

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

# **Banco Daycoval S.A.**

Individual and Consolidated Financial Statements  
for the Six-month Period and Year Ended  
December 31, 2020 and  
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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

## INDEPENDENT AUDITOR'S REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Management and Shareholders of  
Banco Daycoval S.A.

### Opinion

We have audited the accompanying individual and consolidated financial statements of Banco Daycoval S.A. ("Bank"), identified as Bank and consolidated, respectively, which comprise the balance sheet as at December 31, 2020, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the six-month period and year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Banco Daycoval S.A. as at December 31, 2020, and its individual and consolidated financial performance and its individual and consolidated cash flows for the six-month period and year then ended, in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil (BACEN).

### Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the individual and consolidated financial statements* section of our report. We are independent of the Bank and its subsidiaries in accordance with the relevant ethical requirements set out in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Key audit matters

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

#### *Allowance for loan losses*

Allowances for loan losses are recognized pursuant to the regulations issued by the BACEN, in particular the National Monetary Council (CMN) Resolution 2682, and are based on the analyses of outstanding loan transactions (past-due and current), in accordance with the internal policies that consider the determination of credit ratings.

The estimation of the allowance for loan losses involves internal models when determining the borrower's rating that take into account financial and economic data, market inputs, masterfile information, restricted collaterals, default level, among others. The borrower's rating is also revised by the Bank's Management when the financial condition of a given borrower or a given economic sector changes, including due to the impacts arising from the COVID-19. As such revision involves a high level of judgment in the loss estimate by Management, we believe that this matter is a key audit matter in our audit approach, including the involvement of senior members of our staff.

#### *How the matter was addressed in our audit*

Our audit procedures included, but were not limited to: (i) understanding the internal model used in determining the credit rating; (ii) understanding the accrual criterion adopted by the Bank; (iii) reading the Bank's accrual policy; (iv) conducting tests on the design, implementation and effectiveness of internal controls; (v) challenging the key assumptions and Management's significant judgments in determining the credit rating, including due to the impacts arising from the COVID-19; and (vi) recalculating, on a sampling basis, the amounts accrued.

Based on the audit procedures performed, we believe that the criteria and assumptions adopted by the Bank's Management and the policy used to determine the allowance for loan losses are appropriate, in the context of the financial statements taken as a whole.

#### **Other matters**

##### *Statements of value added*

The individual and consolidated statements of value added ("DVA") for the six-month period and year ended December 31, 2020, prepared under the responsibility of the Bank's Management, whose presentation is not required by accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the BACEN, were subject to audit procedures performed together with the audit of the Bank's financial statements. In forming our opinion, we assess whether these individual and consolidated statements of value added are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set out in technical pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added have been appropriately prepared, in all material respects, in accordance with the criteria set out in CPC 09 and are consistent with the individual and consolidated financial statements taken as a whole.

#### **Other information accompanying the individual and consolidated financial statements and the independent auditor's report**

Management is responsible for the other information. The other information comprises the Management Report.

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

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

## **Responsibilities of Management and those charged with governance for the individual and consolidated financial statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and its subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Bank and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and matters that may reasonably be thought to bear on our independence, and, when applicable, related safeguards.

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

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, February 9, 2021

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Carlos Claro  
Engagement Partner

## MANAGEMENT REPORT

Dear Shareholders,

The Management of Banco Daycoval S.A. (“Daycoval” or “Bank”) is pleased to submit to you the Management Report and accompanying Financial Statements, together with the Independent Auditor’s Report containing an unqualified opinion thereon, for the year ended December 31, 2020. The comments herein presented refer to Daycoval’s consolidated financial position for the respective year.

We constantly seek to make our Corporate Values not to be repeated words only but attitudes observed by all our stakeholders, and strengthened our commitment with respect, transparency, ethics and continuing growth.

With a view more oriented to the business and relationship, we maintained the Bank’s growth, closing the year with total assets of R\$49,159.8 million, a 41.1% growth when compared to 2019. Despite the economic slowdown in Brazil, impacted by the Covid-19 pandemic, Daycoval kept the pace in 2020, mainly focused on the quick adaptation to the current scenario, to be much more closer to clients and understand their needs. We accelerated processes and continued to invest in technology and digital platforms.

The Expanded Loan Portfolio amounted to R\$36,629.3 million at the end of 2020, a 33.9% growth when compared to the end of 2019. Such growth did not affect the portfolio quality which posted a Default Level of 1.7% at the end of the year, while the balance of the allowance for loan losses amounted to R\$1,579.5 million at the end of the year. This balance includes R\$574.1 million as additional allowance.

The Bank posted profit of R\$1,182.6 million at the end of 2020, up by 15.9% when compared to 2019. A result achieved year by year, with the reliability that shows the history of more than 50 years of Daycoval.

The Return on Average Equity (ROAE) was 28.6% in 2020, which remained virtually stable when compared to the previous year. Equity amounted to R\$4,425.9 million at the end of 2020, a 19.8% growth in 12 months and the Basel Ratio was 14.5%, at the end of the year, which reflects the Bank’s high capital base.

Through the engagement of our employees and quick adaptation to the scenario, the efficiency was important for the decision-making process. The Efficiency Ratio was 26.4% at the end of the year, up by 3.8 percentage points when compared to the same period in 2019.

Daycoval’s positive results were supported by a conservative strategy in terms of credit and launching of new actions to meet the growing demand from the corporate segment, always aiming at building up relationship, margins and collaterals. Such result was due to the Bank’s quick response capacity in distinct scenarios, built with trust throughout the year.

Aware of our more than 50 years of history, strengthened by the relationship with different clients, legal entities, either small- and medium-sized companies or big corporations and individuals, at the end of 2020 we had 2,553 employees, 8% higher than 2019. These employees, who work from all over the country, adjusting their operations even if remotely, were committed to serving our clients well and devoting efforts to reach sustainable results.

In such a challenging year, Daycoval was remarkably ranked in the Major Groups Guide from Valor Econômico among the 200 largest groups operating in Brazil. From the finance side, the Bank was recognized as one of the 20 largest companies in the industry, both in terms of Revenues and Profit, and also posted the second highest profitability in the industry. An achievement obtained through the capability and engagement of our team that won the Great Place to Work (GPTW) award for the third consecutive year.

## About Banco Daycoval

Banco Daycoval S.A. is specialized in the segment of corporate loans, financing and lease, also operating significantly in the Retail segment through payroll loan, auto loan, tourism exchange and investment transactions.

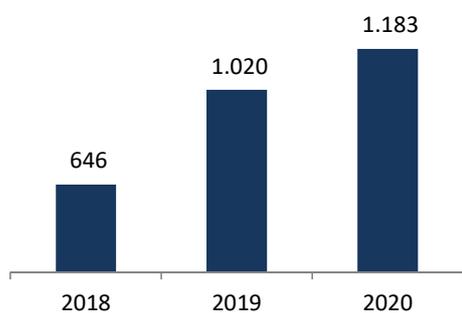
In the year ended 2020, relying on a team comprised of 2,553 professionals and headquartered in the city of São Paulo, State of São Paulo, Daycoval reached an expanded loan portfolio of R\$36.6 billion, total assets of R\$49.1 billion, equity of R\$4.4 billion and profit of R\$1.2 billion. As a result of its conservative strategy, the Bank stands out for its low leverage, high liquidity and performance reflected in a Basel III ratio of 14.5%.

## 2020 Main Indicators

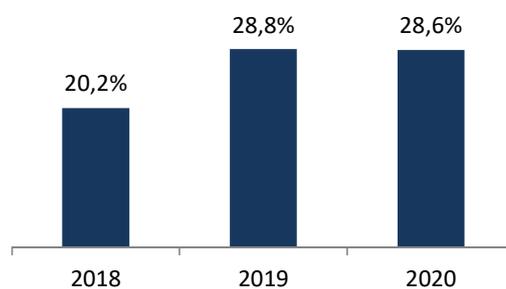
Main indicators	2020
Total assets – R\$ million	49,159.8
Expanded loan portfolio - R\$ million	36,629.3
Total funding - R\$ million	37,080.8
Profit - R\$ million	1,182.6
Equity – R\$ million	4,425.9
ROAE	28.6%
ROAA	2.9%
NIM	10.3%
Efficiency ratio	26.4%
Basel III Ratio	14.5%



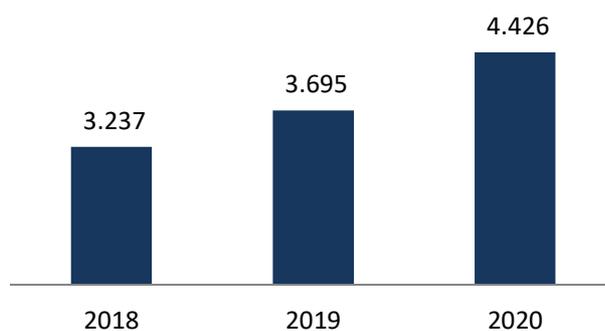
Lucro Líquido - R\$ MM



Retorno Sobre Patrimônio Líquido Médio



Patrimônio Líquido - R\$ MM



## Distribution

Consistently with the proposal for growing with diversification, Banco Daycoval currently has 46 branches located in 21 States, including the Federal District. Daycoval also has a branch in the Cayman Islands, which is an important instrument not only for funding purposes, but also for opening commercial credit facilities and handling our relationships with correspondent banks.

In the year ended 2020, IFP - Promotora de Serviços de Consultoria e Cadastro Ltda., a Daycoval Group's company, a correspondent engaged in fostering payroll-deductible loan transactions, accounted for approximately 16.9% of total origination and 24.4% of the Bank's INSS transactions. IFP has 40 stores throughout the country and 539 employees. To improve its productivity, IFP also provides services to other financial institutions.

Daycoval Câmbio had 169 points of service at the end of 2020. The Bank also operates through partnerships with travel operators and agencies to facilitate access to clients and offer greater flexibility for conducting their operations and providing rapid and secure service. In 2020, 4.0 million transactions were conducted in different currencies and type, with turnover equivalent to R\$9.6 billion.

## Rating

Banco Daycoval's ratings demonstrate the low level of risk and soundness attained in its operations. The information obtained by the respective risk rating agencies is widely taken into account by the financial market, but, for all effects, should not be construed as an investment advice.

According to the reports disclosed, the risk ratings reflect the understanding of the risk rating agencies about Banco Daycoval: i) Ba2 in global scale by Moody's with "stable" outlook; ii) BB- by Fitch Ratings with "negative" outlook; iii) BB- by Standard&Poor's with "stable" outlook and; iv) by RISKbank - BRLP 3 – low risk for the long-term (up to five years), negative outlook.

## Operating and Financial Performance

Banco Daycoval's strategy is to diversify its funding, either from the standpoint of source or from the standpoint of instrument, so as to be aligned with the expected loan portfolio growth, always seeking the combination of assets and liabilities and cost effectiveness. In 2020 funding grew in line with the loan portfolio growth and totaled R\$37.0 billion at the end of the year, a growth by 52.8% when compared to the same period in 2019.

The structural operations, from the international standpoint the borrowing of US\$100.0 million from the IFC, a member of the World Bank, aiming at increasing the access to credit for small- and medium-sized entities (SMEs), including women-owned companies, must be highlighted. Locally, funding was obtained through the issuance of the Guaranteed Financial Bill (LFG) in the amount of R\$4.9 billion and Financial Bills with perpetual maturity in the amount of R\$297.2 million. The funds were invested in Financial Bills by the own shareholders and started to comprise the Bank's capital.

By the end of 2020, the expanded loan portfolio balance was R\$36.6 billion, up by 33.9% against 2019. The corporate loan segment, the Bank's core business, grew by 43.1% in the year.

Profit reached R\$1.2 billion in 2020, up by 15.9% against 2019. The Efficiency Ratio was 26.4% in the year, the Return On Average Equity (ROAE) reached 28.6% p.a., the Return On Average Assets (ROAA) was 2.9% p.a. and the Net Interest Margin (NIM) was 10.3% p.a.

## **Capital market**

### **Shareholders' Compensation**

In 2020 payment of interest on capital in the amount of R\$173.6 million was approved – and distribution of dividends in the amount of R\$133.3 million as allocation of adjusted profit for 2020 was decided, which corresponds to a gross dividend payout of 26.0% in the period.

## **Corporate Governance**

Banco Daycoval's corporate management policy is consistent with the principles set out by the Brazilian Institute of Corporate Governance (IBGC) and the best market practices. The Bank often seeks to improve its management model, driven by sustainability guidelines and ethics, transparency, respect and responsibility principles in conducting its business and maintaining relationship equity towards all of its stakeholders.

## **Audit Committee**

The Audit Committee, established and instated in the first half of 2009, pursuant to the National Monetary Council (CMN) Resolution 3198 of May 27, 2004, is responsible for assessing the quality and completeness of the Bank's financial statements, complying with legal and regulatory requirements, ensuring the performance, independence and quality of external auditors' work, as well as ensuring the internal audit performance and quality and effectiveness of the Bank's internal control and risk management systems.

## **Risk and Capital Management**

Daycoval believes that the risk management is an important instrument for adding value to the financial conglomerate's entities, shareholders, employees and customers, besides contributing to strengthen the corporate governance and the internal control environment. Accordingly, it constantly makes investments to enhance processes, procedures, criteria and tools designed for managing operational, market, liquidity, credit, compliance, social and environmental and capital management risks, in order to ensure a high degree of safety for all of its operations.

Daycoval adopts preventive measures and continuously operates to enhance its risk policies and internal control systems with a view to avoiding or mitigating the exposure to risks to the maximum extent. Also, Daycoval draws on a continuing, integrated risk management framework, aligned with the Bank's strategic goals, and on a continuing capital management framework, both designed to identify, monitor, control and mitigate the risks underlying its operations, as well as to disseminate such risk mitigation culture. It also relies on committees and periodic reports from the relevant areas so as to ensure appropriate risk management and efficient governance, assessed by the Risk Committee. This framework is comprised of the Board of Directors, Executive Board, Risk Department and Risk Committee.

## Human Resources

When talking about Daycoval Group's growth and development, one strength must be highlighted: the individuals. Having a motivated and interested team is a decisive factor to make Daycoval one of the best places to work, certified by the Great Place to Work, which was renewed in December 2020, and one of our principles revolves around believing that human capital is imperative for the good business performance. Daycoval appreciates people with different experience and career expectations aligned with the Bank's needs, capable of interacting with different hierarchical levels and different generations, showing flexibility and eager to share new experiences and build contact networks, engaged on new virtual platforms. Accordingly, Daycoval continuously invests in the training and wellbeing of its employees. To inspire employees, the Bank offers learning opportunities, adopts ethical and non-discriminatory practices, maintains a pleasant and highly productive work environment and pays fair compensation.

As at December 31, 2020, Daycoval Group relied on a talented, motivated team of 2,553 professionals. The Daycoeduca Program stands out among the major initiatives targeted at continuous development, offering Undergraduate, Graduate or MBA scholarships. Currently, roughly 3.1% of employees are entitled to such benefit. 24,097 hours of training were given in 2020, covering 2,072 employees working in several areas. Such figure represented investments of 1.3% of the monthly payroll. As part of the "Em Busca da Excelência" project, under the Knowledge and Life Quality value, Academia Daycoval was implemented, using e-learning to offer educational lectures, technical, regulatory, behavioral and management courses to all employees, with the engagement of 1,620 professionals who received 9,514 hours of training. Daycoval Group relies on a qualified and engaged team and always seeks professionals willing to overcome challenges. It recognizes the potential of employees, offering professional and personal development and growth. Daycoval Group also participates in the Young Apprentice Program through an agreement with ESPRO (Ensino Social Profissionalizante – Social, Vocational Education), which has 9 apprentices working in several areas of the Group, besides offering welfare and labor gymnastics programs. Vaccination campaigns are organized and courses involving healthcare actions, social life and personal support are provided for the wellbeing of employees and their families. Moreover, free music classes and running training are promoted, seeking to enhance the quality of life.

## Social Responsibility

Connecting individuals has made so much sense in a pandemic year, which posed challenges and offered learning, but fundamentally demonstrated that the union has a major importance in the search for a better world for present and future generations. And, through the "Conexão do Bem Daycoval" campaign, it was possible to donate 1 million reusable face masks, thus benefiting around 200 locations throughout Brazil, such as community centers, healthcare units and direct actions with the population. The campaign also allowed to financially support companies that were affected by the suspension of their production lines during the pandemic. In total, 28 companies readjusted their production lines to produce protection equipment for donation.

And, in line with the Covid-19 prevention measures, Daycoval made a donation in the amount of R\$1 million to the Instituto Butantan (SP) for the construction of a Covid-19 vaccine plant, and also for clinical research.

In 2020, Banco Daycoval set aside approximately R\$38 million for donations and sponsorships, of which more than R\$18 million were invested through the Incentive Laws. The investments were made through the Elderly and Sports Laws, PRONAS, PRONON, FUMCAD/CONDECA and ROUANET/AUDIOVISUAL. During the year, about

74 projects were contemplated, including those dedicated to researching the cure of diseases, education, culture, entertainment and development of the life quality of low-income individuals. Some institutions must be highlighted such as: Hospital Pequeno Príncipe, Hospital de Barretos, AACD, Hospital Albert Einstein, Santa Casa de Porto Alegre, GRAAC, Fundação Dorina Nowill, Fundação Gol de Letra, Projeto Musicantes, among others.

### **Sustainability**

Daycoval constantly seeks to enhance its operations focused on the sustainable development, both internally and externally. It has been adopting over the past years a corporate credit rating taking such criterion into account, placing emphasis on good social and environmental practices. Moreover, Daycoval constantly develops a series of internal projects to optimize the consumption of inputs (such as water and electric energy) and use of paper. To know more about these actions, access [www.daycoval.com.br/institucional/sustentabilidade](http://www.daycoval.com.br/institucional/sustentabilidade) and check our Annual Sustainability Report.

### **Relationship with Independent Auditors**

In accordance with CVM Instruction 381 of January 14, 2003, we inform that the company engaged to audit the financial statements for the years ended December 31, 2020 and 2019 was not engaged to perform services to the Bank other than external audit.

### **Executive Board Statement**

Pursuant to the provisions set out in CVM Instruction 480/09, the Bank's Executive Board states that it has discussed, reviewed and agreed with the opinions expressed in the independent auditor's report, as well as the financial statements for the six-month period and year ended December 31, 2020.

### **Acknowledgements**

Banco Daycoval S.A.'s management thanks the shareholders, clients, suppliers and the financial community for the essential support and trust shown, as well as our professionals who have made such performance possible.

São Paulo, February 9, 2021.

The Management

For further information on Banco Daycoval's performance, please visit [www.daycoval.com.br/ri](http://www.daycoval.com.br/ri).

