Lending operations, other transactions with loan and lease characteristics and leasing transactions are measured at amortized cost.

The breakdown of lending operations, other transactions with loan and lease characteristics and leasing operations and that of the allowance for losses associated with the credit risks of these instruments are presented in Note 9.

f) Derecognition of financial assets

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.

g) Foreign exchange transactions (gains and losses)

Foreign exchange transactions are stated at realizable values, plus income and exchange rate changes calculated on a daily pro rata basis.

The breakdown of foreign exchange transactions (gains and losses) is presented in Note 10.

h) Insurance operations

The operations of Seguradora Líder are presented in a single line of assets, in the line item "Insurance premiums receivable", proportionally to the equity interest in the entity, in connection with standard amendments set forth in SUSEP Circular Letter 595/2019, which revoked articles 153 and 154 of SUSP Circular Letter 517/2015, which established line-by-line presentation of assets and liabilities of the Consortium.

Total "Insurance premiums receivable" amounts to R\$19 (R\$2,558 at December 31, 2019).

i) Prepaid expenses

Prepaid expenses related to commissions paid to bank correspondents are controlled by contract and accounted for in line item "Prepaid expenses in assets, in the

Other prepaid expenses regarding expenses with issuance of securities in Brazil or abroad and with those relating to funds from the Interamerican Development Bank (IDB) are recognized in profit or loss on a pro rata basis, over the respective contractual terms.

Prepaid expenses are presented in Note 12.

j) Investments in subsidiaries

Investments in subsidiaries are accounted for under the equity method of accounting and applied to all associates in which the Bank has a significant influence. A significant influence is deemed to be a 20% equity interest or more in the voting capital.

The breakdown of investments in subsidiaries is presented in Note 14.



k) Other investments

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

l) Property and equipment for use

Stated at acquisition cost, monthly adjusted by their respective accumulated depreciation, calculated under the straight-line method in accordance with the estimated useful and economic life of the assets, namely: property and equipment for use - 4% p.a.; facilities, furniture, equipment for use, security systems and communications - 10% p.a.; transportation systems - 10% and 20% p.a.; and data processing systems - 20% p.a. and adjusted by impairment, as applicable.

The breakdown of property and equipment for use is presented in Note 15.

m) Impairment of non-financial assets

The impairment of non-financial 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 recognized in profit or loss for the period in which they are identified, when applicable.

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

As at June 30, 2020, the allowance for impairment of repossessed assets was recognized in the amount of R\$12,723 for the Bank and for the Consolidated (R\$8,337 for the Bank and R\$8,338 for the Consolidated at December 31, 2019) (Note 12). No evidence of impairment of other non-financial assets was identified.

n) Funding

The deposits, issuance of securities in Brazil and abroad and borrowings and onlendings are recognized at initial value, plus interest and financial charges incurred up to the balance sheet date, calculated on a pro rata basis. Funds from acceptance of securities abroad and foreign onlendings are also increased by the exchange variation calculated at the foreign currency quote announced by BACEN at the balance sheet date.

Funds from issuance of securities and foreign onlendings, subject to hedge accounting, are measured at fair value at the balance sheet date, and the effects of this measurement are recognized in the statement of income.

The breakdown of funding is presented in Note 16.



o) Provisions, contingent assets and liabilities and legal obligations (tax and labor)

The recognition, measurement and disclosure of the provisions for contingent assets and liabilities and legal obligations are carried out in accordance with the criteria established by Technical Pronouncement CPC 25 – Provisions, Contingent Liabilities and Contingent Assets approved by CMN Resolution 3823/2009 and BACEN Circular Letter 3429/2010, as follows:

i Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the entity. The contingent asset is only recognized in the financial assets when there is sufficient evidence that its realization is certain, otherwise, it is only disclosed in the financial statements.

ii Provisions and contingent liabilities

Are recognized only when deriving from a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation, also taking into consideration the opinion of its legal advisors, the nature of claims, the similarity with previous proceedings, the complexity and position of courts.

iii Legal obligations (tax and social security)

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.

The breakdown of contingent assets and liabilities and legal obligations is presented in Note 18.

p) Income tax and social contribution

Tax credits from income tax and social contribution on net profit, calculated on temporary additions, are recorded in line item "Tax credits", and the provision for deferred tax liabilities on excess depreciation, adjustments to fair value of marketable securities, inflation adjustment of escrow deposits, among others, are recorded in "Deferred taxes". Only the income tax rate is applied to surplus depreciation.

Tax credits from temporary differences in connection with the fair value measurement of certain financial assets and liabilities, including derivative contracts, provision for tax, civil and labor contingencies, and allowance for loan losses, are recognized only when all requirements for establishment are met, pursuant to CMN Resolution 3059/02.

Taxes are recognized in the statement of income, except when they refer to items recognized directly in equity. Deferred taxes, comprising tax credits and deferred tax liabilities, are calculated on the temporary differences between the tax base of assets and liabilities and their carrying amounts.

The calculation of income tax and social contribution and the breakdown of tax credits and deferred tax liabilities are respectively presented in Notes 19.a.i and 19.c.

The realization of tax credits is presented in Note 19.d.

q) Earnings per share

Earnings per share are calculated on the basis of criteria and procedures established by Technical Pronouncement CPC 41 - Earnings per Share, considering what is applicable to financial institutions, as determined by BACEN Circular Letter 3959/19.

Earnings per share are presented in the "Statement of Income" and in Note 20.f.



r) Interest on capital

CMN Resolution 4706/18, which came into effect beginning January 1, 2019, establishes procedures for the recognition of interest on capital, which must be recognized after declared or proposed and if representing a present obligation at the balance sheet date

Dividends and interest on capital declared are recognized in current liabilities in line item "Social and statutory" and dividends proposed and not yet approved are recognized in equity in line item "Special earnings reserves".

Interest on capital is presented in Note 20.d.

s) Use of accounting estimates

The preparation of the financial statements requires Management to make estimates and adopt 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.



4 - CASH AND CASH EQUIVALENTS

	Bank		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash	221,533	357,331	235,916	363,781
Money market investments ⁽¹⁾	5,487,002	1,898,150	5,487,002	1,898,150
Foreign currency investments ⁽²⁾	258,947	330,096	258,947	330,096
Total	5,967,482	2,585,577	5,981,865	2,592,027

(1) Money market investments comprising cash and cash equivalents, do not contain the amount of money market investments – third-party, for the Bank and the Consolidated.

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

5 - RESERVES AT THE CENTRAL BANK

	Bank e Consolidated	
	06/30/2020	12/31/2019
Compulsory reserves in cash on time deposits	85,733	60,377
Mandatory collections		
Other mandatory collections	9,625	6,843
Total	95,358	67,220

6 - Interbank accounts

	Bank					12/31/2019 Total
	06/30/2020				Total	
	Up to 3 months	3 to 12 months	1 to 3 Years	Over 5 years		
Money market investments						
Federal government securities	1,565,540	-	-	-	1,565,540	2,325,499
Interbank deposits	403,099	836,518	3,568	-	1,243,185	1,003,468
Total - 06/30/2020	1,968,639	836,518	3,568	-	2,808,725	3,328,967
Total - 12/31/2019	2,325,499	992,662	3,682	7,124	3,328,967	

	Consolidated					12/31/2019 Total
	06/30/2020				Total	
	Up to 3 months	3 to 12 months	1 to 3 Years	Over 5 years		
Money market investments						
Federal government securities	1,565,540	-	-	-	1,565,540	2,325,499
Interbank deposits	403,099	100,992	3,568	-	507,659	325,930
Total - 06/30/2020	1,968,639	100,992	3,568	-	1,565,540	2,651,429
Total - 12/31/2019	2,325,499	315,124	3,682	7,124	2,651,429	

7 - Money market investments**a) Breakdown by category and type**

	Bank					
	06/30/2020			12/31/2019		
	Adjusted cost	Fair value adjustment at:		Fair value ⁽¹⁾	Adjusted cost	Fair value ⁽¹⁾
Result		Shareholders Equity				
Free trading securities	312,551	(5,097)	-	307,454	218,185	218,174
Own portfolio	71,440	(567)	-	70,873	25,713	25,693
Debentures	16,982	(546)	-	16,436	25,713	25,693
Financial Bills	54,458	(21)	-	54,437	-	-
Linked to repurchase commitments	241,111	(4,530)	-	236,581	192,472	192,481
Debentures	241,111	(4,530)	-	236,581	192,472	192,481
Securities available for sale	2,681,916	-	(2,867)	2,679,049	1,440,544	1,442,404
Own portfolio	2,177,517	-	(2,736)	2,174,781	1,133,472	1,135,358
Treasury bills	2,119,316	-	(621)	2,118,695	1,013,768	1,013,656
Treasury bills	834	-	39	873	809	815
National Treasury Notes	-	-	-	-	208	224
Investment fund units	47,132	-	(2,462)	44,670	71,252	71,252
Foreign securities	8,503	-	295	8,798	45,478	47,533
Debentures	1,646	-	16	1,662	1,871	1,793
Certificates of Real Estate Receivables	86	-	(3)	83	86	85
Linked to repurchase commitments	22,378	-	(10)	22,368	-	-
Treasury bills	22,378	-	(10)	22,368	-	-
Linked to guarantees ⁽²⁾	482,021	-	(121)	481,900	307,072	307,046
Treasury bills	482,021	-	(121)	481,900	307,072	307,046
Held-to-maturity securities ⁽³⁾	16,528	-	-	16,528	12,165	12,165
Own portfolio	16,528	-	-	16,528	12,165	12,165
Other government bonds	16,528	-	-	16,528	12,165	12,165
Total - 06/30/2020	3,010,995	(5,097)	(2,867)	3,003,031	1,670,894	1,672,743
Free trading securities	218,185	(11)	-	218,174		
Securities available for sale	1,440,544	-	1,860	1,442,404		
Held-to-maturity securities	12,165	-	-	12,165		
Total - 12/31/2019	1,670,894	(11)	1,860	1,672,743		

	Consolidated					
	06/30/2020			12/31/2019		
	Adjusted cost	Fair value adjustment at:		Fair value ⁽¹⁾	Adjusted cost	Fair value ⁽¹⁾
Result		Shareholders Equity				
Free trading securities	312,551	(5,097)	-	307,454	218,185	218,174
Own portfolio	71,440	(567)	-	70,873	25,713	25,693
Debentures	16,982	(546)	-	16,436	25,713	25,693
Financial Bills	54,458	(21)	-	54,437	-	-
Linked to repurchase commitments	241,111	(4,530)	-	236,581	192,472	192,481
Debentures	241,111	(4,530)	-	236,581	192,472	192,481
Securities available for sale	2,942,065	-	(2,967)	2,939,098	1,671,304	1,676,219
Own portfolio	2,437,666	-	(2,836)	2,434,830	1,364,231	1,369,173
Treasury bills	2,153,210	-	(640)	2,152,570	1,047,482	1,047,366
Treasury bills	834	-	39	873	809	815
National Treasury Notes	-	-	-	-	208	224
Investment fund units	197,408	-	(388)	197,020	219,676	219,676
Foreign securities	84,414	-	(1,860)	82,554	94,034	99,150
Debentures	1,646	-	16	1,662	1,871	1,793
Certificates of Real Estate Receivables	86	-	(3)	83	86	84
Certificates of Bank Deposit	58	-	-	58	55	55
Bills of exchange	10	-	-	10	10	10
Linked to repurchase commitments	22,378	-	(10)	22,368	-	-
Treasury bills	22,378	-	(10)	22,368	-	-
Linked to guarantees ⁽²⁾	482,021	-	(121)	481,900	307,073	307,046
Treasury bills	482,021	-	(121)	481,900	307,073	307,046
Held-to-maturity securities ⁽³⁾	16,528	-	-	16,528	12,165	12,165
Own portfolio	16,528	-	-	16,528	12,165	12,165
Other government bonds	16,528	-	-	16,528	12,165	12,165
Total	3,271,144	(5,097)	(2,967)	3,263,080	1,901,654	1,906,558
Free trading securities	218,185	(11)	-	218,174	-	-
Securities available for sale	1,671,304	-	4,915	1,676,219	-	-
Held-to-maturity securities	12,165	-	-	12,165	-	-
Total - 12/31/2019	1,901,654	(11)	4,915	1,906,558		

(1) The securities' fair value was calculated based on the prices and rates prevailing as at June 30, 2020 and December 31, 2019, 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) Securities linked to guarantees refer to securities conducted on B3 S.A.- Brasil, Bolsa, Balcão, in the amount of R\$481,900 (R\$307,046 at December 31, 2019).

(3) For securities classified as held to maturity, the fair value relates to the initial value adjusted by interest recognized in the period.

b) Breakdown by maturity:

	Bank						12/31/2019 Fair Value
	06/30/2020					Fair Value	
	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years		
Federal government securities	33,742	1,364	522,923	604,439	1,461,368	2,623,836	1,321,741
Treasury Bills	33,742	1,364	522,923	603,566	1,461,368	2,622,963	1,320,702
National Treasury Letters	-	-	-	873	-	873	815
National Treasury Notes	-	-	-	-	-	-	224
Foreign securities	249	101	8,549	-	16,427	25,326	59,698
Eurobonds and similar instruments	249	-	8,549	-	-	8,798	47,533
Other government bonds	-	101	-	-	16,427	16,528	12,165
Private-sector securities	25,013	282,441	83	-	1,662	309,199	220,052
Debentures ⁽¹⁾	-	253,017	-	-	1,662	254,679	219,967
Certificates of Real Estate Receivables	-	-	83	-	-	83	85
Financial Bills	25,013	29,424	-	-	-	54,437	-
Investment fund units	44,670	-	-	-	-	44,670	71,252
Fixed income investment funds	-	-	-	-	-	-	12,050
Real estate investment fund	42,393	-	-	-	-	42,393	57,298
Other investment funds	2,277	-	-	-	-	2,277	1,904
Total	103,674	283,906	531,555	604,439	1,479,457	3,003,031	1,672,743

	Consolidated						12/31/2019 Fair Value
	06/30/2020					Fair Value	
	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years		
Federal government securities	33,753	2,034	535,460	625,096	1,461,368	2,657,711	1,355,451
Treasury Bills	33,753	2,034	535,460	624,223	1,461,368	2,656,838	1,354,412
National Treasury Letters	-	-	-	873	-	873	815
National Treasury Notes	-	-	-	-	-	-	224
Foreign securities	1,662	401	34,149	20,432	42,438	99,082	111,315
Eurobonds and similar instruments	1,662	300	34,149	20,432	26,011	82,554	99,150
Other government bonds	-	101	-	-	16,427	16,528	12,165
Private-sector securities	25,013	282,441	103	48	1,662	309,267	220,116
Debentures ⁽¹⁾	-	253,017	-	-	1,662	254,679	219,967
Certificates of Real Estate Receivables	-	-	83	-	-	83	84
Certificates of Bank Deposit	-	-	10	48	-	58	55
Bills of exchange	-	-	10	-	-	10	10
Financial Bills	25,013	29,424	-	-	-	54,437	-
Investment fund units	197,020	-	-	-	-	197,020	219,676
Fixed income investment funds	137,486	-	-	-	-	137,486	150,489
Real estate investment fund	5,442	-	-	-	-	5,442	5,043
Multimarket investment funds	40,380	-	-	-	-	40,380	39,624
Equity funds	11,435	-	-	-	-	11,435	22,616
Other investment funds	2,277	-	-	-	-	2,277	1,904
Total	257,448	284,876	569,712	645,576	1,505,468	3,263,080	1,906,558

(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.



8 - 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 contracted by Daycoval are as follows:

- Future market contracts - commitments to purchase or sell, interest rates and foreign currencies on a future date at a given price or yield and can be settled in cash or by physical delivery of the underlying asset of the contract. The notional value represents the notional value of the contract. The adjustments regarding the changes in the price of underlying assets of the contract are daily settled.
- Forward contracts - forward exchange contracts represent contracts for currency exchange at a price contracted on an agreed-upon future settlement date. There may be only the physical delivery or only the financial settlement of the difference between the prices of currencies underlying the contract ("*Non deliverable forwards - NDF*").
- Index swap contracts ("*Swaps*") - these are commitments to settle in cash on a date or future dates (in case there is more than one payment flow) the difference between both financial indicators stipulated and different ones (interest rates, foreign currency, inflation indexes, among others) on a notional value of principal.
- Options - options contracts subject the purchaser, by paying a premium, and the seller (writer) to the obligation, by receiving a premium, to purchase or sell a financial asset (interest rates, shares, currencies, among others) in a term limited to a price of contract.

No operations were carried out with derivative financial instruments among companies comprising the Consolidated.

i 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 3000/03.

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.

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.b) and "Payables for foreign borrowings" (Note 16.b).