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

ATIVO	Note	Bank		Consolidated	
		2020	2019	2020	2019
<b>Cash</b>	4	<b>342.892</b>	<b>357.331</b>	<b>343.040</b>	<b>363.781</b>
<b>Restricted deposits - Central Bank of Brazil</b>	5	<b>217.672</b>	<b>67.220</b>	<b>217.672</b>	<b>67.220</b>
<b>Interbank accounts</b>		<b>549</b>	<b>1.288</b>	<b>549</b>	<b>1.288</b>
<b>Financial instruments</b>		<b>45.613.574</b>	<b>31.686.102</b>	<b>46.419.815</b>	<b>32.361.491</b>
Interbank investments	6	5.565.372	5.557.213	4.772.208	4.879.675
Money market investments	7	5.298.623	1.672.743	5.592.275	1.906.558
Derivatives	8	1.188.710	149.784	1.188.710	149.784
Own portfolio					
Lending portfolio	9	25.522.495	16.934.078	25.713.559	17.083.532
Finance lease	9.i	-	-	1.063.294	965.665
Operating lease	9	-	-	133.090	99.366
(-) Unearned income from leasing operations	9	-	-	(132.864)	(99.176)
Other transactions with loan characteristics	9	5.689.756	5.927.721	5.740.925	5.931.524
Foreign exchange portfolio	10	2.348.618	1.444.563	2.348.618	1.444.563
<b>(Allowance for loan losses)</b>	9.e	<b>(1.515.720)</b>	<b>(1.273.120)</b>	<b>(1.534.740)</b>	<b>(1.294.579)</b>
Lending operations		(1.378.901)	(1.116.983)	(1.383.179)	(1.118.655)
Leasing operations		-	-	(14.594)	(19.787)
Other		(136.819)	(156.137)	(136.967)	(156.137)
<b>Current and deferred tax assets</b>	19.b	<b>1.628.398</b>	<b>1,466,555</b>	<b>1,668,254</b>	<b>1,509,966</b>
<b>Debtors for escrow deposits</b>		<b>1,438,626</b>	<b>1,308,577</b>	<b>1,441,954</b>	<b>1,311,097</b>
Tax	18.c	1.387.002	1.270.531	1.387.002	1.270.531
Civil	18.c	36.693	29.357	36.693	29.387
Labor	18.c	14.931	8.689	18.193	11.011
Other		-	-	66	168
<b>Other credits</b>		<b>231.903</b>	<b>141.525</b>	<b>239.044</b>	<b>147.527</b>
Income receivable		33.327	20.373	35.448	19.287
Trading account		76.423	3.756	76.423	3.756
Other	11	122.153	117.396	127.173	124.484
<b>Other assets</b>	12	<b>100.249</b>	<b>134.065</b>	<b>100.250</b>	<b>134.132</b>
Repossessed assets		84.852	117.161	84.852	117.229
(Allowance for repossessed assets losses)		(8.564)	(8.337)	(8.564)	(8.338)
Prepaid expenses		23.961	25.241	23.962	25.241
<b>Investments</b>		<b>1,432,901</b>	<b>1,312,983</b>	<b>63,223</b>	<b>74,999</b>
Equity in domestic subsidiaries	14	1.428.965	1.310.097	-	-
Other investments		3.936	2.886	63.223	74.999
<b>Property and equipment in use</b>		<b>61.816</b>	<b>67.916</b>	<b>69.689</b>	<b>72.809</b>
Other property and equipment in use	15.a	108.670	104.537	119.874	112.302
(Accumulated depreciation)		(46.854)	(36.621)	(50.185)	(39.493)
<b>Property and equipment for operating lease</b>		<b>-</b>	<b>-</b>	<b>130.650</b>	<b>94.939</b>
Leased assets	15.b	-	-	264.241	200.867
(Accumulated depreciation)		-	-	(133.591)	(105.928)
<b>Intangible assets</b>		<b>-</b>	<b>-</b>	<b>351</b>	<b>346</b>
<b>TOTAL ASSETS</b>		<b>49.552.860</b>	<b>35.270.442</b>	<b>49.159.751</b>	<b>34.845.016</b>

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

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

LIABILITIES	Note	Bank		Consolidated	
		2020	2019	2020	2019
<b>Financial instruments</b>		<b>41.400.186</b>	<b>28.312.100</b>	<b>40.808.561</b>	<b>27.710.619</b>
Deposits	16.b	14.082.552	8.395.334	14.027.603	8.319.941
Repurchase commitments	16.a	1.951.672	2.517.947	1.951.672	2.517.947
Issuance of securities	16.b	<b>18.460.459</b>	<b>12.629.252</b>	<b>17.923.783</b>	<b>12.103.164</b>
In Brazil		16.055.053	11.217.709	15.518.377	10.691.621
Exterior		2.405.406	1.411.543	2.405.406	1.411.543
Foreign borrowings	16.b	4.503.902	3.462.187	4.503.902	3.462.187
Domestic onlendings	16.b	164.850	225.216	164.850	225.216
Subordinated debts	16.b	460.657	158.095	460.657	158.095
Derivatives	8	58.064	106.267	58.064	106.267
Foreign currency portfolio	10	1.718.030	817.802	1.718.030	817.802
<b>Interbank accounts</b>		<b>227.702</b>	<b>144.878</b>	<b>227.702</b>	<b>144.878</b>
<b>Provision for risks</b>	18	<b>1.886.117</b>	<b>1.775.044</b>	<b>1.900.524</b>	<b>1.789.434</b>
Tax		1.656.548	1.530.665	1.657.360	1.530.665
Civil		166.760	184.760	167.308	185.247
Labor		62.809	59.619	75.856	73.522
<b>Provision for financial guarantees provided</b>	9.e	<b>44.781</b>	<b>25.007</b>	<b>44.781</b>	<b>25.007</b>
<b>Current and deferred tax liabilities</b>	19.b	<b>933.409</b>	<b>759.380</b>	<b>1.040.842</b>	<b>834.978</b>
<b>Other payables</b>		<b>557.753</b>	<b>522.042</b>	<b>592.898</b>	<b>562.192</b>
Social and statutory	17.a	301.174	207.445	303.167	209.557
Collected taxes and others		5.327	8.988	5.327	9.004
Trading account		65.266	2.625	65.266	2.625
Other	17.b	185.986	302.984	219.138	341.006
<b>DEFERRED INCOME</b>		<b>77.039</b>	<b>36.832</b>	<b>117.540</b>	<b>81.734</b>
<b>NONCONTROLLING INTERESTS</b>		-	-	<b>1.030</b>	<b>1.015</b>
<b>EQUITY</b>	20	<b>4.425.873</b>	<b>3.695.159</b>	<b>4.425.873</b>	<b>3.695.159</b>
Capital social		3.557.260	2.253.595	3.557.260	2.253.595
Capital reserves		279	1.142	279	1.142
Earnings reserves		875.713	1.427.789	875.713	1.427.789
Other comprehensive income		(7.379)	12.633	(7.379)	12.633
<b>TOTAL LIABILITIES</b>		<b>49.552.860</b>	<b>35.270.442</b>	<b>49.159.751</b>	<b>34.845.016</b>

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

**INCOME STATEMENTS**  
**FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2020 AND FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019**  
(In thousands of Brazilian reais - R\$)

	Note	2nd half of 2020		Bank		Consolidated	
		Bank	Consolidated	2020	2019	2020	2019
<b>INCOME FROM FINANCIAL INTERMEDIATION</b>		<b>2.023.971</b>	<b>2.124.087</b>	<b>5.826.511</b>	<b>3.918.074</b>	<b>6.004.608</b>	<b>4.089.569</b>
Lending operations	21.a	2.144.451	2.236.589	4.196.192	3.626.251	4.374.427	3.791.596
Securities transactions and derivatives	21.b	(272.611)	(263.995)	1.366.651	(85.970)	1.374.345	(62.134)
Interbank accounts	21.c	48.929	40.827	134.222	209.810	112.580	178.998
Foreign exchange transactions	21.d	102.183	109.647	126.527	163.089	140.337	176.215
Sale transactions or transfer of financial assets	21.f	1.019	1.019	2.919	4.894	2.919	4.894
<b>EXPENSES ON FINANCIAL INTERMEDIATION</b>		<b>(232.615)</b>	<b>(224.728)</b>	<b>(2.323.707)</b>	<b>(1.135.397)</b>	<b>(2.303.534)</b>	<b>(1.093.274)</b>
Interbank and time deposits	21.e	(128.513)	(128.097)	(268.844)	(324.866)	(267.105)	(319.868)
Issuance of securities in Brazil and Exterior	21.e	(175.036)	(167.565)	(1.066.545)	(724.143)	(1.048.111)	(687.018)
Domestic onlendings	21.f	70.934	70.934	(988.318)	(86.388)	(988.318)	(86.388)
<b>GROSS PROFIT FROM FINANCIAL INTERMEDIATION</b>		<b>1.791.356</b>	<b>1.899.359</b>	<b>3.502.804</b>	<b>2.782.677</b>	<b>3.701.074</b>	<b>2.996.295</b>
<b>Expenses allowance for loan losses</b>	9.e	<b>(385.481)</b>	<b>(388.860)</b>	<b>(642.553)</b>	<b>(496.941)</b>	<b>(648.697)</b>	<b>(504.825)</b>
Lending operations		(322.016)	(325.293)	(569.964)	(430.228)	(575.961)	(438.112)
Other credits		(51.048)	(51.150)	(52.815)	(61.029)	(52.962)	(61.029)
Guarantees and collaterals		(12.417)	(12.417)	(19.774)	(5.684)	(19.774)	(5.684)
<b>RESULTS FROM FINANCIAL INTERMEDIATION</b>		<b>1.405.875</b>	<b>1.510.499</b>	<b>2.860.251</b>	<b>2.285.736</b>	<b>3.052.377</b>	<b>2.491.470</b>
<b>OTHER OPERATING INCOME (EXPENSES)</b>		<b>(517.151)</b>	<b>(586.011)</b>	<b>(905.020)</b>	<b>(896.793)</b>	<b>(1.032.707)</b>	<b>(1.045.991)</b>
Income from services provided	21.g	122.195	133.707	220.846	200.126	240.688	216.928
Income from insurance operations		-	26	-	-	191	2.470
Personnel expenses	21.h	(226.257)	(255.951)	(430.086)	(364.953)	(487.080)	(418.594)
Other administrative expenses	21.i	(308.878)	(298.740)	(565.805)	(574.270)	(552.820)	(552.714)
Tax expenses	19.a.ii	(96.741)	(110.454)	(181.041)	(152.163)	(206.006)	(183.560)
Equity in subsidiaries	14.a	48.137	-	110.358	109.382	-	-
Other operating income and expenses	21.j	(34.129)	(33.144)	(34.651)	(5.993)	(2.349)	(6.242)
Depreciation and amortization expenses		(5.379)	(5.811)	(10.697)	(10.494)	(11.444)	(10.846)
Expenses with provision for risks							
Tax		(10.029)	(10.428)	(28.755)	(72.149)	(29.493)	(72.149)
Civil		(10.425)	(10.459)	18.001	(20.300)	17.940	(20.160)
Labor		4.355	5.243	(3.190)	(5.979)	(2.334)	(1.124)
<b>OPERATING INCOME</b>		<b>888.724</b>	<b>924.488</b>	<b>1.955.231</b>	<b>1.388.943</b>	<b>2.019.670</b>	<b>1.445.479</b>
<b>NONOPERATING INCOME</b>		<b>13.172</b>	<b>15.562</b>	<b>7.376</b>	<b>66</b>	<b>11.630</b>	<b>76</b>
<b>INCOME BEFORE INCOME TAXES</b>		<b>901.896</b>	<b>940.050</b>	<b>1.962.607</b>	<b>1.389.009</b>	<b>2.031.300</b>	<b>1.445.555</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	19.a.i	<b>(295.437)</b>	<b>(332.512)</b>	<b>(645.161)</b>	<b>(271.510)</b>	<b>(711.178)</b>	<b>(324.707)</b>
Provision for income tax		(198.058)	(210.567)	(371.583)	(357.407)	(388.808)	(374.638)
Provision for social contribution		(179.836)	(195.514)	(302.708)	(225.121)	(330.579)	(244.318)
Deferred tax assets / liabilities		82.457	73.569	29.130	311.018	8.209	294.249
<b>PROFIT SHARING</b>		<b>(78.906)</b>	<b>(79.980)</b>	<b>(134.830)</b>	<b>(97.253)</b>	<b>(137.486)</b>	<b>(100.575)</b>
<b>NONCONTROLLING INTERESTS</b>		<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>(20)</b>	<b>(27)</b>
<b>PROFIT</b>		<b>527.553</b>	<b>527.553</b>	<b>1.182.616</b>	<b>1.020.246</b>	<b>1.182.616</b>	<b>1.020.246</b>

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

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2020 AND FOR THE YEAR ENDED DECEMBER 31,  
2020 AND 2019  
(In thousands of Brazilian reais - R\$)**

	Bank and Consolidated		
	Six-month ended 12/31/2020	2020	2019
<b>PROFIT FOR THE SEMESTER / YEAR</b>	<b>527.553</b>	<b>1.182.616</b>	<b>1.020.246</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>(5.306)</b>	<b>(20.012)</b>	<b>8.616</b>
Fair value adjustments -			
<b>Available-for-sale marketable securities</b>			
Attributable to the parent	(20.908)	(37.741)	5.952
Attributable to subsidiaries	6.193	746	5.729
Deferred taxes on valuation adjustments to equity			
Assigned to the Controller	9.409	16.983	(3.065)
<b>COMPREHENSIVE INCOME TOTAL</b>	<b>522.247</b>	<b>1.162.604</b>	<b>1.028.862</b>

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2020  
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019  
(In thousands of Brazilian reais - R\$)**

	Note	Capital	Increase capital	Earnings capital	Earnings reserves		Special earnings reserve	Adjustments of equity valuation	Accumulated Profits	Total
					Legal	Bylaws				
<b>BALANCE AS AT JUNE 30, 2020</b>		<b>3.557.260</b>	-	<b>279</b>	<b>32.753</b>	-	-	<b>(2.073)</b>	<b>532.522</b>	<b>4.120.741</b>
Adjustment to fair value - Available-for-sale marketable securities		-	-	-	-	-	-	(5.306)	-	(5.306)
Net income		-	-	-	-	-	-	-	527.553	527.553
Allocations:										
Legal reserve	20.e	-	-	-	26.378	-	-	-	(26.378)	-
Bylaws reserve	20.e	-	-	-	-	816.582	-	-	(816.582)	-
Dividends	20.d.iv	-	-	-	-	-	-	-	(133.358)	(133.358)
Interest on capital	20.d.ii	-	-	-	-	-	-	-	(83.757)	(83.757)
<b>BALANCE AS AT DECEMBER 31, 2020</b>		<b>3.557.260</b>	-	<b>279</b>	<b>59.131</b>	<b>816.582</b>	-	<b>(7.379)</b>	-	<b>4.425.873</b>
<b>BALANCE AS AT DECEMBER 31, 2019</b>		<b>2.253.595</b>	-	<b>1.142</b>	<b>254.751</b>	<b>1.047.772</b>	<b>125.266</b>	<b>12.633</b>	-	<b>3.695.159</b>
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		-	-	-	-	-	-	(20.012)	-	(20.012)
Update of equity securities		-	-	279	-	-	-	-	-	279
Additional dividends proposed	20.d.iii	-	-	-	-	-	(125.266)	-	-	(125.266)
Net income		-	-	-	-	-	-	-	1.182.616	1.182.616
Allocations:										
Legal reserve	20.e	-	-	-	59.131	-	-	-	(59.131)	-
Bylaws reserve	20.e	-	-	-	-	816.582	-	-	(816.582)	-
Dividends	20.d.iv	-	-	-	-	-	-	-	(133.358)	(133.358)
Interest on capital	20.d.ii	-	-	-	-	-	-	-	(173.545)	(173.545)
<b>BALANCE AS AT DECEMBER 31, 2020</b>		<b>3.557.260</b>	-	<b>279</b>	<b>59.131</b>	<b>816.582</b>	-	<b>(7.379)</b>	-	<b>4.425.873</b>
<b>BALANCE AS AT DECEMBER 31, 2018</b>		<b>2.253.595</b>	-	-	<b>203.739</b>	<b>775.687</b>	-	<b>4.017</b>	-	<b>3.237.038</b>
Adjustment to fair value - Available-for-sale marketable securities		-	-	-	-	-	-	8.616	-	8.616
Update of equity securities		-	-	1.142	-	-	-	-	-	1.142
Prior-year dividends	20.d.v	-	-	-	-	(300.002)	-	-	-	(300.002)
Net income		-	-	-	-	-	-	-	1.020.246	1.020.246
Allocations:										
Legal reserve	20.e	-	-	-	51.012	-	-	-	(51.012)	-
Bylaws reserve	20.e	-	-	-	-	572.087	-	-	(572.087)	-
Additional dividends proposed	20.d.iii	-	-	-	-	-	125.266	-	(125.266)	-
Dividends	20.d.iii	-	-	-	-	-	-	-	(74.735)	(74.735)
Interest on capital	20.d.ii	-	-	-	-	-	-	-	(197.146)	(197.146)
<b>BALANCE AS AT DECEMBER 31, 2019</b>		<b>2.253.595</b>	-	<b>1.142</b>	<b>254.751</b>	<b>1.047.772</b>	<b>125.266</b>	<b>12.633</b>	-	<b>3.695.159</b>

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

**STATEMENTS OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2020**  
**FOR THE YEAR ENDED DECEMBER 31, 2020, AND 2019**  
(In thousands of Brazilian reais - R\$)

	2nd half of 2020		Bank		Consolidated	
	Bank	Consolidated	2020	2019	2020	2019
<b>OPERATING ACTIVITIES</b>						
<b>PROFIT</b>	<b>527.553</b>	<b>527.553</b>	<b>1.182.616</b>	<b>1.020.246</b>	<b>1.182.616</b>	<b>1.020.246</b>
<b>Adjustments to reconcile profit</b>						
<b>net cash provided by operating activities</b>						
Depreciation and amortization	5.379	5.811	10.697	10.494	11.444	10.846
Deferred taxes	(82.457)	(73.569)	(29.130)	(311.018)	(8.209)	(303.896)
Provision for risks	73.314	72.935	111.072	(350.543)	111.090	(355.062)
Provision for guarantees and collaterals	12.417	12.417	19.774	5.684	19.774	5.684
Allowance for loan losses	335.941	340.332	642.038	474.781	653.228	475.267
Allowance for doubtful leasing operations	-	(1.113)	-	-	(5.193)	7.399
Allowance for other loan losses	30.528	30.629	(30.472)	16.476	(30.326)	16.475
Allowance for other sundry loan losses	6.595	6.595	11.213	-	11.214	-
Allowance for losses on other assets	(4.159)	(4.159)	227	(85)	226	(109)
Exchange rate changes on cash and cash equivalents	110.708	110.708	17.000	(85.157)	17.000	(85.157)
Gains on disposal of permanent assets	(4.178)	(1.697)	823	7.848	3.259	7.875
Share of profit (loss) of subsidiaries and associates	(48.137)	-	(110.358)	(109.382)	-	-
<b>TOTAL RECONCILIATION ADJUSTMENTS</b>	<b>435.951</b>	<b>498.889</b>	<b>642.884</b>	<b>(340.902)</b>	<b>783.507</b>	<b>(220.678)</b>
<b>ADJUSTED NET INCOME</b>	<b>963.504</b>	<b>1.026.442</b>	<b>1.825.500</b>	<b>679.344</b>	<b>1.966.123</b>	<b>799.568</b>
<b>CHANGES IN ASSETS AND LIABILITIES</b>	<b>(3.387.001)</b>	<b>(3.463.683)</b>	<b>(2.245.837)</b>	<b>(2.537.514)</b>	<b>(2.389.778)</b>	<b>(2.682.118)</b>
(Increase) Decrease in Interbank accounts	225.982	283.622	(13.732)	(305.836)	101.893	(30.329)
(Increase) Decrease in securities and derivatives	(2.003.851)	(1.981.616)	(4.747.418)	690.047	(4.688.141)	1.279.312
(Increase) Decrease in interbank and interbranch accounts	85.644	85.644	15.934	46.466	15.934	46.466
(Increase) Decrease in lending operations	(8.337.219)	(8.437.133)	(8.968.536)	(3.688.316)	(9.157.147)	(4.046.463)
(Increase) Decrease in other receivables	(1.623.603)	(1.678.574)	(932.999)	(2.653.955)	(976.921)	(2.658.040)
(Increase) Decrease in other assets	42.232	42.388	33.589	(26.210)	33.656	(27.312)
Increase (Decrease) in deposits	4.428.542	4.436.726	5.687.217	2.928.736	5.707.660	2.853.408
Increase (Decrease) in repurchase commitments	609.586	609.586	680.530	56.115	680.530	56.115
Increase (Decrease) in funds from acceptance and issuance of securities	3.081.421	3.081.798	5.047.532	(239.547)	5.036.945	(795.027)
Increase (Decrease) in borrowings and onlendings	59.171	59.171	23.651	82.236	23.651	82.236
Increase (Decrease) in other payables	113.322	113.910	1.415.228	982.897	1.351.451	1.035.311
Income tax and social contribution paid	(108.881)	(117.929)	(527.040)	(394.337)	(555.095)	(441.350)
Increase (Decrease) in deferred income	40.653	38.724	40.207	(15.810)	35.806	(36.445)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(2.423.497)</b>	<b>(2.437.241)</b>	<b>(420.337)</b>	<b>(1.858.170)</b>	<b>(423.655)</b>	<b>(1.882.550)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Acquisition of property and equipment in use	(1.765)	(2.256)	(4.890)	(3.239)	(7.874)	(3.240)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(1.765)</b>	<b>(2.256)</b>	<b>(4.890)</b>	<b>(3.239)</b>	<b>(7.874)</b>	<b>(3.240)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Increase (Decrease) in funds from acceptance and issuance of securities	18.465	18.465	783.674	1.498.100	783.674	1.527.492
Increase (Decrease) in borrowings and onlendings	444.206	444.206	957.699	1.191.551	957.699	1.191.551
Increase (decrease) of subordinated debts	6.217	6.217	302.562	10.781	302.562	10.781
Dividends and interest on capital paid	(88.030)	(88.030)	(374.915)	(504.899)	(374.915)	(504.899)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>380.858</b>	<b>380.858</b>	<b>1.669.020</b>	<b>2.195.533</b>	<b>1.669.020</b>	<b>2.224.925</b>
<b>EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(110.708)</b>	<b>(110.708)</b>	<b>(17.000)</b>	<b>85.157</b>	<b>(17.000)</b>	<b>85.157</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2.155.112)</b>	<b>(2.169.347)</b>	<b>1.226.793</b>	<b>419.281</b>	<b>1.220.491</b>	<b>424.292</b>
Cash and cash equivalents at beginning of the six-month period	5.967.482	5.981.865	2.585.577	2.166.296	2.592.027	2.167.735
Cash and cash equivalents at end of the six-month period	3.812.370	3.812.518	3.812.370	2.585.577	3.812.518	2.592.027
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2.155.112)</b>	<b>(2.169.347)</b>	<b>1.226.793</b>	<b>419.281</b>	<b>1.220.491</b>	<b>424.292</b>

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

**CONSOLIDATED STATEMENTS OF VALUE ADDED  
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2020  
FOR THE YEAR ENDED DECEMBER 31, 2020, AND 2019  
(In thousands of Brazilian reais - R\$)**

	2nd half of 2020		Bank		Consolidated	
	Bank	Consolidated	2020	2019	2020	2019
<b>REVENUES</b>	<b>1.723.631</b>	<b>1.835.734</b>	<b>5.363.587</b>	<b>3.516.903</b>	<b>5.592.183</b>	<b>3.704.337</b>
Income from financial intermediation	2.023.971	2.124.087	5.826.511	3.918.074	6.004.608	4.089.569
Revenue from services	122.195	133.707	220.846	200.126	240.688	216.928
Allowance for loan losses	(385.481)	(388.860)	(642.553)	(496.941)	(648.697)	(504.825)
Other	(37.054)	(33.200)	(41.217)	(104.356)	(4.416)	(97.335)
<b>EXPENSES</b>	<b>(232.615)</b>	<b>(224.728)</b>	<b>(2.323.707)</b>	<b>(1.135.397)</b>	<b>(2.303.534)</b>	<b>(1.093.274)</b>
Expenses on financial intermediation	(232.615)	(224.728)	(2.323.707)	(1.135.397)	(2.303.534)	(1.093.274)
<b>INPUTS PURCHASED FROM THIRD PARTIES</b>	<b>(300.631)</b>	<b>(290.068)</b>	<b>(549.829)</b>	<b>(558.248)</b>	<b>(536.022)</b>	<b>(535.617)</b>
Materials, electric power and other	(64.118)	(68.033)	(112.145)	(110.130)	(119.140)	(118.453)
Outside services	(236.513)	(222.035)	(437.684)	(448.118)	(416.882)	(417.368)
Asset recovery	-	-	-	-	-	204
<b>GROSS VALUE ADDED</b>	<b>1.190.385</b>	<b>1.320.938</b>	<b>2.490.051</b>	<b>1.823.258</b>	<b>2.752.627</b>	<b>2.075.446</b>
<b>DEPRECIATION AND AMORTIZATION</b>	<b>(5.379)</b>	<b>(5.811)</b>	<b>(10.697)</b>	<b>(10.494)</b>	<b>(11.444)</b>	<b>(10.846)</b>
<b>TOTAL WEALTH CREATED BY THE BANK AND CONSOLIDATED</b>	<b>1.185.006</b>	<b>1.315.127</b>	<b>2.479.354</b>	<b>1.812.764</b>	<b>2.741.183</b>	<b>2.064.600</b>
<b>WEALTH RECEIVED IN TRANSFER</b>	<b>48.137</b>	<b>-</b>	<b>110.358</b>	<b>109.382</b>	<b>-</b>	<b>-</b>
Equity in subsidiaries	48.137	-	110.358	109.382	-	-
<b>WEALTH FOR DISTRIBUTION</b>	<b>1.233.143</b>	<b>1.315.127</b>	<b>2.589.712</b>	<b>1.922.146</b>	<b>2.741.183</b>	<b>2.064.600</b>
<b>DISTRIBUTION OF WEALTH</b>	<b>1.233.143</b>	<b>1.315.127</b>	<b>2.589.712</b>	<b>1.922.146</b>	<b>2.741.183</b>	<b>2.064.600</b>
<b>EMPLOYEES</b>	<b>271.524</b>	<b>297.265</b>	<b>498.785</b>	<b>405.792</b>	<b>549.481</b>	<b>455.016</b>
Salaries and wages	230.079	248.983	420.082	240.799	457.610	274.968
Benefits	33.554	39.038	63.792	152.289	74.505	165.323
Severance pay fund (FGTS)	7.891	9.244	14.911	12.704	17.366	14.725
<b>TAXES</b>	<b>425.819</b>	<b>481.632</b>	<b>892.335</b>	<b>480.087</b>	<b>992.268</b>	<b>572.418</b>
Federal	416.758	466.086	876.277	464.484	964.318	538.801
State	925	934	1.529	1.518	1.586	1.558
Municipal	8.136	14.612	14.529	14.085	26.364	32.059
<b>LENDERS AND LESSORS</b>	<b>8.247</b>	<b>8.672</b>	<b>15.976</b>	<b>16.021</b>	<b>16.798</b>	<b>16.893</b>
Rentals	8.247	8.672	15.976	16.021	16.798	16.893
<b>SHAREHOLDERS</b>	<b>527.553</b>	<b>527.553</b>	<b>1.182.616</b>	<b>1.020.246</b>	<b>1.182.616</b>	<b>1.020.246</b>
Dividends	133.358	133.358	133.358	74.735	133.358	74.735
Interest on capital	83.757	83.757	173.545	197.146	173.545	197.146
Retained earnings	310.438	310.438	875.713	748.365	875.713	748.365
<b>Noncontrolling interests</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>27</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

AT DECEMBER 31, 2020 AND 2019

(In thousands of Brazilian reais - R\$, unless otherwise stated)

### 1 - GENERAL INFORMATION

Banco Daycoval S.A. ("Bank" or "Daycoval"), headquartered at Avenida Paulista, 1.793, in the City and State of São Paulo, is a publicly-held entity, organized as a full-service bank authorized to operate commercial, foreign exchange, investment, and lending and financing portfolios and, through its direct and indirect subsidiaries, also leasing portfolio, asset management, life insurance, pension plans and provision of services. The Bank is part of Daycoval Conglomerate and conducts its businesses on an integrated basis.

### 2 - CONSOLIDATED FINANCIAL STATEMENTS

#### a) Presentation

The Bank's consolidated financial statements, which include its foreign branch, direct and indirect subsidiaries and the investment funds in which there is retention of risks and rewards, have been prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and are in conformity with the accounting guidelines set out in the Brazilian Corporate Law (Law 6404/76), and the amendments introduced by Law 11638/07 and Law 11941/09, for the recognition of transactions including, when applicable, the rules and instructions from the National Monetary Council (CMN), the Central Bank of Brazil (BACEN) and the Standard Chart of Accounts for Financial Institutions (COSIF), the Brazilian and Securities Exchange Commission (CVM), the National Private Insurance Council (CNSP), the Private Insurance Superintendence (SUSEP) and the Accounting Pronouncements Committee (CPC).

As prescribed by CMN Resolution 4818/20 and BCB Resolution 2/20 which revoked CMN Resolution 4720/19 and BACEN Circular Letter 3959/19, respectively, the financial institutions and other institutions authorized to operate by BACEN, must prepare their financial statements in accordance with the criteria and procedures set out in these regulations, which address the disclosure of interim, semiannual and annual financial statements, as well as their content, which include the balance sheets and statements of income, of comprehensive income, of cash flows and of changes in equity, the notes to the financial statements and the disclosure of information on non-recurring results.

The consolidated financial statements were approved by Management on February 9, 2021.

Daycoval adopts presentation criteria in its financial statements so as to represent the economic substance of its transactions and in accordance with financial reporting criteria set out in BCB Resolution 2/20, and additional regulations, as follows:

#### Balance sheet

- i Adoption of the new financial reporting framework established by CMN Resolution 4818/20, which revoked CMN Resolution 4720/2019, upon presentation of balance sheet items in descending order of liquidity and liability, without segregating between current and noncurrent. The breakdowns by collection and payment term for the groups of significant assets and liabilities are presented in the notes to the financial statements, as prescribed in Article 23 of BCB Resolution 2/20, which revoked BACEN Circular Letter 3959/19;
- ii Presentation of "Total reserves at the Central Bank of Brazil".
- iii Presentation of the line item "Financial instruments", assets and liabilities.
- iv 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".
- v Presentation of line items "Current and deferred tax credits" and "Debtors for escrow deposits" separated from line item "Other receivables - sundry", as well as line items "Current and deferred tax liabilities" and "Provision for risks" separated from line items "Tax and social security" and "Other payables", respectively; and

- vi 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.
- v Highlight of "Expenses on depreciation and amortization" and "Expenses on provision for risks", which were previously presented in "Operating expenses".
- vi Presentation of the statement of comprehensive income, following the statement of income.

For purposes of presentation of the financial statements on comparable basis, the balances and results of operations arising from the criteria adopted in this year were reclassified in the statements for the prior year. The reclassification of the carrying amount of assets, liabilities, income and expenses due to the new financial reporting framework did not change total assets and liabilities, equity and profit for the year ended December 31, 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 41 - Earnings per Share	4818/20
CPC 46 - Fair Value Measurement <sup>(1)</sup>	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 - %	
	2020	2019
<b>Leasing operations</b>		
Daycoval Leasing – Banco Múltiplo S.A. (“Daycoval Leasing”)	100,00	100,00
<b>Financial activity - Foreign branch</b>		
Banco Daycoval S.A. - Cayman Branch	100,00	100,00
<b>Insurance and pension plan activity</b>		
Dayprev Vida e Previdência S.A. (“Dayprev”)	97,00	97,00
<b>Non-financial activity</b>		
ACS Participações Ltda. (“ACS”)	99,99	99,99
Daycoval Asset Management Administração de Recursos Ltda. (“Daycoval Asset”)	99,99	99,99
IFP Promotora de Serviços de Consultoria e Cadastro Ltda. (“IFP”)	99,99	99,99
SCC Agência de Turismo Ltda. (“SCC”)	99,99	99,99
Treetop Investments Ltd. (“Treetop”)	99,99	99,99
<b>Investment funds</b>		
Multigestão Renda Comercial Fundo de Investimento Imobiliário - FII (“Fundo”) <sup>(1)</sup>	67,97	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 converted by applying the exchange rates of the respective trial balance or balance sheet for monetary items, assets and liabilities stated at fair value and for items not classified as monetary items. For other cases, the exchange rates on the transaction ate are applied.

**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**

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
- 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 to income or expense in profit or loss.

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

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 stated in one single line item in assets, in "Other sundry receivables", proportionally to the interest held in the entity, in conformity with the regulatory amendments set out in SUSEP Circular Letter 595/19, which revoked articles 153 and 154 of SUSEP Circular Letter 517/15, which provided for the line-by-line presentation of the Consortium's assets and liabilities proportionally to the consortium's interest.

Total "Unearned insurance premium" amounts to R\$31 (R\$2,558 as at December 31, 2019), as shown in note 11.

**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) Property and equipment for operating lease**

Leased assets are stated at acquisition cost, less accumulated depreciation. Depreciation is calculated on a straight-line basis, with a 30% reduction benefits in the normal useful lives of assets for leasing operations carried out with legal entities, provided for by prevailing legislation.

The breakdown of property and equipment for operating lease is shown in note 15.b.

**n) 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 December 31, 2020, the allowance for impairment of repossessed assets was recognized in the amount of R\$8,564 for the Bank and for the Consolidated (R\$8,337 for the Bank and R\$8,337 for the Consolidated at December 31, 2019) (Note 12). No evidence of impairment of other non-financial assets was identified.

**o) 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.

**p) 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.

**q) 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.

**r) Earnings per share**

Earnings per share are calculated based on criteria and procedures set out in Technical Pronouncement CPC 41 – Earnings per Share, considering the provisions applicable to financial institutions, as prescribed by CMN Resolution 4818/20.

Earnings per share are shown in note 20.f.

**s) 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.

**t) 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.

**u) Non-recurring result**

Non-recurring result is that:

- i Arising from operations/transactions carried out by the Bank that are not directly related to its core activities;
- ii Indirectly related to the Bank's core activities; and
- iii Arising from operations/transactions not expected to be frequently carried out in future years.

The breakdown of non-recurring result is shown in note 21.k.

#### 4 - CASH AND CASH EQUIVALENTS

	Bank		Consolidated	
	2020	2019	2020	2019
Cash	342.892	357.331	343.040	363.781
Money market investments <sup>(1)</sup>	3.286.298	1.898.150	3.286.298	1.898.150
Foreign currency investments <sup>(2)</sup>	183.180	330.096	183.180	330.096
<b>Total</b>	<b>3.812.370</b>	<b>2.585.577</b>	<b>3.812.518</b>	<b>2.592.027</b>

(1) Money market investments comprising cash and cash equivalents, do not contain the amount of money market investments – third-party (note 6), for the Bank and the Consolidated.

(2) Refers to foreign currency investments (note 6) maturing within up to 90 days from the investment date.

#### 5 - RESERVES AT THE CENTRAL BANK

	Bank & Consolidated	
	2020	2019
Reserves in instant payment account	4.755	-
Compulsory reserves in cash on		
Time deposits	197.067	60.377
Mandatory collections		
Other mandatory collections	15.850	6.843
<b>Total</b>	<b>217.672</b>	<b>67.220</b>

**6 - INTERBANK ACCOUNTS**

	Bank				
	2020				2019
	Up to 3 months	3 to 12 months	1 to 3 Years	Total	Total
<b>Investments in repurchase transactions</b>	<b>4.364.992</b>	-	-	<b>4.364.992</b>	<b>4.223.649</b>
<b>Own portfolio</b>	<b>3.286.298</b>	-	-	<b>3.286.298</b>	<b>1.898.150</b>
Financial Treasury Bills (LFT)	1.175.000	-	-	1.175.000	167.389
National Treasury Bills (LTN)	750.000	-	-	750.000	491.099
National Treasury Notes (NTN)	1.361.298	-	-	1.361.298	1.239.662
<b>Financed portfolio</b>	<b>1.078.694</b>	-	-	<b>1.078.694</b>	<b>2.325.499</b>
National Treasury Bills (LTN)	-	-	-	-	427.338
National Treasury Notes (NTN)	1.078.694	-	-	1.078.694	1.898.161
<b>Interbank deposits</b>	<b>180</b>	<b>1.014.947</b>	<b>2.073</b>	<b>1.017.200</b>	<b>1.003.468</b>
<b>Investments in foreign currencies <sup>(1)</sup></b>	<b>183.180</b>	-	-	<b>183.180</b>	<b>330.096</b>
<b>Total</b>	<b>4.548.352</b>	<b>1.014.947</b>	<b>2.073</b>	<b>5.565.372</b>	<b>5.557.213</b>

	Consolidated				
	2020				2019
	Up to 3 months	3 to 12 months	1 to 3 Years	Total	Total
<b>Investments in repurchase transactions</b>	<b>4.364.992</b>	-	-	<b>4.364.992</b>	<b>4.223.649</b>
<b>Own portfolio</b>	<b>3.286.298</b>	-	-	<b>3.286.298</b>	<b>1.898.150</b>
Financial Treasury Bills (LFT)	1.175.000	-	-	1.175.000	167.389
National Treasury Bills (LTN)	750.000	-	-	750.000	491.099
National Treasury Notes (NTN)	1.361.298	-	-	1.361.298	1.239.662
<b>Financed portfolio</b>	<b>1.078.694</b>	-	-	<b>1.078.694</b>	<b>2.325.499</b>
National Treasury Bills (LTN)	-	-	-	-	427.338
National Treasury Notes (NTN)	1.078.694	-	-	1.078.694	1.898.161
<b>Interbank deposits</b>	<b>180</b>	<b>221.783</b>	<b>2.073</b>	<b>224.036</b>	<b>325.930</b>
<b>Investments in foreign currencies <sup>(1)</sup></b>	<b>183.180</b>	-	-	<b>183.180</b>	<b>330.096</b>
<b>Total</b>	<b>4.548.352</b>	<b>221.783</b>	<b>2.073</b>	<b>4.772.208</b>	<b>4.879.675</b>

(1) Refer to investments in foreign currencies maturing within up to 90 days from the investment date.