The table below summarizes the market risk hedge structure:

06/30/2020				Changes in fair value		Effectiveness
Hedge item	Maturity	principal Value	Hedge Instrument	Hedge Item	Hedge Instrument	
Foreign issuance	12/13/2024	USD 350,000	Swap	(499,314)	585,138	117.19%
Funding IIC - A/B Loan	7/15/2020	USD 20,000	Swap	(27,183)	27,299	100.43%
Funding IFC	3/15/2022	USD 110,000	Swap	(298,085)	298,756	100.23%
Funding IDB - A/B Loan	12/15/2023	USD 150,000	Swap	(194,457)	212,325	109.19%
Funding IDB - A/B Loan	12/15/2021	USD 253,000	Swap	(349,692)	361,930	103.50%
Funding IDB - A/B Loan	12/15/2021	€ 25,000	Swap	(39,868)	38,991	97.80%
				(1,408,599)	1,524,439	

12/31/2019				Changes in fair value		Effectiveness
Hedge item	Maturity	principal Value	Hedge Instrument	Hedge Item	Hedge Instrument	
Foreign issuance	12/13/2024	USD 350,000	Swap	29,628	(36,218)	122.24%
Funding IIC - A/B Loan	7/15/2020	USD 20,000	Swap	(19,590)	19,577	99.93%
Funding IFC	3/15/2022	USD 110,000	Swap	(155,967)	153,563	98.46%
Funding IDB - A/B Loan	12/15/2023	USD 150,000	Swap	6,755	(7,038)	104.19%
Funding IDB - A/B Loan	12/15/2021	USD 253,000	Swap	11,410	(11,370)	99.65%
Funding IDB - A/B Loan	12/15/2021	€ 25,000	Swap	1,084	(1,090)	100.55%
				(126,680)	117,424	

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.

a) Breakdown of amounts of differentials receivable and payable recorded in assets and liabilities as "Derivatives" (Bank and Consolidated):

	06/30/2020							12/31/2019			
	Amortized cost	Adjusted cost	Fair value	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years	Amortized cost	Adjusted cost	Fair value
Assets	1,383,985	98,106	1,482,091	123,016	55,637	552,998	748,389	2,051	137,545	12,239	149,784
Derivatives	1,383,985	98,106	1,482,091	123,016	55,637	552,998	748,389	2,051	137,545	12,239	149,784
Swaps - differential receivable	1,210,738	79,210	1,289,948	12,724	1,883	526,544	746,746	2,051	105,734	11,059	116,793
Currency forward receivable	165,867	16,879	182,746	102,539	53,215	25,349	1,643	-	20,468	1,242	21,710
Premiums paid for purchase of stock options	210	2,017	2,227	583	539	1,105	-	-	2,625	(62)	2,563
Foreign exchange coupon (DDI)	770	-	770	770	-	-	-	-	6,039	-	6,039
Dollar futures (DOL)	6,383	-	6,383	6,383	-	-	-	-	2,595	-	2,595
Interest rate (DI)	15	-	15	15	-	-	-	-	82	-	82
Coupon future IPC-A (DAP)	2	-	2	2	-	-	-	-	2	-	2
Liabilities	43,134	818	43,952	28,437	12,573	2,337	605	-	76,401	29,866	106,267
Derivatives	43,134	818	43,952	28,437	12,573	2,337	605	-	76,401	29,866	106,267
Swaps - differential receivable	12,814	(502)	12,312	1,156	9,497	1,054	605	-	46,634	27,691	74,325
Currency forward receivable	22,172	(454)	21,718	19,003	2,537	178	-	-	20,719	3,368	24,087
Premiums paid for purchase of stock options	453	1,774	2,227	583	539	1,105	-	-	3,756	(1,193)	2,563
Foreign exchange coupon (DDI)	4,743	-	4,743	4,743	-	-	-	-	1,849	-	1,849
Dollar futures (DOL)	634	-	634	634	-	-	-	-	777	-	777
Interest rate (DI)	2,315	-	2,315	2,315	-	-	-	-	2,659	-	2,659
Coupon future IPC-A (DAP)	3	-	3	3	-	-	-	-	7	-	7

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

	06/30/2020		12/31/2019	
	Assets	Liabilities	Assets	Liabilities
Futures	7,170	7,695	8,718	5,292
B3 S.A. - Bolsa, Brasil, Balcão	7,170	7,695	8,718	5,292
Swap	1,289,948	12,312	116,793	74,325
Financial institutions	1,271,815	-	108,276	74,035
Companies	18,133	12,312	8,517	290
Forward	182,746	21,718	21,710	24,087
Financial institutions	-	-	-	711
Companies	182,746	21,718	21,710	23,376
Options	2,227	2,227	2,563	2,563
Financial institutions	-	2,227	-	2,563
Companies	2,227	-	2,563	-

c) Breakdown of notional values recorded in memorandum accounts by type of strategy of contract and notional index (Bank and Consolidated):

	06/30/2020					Total	12/31/2019 Total
	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years		
Swap							
Assets							
Hedge accounting	15,971	-	1,375,549	2,052,505	-	3,444,025	365,711
Dollar x CDI	-	-	-	1,442,055	-	1,442,055	-
Dollar X PRE	-	-	1,028,951	-	-	1,028,951	-
Libor x CDI	15,971	-	233,160	610,450	-	859,581	365,711
Euro x PRE	-	-	113,438	-	-	113,438	-
Trading objective	1,583	4,649	11,274	10,829	2,557	30,892	113,119
Dollar x CDI	1,583	4,649	11,274	10,829	2,557	30,892	29,835
PRE x Dollar	-	-	-	-	-	-	46,357
CDI x Dollar	-	-	-	-	-	-	35,790
CDI x Euro	-	-	-	-	-	-	1,137
Liabilities							
Hedge accounting	-	-	-	-	-	-	3,194,894
Dollar x CDI	-	-	-	-	-	-	1,442,055
Dollar X PRE	-	-	-	-	-	-	1,028,951
Libor x CDI	-	-	-	-	-	-	610,450
Euro x PRE	-	-	-	-	-	-	113,438
Trading objective	5,349	31,913	4,346	18,254	-	59,862	25,375
Dollar x CDI	-	-	-	-	-	-	4,263
PRE x Dollar	4,034	31,913	4,346	-	-	40,293	735
CDI X Dollar	1,315	-	-	-	-	1,315	-
CDI X PRE	-	-	-	18,254	-	18,254	20,377
Forward	1,655,352	342,829	86,524	3,789	-	2,088,494	1,613,457
Purchase of call options	439,657	285,140	86,524	3,789	-	815,110	1,123,599
Sale of options	1,215,695	57,689	-	-	-	1,273,384	489,858
Future	3,682,564	5,212,028	2,261,246	529,872	-	11,685,710	7,408,633
Purchase of options	1,497,121	1,452,953	10,919	358,137	-	3,319,130	589,800
Foreign exchange coupon (DDI)	138,347	1,176,461	-	358,137	-	1,672,945	379,031
Dollar futures (DOL)	1,358,774	272,520	-	-	-	1,631,294	2,015
Interest rate (DI)	-	3,972	10,919	-	-	14,891	208,754
Sale of options	2,185,443	3,759,075	2,250,327	171,735	-	8,366,580	6,818,833
Foreign exchange coupon (DDI)	937,972	240,328	194,465	31,249	-	1,404,014	839,645
Dollar futures (DOL)	-	-	-	-	-	-	291,627
Interest rate (DI)	1,245,472	3,516,077	2,049,323	140,486	-	6,951,358	5,676,017
Coupom future IPC-A (DAP)	1,999	2,670	6,539	-	-	11,208	11,544
Options	2,945	5,119	5,186	-	-	13,250	144,101
Purchase of options	1,385	2,501	2,252	-	-	6,138	68,825
Foreign currency	1,385	2,501	2,252	-	-	6,138	68,825
Sale of options	1,560	2,618	2,934	-	-	7,112	75,276
Foreign currency	1,560	2,618	2,934	-	-	7,112	75,276

9 - LENDIND OPERATIONS

a) Summary of credit portfolio and extended credit portfolio

	Bank		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Loans	17,398,698	16,934,078	17,554,706	17,083,532
Leasing	-	-	1,150,083	1,050,561
Other transactions with loan characteristics	4,115,881	5,927,721	4,124,922	5,931,524
Income receivable from advances granted (Note 10 - Exchange Gains)	11,076	14,258	11,076	14,258
Financed imports (Nota 10 - Exchange Losses)	6,481	-	6,481	-
Advances on foreign exchange contracts (Nota 10 - Exchange Losses)	559,648	604,635	559,648	604,635
Income to be allocated to advances granted (Note 10 - Exchange Losses)	(1,359)	(730)	(1,359)	(730)
Total lending operations	22,090,425	23,479,962	23,405,557	24,683,780
Financial guarantees provided	2,604,196	2,675,832	2,604,196	2,675,832
Total	24,694,621	26,155,794	26,009,753	27,359,612

b) Breakdown of portfolio with loan characteristics

i) By segment, type of operation and risk level

06/30/2020	Bank									
	AA	A	B	C	D	E	F	G	H	Total
Corporate segment	2,836,655	2,774,427	6,810,099	724,488	281,944	85,054	71,735	22,786	276,869	13,884,057
Loans	116,603	818,838	4,035,853	539,214	239,730	64,258	64,716	14,646	231,610	6,125,468
Discounted trade notes	-	518,375	724,278	36,668	11,081	6,982	3,486	7,176	5,694	1,313,740
Financing	80,352	338,520	803,747	77,079	18,855	11,236	1,886	-	22,562	1,354,237
Rural and agro-industrial financing	-	86,617	172,028	1,570	-	-	-	-	5,638	265,853
Payables for purchase of assets	-	280	2,390	321	-	-	-	-	-	2,991
Purchase of credit rights without right of recourse	2,398,577	868,087	631,211	53,404	11,767	2,578	1,647	721	7,837	3,975,829
Credits linked to transactions acquired under assignment	-	23,630	-	-	-	-	-	-	-	23,630
Advances on foreign exchange contracts	-	119,324	430,315	15,444	511	-	-	243	3,528	569,365
Financed imports	241,123	756	10,277	788	-	-	-	-	-	252,944
Retail segment	-	4,226,089	2,025,935	1,337,667	207,039	60,676	39,855	34,016	275,091	8,206,368
Payroll-deduction loans	-	4,184,048	1,519,540	935,117	40,906	27,001	22,564	22,793	235,167	6,987,136
Loans backed by real estate	-	-	48,172	1,636	1,728	715	357	680	2,004	55,292
Loans assigned with substantial retention of risks and benefits	-	18,182	1,349	405	40	1	-	-	26	20,003
Discounted trade notes	-	156	9	20	32	67	31	23	169	507
Vehicle financing	-	-	454,705	400,489	164,333	32,892	16,903	10,520	37,725	1,117,567
Real estate financing	-	-	2,160	-	-	-	-	-	-	2,160
Credits linked to transactions acquired under assignment	-	23,703	-	-	-	-	-	-	-	23,703
Total portfolio of transactions with loan characteristics	2,836,655	7,000,516	8,836,034	2,062,155	488,983	145,730	111,590	56,802	551,960	22,090,425
Corporate segment	-	-	-	-	-	-	-	-	-	-
Financial guarantees provided	1,557,731	372,776	533,644	126,036	12,820	415	360	-	414	2,604,196
Total financial guarantees provided	1,557,731	372,776	533,644	126,036	12,820	415	360	-	414	2,604,196
Total extended credit portfolio	4,394,386	7,373,292	9,369,678	2,188,191	501,803	146,145	111,950	56,802	552,374	24,694,621
Segregation of the portfolio of transactions with loan characteristics in normal course and in abnormal course	-	-	-	-	-	-	-	-	-	-
In normal course ⁽¹⁾	2,836,654	6,696,903	8,180,999	1,617,441	338,243	80,335	46,155	14,146	188,016	19,998,892
In abnormal course ⁽²⁾	-	303,612	655,036	444,714	150,739	65,396	65,435	42,656	363,945	2,091,533
Total portfolio of transactions with loan characteristics	2,836,654	7,000,515	8,836,035	2,062,155	488,982	145,731	111,590	56,802	551,961	22,090,425

(1) Operations without past-due installments and/or with installments past due up to 14 days.

(2) Operations with at least one installment past due for more than 14 days.

9 - LENDIND OPERATIONS

12/31/2019	AA	A	B	C	D	E	F	G	H	Total
Corporate segment	3,276,192	2,964,064	7,407,672	1,322,061	352,382	65,628	62,357	16,258	349,347	15,815,961
Loans	62,569	844,819	4,053,084	551,141	319,157	53,006	56,402	15,188	275,940	6,231,306
Discounted trade notes	9,233	106,575	447,273	618,467	7,581	3,249	567	885	3,361	1,197,191
Financing	89,720	247,147	904,376	31,196	9,542	7,630	1,115	185	24,474	1,315,385
Rural and agro-industrial financing	-	73,198	140,069	1,002	-	-	-	-	-	214,269
Payables for purchase of assets	-	6,665	4,370	-	-	-	-	-	-	11,035
Purchase of credit rights without right of recourse	2,688,219	1,555,230	1,402,311	95,251	16,102	1,743	3,216	-	3,192	5,765,264
Credits linked to transactions acquired under assignment	-	23,566	-	-	-	-	-	-	-	23,566
Advances on foreign exchange contracts	-	95,698	455,039	25,004	-	-	1,057	-	41,365	618,163
Sureties and pledges honored	-	-	-	-	-	-	-	-	1,015	1,015
Financed imports	426,451	11,166	1,150	-	-	-	-	-	-	438,767
Retail segment	-	4,018,934	1,633,109	1,411,016	265,044	49,130	26,002	21,116	239,650	7,664,001
Payroll-deduction loans	-	3,954,735	1,281,902	930,152	38,022	26,741	15,744	14,415	211,032	6,452,743
Loans backed by real estate	-	-	50,819	734	511	1,019	985	729	122	54,919
Loans granted with substantial retention of risks and benefits	-	27,678	2,217	924	53	2	2	-	25	30,901
Discounted trade notes	-	546	18	27	36	19	48	27	172	893
Vehicle financing	-	-	316,374	479,179	226,422	21,349	9,223	5,945	28,299	1,086,791
Real estate financing	-	-	1,779	-	-	-	-	-	-	1,779
Credits linked to transactions acquired under assignment	-	35,975	-	-	-	-	-	-	-	35,975
Total portfolio of transactions with loan characteristics	3,276,192	6,982,998	9,040,781	2,733,077	617,426	114,758	88,359	37,374	588,997	23,479,962
Corporate segment	-	-	-	-	-	-	-	-	-	-
Financial guarantees provided	1,710,203	321,756	568,820	63,409	11,284	-	360	-	-	2,675,832
Total financial guarantees provided	1,710,203	321,756	568,820	63,409	11,284	-	360	-	-	2,675,832
Total extended credit portfolio	4,986,395	7,304,754	9,609,601	2,796,486	628,710	114,758	88,719	37,374	588,997	26,155,794
Segregation of the portfolio of transactions with loan characteristics in normal course and in abnormal course	-	-	-	-	-	-	-	-	-	-
In normal course ⁽¹⁾	3,276,191	6,680,266	8,521,923	2,242,369	484,998	61,876	39,282	13,921	311,978	21,632,804
In abnormal course ⁽²⁾	-	302,730	518,859	490,707	132,427	52,883	49,077	23,452	277,023	1,847,158
Total portfolio of transactions with loan characteristics	3,276,191	6,982,996	9,040,782	2,733,076	617,425	114,759	88,359	37,373	589,001	23,479,962

(1) Operations without past-due installments and/or with installments past due up to 14 days.

(2) Operations with at least one installment past due for more than 14 days.

9 - LENDIND OPERATIONS

Consolidated										
06/30/2020	AA	A	B	C	D	E	F	G	H	Total
Corporate segment	3,028,747	3,244,800	7,361,360	801,891	295,958	88,706	74,296	22,802	280,629	15,199,189
Loans	116,603	818,838	4,035,853	539,214	239,730	64,258	64,716	14,646	231,610	6,125,468
Discounted trade notes	-	518,375	724,278	36,668	11,081	6,982	3,486	7,176	5,694	1,313,740
Financing	80,352	338,520	803,747	77,079	18,855	11,236	1,886	-	22,562	1,354,237
Rural and agro-industrial financing	-	86,617	172,028	1,570	-	-	-	-	5,638	265,853
Debtors for purchase of assets	-	280	2,390	321	-	-	-	-	-	2,991
Purchase of credit rights without right of recourse	2,398,577	868,087	631,211	53,404	11,767	2,578	1,647	721	7,837	3,975,829
Credits linked to transactions acquired under assignment	-	23,630	-	-	-	-	-	-	-	23,630
Advances on foreign exchange contracts	-	119,324	430,315	15,444	511	-	-	243	3,528	569,365
Leasing	192,092	470,373	551,261	77,403	14,014	3,652	2,561	16	3,760	1,315,132
Sureties and pledges honored	-	-	-	-	-	-	-	-	-	-
Financed imports	241,123	756	10,277	788	-	-	-	-	-	252,944
Retail segment	-	4,226,089	2,025,935	1,337,667	207,039	60,676	39,855	34,016	275,091	8,206,368
Payroll-deduction loans	-	4,184,048	1,519,540	935,117	40,906	27,001	22,564	22,793	235,167	6,987,136
Loans backed by real estate	-	-	48,172	1,636	1,728	715	357	680	2,004	55,292
Loans granted with substantial retention of risks and benefits	-	18,182	1,349	405	40	1	-	-	26	20,003
Discounted trade notes	-	156	9	20	32	67	31	23	169	507
Vehicle financing	-	-	454,705	400,489	164,333	32,892	16,903	10,520	37,725	1,117,567
Real estate financing	-	-	2,160	-	-	-	-	-	-	2,160
Credits linked to operations acquired under assignment	-	23,703	-	-	-	-	-	-	-	23,703
Total portfolio of transactions with loan characteristics	3,028,747	7,470,889	9,387,295	2,139,558	502,997	149,382	114,151	56,818	555,720	23,405,557
Corporate segment	-	-	-	-	-	-	-	-	-	-
Financial guarantees provided	1,557,731	372,776	533,644	126,036	12,820	415	360	-	414	2,604,196
Total financial guarantees provided	1,557,731	372,776	533,644	126,036	12,820	415	360	-	414	2,604,196
Total extended credit portfolio	4,586,478	7,843,665	9,920,939	2,265,594	515,817	149,797	114,511	56,818	556,134	26,009,753
Segregation of the portfolio of transactions with loan characteristics in normal course and in abnormal course	-	-	-	-	-	-	-	-	-	-
In normal course ⁽¹⁾	3,028,747	7,167,223	8,732,141	1,694,230	351,825	83,799	48,350	14,148	190,393	21,310,856
In abnormal course ⁽²⁾	-	303,665	655,154	445,329	151,171	65,582	65,800	42,669	365,331	2,094,701
Total portfolio of transactions with loan characteristics	3,028,747	7,470,888	9,387,295	2,139,559	502,996	149,381	114,150	56,817	555,724	23,405,557

(1) Operations without past-due installments and/or with installments past due up to 14 days.

(2) Operations with at least one installment past due for more than 14 days.