**7 - Money market investments**

a) Breakdown by category and type

	Bank					
	2020			2019		
	Adjusted cost	Fair value adjustment at:		Fair value <sup>(1)</sup>	Adjusted cost	Fair value <sup>(1)</sup>
Result		Shareholders Equity				
<b>Free trading securities</b>	<b>140.768</b>	<b>(3.861)</b>	-	<b>136.907</b>	<b>218.185</b>	<b>218.174</b>
<b>Own portfolio</b>	<b>39.398</b>	<b>(957)</b>	-	<b>38.441</b>	<b>25.713</b>	<b>25.693</b>
Debentures	17.388	(948)	-	16.440	25.713	25.693
Financial Bills	22.010	(9)	-	22.001	-	-
<b>Linked to repurchase commitments</b>	<b>101.370</b>	<b>(2.904)</b>	-	<b>98.466</b>	<b>192.472</b>	<b>192.481</b>
Debentures	101.370	(2.904)	-	98.466	192.472	192.481
<b>Securities available for sale</b>	<b>5.170.079</b>	-	<b>(24.048)</b>	<b>5.146.031</b>	<b>1.440.544</b>	<b>1.442.404</b>
<b>Own portfolio</b>	<b>3.799.361</b>	-	<b>(18.301)</b>	<b>3.781.060</b>	<b>1.133.472</b>	<b>1.135.358</b>
Financial Treasury Bills	3.697.175	-	(18.720)	3.678.455	1.013.768	1.013.656
National Treasury Bills	40.145	-	115	40.260	809	815
National Treasury Notes	4	-	-	4	208	224
Investment fund units	50.717	-	(103)	50.614	71.252	71.252
Foreign securities	8.057	-	393	8.450	45.478	47.533
Debentures	624	-	21	645	1.871	1.793
Certificates of Real Estate Receivables	2.639	-	(7)	2.632	86	85
<b>Linked to repurchase commitments</b>	<b>780.135</b>	-	<b>(3.903)</b>	<b>776.232</b>	-	-
Financial Treasury Bills	734.013	-	(4.005)	730.008	-	-
National Treasury Bills	46.122	-	102	46.224	-	-
<b>Linked to guarantees <sup>(2)</sup></b>	<b>590.583</b>	-	<b>(1.844)</b>	<b>588.739</b>	<b>307.072</b>	<b>307.046</b>
Financial Treasury Bills	590.583	-	(1.844)	588.739	307.072	307.046
<b>Held-to-maturity securities <sup>(3)</sup></b>	<b>15.685</b>	-	-	<b>15.685</b>	<b>12.165</b>	<b>12.165</b>
<b>Own portfolio</b>	<b>15.685</b>	-	-	<b>15.685</b>	<b>12.165</b>	<b>12.165</b>
Other government bonds	15.685	-	-	15.685	12.165	12.165
<b>Total</b>	<b>5.326.532</b>	<b>(3.861)</b>	<b>(24.048)</b>	<b>5.298.623</b>	<b>1.670.894</b>	<b>1.672.743</b>

	Consolidated					
	2020			2019		
	Adjusted cost	Fair value adjustment at:		Fair value <sup>(1)</sup>	Adjusted cost	Fair value <sup>(1)</sup>
Result		Shareholders Equity				
<b>Free trading securities</b>	<b>140.768</b>	<b>(3.861)</b>	-	<b>136.907</b>	<b>218.185</b>	<b>218.174</b>
<b>Own portfolio</b>	<b>39.398</b>	<b>(957)</b>	-	<b>38.441</b>	<b>25.713</b>	<b>25.693</b>
Debentures	17.388	(948)	-	16.440	25.713	25.693
Financial Bills	22.010	(9)	-	22.001	-	-
<b>Linked to repurchase commitments</b>	<b>101.370</b>	<b>(2.904)</b>	-	<b>98.466</b>	<b>192.472</b>	<b>192.481</b>
Debentures	101.370	(2.904)	-	98.466	192.472	192.481
<b>Securities available for sale</b>	<b>5.459.132</b>	-	<b>(19.449)</b>	<b>5.439.683</b>	<b>1.671.304</b>	<b>1.676.219</b>
<b>Own portfolio</b>	<b>4.088.414</b>	-	<b>(13.702)</b>	<b>4.074.712</b>	<b>1.364.231</b>	<b>1.369.173</b>
Financial Treasury Bills	3.731.211	-	(18.812)	3.712.399	1.047.482	1.047.366
National Treasury Bills	40.145	-	115	40.260	809	815
National Treasury Notes	4	-	-	4	208	224
Investment fund units	218.322	-	(190)	218.132	219.676	219.676
Foreign securities	95.327	-	5.171	100.498	94.034	99.150
Debentures	624	-	21	645	1.871	1.793
Certificates of Agribusiness Receivables	2.639	-	(7)	2.632	86	84
Certificates of Bank Deposit	131	-	-	131	55	55
Bills of exchange	11	-	-	11	10	10
<b>Linked to repurchase commitments</b>	<b>780.135</b>	-	<b>(3.903)</b>	<b>776.232</b>	-	-
Financial Treasury Bills	734.013	-	(4.005)	730.008	-	-
National Treasury Bills	46.122	-	102	46.224	-	-
<b>Linked to guarantees <sup>(2)</sup></b>	<b>590.583</b>	-	<b>(1.844)</b>	<b>588.739</b>	<b>307.073</b>	<b>307.046</b>
Treasury bills	590.583	-	(1.844)	588.739	307.073	307.046
<b>Held-to-maturity securities <sup>(3)</sup></b>	<b>15.685</b>	-	-	<b>15.685</b>	<b>12.165</b>	<b>12.165</b>
<b>Own portfolio</b>	<b>15.685</b>	-	-	<b>15.685</b>	<b>12.165</b>	<b>12.165</b>
Other government bonds	15.685	-	-	15.685	12.165	12.165
<b>Total</b>	<b>5.615.585</b>	<b>(3.861)</b>	<b>(19.449)</b>	<b>5.592.275</b>	<b>1.901.654</b>	<b>1.906.558</b>

(1) The securities' fair value was calculated based on the prices and rates prevailing as at December 31, 2020 and 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\$588,739 (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 year.

b) Breakdown by maturity:

	Bank						2019 Fair Value
	2020					Fair Value	
	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years		
<b>Federal government securities</b>	<b>49.704</b>	<b>323.042</b>	<b>163.482</b>	<b>1.545.837</b>	<b>3.001.625</b>	<b>5.083.690</b>	<b>1.321.741</b>
Treasury Bills	49.704	323.039	162.595	1.460.243	3.001.621	4.997.202	1.320.702
National Treasury Letters	-	3	887	85.594	-	86.484	815
National Treasury Notes	-	-	-	-	4	4	224
<b>Foreign securities</b>	<b>236</b>	<b>96</b>	<b>8.214</b>	<b>-</b>	<b>15.589</b>	<b>24.135</b>	<b>59.698</b>
Eurobonds and similar instruments	236	-	8.214	-	-	8.450	47.533
Other government bonds	-	96	-	-	15.589	15.685	12.165
<b>Private-sector securities</b>	<b>-</b>	<b>136.907</b>	<b>84</b>	<b>2.548</b>	<b>645</b>	<b>140.184</b>	<b>220.052</b>
Debentures <sup>(1)</sup>	-	114.906	-	-	645	115.551	219.967
Certificates of Agribusiness Receivables	-	-	84	2.548	-	2.632	85
Financial Bills <sup>(1)</sup>	-	22.001	-	-	-	22.001	-
<b>Investment fund units</b>	<b>50.614</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.614</b>	<b>71.252</b>
Fixed income investment funds	-	-	-	-	-	-	12.050
Real estate investment fund	48.342	-	-	-	-	48.342	57.298
Other investment funds	2.272	-	-	-	-	2.272	1.904
<b>Total</b>	<b>100.554</b>	<b>460.045</b>	<b>171.780</b>	<b>1.548.385</b>	<b>3.017.859</b>	<b>5.298.623</b>	<b>1.672.743</b>

	Consolidated						2019 Fair Value
	2020					Fair Value	
	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years		
<b>Federal government securities</b>	<b>50.221</b>	<b>335.677</b>	<b>163.482</b>	<b>1.566.630</b>	<b>3.001.624</b>	<b>5.117.634</b>	<b>1.355.451</b>
Treasury Bills	50.221	335.674	162.595	1.481.036	3.001.620	5.031.146	1.354.412
National Treasury Letters	-	3	887	85.594	-	86.484	815
National Treasury Notes	-	-	-	-	4	4	224
<b>Foreign securities</b>	<b>1.349</b>	<b>958</b>	<b>40.986</b>	<b>22.289</b>	<b>50.601</b>	<b>116.183</b>	<b>111.315</b>
Eurobonds and similar instruments	1.349	862	40.986	22.289	35.012	100.498	99.150
Other government bonds	-	96	-	-	15.589	15.685	12.165
<b>Private-sector securities</b>	<b>-</b>	<b>136.918</b>	<b>145</b>	<b>2.618</b>	<b>645</b>	<b>140.326</b>	<b>220.116</b>
Debentures <sup>(1)</sup>	-	114.906	-	-	645	115.551	219.967
Certificates of Agribusiness Receivables	-	-	84	2.548	-	2.632	84
Certificates of long-term deposits	-	11	50	70	-	131	55
Exchange bills	-	-	11	-	-	11	10
Financial bills <sup>(1)</sup>	-	22.001	-	-	-	22.001	-
<b>Investment fund units</b>	<b>218.132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218.132</b>	<b>219.676</b>
Fixed income investment funds	151.982	-	-	-	-	151.982	150.489
Real estate investment fund	8.784	-	-	-	-	8.784	5.043
Multimarket investment funds	40.875	-	-	-	-	40.875	39.624
Equity funds	14.219	-	-	-	-	14.219	22.616
Other investment funds	2.272	-	-	-	-	2.272	1.904
<b>Total</b>	<b>269.702</b>	<b>473.553</b>	<b>204.613</b>	<b>1.591.537</b>	<b>3.052.870</b>	<b>5.592.275</b>	<b>1.906.558</b>

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

## 8 - DERIVATIVES

The Bank conducts derivative transactions so as to meet own or its clients' needs, which are recognized in balance sheet, profit or loss, and memorandum accounts.

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 as at December 31, 2020 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 3082/02.

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

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:

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	(519.766)	547.074	105,25%
Foreign issuance <sup>(1)</sup>	12/13/2024	USD 100,000	Swap	(7.270)	5.193	71,43%
Funding IFC	03/15/2022	USD 110,000	Swap	(285.883)	285.180	99,75%
Funding IFC <sup>(1)</sup>	06/15/2022	USD 100,000	Swap	5.612	(8.447)	150,52%
Funding IDB - A/B Loan	12/15/2023	USD 150,000	Swap	(183.561)	186.879	101,81%
Funding IDB - A/B Loan	12/15/2021	USD 253,000	Swap	(309.827)	313.083	101,05%
Funding IDB - A/B Loan	12/15/2021	€ 25.000	Swap	(47.975)	47.112	98,20%
				<b>(1.348.670)</b>	<b>1.376.074</b>	

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	07/15/2020	USD 20,000	Swap	(19.590)	19.577	99,93%
Funding IFC	03/15/2022	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%
				<b>(126.680)</b>	<b>117.424</b>	

(1) In measuring the effectiveness for the last quarter of 2020, considering the marked-to-market adjustments to the hedge accounting structures of Issuance and Funding, each one in the amount of US\$100 million, the effectiveness percentage rates were 117.8% and 99.2%, respectively, showing the compliance of these structures with the requirements set out in BACEN Circular Letter 3082/02. As at December 31, 2020, these structures were 71.4% and 150.5%, respectively, due to atypical and timely behavior of the domestic and foreign interest curves, used for the marked-to-market of these structures. On the date of disclosure of these financial statements, these structures presented again an effectiveness percentage of 92.1% and 84.2%, respectively. We stress that Daycoval's Management timely monitors its hedge accounting structures.

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):

	2020							2019		
	Amortized cost	Adjusted cost	Fair value	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Amortized cost	Adjusted cost	Fair value
<b>Assets</b>										
<b>Derivatives</b>	<b>1.078.757</b>	<b>109.953</b>	<b>1.188.710</b>	<b>56.325</b>	<b>325.707</b>	<b>348.282</b>	<b>458.396</b>	<b>137.545</b>	<b>12.239</b>	<b>149.784</b>
Swaps - differential receivable	985.440	109.867	1.095.307	519	301.865	334.917	458.006	105.734	11.059	116.793
Currency forward receivable	81.027	95	81.122	44.422	23.404	12.906	390	20.468	1.242	21.710
Premiums paid for purchase of stock options	9.013	(9)	9.004	8.107	438	459	-	2.625	(62)	2.563
Foreign exchange coupon (DDI)	942	-	942	942	-	-	-	6.039	-	6.039
Dollar futures (DOL)	1.764	-	1.764	1.764	-	-	-	2.595	-	2.595
Interest rate (DI)	571	-	571	571	-	-	-	82	-	82
Coupon future IPC-A (DAP)	-	-	-	-	-	-	-	2	-	2
<b>Liabilities</b>										
<b>Derivatives</b>	<b>62.383</b>	<b>(4.319)</b>	<b>58.064</b>	<b>23.715</b>	<b>14.039</b>	<b>15.551</b>	<b>4.759</b>	<b>76.401</b>	<b>29.866</b>	<b>106.267</b>
Swaps - differential receivable	24.061	(1.648)	22.413	3.166	567	13.921	4.759	46.634	27.691	74.325
Currency forward receivable	23.708	(3.564)	20.144	5.939	13.034	1.171	-	20.719	3.368	24.087
Premiums paid for purchase of stock options	366	893	1.259	362	438	459	-	3.756	(1.193)	2.563
Foreign exchange coupon (DDI)	5.351	-	5.351	5.351	-	-	-	1.849	-	1.849
Dollar futures (DOL)	1.681	-	1.681	1.681	-	-	-	777	-	777
Interest rate (DI)	7.207	-	7.207	7.207	-	-	-	2.659	-	2.659
Coupon future IPC-A (DAP)	9	-	9	9	-	-	-	7	-	7

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

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
<b>Futures</b>	<b>3.277</b>	<b>14.248</b>	<b>8.718</b>	<b>5.292</b>
B3 S.A. - Bolsa, Brasil, Balcão	3.277	14.248	8.718	5.292
<b>Swap</b>	<b>1.095.307</b>	<b>22.413</b>	<b>116.793</b>	<b>74.325</b>
Financial institutions	1.079.353	17.450	108.276	74.035
Companies	15.954	4.963	8.517	290
<b>Forward</b>	<b>81.122</b>	<b>20.144</b>	<b>21.710</b>	<b>24.087</b>
Financial institutions	-	-	-	711
Companies	81.122	20.144	21.710	23.376
<b>Options</b>	<b>9.004</b>	<b>1.259</b>	<b>2.563</b>	<b>2.563</b>
Financial institutions	-	1.259	-	2.563
Companies	9.004	-	2.563	-

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

	2020					Total	2019 Total
	Up to 3 months	3 to 12 months	1 to 3 Years	3 to 5 Years	Over 5 years		
<b>Swap</b>							
<b>Assets</b>							
<b>Hedge accounting</b>	-	<b>1.142.389</b>	<b>843.610</b>	<b>1.236.175</b>	-	<b>3.222.174</b>	<b>365.711</b>
Dollar x CDI	-	-	843.610	1.236.175	-	2.079.785	-
Dollar X PRE	-	1.028.951	-	-	-	1.028.951	-
Euro x PRE	-	113.438	-	-	-	113.438	-
Libor x CDI	-	-	-	-	-	-	365.711
<b>Trading objective</b>	<b>1.547</b>	<b>4.820</b>	<b>18.716</b>	<b>13.374</b>	-	<b>38.457</b>	<b>113.119</b>
Dollar x CDI	1.547	4.565	11.045	10.587	-	27.744	29.835
CDI x PRE	-	-	7.221	2.787	-	10.008	-
PRE x Dollar	-	255	450	-	-	705	46.357
CDI x Dollar	-	-	-	-	-	-	35.790
CDI x Euro	-	-	-	-	-	-	1.137
<b>Liabilities</b>							
<b>Hedge accounting</b>	-	-	<b>532.650</b>	<b>731.150</b>	-	<b>1.263.800</b>	<b>3.194.894</b>
Dollar x CDI	-	-	-	731.150	-	731.150	1.442.055
Dollar X PRE	-	-	532.650	-	-	532.650	1.028.951
Euro x PRE	-	-	-	-	-	-	113.438
Libor x CDI	-	-	-	-	-	-	610.450
<b>Trading objective</b>	<b>12.921</b>	<b>7.138</b>	<b>5.755</b>	<b>20.146</b>	-	<b>45.960</b>	<b>25.375</b>
CDI X PRE	660	4.826	4.975	20.146	-	30.607	20.377
PRE x Dollar	12.261	2.312	780	-	-	15.353	735
Dollar x CDI	-	-	-	-	-	-	4.263
<b>Forward</b>	<b>1.247.313</b>	<b>1.217.475</b>	<b>81.573</b>	<b>8.269</b>	-	<b>2.554.630</b>	<b>1.613.457</b>
Purchase of call options	441.296	564.655	81.573	8.269	-	1.095.793	1.123.599
Sale of options	806.017	652.820	-	-	-	1.458.837	489.858
<b>Future</b>	<b>3.216.647</b>	<b>6.648.298</b>	<b>6.097.739</b>	<b>1.241.303</b>	<b>260.524</b>	<b>17.464.511</b>	<b>7.408.633</b>
<b>Purchase of options</b>	<b>1.227.004</b>	<b>1.075.279</b>	<b>3.626</b>	-	<b>244.266</b>	<b>2.550.175</b>	<b>589.800</b>
Foreign exchange coupon (DDI)	620.312	1.075.279	-	-	-	1.695.591	379.031
Dollar futures (DOL)	606.192	-	-	-	-	606.192	2.015
Interest rate (DI)	500	-	3.626	-	244.266	248.392	208.754
<b>Sale of options</b>	<b>1.989.643</b>	<b>5.573.019</b>	<b>6.094.113</b>	<b>1.241.303</b>	<b>16.258</b>	<b>14.914.336</b>	<b>6.818.833</b>
Foreign exchange coupon (DDI)	313.314	51.535	207.134	22.562	16.258	610.803	839.645
Dollar futures (DOL)	-	-	-	-	-	-	291.627
Interest rate (DI)	1.676.329	5.518.703	5.880.122	1.218.741	-	14.293.895	5.676.017
Coupon future IPC-A (DAP)	-	2.781	6.857	-	-	9.638	11.544
<b>Options</b>	<b>36.244</b>	<b>2.700</b>	<b>2.485</b>	-	-	<b>41.429</b>	<b>144.101</b>
<b>Purchase of options</b>	<b>33.626</b>	<b>1.204</b>	<b>1.048</b>	-	-	<b>35.878</b>	<b>68.825</b>
Foreign currency	33.626	1.204	1.048	-	-	35.878	68.825
<b>Sale of options</b>	<b>2.618</b>	<b>1.496</b>	<b>1.437</b>	-	-	<b>5.551</b>	<b>75.276</b>
Foreign currency	2.618	1.496	1.437	-	-	5.551	75.276

9 - LENDING OPERATIONS

a) Summary of credit portfolio and extended credit portfolio

	Bank		Consolidated	
	2020	2019	2020	2019
Loans	25.522.495	16.934.078	25.713.559	17.083.532
Leasing <sup>(1)</sup>	-	-	1.178.864	1.050.561
Other transactions with loan characteristics	5.689.756	5.927.721	5.740.925	5.931.524
Income receivable from advances granted (Note 10 - Exchange Gains)	8.374	14.258	8.374	14.258
Financed imports (Nota 10 - Exchange Losses)	33.257	-	33.257	-
Advances on foreign exchange contracts (Nota 10 - Exchange Losses)	558.245	604.635	558.245	604.635
Income to be allocated to advances granted (Note 10 - Exchange Losses)	(1.113)	(730)	(1.113)	(730)
<b>Total lending operations</b>	<b>31.811.014</b>	<b>23.479.962</b>	<b>33.232.111</b>	<b>24.683.780</b>
Financial guarantees provided	3.397.207	2.675.832	3.397.207	2.675.832
<b>Total</b>	<b>35.208.221</b>	<b>26.155.794</b>	<b>36.629.318</b>	<b>27.359.612</b>

(1) The leasing portfolio is comprised of finance and operating lease transactions at present value.

b) Breakdown of portfolio with loan characteristics

i By segment, type of operation and risk level

2020	Bank									Total
	AA	A	B	C	D	E	F	G	H	
<b>Corporate Segment</b>	<b>3.734.331</b>	<b>4.716.778</b>	<b>13.568.335</b>	<b>742.129</b>	<b>283.970</b>	<b>76.089</b>	<b>52.891</b>	<b>13.140</b>	<b>187.413</b>	<b>23.375.076</b>
Loans	87.841	1.000.361	4.089.075	471.435	179.286	70.604	48.915	12.999	163.538	6.124.054
FGI PEAC <sup>(3)</sup>	40.337	1.682.058	6.367.769	75.630	53.783	-	2.442	-	7.648	8.229.667
Discounted trade notes	-	167.560	710.944	15.671	17.404	1.180	597	134	2.106	915.596
Financing	75.441	406.334	799.469	25.888	17.488	4.243	920	-	6.711	1.336.494
Rural and agro-industrial financing	-	127.042	145.347	-	-	-	-	-	-	272.389
Payables for purchase of assets	-	5.071	6.630	601	-	-	-	-	-	12.302
Purchase of credit rights without right of recourse	3.228.107	1.164.270	978.380	135.973	12.457	62	17	7	5.104	5.524.377
Credits linked to transactions acquired under assignment	-	16.294	-	-	-	-	-	-	-	16.294
Advances on foreign exchange contracts	-	107.724	434.994	16.931	3.552	-	-	-	2.306	565.507
Financed imports	302.605	40.064	35.727	-	-	-	-	-	-	378.396
<b>Retail segment</b>	<b>-</b>	<b>4.339.950</b>	<b>2.031.553</b>	<b>1.254.706</b>	<b>236.210</b>	<b>167.879</b>	<b>63.210</b>	<b>37.244</b>	<b>305.186</b>	<b>8.435.938</b>
Payroll-deduction loans	-	4.316.847	1.489.784	837.663	89.625	136.114	49.725	27.782	264.760	7.212.300
Loans backed by real estate	-	-	61.626	958	150	189	-	775	1.237	64.935
Loans assigned with substantial retention of risks and benefits	-	10.006	778	158	20	2	-	-	16	10.980
Discounted trade notes	-	150	14	6	9	5	17	4	159	364
Vehicle financing	-	-	476.577	415.921	145.779	31.569	13.468	8.683	39.014	1.131.011
Real estate financing	-	-	2.774	-	627	-	-	-	-	3.401
Credits linked to transactions acquired under assignment	-	12.947	-	-	-	-	-	-	-	12.947
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.734.331</b>	<b>9.056.728</b>	<b>15.599.888</b>	<b>1.996.835</b>	<b>520.180</b>	<b>243.968</b>	<b>116.101</b>	<b>50.384</b>	<b>492.599</b>	<b>31.811.014</b>
<b>Corporate segment</b>										
Financial guarantees provided	2.213.910	333.747	746.994	89.296	9.778	3.069	-	-	413	3.397.207
<b>Total financial guarantees provided</b>	<b>2.213.910</b>	<b>333.747</b>	<b>746.994</b>	<b>89.296</b>	<b>9.778</b>	<b>3.069</b>	<b>-</b>	<b>-</b>	<b>413</b>	<b>3.397.207</b>
<b>Total extended credit portfolio</b>	<b>5.948.241</b>	<b>9.390.475</b>	<b>16.346.882</b>	<b>2.086.131</b>	<b>529.958</b>	<b>247.037</b>	<b>116.101</b>	<b>50.384</b>	<b>493.012</b>	<b>35.208.221</b>
<b>Segregation of the portfolio of transactions with loan characteristics in normal course and in abnormal course</b>										
In normal course <sup>(1)</sup>	3.734.331	8.762.914	14.967.733	1.599.632	362.669	86.661	51.826	13.286	155.620	29.734.672
In abnormal course <sup>(2)</sup>	-	293.814	632.155	397.203	157.511	157.307	64.275	37.098	336.979	2.076.342
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.734.331</b>	<b>9.056.728</b>	<b>15.599.888</b>	<b>1.996.835</b>	<b>520.180</b>	<b>243.968</b>	<b>116.101</b>	<b>50.384</b>	<b>492.599</b>	<b>31.811.014</b>

9 - LENDING OPERATIONS

2019	AA	A	B	C	D	E	F	G	H	Total
<b>Corporate segment</b>	<b>3.276.192</b>	<b>2.964.064</b>	<b>7.407.672</b>	<b>1.322.061</b>	<b>352.382</b>	<b>65.628</b>	<b>62.357</b>	<b>16.258</b>	<b>349.347</b>	<b>15.815.961</b>
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
<b>Retail segment</b>	<b>-</b>	<b>4.018.934</b>	<b>1.633.109</b>	<b>1.411.016</b>	<b>265.044</b>	<b>49.130</b>	<b>26.002</b>	<b>21.116</b>	<b>239.650</b>	<b>7.664.001</b>
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
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.276.192</b>	<b>6.982.998</b>	<b>9.040.781</b>	<b>2.733.077</b>	<b>617.426</b>	<b>114.758</b>	<b>88.359</b>	<b>37.374</b>	<b>588.997</b>	<b>23.479.962</b>
<b>Corporate segment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial guarantees provided	1.710.203	321.756	568.820	63.409	11.284	-	360	-	-	2.675.832
<b>Total financial guarantees provided</b>	<b>1.710.203</b>	<b>321.756</b>	<b>568.820</b>	<b>63.409</b>	<b>11.284</b>	<b>-</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>2.675.832</b>
<b>Total extended credit portfolio</b>	<b>4.986.395</b>	<b>7.304.754</b>	<b>9.609.601</b>	<b>2.796.486</b>	<b>628.710</b>	<b>114.758</b>	<b>88.719</b>	<b>37.374</b>	<b>588.997</b>	<b>26.155.794</b>
<b>Segregation of the portfolio of transactions with loan characteristics in normal course and in abnormal course</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
In normal course <sup>(1)</sup>	3.276.192	6.680.268	8.521.922	2.242.370	484.999	61.875	39.282	13.922	311.974	21.632.804
In abnormal course <sup>(2)</sup>	-	302.730	518.859	490.707	132.427	52.883	49.077	23.452	277.023	1.847.158
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.276.192</b>	<b>6.982.998</b>	<b>9.040.781</b>	<b>2.733.077</b>	<b>617.426</b>	<b>114.758</b>	<b>88.359</b>	<b>37.374</b>	<b>588.997</b>	<b>23.479.962</b>

9 - LENDING OPERATIONS

Consolidated										
2020	AA	A	B	C	D	E	F	G	H	Total
<b>Corporate segment</b>	<b>4.032.750</b>	<b>5.144.836</b>	<b>14.172.539</b>	<b>800.386</b>	<b>305.763</b>	<b>79.417</b>	<b>55.089</b>	<b>13.231</b>	<b>192.162</b>	<b>24.796.173</b>
Loans	100.517	1.000.361	4.089.075	471.435	179.965	70.604	48.915	12.999	163.538	6.137.409
FGI PEAC <sup>(3)</sup>	40.337	1.682.058	6.367.769	75.630	53.783	-	2.442	-	7.648	8.229.667
Discounted trade notes	-	167.560	710.944	15.671	17.404	1.180	597	134	2.106	915.596
Financing	86.555	447.620	915.069	31.566	18.992	4.243	920	-	9.238	1.514.203
Rural and agro-industrial financing	-	127.042	145.347	-	-	-	-	-	-	272.389
Debtors for purchase of assets	-	5.071	6.630	601	-	-	-	-	-	12.302
Purchase of credit rights without right of recourse	3.257.464	1.178.380	986.082	135.973	12.457	62	17	7	5.104	5.575.546
Credits linked to transactions acquired under assignment	-	16.294	-	-	-	-	-	-	-	16.294
Advances on foreign exchange contracts	-	107.724	434.994	16.931	3.552	-	-	-	2.306	565.507
Leasing	245.272	372.662	480.902	52.579	19.610	3.328	2.198	91	2.222	1.178.864
Financed imports	302.605	40.064	35.727	-	-	-	-	-	-	378.396
<b>Retail segment</b>	<b>-</b>	<b>4.339.950</b>	<b>2.031.553</b>	<b>1.254.706</b>	<b>236.210</b>	<b>167.879</b>	<b>63.210</b>	<b>37.244</b>	<b>305.186</b>	<b>8.435.938</b>
Payroll-deduction loans	-	4.316.847	1.489.784	837.663	89.625	136.114	49.725	27.782	264.760	7.212.300
Loans backed by real estate	-	-	61.626	958	150	189	-	775	1.237	64.935
Loans granted with substantial retention of risks and benefits	-	10.006	778	158	20	2	-	-	16	10.980
Discounted trade notes	-	150	14	6	9	5	17	4	159	364
Vehicle financing	-	-	476.577	415.921	145.779	31.569	13.468	8.683	39.014	1.131.011
Real estate financing	-	-	2.774	-	627	-	-	-	-	3.401
Credits linked to operations acquired under assignment	-	12.947	-	-	-	-	-	-	-	12.947
<b>Total portfolio of transactions with loan characteristics</b>	<b>4.032.750</b>	<b>9.484.786</b>	<b>16.204.092</b>	<b>2.055.092</b>	<b>541.973</b>	<b>247.296</b>	<b>118.299</b>	<b>50.475</b>	<b>497.348</b>	<b>33.232.111</b>
<b>Corporate segment</b>										
Financial guarantees provided	2.213.910	333.747	746.994	89.296	9.778	3.069	-	-	413	3.397.207
<b>Total financial guarantees provided</b>	<b>2.213.910</b>	<b>333.747</b>	<b>746.994</b>	<b>89.296</b>	<b>9.778</b>	<b>3.069</b>	<b>-</b>	<b>-</b>	<b>413</b>	<b>3.397.207</b>
<b>Total extended credit portfolio</b>	<b>6.246.660</b>	<b>9.818.533</b>	<b>16.951.086</b>	<b>2.144.388</b>	<b>551.751</b>	<b>250.365</b>	<b>118.299</b>	<b>50.475</b>	<b>497.761</b>	<b>36.629.318</b>
<b>Segregation of the portfolio of transactions with loan characteristics in normal course and in abnormal course</b>										
In normal course <sup>(1)</sup>	4.032.750	9.189.193	15.571.515	1.656.820	383.180	89.402	54.004	13.285	158.812	31.148.961
In abnormal course <sup>(2)</sup>	-	295.593	632.577	398.272	158.793	157.894	64.295	37.190	338.536	2.083.150
<b>Total portfolio of transactions with loan characteristics</b>	<b>4.032.750</b>	<b>9.484.786</b>	<b>16.204.092</b>	<b>2.055.092</b>	<b>541.973</b>	<b>247.296</b>	<b>118.299</b>	<b>50.475</b>	<b>497.348</b>	<b>33.232.111</b>

9 - LENDING OPERATIONS

2019	AA	A	B	C	D	E	F	G	H	Total
<b>Corporate segment</b>	<b>3.381.726</b>	<b>3.425.851</b>	<b>7.951.190</b>	<b>1.392.853</b>	<b>360.564</b>	<b>68.804</b>	<b>64.359</b>	<b>16.280</b>	<b>358.152</b>	<b>17.019.779</b>
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	101.202	281.317	1.000.962	37.119	10.360	7.630	1.513	185	24.551	1.464.839
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	2.692.022	1.555.230	1.402.311	95.251	16.102	1.743	3.216	-	3.192	5.769.067
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	90.249	427.617	446.932	64.869	7.364	3.176	1.604	22	8.728	1.050.561
Sureties and pledges honored	-	-	-	-	-	-	-	-	1.015	1.015
Financed imports	426.451	11.166	1.150	-	-	-	-	-	-	438.767
<b>Retail segment</b>	<b>-</b>	<b>4.018.934</b>	<b>1.633.109</b>	<b>1.411.016</b>	<b>265.044</b>	<b>49.130</b>	<b>26.002</b>	<b>21.116</b>	<b>239.650</b>	<b>7.664.001</b>
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
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.381.726</b>	<b>7.444.785</b>	<b>9.584.299</b>	<b>2.803.869</b>	<b>625.608</b>	<b>117.934</b>	<b>90.361</b>	<b>37.396</b>	<b>597.802</b>	<b>24.683.780</b>
<b>Corporate segment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial guarantees provided	1.710.203	321.756	568.820	63.409	11.284	-	360	-	-	2.675.832
<b>Total financial guarantees provided</b>	<b>1.710.203</b>	<b>321.756</b>	<b>568.820</b>	<b>63.409</b>	<b>11.284</b>	<b>-</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>2.675.832</b>
<b>Total extended credit portfolio</b>	<b>5.091.929</b>	<b>7.766.541</b>	<b>10.153.119</b>	<b>2.867.278</b>	<b>636.892</b>	<b>117.934</b>	<b>90.721</b>	<b>37.396</b>	<b>597.802</b>	<b>27.359.612</b>
<b>Segregation of the portfolio of transactions with loan characteristics in normal course and in abnormal course</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
In normal course <sup>(1)</sup>	3.381.726	7.141.829	9.064.451	2.311.382	493.067	65.036	40.994	13.925	313.100	22.825.510
In abnormal course <sup>(2)</sup>	-	302.956	519.848	492.487	132.541	52.898	49.367	23.471	284.702	1.858.270
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.381.726</b>	<b>7.444.785</b>	<b>9.584.299</b>	<b>2.803.869</b>	<b>625.608</b>	<b>117.934</b>	<b>90.361</b>	<b>37.396</b>	<b>597.802</b>	<b>24.683.780</b>

(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) Loans made, beginning July, within the scope of the Emergency Credit Access Program (PEAC), established through Provisional Act (MP) 975/20, passed into Law 14042/20, collateralized by the Investment Guarantee Fund (FGI).

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

Bank										
2020	AA	A	B	C	D	E	F	G	H	Total
<b>In normal course <sup>(1)</sup></b>	<b>3.734.331</b>	<b>8.762.916</b>	<b>14.967.733</b>	<b>1.599.631</b>	<b>362.669</b>	<b>86.661</b>	<b>51.826</b>	<b>13.286</b>	<b>155.621</b>	<b>29.734.674</b>
<b>Installments falling due</b>	<b>3.734.331</b>	<b>8.699.030</b>	<b>14.939.472</b>	<b>1.593.389</b>	<b>360.552</b>	<b>86.509</b>	<b>51.603</b>	<b>13.259</b>	<b>154.361</b>	<b>29.632.506</b>
Up to 3 months	3.059.723	2.161.152	3.163.768	316.040	74.498	12.713	8.830	1.345	22.199	8.820.268
3 to 12 months	560.607	2.194.656	4.762.479	438.953	158.659	34.744	15.083	4.553	43.632	8.213.366
1 to 3 years	101.363	2.806.255	5.544.640	574.098	114.144	29.791	21.057	6.894	67.590	9.265.832
3 to 5 years	9.474	1.116.305	1.219.363	171.899	12.364	9.020	6.461	389	19.555	2.564.830
Over 5 years	3.164	420.662	249.222	92.399	887	241	172	78	1.385	768.210
<b>Past due up to 14 days</b>	<b>-</b>	<b>63.886</b>	<b>28.261</b>	<b>6.242</b>	<b>2.117</b>	<b>152</b>	<b>223</b>	<b>27</b>	<b>1.260</b>	<b>102.168</b>
<b>In abnormal course <sup>(2)</sup></b>	<b>-</b>	<b>293.812</b>	<b>632.155</b>	<b>397.204</b>	<b>157.511</b>	<b>157.307</b>	<b>64.275</b>	<b>37.098</b>	<b>336.978</b>	<b>2.076.340</b>
<b>Installments falling due</b>	<b>-</b>	<b>293.454</b>	<b>609.808</b>	<b>370.022</b>	<b>137.618</b>	<b>129.804</b>	<b>47.621</b>	<b>25.713</b>	<b>166.697</b>	<b>1.780.737</b>
Up to 3 months	-	47.705	105.836	39.998	27.439	11.156	4.691	2.845	17.574	257.244
3 to 12 months	-	65.661	162.460	108.057	38.426	27.971	11.892	6.893	44.628	465.988
1 to 3 years	-	111.063	234.043	148.790	54.503	50.537	19.909	10.295	72.877	702.017
3 to 5 years	-	51.059	78.054	50.247	13.219	28.215	9.553	4.523	23.932	258.802
Over 5 years	-	17.966	29.415	22.930	4.031	11.925	1.576	1.157	7.686	96.686
<b>Installments paid due</b>	<b>-</b>	<b>358</b>	<b>22.347</b>	<b>27.182</b>	<b>19.893</b>	<b>27.503</b>	<b>16.654</b>	<b>11.385</b>	<b>170.281</b>	<b>295.603</b>
Up to 60 days	-	358	22.347	23.995	9.557	8.213	3.740	2.141	15.784	86.135
61 to 90 days	-	-	-	2.646	7.159	3.855	1.565	1.111	11.946	28.282
91 to 180 days	-	-	-	541	3.177	10.774	8.188	5.602	49.074	77.356
181 to 360 days	-	-	-	-	-	4.661	3.161	2.531	93.477	103.830
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.734.331</b>	<b>9.056.728</b>	<b>15.599.888</b>	<b>1.996.835</b>	<b>520.180</b>	<b>243.968</b>	<b>116.101</b>	<b>50.384</b>	<b>492.599</b>	<b>31.811.014</b>
Financial guarantees provided	2.213.910	333.747	746.994	89.296	9.778	3.069	-	-	413	3.397.207
<b>Total financial guarantees provided</b>	<b>2.213.910</b>	<b>333.747</b>	<b>746.994</b>	<b>89.296</b>	<b>9.778</b>	<b>3.069</b>	<b>-</b>	<b>-</b>	<b>413</b>	<b>3.397.207</b>
<b>Total extended credit portfolio</b>	<b>5.948.241</b>	<b>9.390.475</b>	<b>16.346.882</b>	<b>2.086.131</b>	<b>529.958</b>	<b>247.037</b>	<b>116.101</b>	<b>50.384</b>	<b>493.012</b>	<b>35.208.221</b>
<b>Provision associated with credit risk</b>										
Minimum required <sup>(3)</sup>	-	45.284	155.999	59.905	52.018	73.190	58.051	35.269	492.599	972.315
Additional <sup>(4)</sup>	14.225	36.227	296.397	109.826	45.256	41.474	-	-	-	543.405
<b>Total provision associated with credit risk on the portfolio of transactions with loan characteristics</b>	<b>14.225</b>	<b>81.511</b>	<b>452.396</b>	<b>169.731</b>	<b>97.274</b>	<b>114.664</b>	<b>58.051</b>	<b>35.269</b>	<b>492.599</b>	<b>1.515.720</b>
Minimum required <sup>(3)</sup>	-	1.669	7.470	2.679	978	921	-	-	413	14.130
Additional <sup>(4)</sup>	8.839	1.335	14.193	4.911	851	522	-	-	-	30.651
<b>Total provision associated with credit risk on financial guarantees provided</b>	<b>8.839</b>	<b>3.004</b>	<b>21.663</b>	<b>7.590</b>	<b>1.829</b>	<b>1.443</b>	<b>-</b>	<b>-</b>	<b>413</b>	<b>44.781</b>
<b>Total provision associated with credit risk on extended credit portfolio</b>	<b>23.064</b>	<b>84.515</b>	<b>474.059</b>	<b>177.321</b>	<b>99.103</b>	<b>116.107</b>	<b>58.051</b>	<b>35.269</b>	<b>493.012</b>	<b>1.560.501</b>