9 - LENDIND OPERATIONS

12/31/2019	AA	A	B	C	D	E	F	G	H	Total
Corporate segment	3,381,726	3,425,851	7,951,190	1,392,853	360,564	68,804	64,359	16,280	358,152	17,019,779
Loans	62,569	844,819	4,053,084	551,141	319,157	53,006	56,402	15,188	275,940	6,231,306
Discounted trade notes	9,233	106,575	447,273	618,467	7,581	3,249	567	885	3,361	1,197,191
Financing	89,720	247,147	904,376	31,196	9,542	7,630	1,115	185	24,474	1,315,385
Rural and agro-industrial financing	-	73,198	140,069	1,002	-	-	-	-	-	214,269
Debtors for purchase of assets	-	6,665	4,370	-	-	-	-	-	-	11,035
Purchase of credit rights without right of recourse	2,688,219	1,555,230	1,402,311	95,251	16,102	1,743	3,216	-	3,192	5,765,264
Credits linked to transactions acquired under assignment	-	23,566	-	-	-	-	-	-	-	23,566
Advances on foreign exchange contracts	-	95,698	455,039	25,004	-	-	1,057	-	41,365	618,163
Leasing	105,534	461,787	543,518	70,792	8,182	3,176	2,002	22	8,805	1,203,818
Sureties and pledges honored	-	-	-	-	-	-	-	-	1,015	1,015
Financed imports	426,451	11,166	1,150	-	-	-	-	-	-	438,767
Retail segment	-	4,018,934	1,633,109	1,411,016	265,044	49,130	26,002	21,116	239,650	7,664,001
Payroll-deduction loans	-	3,954,735	1,261,902	930,152	38,022	26,741	15,744	14,415	211,032	6,452,743
Loans backed by real estate	-	-	50,819	734	511	1,019	985	729	122	54,919
Loans granted with substantial retention of risks and benefits	-	27,678	2,217	924	53	2	2	-	25	30,901
Discounted trade notes	-	546	18	27	36	19	48	27	172	893
Vehicle financing	-	-	316,374	479,179	226,422	21,349	9,223	5,945	28,299	1,086,791
Real estate financing	-	-	1,779	-	-	-	-	-	-	1,779
Credits linked to transactions acquired under assignment	-	35,975	-	-	-	-	-	-	-	35,975
Total portfolio of transactions with loan characteristics	3,381,726	7,444,785	9,584,299	2,803,869	625,608	117,934	90,361	37,396	597,802	24,683,780
Corporate segment	-	-	-	-	-	-	-	-	-	-
Financial guarantees provided	1,710,203	321,756	568,820	63,409	11,284	-	360	-	-	2,675,832
Total financial guarantees provided	1,710,203	321,756	568,820	63,409	11,284	-	360	-	-	2,675,832
Total extended credit portfolio	5,091,929	7,766,541	10,153,119	2,867,278	636,892	117,934	90,721	37,396	597,802	27,359,612
Segregation of the portfolio of transactions with loan characteristics in normal course and in abnormal course	-	-	-	-	-	-	-	-	-	-
In normal course ⁽¹⁾	3,381,726	7,141,828	9,064,453	2,311,380	493,066	65,036	40,994	13,924	313,103	22,825,510
In abnormal course ⁽²⁾	-	302,956	519,848	492,487	132,541	52,898	49,367	23,471	284,702	1,858,270
Total portfolio of transactions with loan characteristics	3,381,726	7,444,784	9,584,301	2,803,867	625,607	117,934	90,361	37,395	597,805	24,683,780

(1) Operations without past-due instalments and/or with instalments past due up to 14 days.

(2) Operations with at least one installment past due for more than 14 days.



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

Bank										
06/30/2020	AA	A	B	C	D	E	F	G	H	Total
In normal course ⁽¹⁾	2,836,655	6,696,904	8,180,997	1,617,441	338,244	80,335	46,155	14,146	188,015	19,998,892
Installments falling due	2,836,654	6,681,386	8,163,382	1,610,771	336,030	79,628	46,136	14,139	187,638	19,955,764
Up to 3 months	2,053,505	2,320,608	2,622,740	273,945	66,117	14,309	16,325	1,695	20,265	7,389,509
3 to 12 months	706,259	1,573,842	2,859,098	484,497	154,026	27,976	19,947	6,101	55,134	5,886,880
1 to 3 years	68,974	1,634,156	2,044,825	576,430	109,562	27,847	9,041	6,086	85,643	4,562,564
3 to 5 years	7,916	825,337	422,551	179,917	6,153	9,434	777	223	24,529	1,476,837
Over 5 years	-	327,443	214,168	95,982	172	62	46	34	2,067	639,974
Past due up to 14 days	1	15,518	17,615	6,670	2,214	707	19	7	377	43,128
In abnormal course ⁽²⁾	-	303,612	655,037	444,714	150,739	65,395	65,435	42,656	363,945	2,091,533
Installments falling due	-	298,049	629,943	411,033	129,523	46,535	47,572	24,498	231,522	1,818,675
Up to 3 months	-	56,638	137,122	47,521	24,853	6,319	7,288	2,784	53,608	336,133
3 to 12 months	-	48,848	188,552	113,256	43,048	14,746	16,018	6,596	53,501	484,565
1 to 3 years	-	98,062	168,039	172,023	48,747	18,821	19,099	9,515	91,946	626,252
3 to 5 years	-	65,381	82,046	58,518	9,181	4,528	3,822	3,488	26,762	253,726
Over 5 years	-	29,120	54,184	19,715	3,694	2,121	1,345	2,115	5,705	117,999
Installments paid due	-	5,563	25,094	33,681	21,216	18,860	17,863	18,158	132,423	272,858
Up to 60 days	-	5,563	25,094	29,631	10,336	6,227	6,290	9,245	15,683	108,069
61 to 90 days	-	-	-	3,185	8,283	3,031	2,090	1,051	7,272	24,912
91 to 180 days	-	-	-	865	2,597	8,636	7,848	5,450	58,981	84,377
181 to 360 days	-	-	-	-	-	966	1,635	2,412	50,487	55,500
Total portfolio of transactions with loan characteristics	2,836,655	7,000,516	8,836,034	2,062,155	488,983	145,730	111,590	56,802	551,960	22,090,425
Financial guarantees provided	1,557,731	372,776	533,644	126,036	12,820	415	360	-	414	2,604,196
Total financial guarantees provided	1,557,731	372,776	533,644	126,036	12,820	415	360	-	414	2,604,196
Total extended credit portfolio	4,394,386	7,373,292	9,369,678	2,188,191	501,803	146,145	111,950	56,802	552,374	24,694,621
Provision associated with credit risk										
Minimum required ⁽³⁾	-	35,003	88,360	61,865	48,898	43,719	55,795	39,810	551,960	925,410
Additional ⁽⁴⁾	-	21,001	167,885	88,672	97,308	29,001	22,206	-	-	426,073
Total provision associated with credit risk on the portfolio of transactions with loan characteristics	-	56,004	256,245	150,537	146,206	72,720	78,001	39,810	551,960	1,351,483
Minimum required ⁽³⁾	-	1,864	5,336	3,781	1,282	124	180	-	414	12,981
Additional ⁽⁴⁾	-	1,118	10,140	5,420	2,551	83	71	-	-	19,383
Total provision associated with credit risk on financial guarantees provided	-	2,982	15,476	9,201	3,833	207	251	-	414	32,364
Total provision associated with credit risk on extended credit portfolio	-	58,986	271,721	159,738	150,039	72,927	78,252	39,810	552,374	1,383,847

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12/31/2019	AA	A	B	C	D	E	F	G	H	Total
In normal course ⁽¹⁾	3,276,192	6,680,267	8,521,922	2,242,370	484,998	61,876	39,281	13,921	311,977	21,632,804
Installments falling due	3,276,192	6,649,216	8,463,196	2,235,415	480,381	61,631	39,118	13,914	311,573	21,530,636
Up to 3 months	2,421,974	2,282,140	2,975,332	860,597	83,072	14,719	11,990	1,807	61,459	8,713,090
3 to 12 months	803,050	1,523,324	3,070,564	520,253	193,754	31,796	17,027	4,961	68,051	6,232,780
1 to 3 years	43,390	1,685,459	1,823,927	581,068	181,307	13,291	9,755	7,145	121,002	4,466,344
3 to 5 years	7,778	826,094	396,124	191,436	22,196	1,823	346	1	49,472	1,495,270
Over 5 years	-	332,199	197,249	82,061	52	2	-	-	11,589	623,152
Past due up to 14 days	-	31,051	58,726	6,955	4,617	245	163	7	404	102,168
In abnormal course ⁽²⁾	-	302,731	518,859	490,707	132,428	52,882	49,078	23,453	277,020	1,847,158
Installments falling due	-	277,867	476,687	447,378	114,728	39,534	35,679	15,809	134,140	1,541,822
Up to 3 months	-	105,831	147,315	52,805	17,374	6,356	4,656	1,866	17,206	353,409
3 to 12 months	-	78,562	145,499	129,056	36,776	11,626	11,244	4,635	37,494	454,892
1 to 3 years	-	63,714	120,063	174,844	47,534	14,525	14,997	6,260	62,938	504,875
3 to 5 years	-	21,047	39,313	61,053	9,236	4,633	3,294	1,986	13,670	154,232
Over 5 years	-	8,713	24,497	29,620	3,808	2,394	1,488	1,062	2,832	74,414
Installments past due	-	24,864	42,172	43,329	17,700	13,348	13,399	7,644	142,880	305,336
Up to 60 days	-	24,864	42,172	41,549	10,538	4,807	4,576	1,914	40,149	170,569
61 to 90 days	-	-	-	1,286	4,817	2,404	2,369	697	6,170	17,743
91 to 180 days	-	-	-	494	2,345	5,244	5,208	3,428	21,285	38,004
181 to 360 days	-	-	-	-	-	893	1,246	1,605	75,276	79,020
Total portfolio of transactions with loan characteristics	3,276,192	6,982,998	9,040,781	2,733,077	617,426	114,758	88,359	37,374	588,997	23,479,962
Financial guarantees provided	1,710,203	321,756	568,820	63,409	11,284	-	360	-	-	2,675,832
Total financial guarantees provided	1,710,203	321,756	568,820	63,409	11,284	-	360	-	-	2,675,832
Total extended credit portfolio	4,986,395	7,304,754	9,609,601	2,796,486	628,710	114,758	88,719	37,374	588,997	26,155,794
Provision associated with credit risk										
Minimum required ⁽³⁾	-	34,915	90,408	81,993	61,743	34,427	44,230	26,161	588,997	962,874
Additional ⁽⁴⁾	-	20,949	171,775	117,522	-	-	-	-	-	310,246
Total provision associated with credit risk on the portfolio of transactions with loan characteristics	-	55,864	262,183	199,515	61,743	34,427	44,230	26,161	588,997	1,273,120
Minimum required ⁽³⁾	-	1,609	5,688	1,902	1,128	-	180	-	-	10,507
Additional ⁽⁴⁾	-	965	10,808	2,726	-	-	-	-	-	14,500
Total provision associated with credit risk on financial guarantees provided	-	2,574	16,496	4,628	1,128	-	180	-	-	25,007
Total provision associated with credit risk on extended credit portfolio	-	58,438	278,679	204,143	62,871	34,427	44,410	26,161	588,997	1,298,127



Consolidated										
06/30/2020	AA	A	B	C	D	E	F	G	H	Total
In normal course ⁽¹⁾	3,028,747	7,167,224	8,732,141	1,694,229	351,826	83,800	48,351	14,149	190,389	21,310,856
Installments falling due	3,028,746	7,150,973	8,714,250	1,687,438	349,612	83,093	48,332	14,142	190,012	21,266,598
Up to 3 months	2,069,373	2,397,587	2,683,724	284,099	67,961	14,755	16,773	1,697	20,847	7,556,816
3 to 12 months	754,139	1,714,491	3,018,038	511,777	158,507	29,701	20,852	6,101	56,296	6,269,902
1 to 3 years	152,801	1,826,949	2,292,218	609,390	115,378	29,001	9,774	6,086	86,277	5,127,874
3 to 5 years	49,534	878,067	483,362	186,191	7,309	9,573	848	223	24,529	1,639,636
Over 5 years	2,899	333,879	236,908	95,981	457	63	85	35	2,063	672,370
Past due up to 14 days	1	16,251	17,891	6,791	2,214	707	19	7	377	44,258
In abnormal course ⁽²⁾	-	303,665	655,154	445,329	151,171	65,582	65,800	42,669	365,331	2,094,701
Installments falling due	-	298,050	629,942	411,033	129,523	46,534	47,573	24,498	231,522	1,818,675
Up to 3 months	-	56,778	137,538	47,670	24,856	6,319	7,289	2,784	53,616	336,850
3 to 12 months	-	48,751	188,245	113,144	43,046	14,745	16,018	6,596	53,495	484,040
1 to 3 years	-	98,020	167,929	171,986	48,746	18,821	19,099	9,515	91,944	626,060
3 to 5 years	-	65,381	82,046	58,518	9,181	4,528	3,822	3,488	26,762	253,726
Over 5 years	-	29,120	54,184	19,715	3,694	2,121	1,345	2,115	5,705	117,999
Installments past due	-	5,615	25,212	34,296	21,648	19,048	18,227	18,171	133,809	276,026
Up to 60 days	-	5,615	25,212	30,246	10,614	6,315	6,484	9,249	16,054	109,789
61 to 90 days	-	-	-	3,185	8,437	3,079	2,164	1,053	7,470	25,388
91 to 180 days	-	-	-	865	2,597	8,688	7,944	5,457	59,468	85,019
181 to 360 days	-	-	-	-	-	966	1,635	2,412	50,817	55,830
Total portfolio of transactions with loan characteristics	3,028,747	7,470,889	9,387,295	2,139,558	502,997	149,382	114,151	56,818	555,720	23,405,557
Financial guarantees provided	1,557,731	372,776	533,644	126,036	12,820	415	360	-	414	2,604,196
Total financial guarantees provided	1,557,731	372,776	533,644	126,036	12,820	415	360	-	414	2,604,196
Total extended credit portfolio	4,586,478	7,843,665	9,920,939	2,265,594	515,817	149,797	114,511	56,818	556,134	26,009,753
Provision associated with credit risk										
Minimum required ⁽³⁾	-	37,354	93,873	64,187	50,300	44,815	57,076	39,773	555,720	943,097
Additional ⁽⁴⁾	-	21,049	167,885	88,672	97,308	29,001	22,206	-	-	426,121
Total provision associated with credit risk on portfolio of transactions with loan characteristics	-	58,403	261,758	152,859	147,608	73,816	79,282	39,773	555,720	1,369,218
Minimum required ⁽³⁾	-	1,864	5,336	3,781	1,282	124	180	-	414	12,981
Additional ⁽⁴⁾	-	1,118	10,140	5,420	2,551	83	71	-	-	19,383
Total provision associated with credit risk on financial guarantees provided	-	2,982	15,476	9,201	3,833	207	251	-	414	32,364
Total provision associated with credit risk on extended credit portfolio	-	61,385	277,234	162,060	151,441	74,023	79,533	39,773	556,134	1,401,582

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12/31/2019	AA	A	B	C	D	E	F	G	H	Total
In normal course ⁽¹⁾	3,381,726	7,141,829	9,064,452	2,311,382	493,067	65,035	40,994	13,925	313,100	22,825,510
Installments falling due	3,381,726	7,110,367	9,004,933	2,304,224	488,438	64,790	40,831	13,915	312,635	22,721,859
Up to 3 months	2,431,455	2,337,933	3,037,228	871,851	84,660	15,138	12,292	1,807	61,683	8,854,047
3 to 12 months	822,509	1,665,291	3,219,421	544,035	197,155	32,887	17,620	4,961	68,588	6,572,467
1 to 3 years	94,350	1,888,588	2,064,023	609,644	184,261	14,621	10,453	7,145	121,308	4,994,393
3 to 5 years	32,706	862,139	460,468	195,488	22,233	2,144	432	2	49,469	1,625,081
Over 5 years	706	356,416	223,793	83,206	129	-	34	-	11,587	675,871
Past due up to 14 days	-	31,462	59,519	7,158	4,629	245	163	10	465	103,651
In abnormal course ⁽²⁾	-	302,956	519,847	492,487	132,541	52,899	49,367	23,471	284,702	1,858,270
Installments falling due	-	278,092	477,593	448,857	114,763	39,540	35,940	15,811	139,644	1,550,240
Up to 3 months	-	105,872	147,541	53,143	17,407	6,362	4,699	1,868	17,892	354,784
3 to 12 months	-	78,677	145,987	129,614	36,778	11,626	11,364	4,635	39,062	457,743
1 to 3 years	-	63,783	120,255	175,427	47,534	14,525	15,095	6,260	65,736	508,615
3 to 5 years	-	21,047	39,313	61,053	9,236	4,633	3,294	1,986	14,122	154,684
Over 5 years	-	8,713	24,497	29,620	3,808	2,394	1,488	1,062	2,832	74,414
Installments past due	-	24,864	42,254	43,630	17,778	13,359	13,427	7,660	145,058	308,030
Up to 60 days	-	24,864	42,254	41,850	10,589	4,812	4,597	1,919	40,612	171,497
61 to 90 days	-	-	-	1,286	4,844	2,407	2,376	699	6,414	18,026
91 to 180 days	-	-	-	494	2,345	5,247	5,208	3,437	21,953	38,684
181 to 360 days	-	-	-	-	-	893	1,246	1,605	76,079	79,823
Total portfolio of transactions with loan characteristics	3,381,726	7,444,785	9,584,299	2,803,869	625,608	117,934	90,361	37,396	597,802	24,683,780
Financial guarantees provided	1,710,203	321,756	568,820	63,409	11,284	-	360	-	-	2,675,832
Total financial guarantees provided	1,710,203	321,756	568,820	63,409	11,284	-	360	-	-	2,675,832
Total extended credit portfolio	5,091,929	7,766,541	10,153,119	2,867,278	636,892	117,934	90,721	37,396	597,802	27,359,612
Provision associated with credit risk										
Minimum required ⁽³⁾	-	37,223	95,843	84,118	62,561	35,380	45,180	26,178	597,802	984,285
Additional ⁽⁴⁾	-	20,949	171,775	117,570	-	-	-	-	-	310,294
Total provision associated with credit risk on the portfolio of transactions with loan characteristics	-	58,172	267,618	201,688	62,561	35,380	45,180	26,178	597,802	1,294,579
Minimum required ⁽³⁾	-	1,609	5,688	1,902	1,128	-	181	-	-	10,508
Additional ⁽⁴⁾	-	965	10,808	2,726	-	-	-	-	-	14,499
Total provision associated with credit risk on financial guarantees provided	-	2,574	16,496	4,628	1,128	-	181	-	-	25,007
Total provision associated with credit risk on extended credit portfolio	-	60,746	284,114	206,316	63,689	35,380	45,361	26,178	597,802	1,319,586

(1) Operations without past-due installments and/or with installments past due up to 14 days.

(2) Operations with at least one installment past due for more than 14 days.

(3) Allowance for loan losses associated with credit risk, considering the minimum percentages required by CMN Resolution 2682/99, and subsequent amendments.

(4) Additional allowance established in relation to the minimum percentage required by the regulation in force, based on an own methodology of credit risk evaluation and also in connection with the factors described in Note 27.a.