2019	AA	A	B	C	D	E	F	G	H	Total
<b>In normal course <sup>(1)</sup></b>	<b>3.276.192</b>	<b>6.680.267</b>	<b>8.521.922</b>	<b>2.242.370</b>	<b>484.998</b>	<b>61.876</b>	<b>39.281</b>	<b>13.921</b>	<b>311.977</b>	<b>21.632.804</b>
<b>Installments falling due</b>	<b>3.276.192</b>	<b>6.649.216</b>	<b>8.463.196</b>	<b>2.235.415</b>	<b>480.381</b>	<b>61.631</b>	<b>39.118</b>	<b>13.914</b>	<b>311.573</b>	<b>21.530.636</b>
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
<b>Past due up to 14 days</b>	<b>-</b>	<b>31.051</b>	<b>58.726</b>	<b>6.955</b>	<b>4.617</b>	<b>245</b>	<b>163</b>	<b>7</b>	<b>404</b>	<b>102.168</b>
<b>In abnormal course <sup>(2)</sup></b>	<b>-</b>	<b>302.731</b>	<b>518.859</b>	<b>490.707</b>	<b>132.428</b>	<b>52.882</b>	<b>49.078</b>	<b>23.453</b>	<b>277.020</b>	<b>1.847.158</b>
<b>Installments falling due</b>	<b>-</b>	<b>277.867</b>	<b>476.687</b>	<b>447.378</b>	<b>114.728</b>	<b>39.534</b>	<b>35.679</b>	<b>15.809</b>	<b>134.140</b>	<b>1.541.822</b>
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
<b>Installments past due</b>	<b>-</b>	<b>24.864</b>	<b>42.172</b>	<b>43.329</b>	<b>17.700</b>	<b>13.348</b>	<b>13.399</b>	<b>7.644</b>	<b>142.880</b>	<b>305.336</b>
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	2.369	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
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.276.192</b>	<b>6.982.998</b>	<b>9.040.781</b>	<b>2.733.077</b>	<b>617.426</b>	<b>114.758</b>	<b>88.359</b>	<b>37.374</b>	<b>588.997</b>	<b>23.479.962</b>
Financial guarantees provided	1.710.203	321.756	568.820	63.409	11.284	-	360	-	-	2.675.832
<b>Total financial guarantees provided</b>	<b>1.710.203</b>	<b>321.756</b>	<b>568.820</b>	<b>63.409</b>	<b>11.284</b>	<b>-</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>2.675.832</b>
<b>Total extended credit portfolio</b>	<b>4.986.395</b>	<b>7.304.754</b>	<b>9.609.601</b>	<b>2.796.486</b>	<b>628.710</b>	<b>114.758</b>	<b>88.719</b>	<b>37.374</b>	<b>588.997</b>	<b>26.155.794</b>
<b>Provision associated with credit risk</b>										
Minimum required <sup>(3)</sup>	-	34.915	90.408	81.992	61.743	34.427	44.230	26.162	588.997	962.874
Additional <sup>(4)</sup>	-	20.949	171.775	117.522	-	-	-	-	-	310.246
<b>Total provision associated with credit risk on the portfolio of transactions with loan characteristics</b>	<b>-</b>	<b>55.864</b>	<b>262.183</b>	<b>199.514</b>	<b>61.743</b>	<b>34.427</b>	<b>44.230</b>	<b>26.162</b>	<b>588.997</b>	<b>1.273.120</b>
Minimum required <sup>(3)</sup>	-	1.609	5.688	1.902	1.128	-	180	-	-	10.507
Additional <sup>(4)</sup>	-	965	10.808	2.726	-	-	-	-	-	14.500
<b>Total provision associated with credit risk on financial guarantees provided</b>	<b>-</b>	<b>2.574</b>	<b>16.496</b>	<b>4.628</b>	<b>1.128</b>	<b>-</b>	<b>180</b>	<b>-</b>	<b>-</b>	<b>25.007</b>
<b>Total provision associated with credit risk on extended credit portfolio</b>	<b>-</b>	<b>58.438</b>	<b>278.679</b>	<b>204.142</b>	<b>62.871</b>	<b>34.427</b>	<b>44.410</b>	<b>26.162</b>	<b>588.997</b>	<b>1.298.127</b>

Consolidated										
2020	AA	A	B	C	D	E	F	G	H	Total
<b>In normal course <sup>(1)</sup></b>	<b>4.032.750</b>	<b>9.189.193</b>	<b>15.571.514</b>	<b>1.656.822</b>	<b>383.179</b>	<b>89.403</b>	<b>54.004</b>	<b>13.286</b>	<b>158.811</b>	<b>31.148.962</b>
<b>Installments falling due</b>	<b>4.032.750</b>	<b>9.125.121</b>	<b>15.542.989</b>	<b>1.650.535</b>	<b>380.592</b>	<b>89.251</b>	<b>53.781</b>	<b>13.259</b>	<b>157.547</b>	<b>31.045.825</b>
Up to 3 months	3.118.113	2.240.923	3.257.773	327.089	77.788	13.276	9.242	1.345	22.573	9.068.122
3 to 12 months	627.695	2.316.494	4.940.503	460.751	166.935	35.615	16.049	4.553	44.535	8.613.130
1 to 3 years	221.217	2.976.743	5.814.135	595.006	122.283	30.971	21.835	6.894	69.226	9.858.310
3 to 5 years	61.857	1.170.274	1.280.588	175.290	12.699	9.148	6.483	389	19.828	2.736.556
Over 5 years	3.868	420.687	249.990	92.399	887	241	172	78	1.385	769.707
<b>Past due up to 14 days</b>	<b>-</b>	<b>64.072</b>	<b>28.525</b>	<b>6.287</b>	<b>2.587</b>	<b>152</b>	<b>223</b>	<b>27</b>	<b>1.264</b>	<b>103.137</b>
<b>In abnormal course <sup>(2)</sup></b>	<b>-</b>	<b>295.593</b>	<b>632.578</b>	<b>398.270</b>	<b>158.794</b>	<b>157.893</b>	<b>64.295</b>	<b>37.189</b>	<b>338.537</b>	<b>2.083.149</b>
<b>Installments falling due</b>	<b>-</b>	<b>295.224</b>	<b>610.206</b>	<b>370.933</b>	<b>138.653</b>	<b>130.317</b>	<b>47.643</b>	<b>25.783</b>	<b>167.310</b>	<b>1.786.069</b>
Up to 3 months	-	47.890	105.906	40.263	27.687	11.206	4.697	2.856	17.819	258.324
3 to 12 months	-	66.157	162.635	108.546	38.917	28.103	11.908	6.920	44.967	468.153
1 to 3 years	-	112.134	234.196	148.947	54.785	50.847	19.909	10.327	72.906	704.051
3 to 5 years	-	51.074	78.054	50.247	13.233	28.236	9.553	4.523	23.932	258.852
Over 5 years	-	17.969	29.415	22.930	4.031	11.925	1.576	1.157	7.686	96.689
<b>Installments past due</b>	<b>-</b>	<b>369</b>	<b>22.372</b>	<b>27.337</b>	<b>20.141</b>	<b>27.576</b>	<b>16.652</b>	<b>11.406</b>	<b>171.227</b>	<b>297.080</b>
Up to 60 days	-	369	22.372	24.153	9.738	8.248	3.740	2.148	16.000	86.768
61 to 90 days	-	-	-	2.646	7.225	3.874	1.565	1.115	12.058	28.483
91 to 180 days	-	-	-	538	3.178	10.795	8.188	5.613	49.383	77.695
181 to 360 days	-	-	-	-	-	4.659	3.159	2.530	93.786	104.134
<b>Total portfolio of transactions with loan characteristics</b>	<b>4.032.750</b>	<b>9.484.786</b>	<b>16.204.092</b>	<b>2.055.092</b>	<b>541.973</b>	<b>247.296</b>	<b>118.299</b>	<b>50.475</b>	<b>497.348</b>	<b>33.232.111</b>
Financial guarantees provided	2.213.910	333.747	746.994	89.296	9.778	3.069	-	-	413	3.397.207
<b>Total financial guarantees provided</b>	<b>2.213.910</b>	<b>333.747</b>	<b>746.994</b>	<b>89.296</b>	<b>9.778</b>	<b>3.069</b>	<b>-</b>	<b>-</b>	<b>413</b>	<b>3.397.207</b>
<b>Total extended credit portfolio</b>	<b>6.246.660</b>	<b>9.818.533</b>	<b>16.951.086</b>	<b>2.144.388</b>	<b>551.751</b>	<b>250.365</b>	<b>118.299</b>	<b>50.475</b>	<b>497.761</b>	<b>36.629.318</b>
<b>Provision associated with credit risk</b>										
Minimum required <sup>(3)</sup>	-	47.424	162.041	61.653	54.197	74.189	59.150	35.333	497.348	991.335
Additional <sup>(4)</sup>	14.225	36.227	296.397	109.826	45.256	41.474	-	-	-	543.405
<b>Total provision associated with credit risk on portfolio of transactions with loan characteristics</b>	<b>14.225</b>	<b>83.651</b>	<b>458.438</b>	<b>171.479</b>	<b>99.453</b>	<b>115.663</b>	<b>59.150</b>	<b>35.333</b>	<b>497.348</b>	<b>1.534.740</b>
Minimum required <sup>(3)</sup>	-	1.669	7.470	2.679	978	921	-	-	413	14.130
Additional <sup>(4)</sup>	8.839	1.335	14.193	4.911	851	522	-	-	-	30.651
<b>Total provision associated with credit risk on financial guarantees provided</b>	<b>8.839</b>	<b>3.004</b>	<b>21.663</b>	<b>7.590</b>	<b>1.829</b>	<b>1.443</b>	<b>-</b>	<b>-</b>	<b>413</b>	<b>44.781</b>
<b>Total provision associated with credit risk on extended credit portfolio</b>	<b>23.064</b>	<b>86.655</b>	<b>480.101</b>	<b>179.069</b>	<b>101.282</b>	<b>117.106</b>	<b>59.150</b>	<b>35.333</b>	<b>497.761</b>	<b>1.579.521</b>

2019	AA	A	B	C	D	E	F	G	H	Total
<b>In normal course <sup>(1)</sup></b>	<b>3.381.726</b>	<b>7.141.829</b>	<b>9.064.452</b>	<b>2.311.382</b>	<b>493.067</b>	<b>65.035</b>	<b>40.994</b>	<b>13.925</b>	<b>313.100</b>	<b>22.825.510</b>
<b>Installments falling due</b>	<b>3.381.726</b>	<b>7.110.367</b>	<b>9.004.933</b>	<b>2.304.224</b>	<b>488.438</b>	<b>64.790</b>	<b>40.831</b>	<b>13.915</b>	<b>312.635</b>	<b>22.721.859</b>
Up to 3 months	2.431.455	2.355.144	3.057.020	872.963	84.738	15.138	12.326	1.807	61.683	8.892.274
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	339.205	204.001	82.094	51	-	-	-	11.587	637.644
<b>Past due up to 14 days</b>	<b>-</b>	<b>31.462</b>	<b>59.519</b>	<b>7.158</b>	<b>4.629</b>	<b>245</b>	<b>163</b>	<b>10</b>	<b>465</b>	<b>103.651</b>
<b>In abnormal course <sup>(2)</sup></b>	<b>-</b>	<b>302.956</b>	<b>519.847</b>	<b>492.487</b>	<b>132.541</b>	<b>52.899</b>	<b>49.367</b>	<b>23.471</b>	<b>284.702</b>	<b>1.858.270</b>
<b>Installments falling due</b>	<b>-</b>	<b>278.092</b>	<b>477.593</b>	<b>448.857</b>	<b>114.763</b>	<b>39.540</b>	<b>35.940</b>	<b>15.811</b>	<b>139.644</b>	<b>1.550.240</b>
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
<b>Installments past due</b>	<b>-</b>	<b>24.864</b>	<b>42.254</b>	<b>43.630</b>	<b>17.778</b>	<b>13.359</b>	<b>13.427</b>	<b>7.660</b>	<b>145.058</b>	<b>308.030</b>
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
<b>Total portfolio of transactions with loan characteristics</b>	<b>3.381.726</b>	<b>7.444.785</b>	<b>9.584.299</b>	<b>2.803.869</b>	<b>625.608</b>	<b>117.934</b>	<b>90.361</b>	<b>37.396</b>	<b>597.802</b>	<b>24.683.780</b>
Financial guarantees provided	1.710.203	321.756	568.820	63.409	11.284	-	360	-	-	2.675.832
<b>Total financial guarantees provided</b>	<b>1.710.203</b>	<b>321.756</b>	<b>568.820</b>	<b>63.409</b>	<b>11.284</b>	<b>-</b>	<b>360</b>	<b>-</b>	<b>-</b>	<b>2.675.832</b>
<b>Total extended credit portfolio</b>	<b>5.091.929</b>	<b>7.766.541</b>	<b>10.153.119</b>	<b>2.867.278</b>	<b>636.892</b>	<b>117.934</b>	<b>90.721</b>	<b>37.396</b>	<b>597.802</b>	<b>27.359.612</b>
<b>Provision associated with credit risk</b>										
Minimum required <sup>(3)</sup>	-	37.223	95.843	84.118	62.561	35.380	45.180	26.178	597.802	984.285
Additional <sup>(4)</sup>	-	20.949	171.775	117.570	-	-	-	-	-	310.294
<b>Total provision associated with credit risk on the portfolio of transactions with loan characteristics</b>	<b>-</b>	<b>58.172</b>	<b>267.618</b>	<b>201.688</b>	<b>62.561</b>	<b>35.380</b>	<b>45.180</b>	<b>26.178</b>	<b>597.802</b>	<b>1.294.579</b>
Minimum required <sup>(3)</sup>	-	1.609	5.688	1.902	1.128	-	181	-	-	10.508
Additional <sup>(4)</sup>	-	965	10.808	2.726	-	-	-	-	-	14.499
<b>Total provision associated with credit risk on financial guarantees provided</b>	<b>-</b>	<b>2.574</b>	<b>16.496</b>	<b>4.628</b>	<b>1.128</b>	<b>-</b>	<b>181</b>	<b>-</b>	<b>-</b>	<b>25.007</b>
<b>Total provision associated with credit risk on extended credit portfolio</b>	<b>-</b>	<b>60.746</b>	<b>284.114</b>	<b>206.316</b>	<b>63.689</b>	<b>35.380</b>	<b>45.361</b>	<b>26.178</b>	<b>597.802</b>	<b>1.319.586</b>

(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.s.

(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 minium 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			
	2020		2019	
	Value	% exposure	Value	% exposure
<b>Total extended credit portfolio</b>	<b>35.208.221</b>	<b>100,00%</b>	<b>26.155.794</b>	<b>100,00%</b>
<b>Public Sector</b>	<b>186.339</b>	<b>0,53%</b>	<b>192.262</b>	<b>0,74%</b>
Federal government	53.657	0,15%	69.222	0,26%
State government	82.463	0,23%	123.040	0,47%
Municipal government	50.219	0,14%	-	-
<b>Private Sector</b>	<b>35.021.882</b>	<b>99,47%</b>	<b>25.963.532</b>	<b>99,26%</b>
<b>Corporate entity</b>	<b>26.198.772</b>	<b>74,41%</b>	<b>17.989.682</b>	<b>68,78%</b>
Industrial	11.168.913	31,72%	8.863.019	33,89%
Commercial	6.782.938	19,27%	4.805.317	18,37%
Financial	66.275	0,19%	85.603	0,33%
Other services	8.176.571	23,22%	4.235.743	16,19%
Rural	4.075	0,01%	-	-
<b>Individual</b>	<b>8.823.110</b>	<b>25,06%</b>	<b>7.973.850</b>	<b>30,49%</b>

	Consolidated			
	2020		2019	
	Value	% exposure	Value	% exposure
<b>Total extended credit portfolio</b>	<b>36.629.318</b>	<b>100,00%</b>	<b>27.359.612</b>	<b>100,00%</b>
<b>Public Sector</b>	<b>186.339</b>	<b>0,51%</b>	<b>192.262</b>	<b>0,70%</b>
Federal government	53.657	0,15%	69.222	0,25%
State government	82.463	0,23%	123.040	0,45%
Municipal government	50.219	0,14%	-	-
<b>Private Sector</b>	<b>36.442.979</b>	<b>99,49%</b>	<b>27.167.350</b>	<b>99,30%</b>
<b>Corporate entity</b>	<b>27.615.010</b>	<b>75,39%</b>	<b>19.187.506</b>	<b>70,13%</b>
Industrial	11.422.323	31,18%	9.097.612	33,25%
Commercial	6.943.729	18,96%	4.960.968	18,13%
Financial	69.205	0,19%	90.954	0,33%
Other services	9.175.437	25,05%	5.037.661	18,41%
Rural	4.316	0,01%	311	0,00%
<b>Individual</b>	<b>8.827.969</b>	<b>24,10%</b>	<b>7.979.844</b>	<b>29,17%</b>

c) Financial guarantees provided (Bank and Consolidated)

	2020 Value	2019 Value
Open credits for import	109.189	183.352
Beneficiaries of guarantees provided	3.288.018	2.492.480
<b>Total</b>	<b>3.397.207</b>	<b>2.675.832</b>

d) Concentration of the portfolio with loan characteristics

	Bank			
	2020		2019	
	Value <sup>(1)</sup>	% of portfolio	Value <sup>(1)</sup>	% of portfolio
Largest debtor	297.800	0,94%	604.513	2,57%
10 largest debtors	1.982.491	6,23%	1.709.495	7,28%
50 next largest debtors	2.944.842	9,26%	2.813.245	11,98%
100 next largest debtors	2.643.229	8,31%	2.155.737	9,18%
Other debtors	23.942.652	75,27%	16.196.972	68,98%
<b>Total</b>	<b>31.811.014</b>	<b>100,00%</b>	<b>23.479.962</b>	<b>100,00%</b>

	Consolidated			
	2020		2019	
	Value <sup>(1)</sup>	% of portfolio	Value <sup>(1)</sup>	% of portfolio
Largest debtor	297.800	0,90%	604.513	2,45%
10 largest debtors	1.982.491	5,97%	1.710.079	6,93%
50 next largest debtors	3.103.787	9,34%	2.895.283	11,73%
100 next largest debtors	2.809.662	8,45%	2.305.712	9,34%
Other debtors	25.038.371	75,34%	17.168.193	69,55%
<b>Total</b>	<b>33.232.111</b>	<b>100,00%</b>	<b>24.683.780</b>	<b>100,00%</b>

e) Movement and breakdown of the allowance for loan losses

e.1) Movement of the allowance for loan losses

	Bank	
	2020	2019
<b>Opening balance of the allowance for loan losses</b>	<b>1.298.127</b>	<b>1.105.296</b>
Operations written off as loss	(397.294)	(304.369)
<b>Establishment (reversal) net for the period</b>	<b>642.553</b>	<b>496.941</b>
Minimum required by CMN Resolution 2682/99 <sup>(2)</sup>	406.741	323.603
Sureties and pledges provided <sup>(2)</sup>	3.622	(304)
Additional to the minimum required <sup>(1)</sup>	249.305	173.383
<b>Exchange variation</b>	<b>(17.115)</b>	<b>259</b>
<b>Closing balance of the allowance for loan losses</b>	<b>1.560.501</b>	<b>1.298.127</b>

	Consolidated	
	2020	2019
<b>Opening balance of the allowance for loan losses</b>	<b>1.319.586</b>	<b>1.119.220</b>
Operations written off as loss	(405.877)	(304.718)
<b>Recognition (reversal) of the expenses on the allowance for loan losses in the year</b>	<b>648.697</b>	<b>504.825</b>
Minimum required by CMN Resolution 2682/99 <sup>(2)</sup>	412.885	333.688
Sureties and pledges provided <sup>(2)</sup>	3.622	(304)
Additional to the minimum required <sup>(1)</sup>	249.305	171.182
<b>Exchange variation</b>	<b>(17.115)</b>	<b>259</b>
<b>Closing balance of the allowance for loan losses</b>	<b>1.579.521</b>	<b>1.319.586</b>

e.2) Breakdown of the allowance for loan losses

	Bank		Consolidated	
	2020	2019	2020	2019
<b>Portfolio of transactions with loan characteristics</b>	<b>1.515.720</b>	<b>1.273.120</b>	<b>1.534.740</b>	<b>1.294.579</b>
Minimum required by CMN Resolution 2682/99 <sup>(2)</sup>	972.315	962.874	991.335	984.285
Additional to the minimum required <sup>(1)</sup>	543.405	310.246	543.405	310.294
<b>Financial guarantees provided</b>	<b>44.781</b>	<b>25.007</b>	<b>44.781</b>	<b>25.007</b>
Minimum required by CMN Resolution 2682/99 <sup>(2)</sup>	14.130	10.507	14.130	10.508
Additional to the minimum required <sup>(1)</sup>	30.651	14.500	30.651	14.499
<b>Total allowance for loan losses</b>	<b>1.560.501</b>	<b>1.298.127</b>	<b>1.579.521</b>	<b>1.319.586</b>

<sup>(1)</sup> 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 26.e.