(5) As established by CMN Resolution 4512/16 concerning accounting procedures applicable to the evaluation and recording of the liability provision for financial guarantees provided, the Bank recorded the provision for bank guarantees based on the parameters set by CMN Resolution 2682/99, and subsequent amendments, which requires periodic portfolio analysis and its classification into nine levels, namely "AA" (minimum risk) and "H" (maximum risk - loss).



iii By line of business

	Bank			
	06/30/2020		12/31/2019	
	Value	% exposure	Value	% exposure
Total extended credit portfolio	24,694,621	100.00%	26,155,794	100.00%
Public Setor	231,752	0.94%	192,262	0.74%
Federal government	55,726	0.23%	69,222	0.26%
State government	124,977	0.51%	123,040	0.47%
Municipal government	51,049	0.21%	-	0.00%
Private Sector	24,462,869	99.06%	25,963,532	99.26%
Corporate entity	15,853,240	64.20%	17,989,682	68.78%
Industrial	8,311,009	33.66%	8,863,019	33.89%
Commercial	3,522,667	14.26%	4,805,317	18.37%
Financial	68,809	0.28%	85,603	0.33%
Other services	3,950,755	16.00%	4,235,743	16.19%
Individual	8,609,629	34.86%	7,973,850	30.49%

	Consolidated			
	06/30/2020		12/31/2019	
	Value	% exposure	Value	% exposure
Total extended credit portfolio	26,009,753	100.00%	27,359,612	100.00%
Public Setor	231,752	0.89%	192,262	0.70%
Federal government	55,726	0.21%	69,222	0.25%
State government	124,977	0.48%	123,040	0.45%
Municipal government	51,049	0.20%	-	0.00%
Private Sector	25,778,001	99.11%	27,167,350	99.30%
Corporate entity	17,163,169	65.99%	19,187,506	70.13%
Industrial	8,559,646	32.91%	9,097,613	33.25%
Commercial	3,669,657	14.11%	4,960,968	18.13%
Financial	72,892	0.28%	90,954	0.33%
Other services	4,860,803	18.69%	5,037,660	18.41%
Rural	171	0.00%	311	0.00%
Individual	8,614,832	33.12%	7,979,844	29.17%

c) Financial guarantees provided (Bank and Consolidated)

	06/30/2020 Value	12/31/2019 Value
Open credits for import	118,956	183,352
Beneficiaries of guarantees provided	2,485,240	2,492,480
Total	2,604,196	2,675,832

d) Concentration of the portfolio with loan characteristics

	Bank			
	06/30/2020		12/31/2019	
	Value ⁽¹⁾	% of portfolio	Value ⁽¹⁾	% of portfolio
Largest debtor	330,984	1.50%	604,513	2.57%
10 largest debtors	1,444,591	6.54%	1,709,495	7.28%
50 next largest debtors	2,615,395	11.84%	2,813,245	11.98%
100 next largest debtors	2,080,131	9.42%	2,155,737	9.18%
Other debtors	15,619,324	70.71%	16,196,972	68.98%
Total	22,090,425	100.00%	23,479,962	100.00%

	Consolidated			
	06/30/2020		12/31/2019	
	Value ⁽¹⁾	% of portfolio	Value ⁽¹⁾	% of portfolio
Largest debtor	330,984	1.41%	604,513	2.45%
10 largest debtors	1,460,841	6.24%	1,710,079	6.93%
50 next largest debtors	2,716,809	11.61%	2,895,283	11.73%
100 next largest debtors	2,251,983	9.62%	2,305,712	9.34%
Other debtors	16,644,940	71.12%	17,168,193	69.55%
Total	23,405,557	100.00%	24,683,780	100.00%

e) Movement and breakdown of the allowance for loan losses

	Bank		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Movement and breakdown of the allowance for loan losses				
Opening balance of the allowance for loan losses	1,298,127	1,297,215	1,319,586	1,316,541
Operations written off as loss	(188,890)	(159,443)	(195,380)	(159,326)
Establishment (reversal) net for the period	257,071	160,096	259,837	162,112
Minimum required by CMN Resolution 2682/99	151,427	88,126	154,193	90,142
Sureties and pledges provided ⁽¹⁾	2,474	3,223	2,474	3,223
Additional to the minimum required ⁽²⁾	103,170	68,747	103,170	68,747
Exchange variation	17,539	259	17,539	259
Closing balance of the allowance for loan losses	1,383,847	1,298,127	1,401,582	1,319,586
Breakdown of the allowance for loan losses				
Portfolio of transactions with loan characteristics	1,351,483	1,273,120	1,369,218	1,294,579
Minimum required by CMN Resolution 2682/99	925,410	962,826	943,097	984,285
Additional to the minimum required ⁽¹⁾	426,073	310,294	426,121	310,294
Financial guarantees provided	32,364	25,007	32,364	25,007
Minimum required by CMN Resolution 2682/99 ⁽²⁾	12,981	10,508	12,981	10,508
Additional to the minimum required ⁽¹⁾	19,383	14,499	19,383	14,499
Total allowance for loan losses	1,383,847	1,298,127	1,401,582	1,319,586

⁽¹⁾ Additional provision established in relation to the minimum percentage required by the regulation in force, based on a proprietary credit risk evaluation methodology and also in connection with the factors described in Note 25.b).

⁽²⁾ Pursuant to CMN Resolution 4512/16 on the accounting procedures applicable for the evaluation and recording of a liability provision for financial guarantees provided, the Bank recorded the provision for bank guarantees based on the parameters set by CMN Resolution 2682/99, and subsequent amendments, which requires the periodic portfolio analysis and its classification into nine levels, namely "AA" (minimum risk) and "H" (maximum risk - loss).



f) Renegotiation and recovery of transactions with loan characteristics

	Bank		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Movement of renegotiated operations for the period				
Opening balance	1,535,564	1,491,366	1,590,097	1,502,844
Write-off of renegotiated operations to loss for the period	(29,887)	(50,890)	(29,887)	(50,890)
Payments / repayments for the period of renegotiated operations	(576,709)	(551,982)	(585,736)	(556,905)
Renegotiated operations for the period	2,584,624	647,070	2,671,868	695,048
Final balance	3,513,592	1,535,564	3,646,342	1,590,097
Breakdown of the balance of renegotiated operations				
Operations in normal course ⁽¹⁾	3,075,908	1,223,873	3,207,422	1,276,712
Installments falling due	3,064,037	1,213,925	3,194,998	1,266,722
Up to 3 months	643,778	337,425	661,017	343,701
3 to 12 months	1,230,579	455,808	1,277,172	471,261
1 to 3 years	941,761	341,678	1,001,782	368,696
3 to 5 years	189,601	67,896	196,709	71,946
Over 5 years	58,318	11,118	58,318	11,118
Installments past due for up to 14 days	11,871	9,948	12,424	9,990
Operations in abnormal course ⁽²⁾	437,684	311,691	438,920	313,385
Installments falling due	389,644	277,652	389,644	278,846
Up to 3 months	60,650	39,278	60,650	39,541
3 to 12 months	121,012	113,388	121,012	113,881
1 to 3 years	175,155	114,197	175,155	114,635
3 to 5 years	27,933	9,808	27,933	9,808
Over 5 years	4,894	981	4,894	981
Installments past due	48,040	34,039	49,276	34,539
Up to 60 days	27,752	15,406	28,475	15,629
61 to 90 days	4,686	2,815	4,797	2,895
91 to 180 days	9,530	8,615	9,735	8,784
181 to 360 days	6,072	7,203	6,269	7,231
Total	3,513,592	1,535,564	3,646,342	1,590,097

At June 30, 2020 the balance of renegotiated operations includes R\$2,262,030, regarding renegotiated operations in connection with the circumstances involving the COVID-19 pandemic.

During the six-month period ended June 30, 2020, the Bank recovered credits previously written off as loss, in the amount of R\$34,575 (R\$102,320 at June 30, 2019) and Daycoval Leasing recovered R\$430 (R\$249 at June 30, 2019), recognized in the statement of income as "Foreign exchange transactions".

g) Linked lending transactions (Bank and Consolidated)

	06/30/2020	12/31/2019
Restricted lending transactions		
Loans	60,405	52,708
Payables for restricted lending transactions		
Bank certificates of deposit - CDBs	62,923	58,704

h) 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 six-month period ended June 30, 2020 and in the year ended December 31, 2019, there were no assignment of loans.

As at June 30, 2020, the carrying amount of credit assignments recorded in "Lending operations" (Note 9.a.i) amounts to R\$20,003 (R\$30,901 as at December 31, 2019) with the respective obligation assumed by the assignment recognized in "Other obligations – Sundry – Payables for sales operations and transfer of financial assets" (Note 17.c) in the amount of R\$22,343 (R\$36,794 as at December 31, 2019).

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

10 - Foreign exchange portfolio (Bank and Consolidated)

	06/30/2020				12/31/2019
	Up to 3 months	3 to 12 Months	1 to 3 years	Value	Value
Assets					
Foreign exchange purchased pending settlement	829,084	377,887	12,199	1,219,170	960,853
Right on foreign exchange sold	750,002	571,375	9,741	1,331,118	472,090
(-) Advances received in local currency	(11,148)	(3,614)	-	(14,762)	(2,638)
Income receivable from advances granted (Note 7.a)	6,389	4,687	-	11,076	14,258
Total	1,574,327	950,335	21,940	2,546,602	1,444,563
Liabilities					
Foreign exchange sold pending settlement	937,884	612,211	12,304	1,562,399	459,823
(-) Financed imports (Note 7.a)	(6,481)	-	-	(6,481)	-
Payable for foreign exchange purchased	757,172	316,425	9,741	1,083,338	961,788
(-) Advances on foreign exchange contracts (Note 7.a)	(297,689)	(261,959)	-	(559,648)	(604,635)
Foreign currencies payable	159	-	-	159	96
Unearned income on advances granted (Note 7.a)	769	590	-	1,359	730
Total	1,391,814	667,267	22,045	2,081,126	817,802

11 - Other Credits

	Bank			
	06/30/2020		12/31/2019	
	Current	Noncurrent	Current	Noncurrent
Salary advances	6,138	-	-	-
Advances for payment of our account	11,718	-	15,597	-
Advances for property, plant and equipment	270	-	270	-
Recoverable taxes ⁽¹⁾	85,404	-	159,094	-
Reimbursable payments	895	-	889	-
Prepaid profit sharing	-	-	26,897	-
Discount on the acquisition of lending operations ⁽²⁾	9,519	18,497	9,572	-
Sundry debtors	58,940	-	64,171	-
Total	172,884	18,497	276,490	-

	Consolidated			
	06/30/2020		12/31/2019	
	Circulante	Noncurrent	Circulante	Noncurrent
Salary advances	6,494	-	51	-
Advances for payment of our account	12,559	-	16,225	-
Advances for property, plant and equipment	270	-	270	-
Recoverable taxes ⁽¹⁾	102,449	-	190,549	-
Recoverable income tax	19	-	-	-
Reimbursable payments	895	-	889	-
Prepaid profit sharing	-	-	27,392	-
Discount on the acquisition of lending operations ⁽²⁾	9,519	18,497	9,572	-
Insurance premiums receivable	19	-	2,558	-
Sundry debtors	73,907	-	77,760	-
Total	206,131	18,497	325,266	-

(1) As at June 30, 2020, the caption "Recoverable taxes" is composed mainly of prepaid income tax and social contribution in the amount of R\$82,581 (R\$156,849 as at December 31, 2019) for the Bank, and R\$90,204 (R\$168,884 as at December 31, 2019) for the Consolidated.

(2) As at June 30, 2020, and December 31, 2019, 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 Bank Daycoval, in caption "Lending operations", due to the term of transactions.


12 - OTHER ASSETS

	Bank				12/31/2019 Value
	06/30/2020				
	Up to 3 months	3 to 12 Months	1 to 3 years	Value	
Prepaid expenses	2,037	5,221	14,791	22,049	25,241
Total prepaid expenses	2,037	5,221	14,791	22,049	25,241

	Consolidated				12/31/2019 Value
	06/30/2020				
	Up to 3 months	3 to 12 Months	1 to 3 years	Value	
Prepaid expenses	2,040	5,223	14,791	22,054	25,241
Total prepaid expenses	2,040	5,223	14,791	22,054	25,241

Total repossessed assets, already net of amounts of allowance for depreciation, at June 30, 2020, for individual the amount is R\$116,273 (R\$108,824 at December 31, 2019), and for consolidated the amount is R\$116,424 (R\$108,891 at December 31, 2019).

13 - FOREIGN BRANCH

The balances of the transactions of Bank Daycoval S.A. - Cayman Branch (foreign branch) conducted with third parties and included in the Bank's financial statement information are as follows:

	06/30/2020		12/31/2019	
	US\$ mil	R\$ mil ⁽¹⁾	US\$ mil	R\$ mil ⁽¹⁾
Assets				
Cash and cash equivalents	976	5,345	248	1,001
Interbank accounts	24,950	136,626	25,554	103,000
Securities	8,405	46,026	11,792	47,534
Lending operations	142,264	779,040	245,787	990,694
Other credits	3,570	19,549	5,637	22,721
Other assets	57	310	-	-
Total Assets	180,222	986,896	289,018	1,164,950
Liabilities				
Demand deposit	4,878	26,711	1,170	4,717
Time deposits	71,894	393,689	158,511	638,911
Funds from acceptance and issuance of securities	72,610	397,613	74,731	301,219
Other miscellaneous borrowing	-	-	24,672	99,444
Deferred income	169	925	284	1,144
Total Liabilities	149,551	818,938	259,368	1,045,435

⁽¹⁾ The amounts in US dollars were translated into Brazilian reais (R\$) based on the R\$/US\$ 5.4760 and R\$/US\$4.0307 exchange rates disclosed by BACEN, as at June 30, 2020, and as at December 31, 2019, respectively.

During the year ended June 30, 2020, income from exchange variation in the amount of R\$28,056 (income of R\$1,013 as at June 30, 2019) on the investment in Bank Daycoval S.A. - Cayman Branch was recognized in the Bank's income statement.

14 - INVESTMENTS**a) Direct subsidiaries**

	Daycoval Leasing ⁽¹⁾			Dayprev		
	06/30/2020	06/30/2019	12/31/2019	06/30/2020	06/30/2019	12/31/2019
Total Assets	1,542,568	1,124,594	1,392,725	34,417	105,272	101,007
Total Liabilities	1,043,038	689,210	926,658	231	72,009	67,215
Equity	499,530	435,384	466,067	34,186	33,263	33,793
Negative goodwill on acquisition	(37,387)	(44,289)	(40,838)	-	-	-
Capital	343,781	206,805	206,805	25,000	25,000	25,000
Number of shares	5,780,078,463	5,780,078,463	5,780,078,463	19,591,614	19,591,614	19,591,614
Ownership interest - %	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%
Adjusted investment	462,145	391,096	425,229	33,160	32,265	32,696
Net income for the semester / year	33,464	29,480	60,163	486	361	890
Share of profit (loss) of subsidiaries of the period	33,464	29,480	60,163	472	350	863

	ACS			Daycoval Asset		
	06/30/2020	06/30/2019	12/31/2019	06/30/2020	06/30/2019	12/31/2019
Total Assets	848,754	795,041	840,262	49,937	44,595	49,093
Total Liabilities	21,193	8,642	34,247	2,257	2,077	2,935
Equity	827,561	786,399	806,015	47,680	42,518	46,158
Capital	623,597	623,448	623,597	1,554	1,554	1,554
Number of shares	54,225,800	54,212,863	54,225,800	36,875	36,875	36,875
Ownership interest - %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Adjusted investment	827,560	786,398	806,014	47,680	42,518	46,158
Net income for the semester / year	26,762	7,640	27,248	1,523	1,837	5,476
Share of profit (loss) of subsidiaries of the period	26,762	15,468	42,878	1,523	1,837	5,476

b) Indirect subsidiaries

	IFP			SCC		
	06/30/2020	06/30/2019	12/31/2019	06/30/2020	06/30/2019	12/31/2019
Total Assets	255,916	56,378	261,481	13,628	13,351	13,613
Total Liabilities	18,585	17,357	18,992	81	114	199
Equity	237,331	39,021	242,489	13,547	13,237	13,414
Capital	260,020	60,020	260,020	10,020	10,020	10,020
Number of shares	260,020,000	60,020,000	260,020,000	10,020,000	10,020,000	10,020,000
Ownership interest - %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Adjusted investment	237,331	39,017	242,489	13,547	13,236	13,414
Net income for the semester / year	(5,158)	(8,218)	(4,749)	132	208	386
Share of profit (loss) of subsidiaries of the period (3)	(5,158)	(8,218)	(4,749)	132	208	386

	Treetop ⁽²⁾		
	06/30/2020	06/30/2019	12/31/2019
Total Assets	102,799	73,774	78,864
Total Liabilities	-	2,318	-
Equity	102,799	71,456	78,864
Capital	14,613	10,227	10,756
Number of shares	2,668,585	2,668,585	2,668,585
Ownership interest - %	100.0%	100.0%	100.0%
Adjusted investment	102,799	71,456	78,864
Net income for the semester / year	1,971	2,978	6,989
Share of profit (loss) of subsidiaries of the period (3)	29,152	3,705	8,923

(1) On June 15, 2020 Daycoval Leasing increased capital by R\$137 million by incorporating the Legal Reserve and a portion of the Special Earnings Reserve.

(2) As at June 30, 2020, income from exchange variation in the amount of R\$27,181 was recognized in the result of ACS Participações (direct parent company), as mentioned in table 14.a) above (expense of R\$727 as at December 31, 2019) on the investment in Treetop.

(3) As at June 30, 2020, revenues from share of profit of investees amounts to R\$24,126 (R\$4,305 as at June 30, 2019), which were recognized in profit or loss of ACS Participações (direct parent company), as mentioned in table 14.a).

15 - PROPERTY AND EQUIPMENT

	Bank				
	06/30/2020				12/31/2019
	Annual depreciation	Cost	Accumulated depreciation	Net amount	Net amount
Airplane	10%	75,865	(20,863)	55,002	58,795
Computers and peripherals	20%	18,921	(12,743)	6,178	4,652
Communications equipment	20%	708	(534)	174	197
Security equipment	10%	1,457	(961)	496	554
Facilities	10%	669	(650)	19	22
Furniture and equipment	10%	6,974	(4,565)	2,409	2,311
Vehicles	20%	2,810	(1,485)	1,325	1,385
		107,404	(41,801)	65,603	67,916

	Consolidated				
	06/30/2020				12/31/2019
	Annual depreciation	Cost	Accumulated depreciation	Net amount	Net amount
Properties	10%	2,725	-	2,725	2,140
Airplane	10%	75,865	(20,863)	55,002	58,795
Computers and peripherals	20%	20,008	(13,830)	6,178	4,652
Communications equipment	20%	988	(588)	400	424
Security equipment	10%	1,457	(961)	496	554
Facilities	10%	3,638	(967)	2,671	1,409
Furniture and equipment	10%	8,242	(5,318)	2,924	2,653
Vehicles	20%	4,477	(2,350)	2,127	2,182
		117,400	(44,877)	72,523	72,809

16 - FUNDING INSTRUMENTS**a) Summary of fundraising instruments**

Below is the summary of fundraising instruments used by Daycoval:

	Bank		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Deposits	9,654,009	8,395,334	9,590,877	8,319,941
Demand deposits	1,119,701	1,082,182	1,117,867	1,081,135
Interbank deposits	709,575	248,366	709,575	248,366
Time deposits	7,819,218	7,048,185	7,757,920	6,973,839
Foreign-currency deposits	5,515	16,601	5,515	16,601
Money market funding	1,828,932	2,517,947	1,828,932	2,517,947
Issuance of securities	15,360,572	12,629,252	14,823,520	12,103,164
Mortgage loan notes	960,710	845,898	960,710	845,898
Agribusiness letter of credit	863,961	783,281	863,961	783,281
Financial bills	11,125,416	9,588,530	10,588,364	9,062,442
Foreign issuance	2,410,485	1,411,543	2,410,485	1,411,543
Borrowings	4,209,919	3,687,403	4,209,919	3,687,403
Foreign borrowings	4,025,984	3,462,187	4,025,984	3,462,187
Foreign-currency payables	183,935	225,216	183,935	225,216
Subordinated debts	454,440	158,095	454,440	158,095
Financial bills	454,440	158,095	454,440	158,095
Total	31,507,872	27,388,031	30,907,688	26,786,550

b) Segregation of money market funding by term

	Bank					Total	12/31/2019 Total
	06/30/2020						
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years		
Deposits	2,177,635	2,409,065	4,332,798	718,829	15,682	9,654,009	8,395,334
Demand deposits	1,119,701	-	-	-	-	1,119,701	1,082,182
Interbank deposits	246,556	133,436	40,005	287,439	2,139	709,575	248,366
Time deposits	805,863	2,275,629	4,292,793	431,390	13,543	7,819,218	7,048,185
Foreign-currency deposits	5,515	-	-	-	-	5,515	16,601
Money market funding	1,828,932	-	-	-	-	1,828,932	2,517,947
Issuance of securities	1,022,741	7,482,630	3,235,033	1,191,500	2,428,668	15,360,572	12,629,252
Mortgage loan notes	159,771	545,729	247,688	1,818	5,704	960,710	845,898
Agribusiness letter of credit	256,199	600,633	6,875	254	-	863,961	783,281
Financial bills (1) (7)	606,771	6,332,311	2,980,470	1,189,428	16,436	11,125,416	9,588,530
Foreign issuance (2) (3)	-	3,957	-	-	2,406,528	2,410,485	1,411,543
Money market funding	621,804	361,456	359,182	2,524,823	342,654	4,209,919	3,687,403
Issuance of securities	595,659	336,273	313,683	2,450,486	329,883	4,025,984	3,462,187
Foreign-currency payables (4)	500,999	332,772	110,640	-	-	944,411	894,107
Foreign borrowings (5) (6)	94,660	3,501	203,043	2,450,486	329,883	3,081,573	2,568,080
Domestic onlendings official institutions	26,145	25,183	45,499	74,337	12,771	183,935	225,216
BNDES	17,808	14,627	25,231	23,664	929	82,259	110,625
FINAME	8,337	10,556	20,268	50,673	11,842	101,676	114,591
Subordinated debts	-	-	-	11,649	442,791	454,440	158,095
Financial bills	-	-	-	11,649	442,791	454,440	158,095
Total	5,651,112	10,253,151	7,927,013	4,446,801	3,229,795	31,507,872	27,388,031

17 - Obligation**a) Social and statutory**

	Bank		Consolidated	
	Current		Current	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Dividends and bonuses payable (Nota 20.d)	37,863	110,129	37,863	110,129
Profit sharing program	54,960	97,316	56,459	99,428
Total	92,823	207,445	94,322	209,557

b) Tax and social security

	Bank		Consolidated	
	Current		Current	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Provision for income tax	173,525	357,408	177,787	372,914
Provision for social contribution	80,355	135,072	92,367	153,557
Taxes and contributions payable	32,406	36,979	36,731	41,610
Total	286,286	529,459	306,885	568,081

c) Sundry

	Bank			
	06/30/2020		12/31/2019	
	Current	Noncurrent	Current	Noncurrent
Cashier's checks	-	-	19,937	-
Creditors for unreleased resources	592	-	1,027	-
Payables to related party	522	-	-	-
Payables for sales operations and transfer of financial assets (Nota 9.g)	16,730	5,613	23,800	12,994
Accrued payments ⁽¹⁾	59,527	-	60,350	-
Sundry creditors ⁽²⁾	86,989	-	184,876	-
Total	164,360	5,613	289,990	12,994

	Consolidated			
	06/30/2020		12/31/2019	
	Current	Noncurrent	Current	Noncurrent
Cashier's checks	-	-	19,937	-
Creditors for unreleased resources	592	-	1,027	-
Payables for sales operations and transfer of financial assets (Nota 9.g)	16,730	5,613	23,800	12,994
Payables for investment fund units ⁽³⁾	19,298	-	19,688	-
Accrued payments ⁽¹⁾	67,574	-	68,565	-
Sundry creditors ⁽²⁾	109,934	-	193,736	1,259
Total	214,128	5,613	326,753	14,253

(1) As at June 30, 2020, caption "Accrued payments" (Bank and Consolidated) mainly comprises the following: (i) personnel expenses in the amount of R\$31,103 (Bank) and R\$35,644 (Consolidated) (R\$24,051 and R\$28,401 for the Bank and Consolidated, respectively as at December 31, 2019); (ii) expenses on suppliers in the amount of R\$10,759 (Bank) and R\$11,843 (Consolidated) (R\$14,264 and R\$15,409 for the Bank and Consolidated, respectively as at December 31, 2019); and (iii) commissions payable in the amount of R\$14,229, Bank and Consolidated (R\$17,693 as Bank and Consolidated as at December 31, 2019).

(2) As at June 30, 2020, caption "Sundry creditors" (Bank and Consolidated) mainly comprises: (i) the unreleased collections, in the amount of R\$5,498 (R\$7,697 as at December 31, 2019); (ii) discounted notes partially received, in the amount of R\$20,088 (R\$19,968 as at December 31, 2019); and (iii) commitments arising from credit card operations, in the amount of R\$31,581 (R\$35,598 as at December 31, 2019); and (iv) cash payment to suppliers from Daycoval Leasing in the amount of R\$22,741 for the Consolidated (R\$ 9,363 as at December 31, 2019 for the Consolidated).

(3) Pursuant to article 4 of CMN Resolution 4280/13, the investment funds in which Daycoval, in any way, substantially assumes or retains risks and benefits shall be consolidated in the financial statements of the parent institution. For comparability of the balances presented, we consolidated the fund in the financial statements at December 31, 2019.

18 - CONTINGENT ASSETS AND LIABILITIES AND LEGAL OBLIGATIONS**a) Contingent assets**

As at June 30, 2020 and December 31, 2019 the Bank did not recognize contingent assets.

b) Contingent liabilities assessed as probable losses and legal obligations

The Bank is a party to lawsuits involving labor, civil and tax matters. Provisions are recorded based on the criteria described in note 3.o. 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 June 30, 2020, and for the year ended December 31, 2019, are broken down below:

	Bank		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Legal obligation tax risks	1,589,302	1,530,665	1,589,642	1,530,665
Civil lawsuits	156,336	184,760	156,849	185,247
Labor lawsuits	67,164	59,619	81,098	73,522
Total	1,812,802	1,775,044	1,827,589	1,789,434

Risk	Bank							
	06/30/2020				12/31/2019			
	Balance at the beginning of the year	Inflation adjustment	Recognition	Balance at the end of the year	Balance at the beginning of the year	Inflation adjustment	Recognition	Balance at the end of the year
Tax	1,530,665	18,725	39,912	1,589,302	1,907,489	71,182	(448,006)	1,530,665
Civil	184,760	-	(28,424)	156,336	164,459	-	20,301	184,760
Labor	59,619	-	7,545	67,164	53,639	-	5,980	59,619
Total	1,775,044	18,725	19,033	1,812,802	2,125,587	71,182	(421,725)	1,775,044

Risk	Consolidated							
	06/30/2020				12/31/2019			
	Balance at the beginning of the year	Inflation adjustment	Recognition	Balance at the end of the year	Balance at the beginning of the year	Inflation adjustment	Recognition	Balance at the end of the year
Tax	1,530,665	18,726	40,251	1,589,642	1,907,489	71,182	(448,006)	1,530,665
Civil	185,247	-	(28,398)	156,849	164,602	-	20,645	185,247
Labor	73,522	-	7,576	81,098	72,405	-	1,117	73,522
Total	1,789,434	18,726	19,429	1,827,589	2,144,496	71,182	(426,244)	1,789,434

c) Amounts deposited as guarantees for tax, civil and labor risks

	Bank		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Tax	1,362,795	1,270,531	1,362,795	1,270,531
Civil	36,779	29,357	36,779	29,387
Labor	8,740	8,689	11,630	11,011
Total	1,408,314	1,308,577	1,411,204	1,310,929

d) The Bank is challenging in court the legality of certain taxes and contributions and the related amounts are fully accrued:

Income Tax

Challenges the effect of the discontinuation of the inflation adjustment of the balance sheet and the amount to R\$22,411 (R\$22,225 as at December 31, 2019). Total escrow deposits for this lawsuit amounts to R\$22,411 (R\$22,225 as at December 31, 2019). In November 2019, escrow deposits for the lawsuit filed in 2004 were converted into income for the Brazilian government, thus settling the related litigation. The lawsuit from 1997 to 2002 is still ongoing.

Social contribution tax

(i) challenges the effects from the extinguishment of the inflation adjustment to the balance sheet and challenges the requirement of a different tax rate. In November 2019, escrow deposits for the lawsuit filed in 2004 were converted into income for the Brazilian government, thus settling the related litigation. Also, the lawsuit from 1997 to 2002 is still ongoing; 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, 2019. The amount accrued for this lawsuit is R\$749,786 (R\$696,875 as at December 31, 2019) and total escrow deposits for this lawsuit amounts to R\$734,998 (R\$646,534 as at December 31, 2019).

COFINS

Challenges the constitutionality of Law 9718/98. The amount accrued for this lawsuit amounts to R\$680,757 (R\$673,875 as at December 31, 2019) and total escrow deposits for this lawsuit amounts to R\$496,166 (R\$491,166 as at December 31, 2019).

PIS

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 amounts to R\$102,854 (R\$104,429 as at December 31, 2019) and total escrow deposits for this lawsuit amounts to R\$105,011 (R\$106,971 as at December 31, 2019).

Other tax challenges are accrued and amount to R\$3,635 (R\$3,635 as at December 31, 2019) and total escrow deposits for these lawsuits amount to R\$3,635 (R\$3,635 as at December 31, 2019).

e) 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.

Processo 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.

Proceeding Nº 0160975-31.2016.8.13.0702: Enforcement proceedings of ISS of the municipality of Uberlândia-MG, amounting to R\$90, classified as a remote loss, seeking to receive ISS amount regarding lease operations carried out with customers with offices in that municipality.

f) Contingent liabilities assessed as possible losses

Contingent liabilities classified as possible losses are not recognized in the accounts and are represented by civil and labor market.

As at June 30, 2020, the civil lawsuits amount to approximately R\$25,407 for the Bank and the Consolidated (R\$30,625 for the Bank and the Consolidated as at December 31, 2019).

As at June 30, 2020, the risk estimate for labor lawsuits is approximately R\$1,698 for the Bank and R\$1,699 for the Consolidated (R\$1,938 as at December 31, 2019 for the Bank and Consolidated).

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.

19 - TAX

Taxes and contributions are calculated pursuant to the legislation currently in force. The following rates were levied:

Tax and contributions	Rate
Income Tax	15.00%
Income tax surcharge (on the amount exceeding R\$240,000.00)	10.00%
Social contribution - financial institutions ⁽¹⁾	20.00%
Social contribution - non-financial institutions	9.00%
PIS	0.65%
Cofins	4.00%
ISS	up to 5.00%

(1) Constitutional Amendment N° 103/2019 increased the rate of social contribution on net profit of Banks to 20%, beginning March 1, 2020. For non-financial subsidiaries, rate continues 9%.

(2) The non-financial subsidiaries falling under the non-cumulative computation regime are subject to PIS and COFINS rates of, respectively, 1.65% and 7.6% on operating income, and 0.65% and 4% on financial income. For non-financial subsidiaries subject to taxable profit computed as a percentage of gross sales, PIS and Cofins rates are 0.65% and 3%.

a) Expenses with taxes and contributions

i Calculation of income tax (IR) and social contribution on net profit (CSLL):

	Bank		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Current taxes				
Profit before taxes on income and profit sharing	1,004,787	533,981	1,033,743	560,405
Charges (IR and CSLL) at effective rates	(452,154)	(213,592)	(465,184)	(224,162)
Additions and Deductions				
Equity in subsidiaries	27,999	18,854	-	-
Interest on capital	40,404	42,516	40,404	42,516
Non-deductible expenses net of non-taxable revenues	19,797	(1,319)	32,009	(3,918)
Other values	14,230	(1,692)	14,105	3,918
Income tax and social contribution for the period	(349,724)	(155,233)	(378,666)	(181,646)
Current tax	(296,397)	(196,595)	(313,306)	(227,652)
Deferred tax	(53,327)	41,362	(65,360)	46,006

ii Tax expenses

	Bank		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Contributions to COFINS	(65,733)	(53,273)	(70,660)	(58,678)
Contributions to PIS / PASEP	(10,682)	(8,657)	(11,567)	(9,618)
ISS	(4,855)	(4,833)	(10,080)	(9,173)
Other tax expenses	(3,030)	(2,926)	(3,245)	(3,151)
Total	(84,300)	(69,689)	(95,552)	(80,620)

b) Deferred income tax and social contribution on temporary additions and deductions (asset and liability):

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.

The social contribution rate for all banks raised from 15% to 20%, beginning March 1, 2020, pursuant to Art. 32 of Constitutional Amendment 103, of November 13, 2019. Accordingly, tax credits expected to be realized after March 1, 2020 were recognized at the rate of 20% for social contribution. As at December 31, 2019, the effect from the recognition of the tax credit net of deferred liabilities arising from the increased tax rate amounted to R\$114,071 at the Bank.

As at June 30, 2020, the Bank did not recognize tax credits in assets. In the Consolidated, the balance of tax credits not recognized in assets amounted to R\$7,626 (R\$6,607 as at December 31, 2019).

c) Origin of tax credits and deferred tax liabilities:

	Bank							
	12/31/2019	Recognition	Realization	06/30/2020	12/31/2018	Recognition	Realization	12/31/2019
Tax Credits								
Deferred income tax and social contribution on:								
Provision for tax risks	181,760	-	-	181,760	162,042	19,718	-	181,760
Allowance for loan losses	690,077	36,245	(18,116)	708,206	463,466	413,600	(186,989)	690,077
Adjustment to fair value of securities and derivatives	56,800	223,577	(170,311)	110,066	24,235	152,706	(120,141)	56,800
Inflation adjustment of contingencies	246,831	8,427	-	255,258	278,972	55,899	(88,040)	246,831
Other temporary additions	131,993	6,412	(23,785)	114,620	97,142	47,973	(13,122)	131,993
Total tax credits on temporary differences	1,307,461	274,661	(212,212)	1,369,910	1,025,857	689,896	(408,292)	1,307,461
Deferred tax liabilities								
Deferred income tax and social contribution on:								
Adjustment to fair value of securities and derivatives	17,940	205,465	(114,016)	109,389	12,257	54,729	(49,046)	17,940
Unrealized profit (loss) on derivatives	4,770	39,799	(32,462)	12,107	6,660	20,197	(22,087)	4,770
Amortization of negative goodwill on the acquisition of Daycoval Leasing	12,746	1,553	-	14,299	8,569	4,177	-	12,746
Inflation adjustment of escrow deposits	194,465	7,863	-	202,328	228,786	48,416	(82,737)	194,465
Total deferred tax liabilities on temporary differences	229,921	254,680	(146,478)	338,123	256,272	127,519	(153,870)	229,921

For the Consolidated, as at June 30, 2020, total tax credits on temporary differences amount to R\$1,382,962 (R\$1,319,417 as at December 31, 2019). The deferred tax liabilities on temporary differences amount to R\$388,222 (R\$266,897 as at December 31, 2019).

d) Estimated realization of tax credits:

	Bank					
	06/30/2020			12/31/2019		
	Temporary differences		Total	Temporary differences		Total
Income Tax	Social contribution	Income Tax		Social contribution		
Up to 1 year	226,658	181,330	407,988	215,824	172,306	388,130
Up to 2 years	212,922	170,341	383,263	185,038	148,038	333,076
Up to 3 years	10,368	8,294	18,662	6,377	5,690	12,067
Up to 4 years	4,408	3,173	7,581	3,317	2,654	5,971
Up to 5 years	308,558	243,673	552,231	317,301	250,668	567,969
Over 5 years	103	82	185	138	110	248
Total	763,017	606,893	1,369,910	727,995	579,466	1,307,461

	Consolidated					
	06/30/2020			12/31/2019		
	Temporary differences		Total	Temporary differences		Total
Income Tax	Social contribution	Income Tax		Social contribution		
Up to 1 year	231,586	185,272	416,858	219,828	175,323	395,151
Up to 2 years	214,351	171,481	385,832	186,640	149,330	335,970
Up to 3 years	10,931	8,744	19,675	7,129	6,257	13,386
Up to 4 years	4,645	3,360	8,005	3,622	2,884	6,506
Up to 5 years	308,656	243,751	552,407	317,408	250,748	568,156
Over 5 years	103	82	185	138	110	248
Total	770,271	612,690	1,382,962	734,765	584,652	1,319,417

As at June 30, 2020, the present value of total tax credits is R\$1,253,455 for the Bank (R\$1,167,212 as at December 31, 2019) and R\$1,266,105 for the Consolidated (R\$1,178,518 as at December 31, 2019), 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.

20 - EQUITY (Controlling Company)**a) Capital**

As at June 30, 2020, the Bank's capital amounts to R\$3,557,260 (R\$2,253,595 as at December 31, 2019), and is fully subscribed and paid in, comprised of 1,890,672,918 registered shares (230,820,429 registered shares as at December 31, 2019), of which 1,323,471,042 are common (230,820,429 common shares as at December 31, 2019) and 567,201,876 are preferred shares.

b) Capital increase

The Extraordinary General Meeting held on February 10, 2020 decided on and approved the Bank's capital increase in the amount of R\$1,303,665, upon the merger of capital, legal and statutory reserves, the issuance of 84,291,724 common shares, fully subscribed and paid in on the same date. This capital increase was ratified by the BACEN on May 13, 2020.

c) Breakdown of common and preferred shares:

	06/30/2020	06/30/2019
Common shares - at the beginning of the semester	230,820,429	230,820,429
Conversion of common shares into preferred shares ⁽¹⁾	(94,533,646)	-
Stock bonus due to capital increase ⁽²⁾	84,291,724	-
Share split ⁽³⁾	1,102,892,535	-
Common shares - at the end of the semester	1,323,471,042	230,820,429
Preferred shares - at the beginning of the semester	-	-
Conversion of common shares into preferred shares ⁽¹⁾	94,533,646	-
Share split ⁽³⁾	472,668,230	-
Preferred shares - at the end of the semester	567,201,876	-
Total shares at the end of the semester	1,890,672,918	230,820,429

⁽¹⁾ The meeting of the Board of Directors held on February 10, 2020 decided on and approved the conversion of 94,533,646 common shares into preferred shares, all registered, book-entry and without par value.