<sup>(2)</sup> 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	
	2020	2019	2020	2019
<b>Movement of renegotiated operations for the period</b>				
<b>Opening balance</b>	<b>1.535.565</b>	<b>1.327.636</b>	<b>1.590.097</b>	<b>1.367.288</b>
Write-off of renegotiated operations to loss for the period	(55.079)	(68.385)	(55.506)	(68.714)
Payments / repayments for the period of renegotiated operations	(1.014.614)	(682.997)	(1.034.711)	(695.809)
Renegotiated operations for the period	2.357.036	959.311	2.427.279	987.332
<b>Final balance</b>	<b>2.822.908</b>	<b>1.535.565</b>	<b>2.927.159</b>	<b>1.590.097</b>
<b>Breakdown of the balance of renegotiated operations</b>				
<b>Operations in normal course <sup>(1)</sup></b>	<b>2.479.983</b>	<b>1.212.267</b>	<b>2.582.109</b>	<b>1.266.301</b>
<b>Installments falling due</b>	<b>2.470.249</b>	<b>1.202.319</b>	<b>2.571.869</b>	<b>1.256.311</b>
Up to 3 months	647.211	325.819	666.963	332.359
3 to 12 months	840.535	455.808	883.166	471.754
1 to 3 years	846.708	341.678	882.707	369.134
3 to 5 years	127.693	67.896	130.931	71.946
Over 5 years	8.102	11.118	8.102	11.118
<b>Installments past due for up to 14 days</b>	<b>9.734</b>	<b>9.948</b>	<b>10.240</b>	<b>9.990</b>
<b>Operations in abnormal course <sup>(2)</sup></b>	<b>342.925</b>	<b>323.298</b>	<b>345.050</b>	<b>323.796</b>
<b>Installments falling due</b>	<b>298.415</b>	<b>289.257</b>	<b>300.142</b>	<b>289.257</b>
Up to 3 months	44.227	50.883	44.555	50.883
3 to 12 months	103.073	113.388	103.861	113.388
1 to 3 years	135.096	114.197	135.673	114.197
3 to 5 years	14.722	9.808	14.756	9.808
Over 5 years	1.297	981	1.297	981
<b>Installments past due</b>	<b>44.510</b>	<b>34.041</b>	<b>44.908</b>	<b>34.539</b>
Up to 60 days	19.731	15.406	19.991	15.629
61 to 90 days	10.256	2.815	10.349	2.895
91 to 180 days	8.258	8.615	8.302	8.784
181 to 360 days	6.265	7.205	6.266	7.231
<b>Total</b>	<b>2.822.908</b>	<b>1.535.565</b>	<b>2.927.159</b>	<b>1.590.097</b>

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

(2) Operations with at least installment over 14 days past due.

At December 31, 2020 the balance of renegotiated operations includes R\$1,362,602, regarding renegotiated operations in connection with the circumstances involving the COVID-19 pandemic.

As at December 31, 2020, the Bank recovered loans previously written off as loss, in the amount of R\$120,462 (R\$148,500 as at December 31, 2019) and Daycoval Leasing recovered the amount of R\$3,646 (R\$803 as at December 31, 2019), recognized in the statements of income in line item "Income from loan portfolio".

g) Linked lending transactions (Bank and Consolidated)

	2020	2019
<b>Restricted lending transactions</b>		
Loans	62.223	55.793
<b>Payables for restricted lending transactions</b>		
Bank certificates of deposit - CDBs	62.164	58.704

h) Assignment of Loans (Bank and Consolidated)

The loan assignments carried out by the Bank comply with the accounting criteria described in CMN Resolution 3533/08, with respect to the classification of such assignments as "Operations with substantial retention of risks and rewards".

As at December 31, 2020 and 2019, no loans were assigned.

As at December 31, 2020, the carrying amount of loans assignments recorded in "Loans assigned with substantial retention of risks and rewards" (Note 9.b.i) amounts to R\$10,980 (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.b) in the amount of R\$11,771 (R\$36,794 as at December 31, 2019).

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

i) Reconciliation of the breakdown of the finance lease portfolio, at present value, with the account balances:

Under the accounting system adopted by the COSIF chart of accounts, finance lease transactions are recorded according to their nature, which are summarized below:

	2020	2019
<b>Assets</b>		
<b>Finance lease transactions</b>		
Finance lease receivable	1.001.763	876.187
(-) Unearned income from finance lease receivable	(979.326)	(836.637)
<b>Total</b>	<b>22.437</b>	<b>39.550</b>
<b>Residual values</b>		
Unrealized residual values	474.140	431.722
Offsetting residual values	(474.140)	(431.722)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Sundry</b>		
Commitment fee	267	908
<b>Total</b>	<b>267</b>	<b>908</b>
<b>Property and equipment for finance lease</b>		
Leased assets	1.624.577	1.360.463
Excess depreciation	277.906	190.701
(-) Insufficient depreciation	(41.058)	(42.797)
(-) Accumulated depreciation on finance lease assets	(631.816)	(447.548)
Unamortized lease losses	34.378	35.453
<b>Total</b>	<b>1.263.987</b>	<b>1.096.272</b>
<b>Liabilities</b>		
<b>Other payables</b>		
(-) Prepaid guaranteed residual value (VRGA)	(223.397)	(171.065)
<b>Total</b>	<b>(223.397)</b>	<b>(171.065)</b>
<b>Total finance lease at present value</b>	<b>1.063.294</b>	<b>965.665</b>

**10 - FOREIGN EXCHANGE PORTFOLIO (BANK AND CONSOLIDATED)**

	2020				2019
	Up to 3 months	3 to 12 Months	1 to 3 years	Value	Value
<b>Assets</b>					
Foreign exchange purchased pending settlement	398.168	314.117	5.815	718.100	960.853
Right on foreign exchange sold	721.027	930.100	4.892	1.656.019	472.090
(-) Advances received in local currency	(33.875)	-	-	(33.875)	(2.638)
Income receivable from advances granted (Note 9.a)	4.922	3.452	-	8.374	14.258
<b>Total</b>	<b>1.090.242</b>	<b>1.247.669</b>	<b>10.707</b>	<b>2.348.618</b>	<b>1.444.563</b>
<b>Liabilities</b>					
Foreign exchange sold pending settlement	698.294	889.855	6.376	1.594.525	459.823
(-) Financed imports (Note 7.a)	(33.257)	-	-	(33.257)	-
Payable for foreign exchange purchased	394.141	314.762	4.892	713.795	961.788
(-) Advances on foreign exchange contracts (Note 7.a)	(286.158)	(272.087)	-	(558.245)	(604.635)
Foreign currencies payable	99	-	-	99	96
Unearned income on advances granted (Note 7.a)	281	832	-	1.113	730
<b>Total</b>	<b>773.400</b>	<b>933.362</b>	<b>11.268</b>	<b>1.718.030</b>	<b>817.802</b>

**11 - OTHER CREDITS**

	Bank			
	2020		2019	
	Current	Noncurrent	Current	Noncurrent
Salary advances	1.302	-	-	-
Advances for payment of our account	17.129	-	15.597	-
Advances for property, plant and equipment	-	-	270	-
Reimbursable payments	889	-	889	-
Prepaid profit sharing	36.227	-	26.897	-
Discount on the acquisition of lending operations <sup>(1)</sup>	6.279	11.089	9.572	-
Sundry debtors	49.238	-	64.171	-
<b>Total</b>	<b>111.064</b>	<b>11.089</b>	<b>117.396</b>	<b>-</b>

	Consolidated			
	2020		2019	
	Current	Noncurrent	Current	Noncurrent
Salary advances	1.425	-	51	-
Advances for payment of our account	17.775	-	16.225	-
Advances for property, plant and equipment	-	-	270	-
Reimbursable payments	889	-	889	-
Prepaid profit sharing	36.382	-	27.392	-
Discount on the acquisition of lending operations <sup>(1)</sup>	6.279	11.089	9.572	-
Insurance premiums receivable	31	-	2.558	-
Sundry debtors	53.303	-	67.527	-
<b>Total</b>	<b>116.084</b>	<b>11.089</b>	<b>124.484</b>	<b>-</b>

<sup>(1)</sup> As at December 31, 2020 and 2019, refers to premiums paid on the acquisition of loan operations from other institutions comprising the National Financial System, to be recognized in the Bank's income statements, in line item "Lending operations", due to the lapse of the transaction term.

**12 - OTHER ASSETS**

	Bank						2019 Value
	2020					Value	
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years		
Prepaid expenses	2.472	5.758	12.753	2.945	33	23.961	25.241
<b>Total prepaid expenses</b>	<b>2.472</b>	<b>5.758</b>	<b>12.753</b>	<b>2.945</b>	<b>33</b>	<b>23.961</b>	<b>25.241</b>

	Consolidated						2019 Value
	2020					Value	
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years		
Prepaid expenses	2.473	5.758	12.753	2.945	33	23.962	25.241
<b>Total prepaid expenses</b>	<b>2.473</b>	<b>5.758</b>	<b>12.753</b>	<b>2.945</b>	<b>33</b>	<b>23.962</b>	<b>25.241</b>

Total repossessed assets, already deducting the amounts related to the allowance for impairment, as at December 31, 2020, amounts to R\$76,288 for the Bank and consolidated (R\$108,824 as at December 31, 2019 for the Bank and consolidated).

**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:

	2020		2019	
	US\$ thousand	R\$ thousand <sup>(1)</sup>	US\$ thousand	R\$ thousand <sup>(1)</sup>
<b>Assets</b>				
Cash and cash equivalents	350	1.819	248	1.001
Interbank accounts	28.950	150.444	25.554	103.000
Securities	3.196	16.609	11.792	47.534
Lending operations	100.228	520.855	245.787	990.694
Other credits	5.783	30.053	5.637	22.721
<b>Total Assets</b>	<b>138.507</b>	<b>719.780</b>	<b>289.018</b>	<b>1.164.950</b>
<b>Liabilities</b>				
Demand deposit	2.271	11.802	1.170	4.717
Time deposits	15.170	78.834	158.511	638.911
Funds from acceptance and issuance of securities	90.040	467.911	74.731	301.219
Other miscellaneous borrowing	-	-	24.672	99.444
Deferred income	40	208	284	1.144
<b>Total Liabilities</b>	<b>107.521</b>	<b>558.755</b>	<b>259.368</b>	<b>1.045.435</b>

<sup>(1)</sup> The amounts in US dollars were translated into Brazilian reais (R\$) based on the R\$/US\$ 5.1967 and R\$/US\$4.0307 exchange rates disclosed by BACEN, as at December 31, 2020, and as at December 31, 2019, respectively.

During the year ended December 31, 2020, income from exchange variation in the amount of R\$19,583 (income of R\$4,527 as at December 31, 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 <sup>(1)</sup>		Dayprev	
	2020	2019	2020	2019
Total Assets	1.670.698	1.392.725	34.494	101.007
Total Liabilities	1.132.506	926.658	196	67.215
Equity	538.192	466.067	34.298	33.793
Negative goodwill on acquisition	(33.936)	(40.838)	-	-
Capital	343.781	206.805	25.000	25.000
Number of shares	5.780.078.463	5.780.078.463	19.591.614	19.591.614
Ownership interest - %	100,0%	100,0%	97,0%	97,0%
Adjusted investment	504.256	425.229	33.210	32.696
Net income for the year	72.125	60.163	642	890
<b>Share of profit (loss) of subsidiaries of the period</b>	<b>72.125</b>	<b>60.163</b>	<b>623</b>	<b>863</b>

	ACS		Daycoval Asset	
	2020	2019	2020	2019
Total Assets	844.232	840.262	56.368	49.093
Total Liabilities	6.102	34.247	2.998	2.935
Equity	838.130	806.015	53.370	46.158
Capital	623.597	623.597	1.554	1.554
Number of shares	54.225.800	54.225.800	36.875	36.875
Ownership interest - %	99,99%	99,99%	99,99%	99,99%
Adjusted investment	838.129	806.014	53.370	46.158
Net income for the year	30.397	27.248	7.213	5.476
<b>Share of profit (loss) of subsidiaries of the period</b>	<b>30.397</b>	<b>42.880</b>	<b>7.213</b>	<b>5.476</b>

b) Indirect subsidiaries

	IFP		SCC	
	2020	2019	2020	2019
Total Assets	258.330	261.481	13.914	13.613
Total Liabilities	19.308	18.992	179	199
Equity	239.022	242.489	13.735	13.414
Capital	260.020	260.020	10.020	10.020
Number of shares	260.020.000	260.020.000	10.020.000	10.020.000
Ownership interest - %	99,99%	99,99%	99,99%	99,99%
Adjusted investment	239.022	242.489	13.735	13.414
Net income for the year	(3.466)	(4.749)	320	386
<b>Share of profit (loss) of subsidiaries of the period <sup>(3)</sup></b>	<b>(3.466)</b>	<b>(4.749)</b>	<b>320</b>	<b>386</b>

	Treetop	
	2020	2019
Total Assets	106.646	78.864
Total Liabilities	121	-
Equity	106.525	78.864
Capital	13.868	10.756
Number of shares	2.668.585	2.668.585
Ownership interest - %	99,99%	99,99%
Adjusted investment	106.525	78.864
Net income for the year	4.015	6.989
<b>Share of profit (loss) of subsidiaries of the period <sup>(2)(3)</sup></b>	<b>25.943</b>	<b>8.923</b>

(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 December 31, 2020, income from exchange rate changes in the amount of R\$21,928 (income of R\$1,935 as at December 31, 2019) on the investment in Treetop was recognized in profit or loss of ACS Participações (direct parent company), mentioned in table 14.a).

(3) As at December 31, 2020, revenues from share of profit of investees amounts to R\$22,797 (revenue of R\$4,560 as at December 31, 2019) which were recognized in profit or loss of ACS Participações (direct parent company), as mentioned in table 14.a.

**15 - PROPERTY AND EQUIPMENT IN USE AND FOR OPERATING LEASE**

**a) Property and equipment in use**

	Bank				
	2020				2019
	Annual depreciation	Cost	Accumulated depreciation	Net amount	Net amount
Airplane	10%	75.865	(24.656)	51.209	58.795
Computers and peripherals	20%	19.637	(13.769)	5.868	4.652
Communications equipment	20%	717	(578)	139	197
Security equipment	10%	1.457	(1.019)	438	554
Facilities	10%	939	(658)	281	22
Furniture and equipment	10%	7.167	(4.791)	2.376	2.311
Vehicles	20%	2.888	(1.383)	1.505	1.385
<b>Total</b>		<b>108.670</b>	<b>(46.854)</b>	<b>61.816</b>	<b>67.916</b>

	Consolidated				
	2020				2019
	Annual depreciation	Cost	Accumulated depreciation	Net amount	Net amount
Properties	4%	2.642	(25)	2.617	2.140
Airplane	10%	75.865	(24.656)	51.209	58.795
Computers and peripherals	20%	20.841	(14.859)	5.982	4.652
Communications equipment	20%	997	(632)	365	424
Security equipment	10%	1.457	(1.019)	438	554
Facilities	10%	4.667	(1.144)	3.523	1.409
Furniture and equipment	10%	8.979	(5.600)	3.379	2.653
Vehicles	20%	4.426	(2.250)	2.176	2.182
<b>Total</b>		<b>119.874</b>	<b>(50.185)</b>	<b>69.689</b>	<b>72.809</b>

**b) Property and equipment for operating lease (Consolidated)**

		2020			2019	
		Annual depreciation	Acquisition cost	Accumulated depreciation	Allowance for impairment	Net value
Machinery and equipment	10%	263.483	(131.229)	(1.782)	130.472	94.531
Furniture	10%	2	-	-	2	-
Vehicles	20%	756	(580)	-	176	408
<b>Total</b>		<b>264.241</b>	<b>(131.809)</b>	<b>(1.782)</b>	<b>130.650</b>	<b>94.939</b>

**16 - REPURCHASE TRANSACTIONS AND FUNDING INSTRUMENTS**

**a) Breakdown of repurchase transaction by maturity (Bank and Consolidated)**

	2020	2019
	Up to 3 months	Up to 3 months
<b>Repurchase transactions</b>		
<b>Own portfolio</b>	<b>872.979</b>	<b>192.448</b>
Financial Treasury Bills (LFT)	725.978	-
National Treasury Bills (LTN)	45.637	-
Debentures	101.364	192.448
<b>Third-party portfolio</b>	<b>1.078.693</b>	<b>2.325.499</b>
National Treasury Bills (LTN)	-	427.535
National Treasury Notes (NTN)	1.078.693	1.897.964
<b>Total</b>	<b>1.951.672</b>	<b>2.517.947</b>

**b) Summary of fundraising instruments**

Below is the summary of fundraising instruments used by Daycoval:

	Bank		Consolidated	
	2020	2019	2020	2019
<b>Deposits</b>	<b>14.082.552</b>	<b>8.395.334</b>	<b>14.027.603</b>	<b>8.319.941</b>
Demand deposits	1.673.989	1.082.182	1.672.424	1.081.135
Interbank deposits	524.880	248.366	524.880	248.366
Time deposits	11.874.297	7.048.185	11.820.913	6.973.839
Other deposits	9.386	16.601	9.386	16.601
<b>Issuance of securities</b>	<b>18.460.459</b>	<b>12.629.252</b>	<b>17.923.783</b>	<b>12.103.164</b>
Mortgage loan notes	825.215	845.898	825.215	845.898
Agribusiness letter of credit	1.364.527	783.281	1.364.527	783.281
Financial bills	13.865.311	9.588.530	13.328.635	9.062.442
Foreign issuance	2.405.406	1.411.543	2.405.406	1.411.543
<b>Borrowings</b>	<b>4.668.752</b>	<b>3.687.403</b>	<b>4.668.752</b>	<b>3.687.403</b>
Foreign borrowings	4.503.902	3.462.187	4.503.902	3.462.187
Foreign-currency payables	164.850	225.216	164.850	225.216
<b>Subordinated debts</b>	<b>460.657</b>	<b>158.095</b>	<b>460.657</b>	<b>158.095</b>
Financial bills	460.657	158.095	460.657	158.095
<b>Total</b>	<b>37.672.420</b>	<b>24.870.084</b>	<b>37.080.795</b>	<b>24.268.603</b>