⁽²⁾ The Extraordinary General Meeting held on February 10, 2020 decided on and approved the Bank's capital increase in the amount of R\$1,303,665, upon the merger of capital, legal and statutory reserves, the issuance of 84,291,724 common shares, fully subscribed and paid in on the same date. This capital increase was ratified by the BACEN on May 13, 2020.

⁽³⁾ The Extraordinary General Meeting held on March 5, 2020 decided on the split of all common and preferred shares, so that each share was replaced by six new shares. Capital was comprised of 315,112,153 registered, book-entry shares without par value, of which 220,578,507 are common and 94,533,646 are preferred shares to 1,890,672,918 shares, of which 1,323,471,042 are common and 567,201,876 are preferred shares.

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.

i) Statement of calculation of interest on capital:

	06/30/2020	% ⁽¹⁾	06/30/2019	% ⁽¹⁾
Net profit	655,063		378,748	
(-) Constitution of legal reserve	(32,753)		(18,937)	
Adjusted calculation basis	622,310		359,811	
Gross interest on capital	89,788		106,290	
(-) Withholding income tax relating to interest on capital	(13,469)		(15,943)	
Net interest on capital	76,319	12.26	90,347	25.11

⁽¹⁾ Refers to the percentage corresponding to the sum of the net interest on capital on adjusted profit.



ii Interest on capital declared and/or paid for the years ended June 30, 2020 and year period ended December 31, 2019:

Interest on capital was declared and/or paid which, net of withholding income tax, will be attributed to mandatory minimum dividends for the year ending December 31, 2020, as follows:

Board of Director's Meeting Date	Availability date	06/30/2020		Gross amount	IRRF	Net amount
		Price per share				
		ON	PN			
06/30/2020	07/15/2020	0.02356	0.02356	44,544	(6,682)	37,862
03/31/2020	04/15/2020	0.02393	0.02393	45,244	(6,787)	38,457
			Total	89,788	(13,469)	76,319

Board of Director's Meeting Date	Availability date	06/30/2019		Gross amount	IRRF	Net amount
		Price per share				
		ON	PN			
06/28/2019	07/15/2019	0.2231	-	51,496	(7,724)	43,772
03/29/2019	04/15/2019	0.2374	-	54,794	(8,219)	46,575
			Total	106,290	(15,943)	90,347

iii Dividends

For the year ended December 31, 2019, besides the supplementary minimum mandatory dividends in accordance with the statutory provision, in the amount of R\$74,735, additional dividends were proposed for R\$125,266 approved at the Ordinary General Meeting held on February 7, 2020. The mandatory and additional dividends were paid to shareholders on February 13, 2020.

e) Earnings reserves

	06/30/2020	06/30/2019
Legal reserve ⁽¹⁾⁽⁴⁾	32,753	222,676
Statutory reserves ⁽²⁾⁽⁴⁾	-	775,687
Special reserves ⁽³⁾⁽⁴⁾	-	-
Total	32,753	998,363

(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.

(3) Reserve comprised of additional proposed dividends in the amount of R\$125,266, as mentioned in note 20 d.iii.

(4) The Extraordinary General Meeting held on February 10, 2020 decided on and approved the Bank's capital increase in the amount of R\$1,303,665, upon the merger of capital, legal and statutory reserves, the issuance of 84,291,724 common shares, fully subscribed and paid in on the same date. This capital increase was ratified by the BACEN on May 13, 2020.

f) Earnings per share

	06/30/2020	06/30/2019
Profit attributable to shareholders	655,063	378,748
Profit attributable each group of shares		
Common shares	458,544	265,124
Preferred shares	196,519	113,624
Weighted average number of shares issued and comprising the capital ⁽¹⁾		
Common shares	1,323,471,042	1,323,471,042
Preferred shares	567,201,876	567,201,876
Basic earnings per shares		
Common shares	0.3465	0.2003
Preferred shares	0.3465	0.2003
Diluted earnings per shares		
Common shares	0.3465	0.2003
Preferred shares	0.3465	0.2003

(1) The weighted average number of shares was calculated based on the variations of shares during the quarters ended June 30, 2020 and 2019 and, also, in accordance with the criteria and procedures set out in technical pronouncement CPC 41 – Earnings per Share, considering the applicability to financial institutions, as prescribed by BACEN Circular 3.959/19.

21 - INCOME STATEMENTS**INCOME FROM FINANCIAL INTERMEDIATION****a) Lending operations**

	Bank		Consolidated		Bank		Consolidated	
	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
Lending operations	844,632	746,353	848,730	748,749	1,801,692	1,461,399	1,810,076	1,466,045
Advance on deposits	704	2,113	704	2,113	3,215	2,943	3,215	2,943
Secured account / overdraft account	90,303	98,359	90,303	98,359	193,174	195,778	193,174	195,778
Discounted notes	54,172	38,549	54,172	38,549	90,131	75,713	90,131	75,713
Onlending - Resolution 3844/10	3,327	302	3,327	302	15,913	2,050	15,913	2,050
Working capital	140,946	129,849	140,946	129,849	292,282	259,331	292,282	259,331
Export Credit Notes - CCE	45,124	27,718	45,124	27,718	134,834	56,245	134,834	56,245
Onlending - BNDES	2,080	8,066	2,080	8,066	5,679	16,146	5,679	16,146
Onlending - FINAME	2,120	2,709	2,120	2,709	5,933	5,324	5,933	5,324
Rural credit	4,204	1,254	4,204	1,254	8,017	2,429	8,017	2,429
Financing with intervenience	3,323	3,359	3,323	3,359	6,881	6,275	6,881	6,275
Foreign currency financing	6,314	3,599	6,314	3,599	47,147	6,217	47,147	6,217
Consumer credit - Store owners	-	(3)	-	(3)	(1)	(14)	(1)	(14)
Payroll-deductible loans	355,168	313,734	355,168	313,734	715,852	615,306	715,852	615,306
Vehicle financing	75,601	59,173	75,601	59,173	157,287	111,907	157,287	111,907
Real estate financing	84	-	84	-	169	-	169	-
Daypag - desconto de cheques despachantes	56	122	56	122	178	299	178	299
Other lending operations	60,951	54,258	65,049	56,654	122,895	98,972	131,279	103,618
Loan origination income	155	3,192	155	3,192	2,106	6,478	2,106	6,478
Result of lease operations	-	-	37,811	36,657	-	-	77,142	74,202
Revenue from leasing	-	-	140,626	112,264	-	-	277,689	220,021
Finance leasing - internal resources	-	-	119,299	94,585	-	-	235,426	182,696
Operating leasing - internal resources	-	-	18,025	13,972	-	-	34,810	27,477
Finance leasing - external resources	-	-	-	2	-	-	-	8
Operating leasing - external resources	-	-	-	15	-	-	-	33
Gain on disposal of leased assets	-	-	3,302	3,690	-	-	7,453	9,807
Expenses on leasing	-	-	(102,815)	(75,607)	-	-	(200,547)	(145,819)
Finance leasing - internal resources	-	-	(89,087)	(66,522)	-	-	(173,840)	(128,463)
Operating leasing - internal resources	-	-	(384)	(128)	-	-	(454)	(142)
Loss on disposal of leased assets	-	-	(13,344)	(8,957)	-	-	(26,253)	(17,214)
Other transactions with loan characteristics	86,459	89,477	86,459	89,477	215,762	174,874	215,762	174,874
Advance on foreign exchange contracts / advance on export contracts	12,501	9,901	12,501	9,901	26,823	19,656	26,823	19,656
Income from acquisition of receivables without right of recourse	73,958	79,576	73,958	79,576	188,939	155,218	188,939	155,218
Recoveries from lending and leasing operations	15,262	32,007	15,404	32,150	34,575	102,320	35,146	102,569
Recovery of credits previously written off as loss (Note 9.e)	15,262	32,007	15,262	32,007	34,575	102,320	34,575	102,320
Recovery of credit previously written off as loss (Note 9.e)	-	-	142	143	-	-	571	249
Total	946,353	867,837	988,404	907,033	2,052,029	1,738,593	2,138,126	1,817,690

b) Operations with securities and derivatives

	Bank		Consolidated		Bank		Consolidated	
	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
Securities transactions								
Fixed-income securities	18,433	23,596	21,681	25,759	43,715	51,537	48,827	55,834
Variable-income securities	65	2	65	13	69	4	69	15
Investments in investment fund units	192	982	4,466	3,638	223	2,171	(4,082)	8,576
Gain (loss) on sale of securities	(302)	141	(302)	141	153	342	153	342
Fair value adjustments	(497)	(370)	(161)	(367)	(5,069)	(411)	(6,798)	(629)
Foreign investments	2,094	216	2,094	216	45,316	451	45,316	451
Devaluation of investments in investment fund shares	(104)	(1)	(104)	(1)	(126)	(7)	(126)	(7)
Total	19,881	24,566	27,739	29,399	84,281	54,087	83,359	64,582
Derivatives								
Earnings								
Swap	1,708,905	102,428	1,708,905	102,428	3,057,128	1,547,454	3,057,128	1,547,454
Currency forward	253,595	27,873	253,595	27,873	568,377	214,145	568,377	214,145
Future	103,769	38,432	103,769	38,432	273,784	79,812	273,784	79,812
Options	29,361	2,426	29,361	2,426	37,526	2,426	37,526	2,426
Losses								
Swap	(1,462,661)	(105,971)	(1,462,661)	(105,971)	(1,689,317)	(1,590,231)	(1,689,317)	(1,590,231)
Currency forward	(218,029)	(32,163)	(218,029)	(32,163)	(334,148)	(207,477)	(334,148)	(207,477)
Future	(123,779)	(77,913)	(123,779)	(77,913)	(305,688)	(132,534)	(305,688)	(132,534)
Options	(31,801)	-	(31,801)	-	(52,681)	-	(52,681)	-
Total ⁽¹⁾	259,360	(44,888)	259,360	(44,888)	1,554,981	(86,405)	1,554,981	(86,405)
Total	279,241	(20,322)	287,099	(15,489)	1,639,262	(32,318)	1,638,340	(21,823)

(1) At June 30, 2020 the result from derivatives includes net gains on mark-to-market of R\$37 (net losses on mark-to-market of R\$11 at June 30, 2019) both for the Bank and for the Consolidated.

c) Interbank accounts

	Bank		Consolidated		Bank		Consolidated	
	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
Repurchase operations (assets)	54,056	84,932	54,056	84,932	108,238	162,091	108,238	162,091
Own portfolio	38,650	60,298	38,650	60,298	67,777	116,271	67,777	116,271
Third-party portfolio	15,406	24,634	15,406	24,634	40,461	45,820	40,461	45,820
Repurchase operations (liabilities)	(16,996)	(28,691)	(16,996)	(28,691)	(45,361)	(59,865)	(45,361)	(59,865)
Own portfolio	(1,506)	(1,667)	(1,506)	(1,667)	(3,412)	(4,307)	(3,412)	(4,307)
Third party portfolio	(15,490)	(27,024)	(15,490)	(27,024)	(41,949)	(55,558)	(41,949)	(55,558)
Result of repurchase operations	37,060	56,241	37,060	56,241	62,877	102,226	62,877	102,226
Interbank deposits								
Fixed rate	9,904	12,430	4,093	5,382	21,602	23,432	8,062	10,138
Variable rate	814	-	814	-	814	-	814	-
Total	10,718	12,430	4,907	5,382	22,416	23,432	8,876	10,138
Total	47,778	68,671	41,967	61,623	85,293	125,658	71,753	112,364

d) Foreign exchange operations

	Bank		Consolidated		Bank		Consolidated	
	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
Income from foreign exchange operations	17,192	11,494	17,192	11,494	32,595	21,009	32,595	21,009
Expenses on foreign exchange operations	(10,636)	(11,723)	(8,421)	(7,599)	(23,723)	(18,526)	(17,377)	(13,412)
Exchange rate changes	(23,231)	29,810	(23,231)	29,811	15,472	60,306	15,472	60,306
Total	(16,675)	29,581	(14,460)	33,706	24,344	62,789	30,690	67,903

EXPENSES ON FINANCIAL INTERMEDIATION

e) Interbank and time deposits and issuances of securities in Brazil and abroad

	Bank		Consolidated		Bank		Consolidated	
	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
Interbank Deposits	(6,862)	(6,702)	(6,862)	(6,702)	(10,145)	(12,693)	(10,145)	(12,693)
Fixed	(480)	-	(480)	-	(954)	(954)	(954)	(954)
Floating	(6,382)	(6,702)	(6,382)	(6,702)	(9,191)	(12,675)	(9,191)	(12,675)
Time deposits	(55,051)	(76,524)	(54,526)	(75,477)	(130,186)	(140,347)	(128,863)	(138,136)
Fixed	(2,016)	(1,745)	(1,615)	(1,745)	(3,632)	(3,576)	(2,624)	(3,576)
Floating	(49,586)	(71,468)	(49,463)	(70,420)	(119,711)	(130,229)	(119,396)	(128,018)
Linked to asset operations (CMN Resolution 2921/02) (Note 9.f)	(518)	(1,174)	(518)	(1,174)	(1,106)	(2,401)	(1,106)	(2,401)
Exchange variation	(3)	30	(2)	29	(34)	(95)	(34)	(95)
Expenses with contribution to deposit insurance fund	(2,928)	(2,167)	(2,928)	(2,167)	(5,703)	(4,046)	(5,703)	(4,046)
Total	(61,913)	(83,226)	(61,388)	(82,179)	(140,331)	(153,040)	(139,008)	(150,829)
Letras de crédito imobiliário	(7,197)	(14,206)	(7,197)	(14,206)	(16,194)	(26,859)	(16,194)	(26,859)
Fixed	(1,030)	(1,295)	(1,030)	(1,295)	(2,107)	(2,515)	(2,107)	(2,515)
Floating	(6,167)	(12,911)	(6,167)	(12,911)	(14,087)	(24,344)	(14,087)	(24,344)
Letras de crédito do agronegócio	(6,543)	(11,605)	(6,543)	(11,605)	(14,258)	(21,941)	(14,258)	(21,941)
Fixed	(404)	(1,183)	(404)	(1,183)	(865)	(2,520)	(865)	(2,520)
Floating	(6,139)	(10,422)	(6,139)	(10,422)	(13,393)	(19,421)	(13,393)	(19,421)
Financial Bills	(88,449)	(184,393)	(83,714)	(173,945)	(197,767)	(333,262)	(186,804)	(313,131)
Fixed	(11,294)	(11,258)	(11,294)	(11,258)	(20,951)	(21,756)	(20,951)	(21,756)
Floating	(77,155)	(173,135)	(72,420)	(162,687)	(176,816)	(311,506)	(165,853)	(291,375)
Total	(102,189)	(210,204)	(97,454)	(199,756)	(228,219)	(382,062)	(217,256)	(361,931)
Issuance of securities								
Interest	(25,671)	(222)	(25,671)	(13)	(54,131)	(26,357)	(54,131)	(25,781)
Exchange variation	(124,784)	-	(124,784)	-	(628,835)	20,200	(628,835)	20,200
Adjustment to fair value of hedged issuance	(4,989)	-	(4,989)	-	19,676	(4,546)	19,676	(4,546)
Total	(155,444)	(222)	(155,444)	(13)	(663,290)	(10,703)	(663,290)	(10,127)
Total	(319,546)	(293,652)	(314,286)	(281,948)	(1,031,840)	(545,805)	(1,019,554)	(522,887)

f) Borrowings and onlendings (Bank e Consolidated)

	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
	Foreign borrowings	(177,058)	700	(794,393)
Interest	(20,144)	(8,356)	(48,475)	(21,996)
Exchange variation	(142,502)	7,770	(801,273)	16,612
Adjustment to fair value of hedged loans	(14,412)	1,286	55,355	(3,867)
Obligation with Bank abroad	(47,373)	5,278	(257,902)	(2,782)
Interest	(6,976)	(6,439)	(16,134)	(12,276)
Exchange variation	(40,397)	11,717	(241,768)	9,494
Onlending operations	(2,010)	(7,245)	(6,957)	(13,890)
BNDES	(916)	(5,351)	(3,208)	(10,283)
FINAME	(1,094)	(1,894)	(3,749)	(3,607)
Total	(226,441)	(1,267)	(1,059,252)	(25,923)

OTHER OPERATING INCOME (EXPENSES)

BancoDaycoval

g) Personnel expenses

	Bank		Consolidated		Bank		Consolidated	
	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
Executive Committee's and Board of Directors' compensation	(18,453)	(14,449)	(19,211)	(14,963)	(36,907)	(28,897)	(38,422)	(29,927)
Benefits	(15,218)	(13,264)	(17,742)	(15,578)	(30,198)	(25,761)	(35,422)	(30,158)
Social security charges	(20,100)	(16,940)	(22,383)	(19,203)	(39,512)	(32,835)	(44,542)	(37,126)
Proceeds	(48,432)	(44,577)	(55,308)	(51,466)	(96,636)	(83,910)	(112,164)	(97,084)
Training	(8)	(31)	(11)	(28)	(40)	(34)	(43)	(34)
Interns' compensation	(252)	(315)	(252)	(330)	(536)	(597)	(536)	(623)
Total	(102,463)	(89,576)	(114,907)	(101,568)	(203,829)	(172,034)	(231,129)	(194,952)

h) Other administrative expenses

	Bank		Consolidated		Bank		Consolidated	
	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
Public utilities (water, power and gas)	(502)	(575)	(649)	(781)	(1,116)	(1,164)	(1,479)	(1,572)
Rent and insurance	(5,411)	(4,826)	(5,589)	(6,462)	(10,571)	(9,464)	(10,977)	(12,569)
Communication	(3,003)	(2,438)	(3,385)	(2,762)	(6,277)	(4,865)	(7,080)	(5,468)
Charitable contributions	(2,653)	(1,341)	(3,201)	(1,341)	(5,009)	(2,163)	(5,557)	(2,163)
Maintenance and upkeep of asset	(1,064)	(1,903)	(1,216)	(2,450)	(2,772)	(3,060)	(3,121)	(3,854)
Consumables	(269)	(860)	(290)	(907)	(845)	(1,568)	(1,070)	(1,647)
Data processing	(19,915)	(20,172)	(20,553)	(20,743)	(43,981)	(35,693)	(45,268)	(36,841)
Promotions, advertising and publications	(6,208)	(9,040)	(6,470)	(9,486)	(15,120)	(15,970)	(15,790)	(16,816)
Outside, technical and specialized services ⁽¹⁾	(57,897)	(76,592)	(54,768)	(68,405)	(150,618)	(159,434)	(142,431)	(142,097)
Other administrative expenses	(9,152)	(10,596)	(9,395)	(12,666)	(20,618)	(19,561)	(21,307)	(23,090)
Total	(106,074)	(128,343)	(105,516)	(126,003)	(256,927)	(252,942)	(254,080)	(246,117)

(1) Includes the recognition of expenses on commissions paid in advance to third parties, upon origination of lending operations.

i) Other operating income

	Bank		Consolidated		Bank		Consolidated	
	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Quarter ended 06/30/2020	Quarter ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019	Semester ended 06/30/2020	Semester ended 06/30/2019
Exchange rate changes ⁽¹⁾	5,383	(521)	10,864	(4,700)	28,056	-	55,509	-
Inflation adjustment of escrow deposits	8,094	18,371	8,111	18,514	18,121	36,514	18,153	36,712
Other operating income	874	2,152	2,793	2,857	3,467	4,500	7,687	5,871
Recovery of charges and expenses	-	-	-	-	-	-	-	204
Total	14,351	20,002	21,768	16,671	49,644	41,014	81,349	42,787
Exchange rate changes	(190)	(1,671)	(213)	1,407	(288)	(3,463)	(311)	(4,190)
Other operating income ⁽²⁾	(28,666)	(30,334)	(29,613)	(32,014)	(49,475)	(42,095)	(49,789)	(45,237)
Interest expense	-	(13,189)	(9)	(13,190)	(692)	(15,212)	(742)	(15,213)
Total	(28,856)	(45,194)	(29,835)	(43,797)	(50,455)	(60,770)	(50,842)	(64,640)
Total	(14,505)	(25,192)	(8,067)	(27,126)	(811)	(19,756)	30,507	(21,853)

(1) Refers to the reclassification of foreign exchange variation on investments abroad, not eliminated in the consolidation process of the financial statements.

(2) Other operating expenses for the six-month period ended June 30, 2020 comprise mainly: (i) discounts and refunds in lending operations - R\$12,845 for the Bank and for the Consolidated (R\$5,697 for the Bank and for the Consolidated at June 30, 2019); (ii) settlement of legal proceedings - R\$11,699 for the Bank and for the Consolidated (R\$3,842 for the Bank and R\$4,246 for the Consolidated at June 30, 2019); and (iii) allowance for loan losses on onlendings of payroll-deduction loans - R\$6,856 for the Bank and for the Consolidated (R\$3,293 for the Bank and for the Consolidated at June 30, 2019).

22 - RELATED-PARTY TRANSACTIONS

The National Monetary Council (CMN), through the publication by the Central Bank of Brazil (BACEN) of Resolution 4.693/18, has regulated the conditions and limits for loan transactions with related parties to be carried out by financial institutions and leasing companies, defining the concept of qualified interest as direct or indirect interest in another company, similar to or above 15% of the respective shares or units.

The Resolution also established that the sum of the balance of loan transactions with related parties must not exceed 10% of the adjusted equity (PLA), subject to the individual limits of 1% for loans with natural persons and 5% for loans with legal persons, as prescribed in article 7 of the Resolution. These limits must be calculated on the loan transaction date.

- 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 June 30, 2020, and December 31, 2019:

Transactions	Bank			
	06/30/2020		12/31/2019	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
Interbank deposits	735,525	13,541	677,538	30,812
Direct subsidiaries	735,525	13,541	677,538	30,812
Daycoval Leasing - Bank Múltiplo S.A.	735,525	13,541	677,538	30,812
Lending operations	-	-	402	2
Key management personnel	-	-	321	2
Other related parties	-	-	81	-
Time deposits	(3,532)	-	(3,526)	-
Direct subsidiaries	(38)	-	(290)	-
ACS Participações Ltda.	(5)	-	(28)	-
Daycoval Asset Management Ltda.	(24)	-	(48)	-
Daycoval Leasing - Bank Múltiplo S.A.	-	-	(193)	-
Dayprev Vida e Previdência S.A.	(9)	-	(21)	-
Indirect subsidiaries	(101)	-	(756)	-
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(97)	-	(391)	-
SCC Agência de Turismo Ltda.	(4)	-	(11)	-
Treetop Investments Ltd.	-	-	(354)	-
Other associates	(134)	-	(14)	-
Criar Corretora de Seguros Ltda.	(88)	-	-	-
Daycoval Metais Ltda.	(3)	-	-	-
Paratef Agropecuária e Imobiliária Ltda.	(1)	-	(3)	-
Shtar Empreendimentos e Participações S.A.	(2)	-	(5)	-
SLA Serviços Administrativos S/S Ltda.	(27)	-	-	-
Valco Adm. Part. e Representações Ltda.	(11)	-	(6)	-
Yona Participações Ltda.	(2)	-	-	-
Other related parties – individuals	(3,259)	-	(2,466)	-
Interbank deposits	(188,621)	(378,577)	(353,960)	(151,224)
Direct subsidiaries	-	-	-	(2)
ACS Participações Ltda.	-	-	-	(2)
Indirect subsidiaries	(61,298)	(5,841)	(74,346)	(11,345)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(33,493)	(753)	(43,137)	(3,113)
SCC Agência de Turismo Ltda.	(13,343)	(255)	(13,217)	(828)
Treetop Investments Ltd.	(14,462)	(4,833)	(17,992)	(7,404)
Other related parties – individuals	(127,323)	(372,736)	(279,614)	(139,877)

Transactions	Bank			
	06/30/2020		12/31/2019	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
Financial bills	(713,028)	(7,250)	(698,805)	(68,216)
Direct subsidiaries	(379,599)	(7,938)	(371,660)	(32,123)
ACS Participações Ltda.	(379,599)	(7,938)	(371,660)	(32,123)
Indirect subsidiaries	(157,453)	(3,025)	(154,428)	(4,428)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(157,453)	(3,025)	(154,428)	(4,428)
Other related parties – individuals	(175,976)	3,713	(172,717)	(31,665)
Agribusiness letter of credit	(2,366)	(3,639)	(7,491)	(9,917)
Other related parties – individuals	(2,366)	(3,639)	(7,491)	(9,917)
Mortgage Loan Notes	(31,180)	(43)	(28,881)	(4,234)
Other related parties – individuals	(31,180)	(43)	(28,881)	(4,234)
Prepaid expenses	-	-	-	(17,205)
Indirect subsidiaries	-	-	-	(17,205)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	-	-	-	(17,205)

b) The table below shows the yield rates and respective terms of the transactions between the Bank and its related parties as at June 30, 2020:

Transactions	Interest rate	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Interbank deposits		-	735,525	-	-	-	735,525
Direct subsidiaries		-	735,525	-	-	-	735,525
Daycoval Leasing - Banco Múltiplo S.A.	Floating	-	735,525	-	-	-	735,525
Time deposits		(22,975)	(9,598)	(14,118)	(150,409)	(5,799)	(202,899)
Indirect subsidiaries		(22,768)	-	(3,057)	(49,752)	-	(75,577)
Criar Corretora de Seguros Ltda.	Floating	-	-	-	(8,498)	-	(8,498)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	Floating	(9,228)	-	(3,057)	(21,208)	-	(33,493)
JD Prestação de Serviços Adm. Eireli	Floating	-	-	-	-	-	-
SCC Agência de Turismo Ltda.	Floating	(13,343)	-	-	-	-	(13,343)
Shtar Empreendimentos e Participações S.A.	Floating	-	-	-	(2,408)	-	(2,408)
Valco Adm. Part. e Representações Ltda.	Floating	-	-	-	(3,373)	-	(3,373)
Treetop Investments Ltd.	Fixed	(197)	-	-	(14,265)	-	(14,462)
Other related parties - individuals		(207)	(9,598)	(11,061)	(100,657)	(5,799)	(127,322)
Financial Bills		(5,702)	(25,401)	(10,627)	(666,863)	(4,433)	(713,026)
Direct subsidiaries		-	(15,734)	-	(363,865)	-	(379,599)
ACS Participações Ltda.	Fixed / Floating	-	(15,734)	-	(363,865)	-	(379,599)
Indirect subsidiaries		-	-	-	(157,453)	-	(157,453)
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	Floating	-	-	-	(157,453)	-	(157,453)
Other related parties - individuals		(5,702)	(9,667)	(10,627)	(145,545)	(4,433)	(175,974)
Agribusiness letter of credit		(472)	(1,584)	(56)	(254)	-	(2,366)
Other related parties - individuals	Fixed / Floating	(472)	(1,584)	(56)	(254)	-	(2,366)
Mortgage Loan Notes		(2,971)	(12,971)	(9,533)	-	(5,705)	(31,180)
Other related parties - individuals	Fixed / Floating	(2,971)	(12,971)	(9,533)	-	(5,705)	(31,180)

(1) Interest rates range between: (i) fixed from 3.92% to 17.4% a.a.; and (ii) floating from 95.5% 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.

For the year ended December 31, 2020, the overall compensation of up to R\$85 million (R\$70 million for the year ended December 31, 2019) was set at the Annual and Extraordinary General Meeting held on February 07, 2020.

	06/30/2020	06/30/2019
Total compensation	36,907	28,897
Direct and fringe benefits (healthcare plan)	561	548
Total	37,468	29,445

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 June 30, 2020, and December 31, 2019, the members of the Board of Directors and the Executive Committee held jointly the following interest in the Bank's capital:

	06/30/2020	12/31/2019
Common shares (ON)	100.00%	100.00%
Preferred shares (PN)	100.00%	-

23 - FAIR VALUE OF FINANCIAL INSTRUMENTS**a) Determination and hierarchy of fair value**

Daycoval uses the following hierarchy to determine and disclose the fair value of financial instruments:

- Level 1: prices quoted in an active market for the same instrument;
- Level 2: prices quoted in an active market for similar assets or liabilities or based on other valuation method, mainly the "Discounted cash flows" method, in which all significant inputs are based on observable market data; and
- Level 3: valuation techniques in which significant inputs are not based on observable market data.

Accounting classification	Bank			
	06/30/2020		12/31/2019	
	Level 1	Level 2	Level 1	Level 2
Financial assets adjusted to fair value:				
Through profit or loss				
Marketable securities				
Private securities	307,454	-	218,174	-
Derivatives				
Swap, forward and options operations	-	1,474,921	-	141,066
Future market	7,170	-	8,718	-
Through other comprehensive results - shareholders' equity				
Marketable securities				
Federal public securities	2,119,568	-	1,014,695	-
Marketable securities abroad	-	8,798	-	47,533
Private securities	-	1,745	-	1,878
Investment fund shares	44,670	-	71,252	-
Financial liabilities adjusted to fair value:				
Through profit or loss				
Issuances abroad				
Issuances abroad (bonds)	-	2,410,485	-	1,411,543
Obligations for loans				
Loans abroad	-	2,738,056	-	2,205,726
Derivatives				
Swap, forward and options operations	-	36,257	-	100,975
Futures market	7,695	-	5,292	-
Accounting classification	Consolidated			
	06/30/2020		12/31/2019	
	Level 1	Level 2	Level 1	Level 2
Financial assets adjusted to fair value:				
Through profit or loss				
Marketable securities				
Private securities	307,454	-	218,174	-
Derivatives				
Swap, forward and options operations	-	1,474,921	-	141,066
Futures market	7,170	-	8,718	-
Through other comprehensive results - shareholders' equity (available for sale)				
Marketable securities				
Federal public securities	2,153,443	-	1,048,405	-
Marketable securities abroad	-	82,554	-	99,150
Private securities	-	1,813	-	1,942
Investment fund shares	197,020	-	219,676	-
Financial liabilities adjusted to fair value:				
Through profit or loss				
Issuances of securities				
Issuances abroad (bonds)	-	2,410,485	-	1,411,543
Obligations for loans				
Loans abroad	-	2,738,056	-	2,205,726
Derivatives				
Swap, forward and options operations	-	36,257	-	100,975
Futures market	7,695	-	5,292	-

At June 30, 2020 and at December 31, 2019 Daycoval does not have any financial instrument classified into category Level 3.

b) Fair value determination method

Description of the method to calculate the fair value of financial instruments, considering valuation techniques that adopt Daycoval's estimates on assumptions that a participant would use to value its instruments.

Marketable securities

The prices of marketable securities quoted at market price are the best indicators of its respective fair values. It should be noted that, for certain financial instruments, there is no liquidity of transactions and/or quotes available and accordingly it is necessary to adopt estimates of present value and other techniques for fair value definition. In the absence of price quoted by ANBIMA - Brazilian Financial and Capital Markets Association, the fair values of public securities are determined in view of the rates or prices given by other market agents that trade such securities. The fair values of debt securities (e.g.: debentures) of companies are calculated by discounting estimated cash flows, based on interest rates charged in the market and applicable to each payment flow or maturity of these debts. The fair values of shares regarding investments in investment funds are made available by their respective managers.

Derivatives

• **Swaps:** cash flows are discounted at present value on the basis of interest curves or other indexators that reflect the risk factors, at prices of derivatives quoted in B3, of Brazilian public securities in secondaries or derivatives and marketable securities traded abroad. These interest curves are used to obtain fair value of swaps.

• **Futures and Forward ("NDF"):** quotes on stock exchanges or based on the same criteria of valuation at fair value of swap contracts.

• **Options:** determined in view of mathematic models using market data such as implicit volatility, interest value and fair value of the underlying asset.

Issuances abroad and loan obligations

These are calculated by discounting estimated cash flows at market interest rates.

c) Fair values of financial assets and liabilities valued at amortized cost

The fair value of financial assets and liabilities recorded at amortized cost is estimated by comparing the current market interest rate of similar financial instruments. The estimated fair value is based on discounted cash flows at present value, at observable market interest rate for financial instruments with similar credit risk and maturity. For debt instruments quoted, the value is determined at market prices. For securities issued whose market price is not available, a discounted cash flow model is used on the basis of the appropriate future interest rate curve for the remaining of the term up to maturity. For other instruments with variable rate, an adjustment is made to reflect changes in credit spread required since the date the instrument was initially recognized.

Comparison of the value of the financial instruments recorded at amortized cost and the respective estimated fair value:

Accounting classification	Bank			
	06/30/2020		12/31/2019	
	Amortized cost	Fair value	Amortized cost	Fair value
Financial assets valued at amortized cost:				
Short-term Interbank accounts	8,554,674	8,059,170	5,557,213	5,547,032
Credit operations and with credit granting characteristics	22,090,425	22,929,971	23,479,962	23,801,409
Marketable securities issued by governments of other countries	16,528	19,013	12,165	12,994
Financial liabilities valued at amortized cost:				
Local funding (interbank deposits, time deposits and issuances of securities in Brazil)	21,478,880	21,658,551	18,514,260	18,142,242
Obligations from loans and onlendings	1,471,863	1,233,407	1,481,677	1,461,654
Accounting classification	Consolidated			
	06/30/2020		12/31/2019	
	Amortized cost	Fair value	Amortized cost	Fair value
Financial assets valued at amortized cost:				
Short-term Interbank accounts	7,819,148	7,323,645	4,879,675	4,869,494
Credit operations and with credit granting characteristics	22,090,425	22,929,971	23,479,962	23,801,409
Lease operations	1,315,132	1,553,594	1,203,818	1,426,595
Marketable securities issued by governments of other countries	16,528	19,013	12,165	12,994
Financial liabilities valued at amortized cost:				
Local funding (interbank deposits, time deposits and issuances of securities in Brazil)	20,880,530	21,060,201	17,913,826	17,541,808
Obligations from loans and onlendings	1,471,863	1,233,407	1,481,677	1,461,654

The financial instruments valued at amortized cost, for purposes of valuating its potential fair value, were classified as "Level 2" instruments. This valuation considered the prices quoted in an active market for similar assets or liabilities or based on another valuation method, mainly the "discounted cash flows" method, in which all significant inputs are based on observable market data.

24 - INTEGRATED RISK AND CAPITAL MANAGEMENT

Daycoval understands risk management as a key instrument for generation of value to the entities of the Prudential Conglomerate, shareholders, employees and customers, besides contribution to strengthening corporate governance and internal control environment. Therefore, constant investments are made to improve processes, procedures, criteria and tools for management of operating, market, liquidity, credit, compliance, social and environmental and capital management risks, in order to ensure a high degree of security in all its operations.

In addition to complying with the requirements of CMN Resolution 4557, Daycoval understands that the integrated management of risks is a key instrument for generation of value to the institution, shareholders, employees and customers. Accordingly, it establishes strategies and objectives to reach optimal balance between the growth goals and return on investments and the risks related thereto, thus allowing to explore its funds effectively and efficiently in pursuing the entity's objectives.

The structuring of the process of Integrated Management of Corporate Risks contributes to a better Corporate Governance, which is one of Daycoval's strategic focus developed by weighing objectives, demands and institutional culture.

The identification of risks aims to map the risk events of internal and external nature that may undermine the objectives of the business units. In this scenario, the Risks Committee established and risk managers play an important role in the various areas of the Bank, in order to ensure the ongoing and sustainable growth of the institution.

The Risk Management Boards engage in identifying, measuring, controlling, evaluating and managing the risks, thereby ensuring the consistency between risks taken and the acceptable Tier of the risk defined by the Institution, and report the exposure to senior management, to the business areas and regulators.

Besides the requirement to implement the structure to manage risk and capital in an integrated way, CMN Resolution 4557/17 also requires institutions to prepare the Risk Appetite Declaration (RAS), to establish the Risk Management Committee and to appoint to BACEN the risk management director (CRO), with assignment of roles, responsibilities and independence requirements.

a) Capital management

The Board of Directors, the senior body in Daycoval's capital management, is in charge of approving the Capital Management Policy and the reasonable capital Tier, approving the capital plan and determining when the contingent plan should be deployed, besides reviewing the capital management policies and strategies and the capital plan at least once a year, in order to determine the compatibility with the institution's strategic planning and market conditions.

i Basel Accord

Banco Daycoval's minimum capital requirements are presented as a Based Indicator by dividing the regulatory capital (PR) by the Minimum Capital Required, consisting of the sum of portions of risk-weighted assets or RWA, multiplied by the percentage of minimum capital requirement, which is currently 8.00%. These minimum requirements are an integral part of a set of standards announced by BACEN, in order to implement global capital requirements, known as Basel III.

Basel III rules seek to improve the quality of financial institutions' capital, restricting the use of financial instruments not capable of absorbing losses, and deducting assets that may threaten the value of capital due to low liquidity, dependence on future profits for realization or difficulty to measure value. These instruments include tax credits, intangible assets and investments in non-controlled companies, especially those performing in insurance industry.

The Regulatory Capital ("PR") is defined as the sum of Tier I (principal and complementary capital) and of Tier II, calculated on a consolidated basis, considering the institutions comprising the Prudential Conglomerate that, for Banco Daycoval, include the Bank's operations, its branch abroad and Daycoval Leasing.

CMN Resolutions 4192/13 and 4193/13 establish the criteria and procedures to calculate the minimum requirements for regulatory capital ("PR"), of Tier I, of Principal Capital and of Additional Principal Capital, at the following percentages:

	% minimum capital	
	06/30/2020	12/31/2019
Minimum Regulatory Capital ("PR")	8.00%	8.00%
Tier I	6.00%	6.00%
Capital	4.50%	4.50%
Complementary capital	1.50%	1.50%
Tier II	2.00%	2.00%
Additional principal capital ("ACP")	1.25%	2.50%
ACP - Conservation ⁽¹⁾	1.25%	2.50%
ACP - Countercyclical ⁽²⁾	0.00%	0.00%
ACP - Systemic ⁽³⁾	0.00%	0.00%
Total capital required (PR + ACP)	9.25%	10.50%

(1) CMN Resolution 4783/20 established the reduction in Additional Principal Capital of Conservation (ACP Conservation), beginning April 1, 2020, from 2.5% to 1.25% for one after after that period, and the requirement shall be gradually reestablished up to March 31, 2022 to 2.5%.

(2) Pursuant to Bacen Circular 3769/15, article 3, the percentage of ACP Countercyclical is equal to 0%.

(3) The Additional Systemic Importance (ACP Systemic) is determined on the basis of criteria set by BACEN Circular 3768/15. The percentage of ACP Systemic is up to 2%, provided that the reason between total exposure, pursuant to article 2, item II, of BACEN Circular Letter 3748/15, as of December 31 of the penultimate year in relation to the base date of calculation, and the Brazilian GDP, is higher than 10%, otherwise the percentage of ACP Systemic is equal to 0%.



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

	06/30/2020	12/31/2019
Regulatory capital for comparison with risk-weighted assets (RWAs)	4,561,350	3,823,451
Regulatory Capital – Tier I	4,402,182	3,665,356
Capital	4,109,240	3,665,356
Equity	4,120,741	3,695,159
Prudential adjustment - Bacen Resolution 4192/13	(11,501)	(29,803)
Complementary capital	292,942	-
Perpetual financial bills (Note 16.c)	292,942	-
Regulatory Capital - Tier II	159,168	158,095
Subordinated debts (Note 16.c)	159,168	158,095
Minimum required capital (RWA x 8%)	2,180,260	2,166,219
Risk-Weighted Assets (RWA)	27,253,247	27,077,734
Credit risk	24,268,269	24,620,899
Market risk	1,405,068	885,957
Foreign exchange asset - RWAcam	951,907	385,655
Assets indexed to fixed interest - RWAjur1	194,490	267,062
Assets indexed to foreign exchange coupon - RWAjur2	168,558	113,114
Assets indexed to inflation - RWAjur3	4,547	5,530
Shares - RWApacs	85,566	114,596
Operational risk - RWAopad	1,579,910	1,570,878
Basel ratio - Total	16.74%	14.12%
Basel ratio - Tier I	16.15%	13.54%
Basel ratio - Tier II	0.58%	0.58%
Portion of the interest rate in the Banking Book (Pbanking) ⁽¹⁾	454,315	154,479
Surplus required capital		
On minimum requirement	109.21%	76.50%
On total requirement	80.94%	34.48%

(1) Pursuant to BACEN Circular 3876/18, which provides for methodologies and procedures to determine the sufficiency of the Regulatory Capital (PR) maintained to hedge against the risk of interest rate fluctuation in instruments in the banking book (IRRBB - Interest Rate Risk in the Banking Book), beginning January 1, 2020, the Bank started to adopt the calculation metrics of ΔEVE (Economic Value of Equity) and ΔNII (Net Interest Income), as defined in said circular.

b) 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.

i 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
- Risk of changes in curve slope: 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.

ii 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.

Banking Book

Managing the risk of variation in interest rates in financial instruments classified as Interest Rate Risk in the Banking Book (IRRBB) is based on the following metrics:

- Δ EVE (Delta Economic Value of Equity): difference between the present value of the sum of flows of repricing of instruments subject to IRRBB in a base scenario and the present value of the sum of repricing of flows of these instruments in a shock scenario of interest rates;
- Δ NII (Delta Net Interest Income): difference between the result of trading of instruments subject to IRRBB in a base scenario and the result of trading of these instruments in a shock scenario in interest rates.

iii 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.

iv 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 June 30, 2020 and December 31, 2019 is as follows:

Risk factors	06/30/2020			12/31/2019		
	Scenarios			Scenarios		
	1	2	3	1	2	3
Fixed rate	(14,305)	(21,067)	(27,765)	(18,811)	(33,139)	(47,175)
Foreign currencies	27,118	84,055	137,390	23,959	49,502	76,783
Price indices	(7)	(15)	(22)	(112)	(127)	(140)
Variable income	(7,701)	(16,471)	(25,242)	(8,595)	(20,771)	(32,946)
Borrowings	(1,083)	(1,588)	(2,085)	(2,017)	(2,953)	(5,228)
Other	(410)	(876)	(1,345)	(504)	(770)	(1,036)
Total Trading	3,612	44,038	80,931	(6,080)	(8,258)	(9,742)
Total Banking	(275,371)	(416,832)	(517,479)	(279,324)	(470,008)	(653,347)
Total	(271,759)	(372,794)	(436,548)	(285,404)	(478,266)	(663,089)

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\$6.16 (R\$/US\$4.57 as at December 31, 2019); (ii) fixed interest rate – 4.89% p.a. (7.05% p.a. as at December 31, 2019); (iii) Ibovespa – 77,945 points (98,298 points as at December 31, 2019); and (iv) 3.87% p.a. exchange coupon (5.34% p.a. as at December 31, 2019).

- 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) US\$7.69 (R\$/US\$5.72 as at December 31, 2019); (ii) fixed interest rate – 6.11% p.a. (8.81% p.a. as at December 31, 2019); and (iii) Ibovespa – 58,459 points (73,723 points as at December 31, 2019); and (iv) 4.84% p.a. exchange coupon (6.68% p.a. as at December 31, 2019).

- 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\$6.16 (R\$/US\$6.86 as December 31, 2019); (ii) fixed interest rate 7.34% p.a. (10.58% p.a. as December 31, 2019); and (iii) Ibovespa – 38,973 points (49,149 points as at December 31, 2019); and (iv) 5.81% p.a. exchange coupon (8.01% p.a. as at December 31, 2019).

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 June 30, 2020, and as at December 31, 2019. 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.

v 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.

c) 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 main liquidity risk factors can have external or internal origin:

i Main external risk factors:

- Macroeconomic factors, both national and international;
- Liquidity policies set by the regulator;
- Situations where the confidence and, consequently, the system liquidity was affected;
- Credit agencies' ratings: sovereign risk and organization risk;
- Lack of funds in the market.

ii The main internal risk factors are:

- Bank's risk appetite and definition of the acceptable liquidity level;
- Terms and rates mismatches caused by the characteristics of the traded products and services;
- Concentration policy, both in funding and credit granting;
- Covenants assumed by the Institution: financial, economic and related to environmental management;
- Increase in the number of early redemptions of funds raised or transactions with immediate or grace period liquidity clauses;
- Exposure to illiquid or low liquidity assets;
- Leverage.

This type of risk is particularly important at the financial institutions, as economic / political / financial events and even changes in the perception of confidence or expectations may quickly turn into major solvency problems. This is a risk that needs to be constantly managed, with extremely care with respect to matches and terms between receivables and payables; either at the short, medium or long terms.

The controls over liquidity risks are performed with high frequency in portfolio. Accordingly, the balance between obligations and receipts from institution's books is analyzed. In addition to an in-depth analysis of cash flows, extreme scenarios of liquidity risks are considered, together with performance triggers.

d) Credit risk

Possible losses from the borrower's or counterparty's non-compliance with respective obligations as agreed upon; the devaluation, reduction of remunerations and expected gains on financial instruments from the erosion of credit quality of the counterparty, the intervening party or of the mitigating instrument; the restructuring of financial instruments; or costs of recovery from exposures characterized as problematic assets.

i 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.

ii Daycoval credit scoring models

Models designed through statistic approach and used to classify risks in the credit granting process, after applying the credit policies previously analyzed and approved with customer data, as well as operations verified and relevant. It should also be noted that the assets underlying financing, for purposes of developing a score model, are classified and a risk classification is obtained for each product.

iii 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.

e) 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.

f) Social and environmental responsibility

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.

In order to ensure the continuing management of the social and environmental risk, in accordance with the principles above, the procedures below were

All corporate clients, during the registration process, must determine the environmental impact level for the activity codes, as prescribed by the prevailing law, and the social and environmental aspects must be included in the credit rating report, through a previous questionnaire.

All loan agreements must contain, when applicable, specific contractual clauses with respect to the debtor's commitment and obligation to strictly abide by and comply with the social and environmental and labor legislation, in particular occupational health and safety standards and the lack of labor similar to slave or child labor.

Properties pledged as collateral must be assessed by a company specialized in rural and urban properties and consider the regular standing of the property, including social and environmental aspects before the relevant federal and state bodies.

With respect to a rural property pledged as collateral, during the credit granting process, the registration of the legal reserve in the rural property record or in the rural environmental register (CAR), or document entered into with the competent body must be verified, in compliance with the applicable prevailing legislation.

The assessments carried out with respect to the rural properties pledged as collateral must comprise:

- Restriction to the use, including restrictions related to zoning, land parceling, archeological and historical asset preservation, activity restriction due to location in Environmental Preservation Area (APA) or Permanent Preservation Area (APP), which satisfies the requirements imposed by the competent bodies;
- Restriction to the use, relating to land parceling, archeological, paleontological and historical asset preservation, or where the borrower does not satisfy the requirements established by the competent body; be located in indigenous and "quilombola" land and conservation units, defined as such by the relevant authority;
- Restriction to the use, relating to the contamination at the property pledged as collateral.

25 - EMPLOYEE BENEFITS

a) 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.

26 - OTHER INFORMATION

a) Asset management

Daycoval Asset Management is responsible for administering and managing third-party assets through investment funds, whose net assets as at June 30, 2020, are R\$16.5 billion (R\$12.6 billion as at December 31, 2019).

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 financial statement information and audit the financial statements for the quarter ended March 31, 2020, has not provided any other services to the Bank and the Group companies, other than the independent audit services.

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.

e) Daycoval believes that the scenario worldwide was marked by the initial impacts of the COVID-19 pandemic, declared by the World Health Organization (WHO) on March 11, 2020, which has ultimately heavily affected most of the economies in the world. The final impacts of this pandemic will take a long time to be determined as the disease is not yet under control, which leads to restrictions on national and international travels, shutdown of several business and services throughout the world, provoking a serious crisis in various economic sectors, generating significant economic impacts and government orders for social isolation as a way to stop the virus transmission, resulting in an environment of strong financial volatility and growing uncertainty.

In Brazil, besides the impacts arising from COVID-19, the discussions on important structural reforms, such as control on public spending and tax changes, have slowed down and, coupled with the pandemic, result in the deterioration of the key economic indicators, including the exchange rate, which was much higher at the end of the quarter than that at the end of 2019 – R\$5.4760/US\$ versus R\$4.0307/US\$, in addition to the Brazilian GDP decline projections at the end of 2020.

To mitigate the crisis impacts, governments and the central banks worldwide have been regulating the local economy by adopting measures to control the pandemic. In Brazil, numerous measures were adopted by the Monetary Policy Committee (COPOM) and the Central Bank of Brazil, such as the decrease of the interest rate from 4.50% p.a. (december/2019) to 2.25% p.a. (june/2020); the National Monetary Council and the federal government have approved at extraordinary meetings measures to help boosting the Brazilian economy to recover from the adverse effects caused by the virus.



The main measures adopted are:

- Resolution 4782/20 – facilitates the renegotiation of loans of natural persons and legal entities and exempt banks from raising the level of the allowance for loan losses;
- Resolution 4783/20 – reduces minimum capital requirements for institutions, reducing the required capital buffer from 2.5% to 1.25%, to expand the credit granting capacity of institutions;
- Resolution 4795/20 – authorizes the Central Bank of Brazil to grant loans using the Special Temporary Liquidity Line for acquisition of Financial Bills collateralized by financial assets or securities (LTEL-LFG);
- Resolution 4803/20 – allows reclassifying transactions renegotiated between March 1 and September 30, 2020 to the classification level on February 29, 2020.
- Resolution 4820, which establishes, for a given period, bans on interest on equity capital, on increase in management fees, on repurchase of shares and on capital reduction, to be observed by financial institutions and other institutions authorized to operate by the Central Bank of Brazil, considering the potential effects of the Coronavirus (Covid-19) pandemic on the National Financial System.
- Circular Letter 4030, which amends Circular Letter 3809/16, established the procedures for recognition of mitigating instruments in the calculation of the portion of risk-weighted assets (RWA) regarding exposures to credit risks subject to the calculation of capital requirements through standardized approach (RWACPAD), as provided for by Resolution 4193/13.

In addition to the measures adopted to allow the liquidity of the National Financial System, the Executive and Legislative Branches seek to approve bills that minimize the repercussion of Covid-19, proposing a temporary tax collection suspension (such as IOF relief on loan transactions and PIS/COFINS deferral) and granting tax benefits to the most affected economic sectors and workers.

It is possible to observe that, even upon adoption of all these measures or their discussion and/or approval, projections indicate economic recession in Brazil in 2020. Our operations are mainly conducted at the domestic market and, consequently, our results of operations are significantly impacted by local macroeconomic conditions.

It is not possible to control or predict whether other measures or policies will be adopted by the government and the respective bodies, in response to the current or future economic situation in Brazil nor how the intervention or governmental policies will affect the Brazilian economy and, consequently, our operations and revenues.

We estimate that our assets and liabilities may be impacted owing to the Covid-19, even if we adopt economic, administrative and operational measures to protect them but, up to the date of approval of these financial statements and, considering the current period of crisis caused by the virus, we were unable to measure such impacts, other than those already reported in our financial statements as at June 30, 2020.

The main items in our financial statements that may be impacted are listed below:

- Financial instruments: the market value and, consequently, the realizable value may vary significantly due to the price volatility of these assets, mainly those issued by private companies that pose a greater credit risk;
- Loan transactions: we may observe an increase in the level of default of loans taken by natural persons and legal entities as the economic conditions deteriorate. For the quarter ended June 30, 2020, considering the data available, we supplemented our allowance, as shown in note 9.d.;
- Funding: as the current scenario is highly volatile and with high degrees of uncertainty in credit and capital markets, liquidity of funds available for investments can be reduced and result in increase in our current funding costs;
- Tax credits: their realization will depend on future results, which can be affected due to the pandemic impacts if it continues for a long period;
- Civil provisions: the number of lawsuits may increase and we may be a party to a higher number of lawsuits, mainly involving contractual revisions and renewals.

The operational capacity of our activities are preserved and, since the beginning of the pandemic, our actions have taken into consideration the guidelines from the Ministry of Health. We created a crisis committee, comprised of the Executive HR and Operational Risk Management Officers, which meets on a daily basis and periodically reports to the Board of Directors and all employees the assessments on the Covid-19 progress and its impacts on operations.

We deployed the Business Continuity Plan (BCP) and, since the announcement of the current pandemic scenario, we intensified the internal and external actions, on a consistent and timely basis, in order to mitigate the impacts from this pandemic on our operations and our employees, stressing that the operating processes and internal controls are preserved and operating normally.



Some of these measures are as follows:

- Leave of absence for employees comprising the risk group for an unspecified period;
- Strengthening of teleworking, using computers (laptops) with remote access so that a significant portion of our employees perform their activities from home;
- Protocol for monitoring of employees and family members who display Covid-19 symptoms;
- Extensive communication with agencies, customers and employees in relation to the virus prevention measures; and
- Creation of the “Conexão do Bem Daycoval” campaign, to fight virus dissemination and its effects on health and economy, where every Real donated by employees is doubled by Daycoval. These resources will be used to purchase face masks produced by small- and mid-sized companies that are shifting their activities to produce these items.

One of the main objectives of our risk management framework is to supervise the capital allocation and liquidity to maintain appropriate risk levels in accordance with the limits set internally and by regulators, in addition to monitoring the domestic and foreign economic scenarios, to maintain the administrative and operational capacity.

The future impacts related to the pandemic on the economic conditions will continue to be determined and monitored by Management, even though they are highly uncertain.

All economic projections will depend on the pandemic progress and control, as its duration or aggravation cannot be reliably estimated, which will adversely impact economies around the world for an indeterminate period and may negatively affect the results and performance of operations.

27 - SUBSEQUENT EVENTS

a) Funding from IFC

At June 30, 2020, Daycoval raised funds from the International Finance Corporation - IFC amounting to US\$100 million. The inflow of these funds took place on July 8, 2020.

Management

Luiz Alexandre Cadorin
Accountant
CRC 1SP243564/O-2

Commentary on the Behavior of Business Projections

Not applicable.

Other Information that the Company understands Relevant

Not applicable.

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.

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

Not applicable for the six-month ended June 30, 2020.

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

SUMMARY OF THE AUDIT COMMITTEE REPORT

The Audit Committee ("Committee") of Banco Daycoval S.A. ("Bank") was established by decision made by the Board of Directors pursuant to the standards of the National Monetary Council and ratified by the Central Bank of Brazil, staffed by three independent members responsible for assisting the Board of Directors with assessing the quality of the financial statements and monitoring the compliance with legal and regulatory requirements.

Within the framework of its activities, the Committee: (i) held a meeting with the Independent Auditors responsible for examining these financial statements and issuing the report on their adequacy, in all material respects, in accordance with the accounting practices adopted in Brazil, in connection with the accounting guidelines laid down by the Brazilian Corporate Law, the standards and instructions by the National Monetary Council, the Central Bank of Brazil and the Standard Chart of Accounts for Financial Institutions, the Brazilian Securities and Exchange Commission, the Private Insurance Authority and the Accounting Pronouncements Committee; (ii) monitored the planning and schedule of work of Internal Auditors and reviewed the findings and conclusions of the work carried out during the period, as well as the follow-up on findings; (iii) assessed the work developed by Risk Management, Controls and Compliance to improve the major systems and existing reports for risk management and support to governance; (iiii) discussed with the Bank Management the matters regarding the activities, internal management, improvement of risk management and governance and any comments by regulators.

Based on the reports presented by the Independent Auditors on the monitoring of the Internal Audit work, on the activities carried out by the areas in charge of risk management, controls and compliance, on information from the Bank Management and on the typical limitations of the scope of services, the Committee recommends the Board of Directors to approve the financial statements for the six-month period ended June 30, 2020.

São Paulo, August 5, 2020

The Audit Committee

Marcelo Cardinal Palumbo – Coordinator of the Audit Committee

Ricardo Fraccaroli de Almeida - Member of the Audit Committee

José Ferreira da Silva - Member of the Audit Committee

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 six-month ended June 30, 2020.

São Paulo, August 05, 2020.

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 six-month ended June 30, 2020.

São Paulo, August 05, 2020.

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