**c) Segregation of money market funding by term**

	Bank						2019 Total
	2020					Total	
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years		
<b>Deposits</b>	<b>2.965.205</b>	<b>2.118.511</b>	<b>8.074.796</b>	<b>878.147</b>	<b>45.893</b>	<b>14.082.552</b>	<b>8.395.334</b>
Demand deposits	1.673.989	-	-	-	-	1.673.989	1.082.182
Interbank deposits	83.942	114.663	60.854	263.261	2.160	524.880	248.366
Time deposits	1.197.888	2.003.848	8.013.942	614.886	43.733	11.874.297	7.048.185
Other deposits	9.386	-	-	-	-	9.386	16.601
<b>Issuance of securities</b>	<b>1.772.136</b>	<b>7.343.599</b>	<b>5.418.232</b>	<b>3.899.505</b>	<b>26.987</b>	<b>18.460.459</b>	<b>12.629.252</b>
Mortgage loan notes	234.652	332.430	249.098	3.121	5.914	825.215	845.898
Agribusiness letter of credit	354.616	534.249	469.893	5.769	-	1.364.527	783.281
Financial bills <sup>(1) (7)</sup>	1.182.868	6.471.571	4.699.241	1.490.558	21.073	13.865.311	9.588.530
Foreign issuance <sup>(2)</sup>	-	5.349	-	2.400.057	-	2.405.406	1.411.543
<b>Money market funding</b>	<b>867.243</b>	<b>2.222.593</b>	<b>1.560.289</b>	<b>15.289</b>	<b>3.338</b>	<b>4.668.752</b>	<b>3.687.403</b>
<b>Issuance of securities</b>	<b>844.160</b>	<b>2.168.719</b>	<b>1.491.023</b>	<b>-</b>	<b>-</b>	<b>4.503.902</b>	<b>3.462.187</b>
Foreign-currency payables <sup>(3)</sup>	539.884	438.240	-	-	-	978.124	894.107
Foreign borrowings <sup>(4) (5) (6)</sup>	304.276	1.730.479	1.491.023	-	-	3.525.778	2.568.080
<b>Domestic onlendings - official institutions</b>	<b>23.083</b>	<b>53.874</b>	<b>69.266</b>	<b>15.289</b>	<b>3.338</b>	<b>164.850</b>	<b>225.216</b>
BNDES	12.452	23.411	16.823	371	-	53.057	110.625
FINAME	10.631	30.463	52.443	14.918	3.338	111.793	114.591
<b>Subordinated debts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11.787</b>	<b>448.870</b>	<b>460.657</b>	<b>158.095</b>
Financial bills	-	-	-	11.787	448.870	460.657	158.095
<b>Total</b>	<b>5.604.584</b>	<b>11.684.703</b>	<b>15.053.317</b>	<b>4.804.728</b>	<b>525.088</b>	<b>37.672.420</b>	<b>24.870.084</b>

	Consolidated						2019 Total
	2020						
	Up to 3 months	3 to 12 Months	1 to 3 years	3 to 5 years	Over 5 years	Total	
<b>Deposits</b>	<b>2.963.443</b>	<b>2.118.511</b>	<b>8.070.770</b>	<b>828.986</b>	<b>45.893</b>	<b>14.027.603</b>	<b>8.319.941</b>
Demand deposits	1.672.424	-	-	-	-	1.672.424	1.081.135
Interbank deposits	83.942	114.663	60.854	263.261	2.160	524.880	248.366
Time deposits	1.197.691	2.003.848	8.009.916	565.725	43.733	11.820.913	6.973.839
Other deposits	9.386	-	-	-	-	9.386	16.601
<b>Issuance of securities</b>	<b>1.772.136</b>	<b>7.343.599</b>	<b>5.418.232</b>	<b>3.362.829</b>	<b>26.987</b>	<b>17.923.783</b>	<b>12.103.164</b>
Mortgage loan notes	234.652	332.430	249.098	3.121	5.914	825.215	845.898
Agribusiness letter of credit	354.616	534.249	469.893	5.769	-	1.364.527	783.281
Financial bills <sup>(1) (7)</sup>	1.182.868	6.471.571	4.699.241	953.882	21.073	13.328.635	9.062.442
Foreign issuance <sup>(2)</sup>	-	5.349	-	2.400.057	-	2.405.406	1.411.543
<b>Money market funding</b>	<b>867.243</b>	<b>2.222.593</b>	<b>1.560.289</b>	<b>15.289</b>	<b>3.338</b>	<b>4.668.752</b>	<b>3.687.403</b>
<b>Issuance of securities</b>	<b>844.160</b>	<b>2.168.719</b>	<b>1.491.023</b>	-	-	<b>4.503.902</b>	<b>3.462.187</b>
Foreign-currency payables <sup>(3)</sup>	539.884	438.240	-	-	-	978.124	894.107
Foreign borrowings <sup>(4) (5) (6)</sup>	304.276	1.730.479	1.491.023	-	-	3.525.778	2.568.080
<b>Domestic onlendings - official institutions</b>	<b>23.083</b>	<b>53.874</b>	<b>69.266</b>	<b>15.289</b>	<b>3.338</b>	<b>164.850</b>	<b>225.216</b>
BNDES	12.452	23.411	16.823	371	-	53.057	110.625
FINAME	10.631	30.463	52.443	14.918	3.338	111.793	114.591
<b>Subordinated debts</b>	-	-	-	<b>11.787</b>	<b>448.870</b>	<b>460.657</b>	<b>158.095</b>
Financial bills	-	-	-	11.787	448.870	460.657	158.095
<b>Total</b>	<b>5.602.822</b>	<b>11.684.703</b>	<b>15.049.291</b>	<b>4.218.891</b>	<b>525.088</b>	<b>37.080.795</b>	<b>24.268.603</b>

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

(2) At December 13, 2019 Daycoval issued US\$350 million in bonuses in the foreign market. On February 4, 2020 there was a new issuance additional thereto for US\$100 million in bonuses in the foreign market, both falling due on December 13, 2024. These instruments are remunerated at 4.25% p.a.

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

(4) As at December 31, 2020, includes foreign loan transactions, in the amount of US\$613 million (US\$533 million as at December 31, 2019) and €25 million (€25 million as at December 31, 2019), subject to hedge accounting of market risk (note 8), which carrying amount and fair value amount to R\$3,161,498 and R\$3,151,462, respectively (R\$2,209,441 and R\$2,205,726 as at December 31, 2019).

(5) In December 2019, Bank Daycoval S.A. concluded the funding in the amount of US\$425 million with BID Invest, a member of the Inter-American Development Bank targeted at the private sector. The loan mature between two and four years. Funds will be transferred to the corporate loan portfolio in accordance with the terms and conditions agreed upon among the parties such as, for example, the focus on small- and mid-sized entities, distribution to economic and social development areas, investment in energy efficiency and gender equality. These transactions are recognized in line item "Foreign borrowings".

(6) On July 8, 2020, Daycoval raised from International Finance Corporation – IFC the amount of US\$100 million, subject to hedge accounting.

(7) Includes the funding through Guaranteed Financial Bills, pursuant to CMN Resolution 4795/20, in the amount of R\$4,930,395.

#### Financial covenants

There was no breach of covenants related to loan agreements with the International Finance Corporation - IFC and Inter-American Investment Corporation - IIC, which, if not fulfilled, may cause the accelerated settlement of the agreements entered into between the Bank and these institutions.

#### d) Subordinated debts (Bank and Consolidated)

Capital level	Instruments of Funding	Dates of		Amount	Interest rate	Date of BACEN'S authorization to comprise Tier of Capital		
		issuance	maturity				2020	2019
Tier II	Financial bills	02/28/2018	03/05/2025	10	120% CDI	04/04/2018		
Tier II	Financial bills	10/30/2018	10/30/2028	135	122% CDI	11/30/2018		
Complementary Tier I	Financial bills	02/19/2020	Perpetual	50	135% CDI	04/15/2020		
Complementary Tier I	Financial bills	04/15/2020	Perpetual	240	150% CDI	06/10/2020		
							<b>2020</b>	<b>2019</b>
							<b>Total</b>	<b>Total</b>
Financial bills							460.657	158.095

**17 - OBLIGATION**

**a) Social and statutory**

	Bank		Consolidated	
	2020	2019	2020	2019
	Current	Current	Current	Current
Dividends and bonuses payable (Nota 20.d)	167.588	110.129	167.588	110.129
Profit sharing program	133.466	97.316	135.459	99.428
Bonus and profit sharing payable	120	-	120	-
<b>Total</b>	<b>301.174</b>	<b>207.445</b>	<b>303.167</b>	<b>209.557</b>

**b) Sundry**

	Bank			
	2020		2019	
	Current	Noncurrent	Current	Noncurrent
Cashier's checks	526	-	19.937	-
Creditors for unreleased resources	2.235	-	1.027	-
Payables to related party	1.108	-	-	-
Payables for sales operations and transfer of financial assets (Nota 9.h)	11.458	313	23.800	12.994
Accrued payments <sup>(1)</sup>	62.583	-	60.350	-
Sundry creditors <sup>(2)</sup>	107.763	-	184.876	-
<b>Total</b>	<b>185.673</b>	<b>313</b>	<b>289.990</b>	<b>12.994</b>

	Consolidated			
	2020		2019	
	Current	Noncurrent	Current	Noncurrent
Cashier's checks	526	-	19.937	-
Creditors for unreleased resources	2.235	-	1.027	-
Payables for sales operations and transfer of financial assets (Nota 9.h)	11.458	313	23.800	12.994
Investment funds quota obligations <sup>(3)</sup>	19.544	-	19.688	-
Accrued payments <sup>(1)</sup>	71.732	-	68.565	-
Sundry creditors <sup>(2)</sup>	113.330	-	193.736	1.259
<b>Total</b>	<b>218.825</b>	<b>313</b>	<b>326.753</b>	<b>14.253</b>

(1) As at December 31, 2020, line item "Accrued payments" (Bank and Consolidated) is comprised mainly of the following items: (i) personnel expenses in the amount of R\$28,338 for the Bank and R\$33,606 for the Consolidated (R\$24,051 for the Bank and R\$28,401 for the Consolidated as at December 31, 2019); (ii) expenses on trade payables in the amount of R\$14,567 for the Bank and R\$16,161 for the Consolidated (R\$14,264 for the Bank and R\$15,409 for the Consolidated as at December 31, 2019); and (iii) commissions payable in the amount of R\$18,283 for the Bank and Consolidated (R\$17,693 as at December 31, 2019 for the Bank and Consolidated).

(2) As at December 31, 2019, line item "Sundry creditors" (Bank and Consolidated) is comprised mainly of: (i) unreleased collections in the amount of R\$3,759 (R\$7,697 as at December 31, 2019); (ii) discounted noted partially received, in the amount of R\$22,788 (R\$19,968 as at December 31, 2019); (iii) commitments derived from credit card operations in the amount of R\$46,118 (R\$35,598 as at December 31, 2019); and (iv) trade payables to Daycoval Leasing in the amount of R\$3,376, for the Consolidated (R\$9,363 as at December 31, 2019).

(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**

Daycoval and its subsidiaries did not recognize contingent assets as at December 31, 2020 and 2019.

**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.p. 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 year ended December 31, 2020 and 2019 are broken down below:

	Bank		Consolidated	
	2020	2019	2020	2019
Legal obligation tax risks	1.656.548	1.530.665	1.657.360	1.530.665
Civil lawsuits	166.760	184.760	167.308	185.247
Labor lawsuits	62.809	59.619	75.856	73.522
<b>Total</b>	<b>1.886.117</b>	<b>1.775.044</b>	<b>1.900.524</b>	<b>1.789.434</b>

Risks	Year ended December 31, 2020							
	Bank				Consolidated			
	Balance at the beginning	Inflation adjustment	Recognition	Balance at the end of the	Balance at the beginning	Inflation adjustment	Recognition	Balance at the end of the
Tax	1.530.665	27.943	97.940	1.656.548	1.530.665	27.943	98.752	1.657.360
Civil	184.760	-	(18.000)	166.760	185.247	-	(17.939)	167.308
Labor	59.619	-	3.190	62.809	73.522	-	2.334	75.856
<b>Total</b>	<b>1.775.044</b>	<b>27.943</b>	<b>83.130</b>	<b>1.886.117</b>	<b>1.789.434</b>	<b>27.943</b>	<b>83.147</b>	<b>1.900.524</b>

Risks	Year ended December 31, 2019							
	Bank				Consolidated			
	Balance at the beginning	Inflation adjustment	Recognition (rever	Balance at the end of the	Balance at the beginning	Inflation adjustment	Recognition (rever	Balance at the end of the
Tax	1.907.489	71.182	(448.006)	1.530.665	1.907.489	71.182	(448.006)	1.530.665
Civil	164.459	-	20.301	184.760	164.602	-	20.645	185.247
Labor	53.639	-	5.980	59.619	72.405	-	1.117	73.522
<b>Total</b>	<b>2.125.587</b>	<b>71.182</b>	<b>(421.725)</b>	<b>1.775.044</b>	<b>2.144.496</b>	<b>71.182</b>	<b>(426.244)</b>	<b>1.789.434</b>

**c) Escrow deposits for tax, civil and labor risks**

	Bank		Consolidated	
	2020	2019	2020	2019
Tax	1.387.002	1.270.531	1.387.002	1.270.531
Civil	36.693	29.357	36.693	29.387
Labor	14.931	8.689	18.193	11.011
<b>Total</b>	<b>1.438.626</b>	<b>1.308.577</b>	<b>1.441.888</b>	<b>1.310.929</b>

**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 from the extinguishment of the inflation adjustment to the balance sheet and twice PAT deduction, the amount accrued totaling R\$25,646 (R\$22,225 as at December 31, 2019). Total escrow deposits for these challenges amounts to R\$22,512 (R\$22,225 as at December 31, 2019). In November 2019, the 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.

**Social contribution tax**

(i) Challenges the effect from the extinguishment of the inflation adjustment to the balance sheet and challenges the requirement of a different tax rate. In November 2019, the 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; and (ii) challenges the increase in tax rate from 9% to 15%, prescribed by Provisional Act 413/08, passed into Law 11727/08, and from 15% to 20%, as prescribed by Law 13169/15, which amends Law 7689/88, the latter amendment related to the period between September 1, 2015 and December 31, 2019. The amount accrued amounts to R\$809,381 (R\$696,875 as at December 31, 2019) and the total escrow deposits for this lawsuit amount to R\$755,499 (R\$646,534 as at December 31, 2019).

**COFINS**

Challenges the constitutionality of Law 9718/98. The amount accrued amounts to R\$684,488 (R\$673,875 as at December 31, 2019) and the total escrow deposits for this lawsuit amount to R\$499,762 (R\$491,166 as at December 31, 2019).

**PIS**

Challenges the application of Law 9718/98 and the tax authorities' requirement of calculation of the PIS tax basis in noncompliance with Constitutional Amendments 01/94, 10/96 and 17/97. The amount accrued amounts to R\$103,412 (R\$104,429 as at December 31, 2019) and the total escrow deposits for this lawsuit amount to R\$105,594 (R\$106,971 as at December 31, 2019).

The provision for other legal liabilities amounts to R\$3,635 (R\$3,635 as at December 31, 2019) and the total escrow deposits for this lawsuit 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:**

**AIM No. 4.012.543-9** in the amount of R\$74,729 is assessed as remote loss, the likelihood of favorable outcome of which is supported by the signature of ICMS Agreement No. 36 and ratified by São Paulo State Decrees No. 56045/2010 and No. 56952/2013. Of the original tax assessment amount which amounted to R\$54,148, the amount of R\$6,322, relating to the States of Santa Catarina and Alagoas, was assessed as possible loss and subject to payment under the Special Installment Program (PEP) enacted by the São Paulo State government through Decree 60444/2014. The balance of remote loss of R\$47,826 refers to the State of Espírito Santo.

**Case No. 0030121-4.2011.8.16.0021** - ISS Tax Execution from the municipality of Cascavel-PR, in the amount of R\$36, assessed as remote loss, which aims at the collection of ISS relating to lease transactions conducted with customers located in that municipality.

**Case No. 0030121-4.2011.8.16.0021** - ISS Tax Execution from the municipality of Uberlândia-MG, in the amount of R\$234, assessed as remote loss, which aims at the collection of ISS relating to lease transactions conducted with customers located 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 December 31, 2020, the civil lawsuits correspond to an approximate risk of R\$38,143 for the Bank and Consolidated (R\$30,625 for the Bank and Consolidated as at December 31, 2019).

As at December 31, 2020, labor lawsuits assessed as possible loss amount to R\$502 for the Bank and R\$503 for the Consolidated (R\$1,938 for the Bank and Consolidated as at December 31, 2019).

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 <sup>(1)</sup>	20,00%
Social contribution - non-financial institutions <sup>(2)</sup>	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	
	2020	2019	2020	2019
<b>Current taxes</b>				
<b>Profit before taxes on income and profit sharing</b>	<b>1.827.777</b>	<b>1.291.756</b>	<b>1.893.794</b>	<b>1.344.953</b>
Charges (IR and CSLL) at effective rates	(822.500)	(516.702)	(852.207)	(537.981)
<b>Additions and Deductions</b>				
Equity in subsidiaries	49.661	43.753	-	-
Interest on capital	78.095	78.858	78.095	78.858
Non-deductible expenses net of non-taxable revenues	(1.185)	(7.221)	9.004	1.488
CSLL rate difference	18.850	114.071	19.828	115.195
Other values	31.918	15.731	34.102	17.733
<b>Income tax and social contribution for the period</b>	<b>(645.161)</b>	<b>(271.510)</b>	<b>(711.178)</b>	<b>(324.707)</b>
Current tax	(674.291)	(582.528)	(719.387)	(618.956)
Deferred tax	29.130	311.018	8.209	294.249

Tax expenses

ii

	Bank		Consolidated	
	2020	2019	2020	2019
Contributions to COFINS	(140.478)	(115.906)	(151.488)	(126.934)
Contributions to PIS / PASEP	(22.828)	(18.835)	(24.831)	(20.808)
ISS	(10.822)	(10.328)	(22.263)	(28.196)
Other tax expenses	(6.913)	(7.094)	(7.424)	(7.622)
<b>Total</b>	<b>(181.041)</b>	<b>(152.163)</b>	<b>(206.006)</b>	<b>(183.560)</b>

**b) Tax assets and liabilities**

	Bank		Consolidated	
	2020	2019	2020	2019
<b>Tax assets</b>				
<b>Current</b>				
Taxes and contributions for offset <sup>(1)</sup>	193.975	159.094	220.528	190.549
Recoverable income tax	-	-	19	-
<b>Deferred</b>				
Tax credits (note 19.d)	1.434.423	1.307.461	1.447.726	1.319.417
<b>Total</b>	<b>1.628.398</b>	<b>1.466.555</b>	<b>1.668.254</b>	<b>1.509.966</b>
<b>Tax liabilities</b>				
<b>Current</b>				
Provision for income tax on income	622.640	529.459	670.861	568.081
Provision for social contribution on income	375.989	357.408	391.594	372.914
Taxes and contributions payable	206.547	135.072	233.817	153.557
	40.104	36.979	45.450	41.610
<b>Deferred</b>				
Tax liabilities (note 19.d)	310.769	229.921	369.981	266.897
<b>Total</b>	<b>933.409</b>	<b>759.380</b>	<b>1.040.842</b>	<b>834.978</b>

(1) As at December 31, 2020, line item "Taxes and contributions for offset" comprise mainly prepaid income tax and social contribution in the amount of R\$191,462 (R\$156,849 at December 31, 2019) for the Bank, and R\$206,646 (R\$168,884 at December 31, 2019), for the Consolidated.

c) **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 December 31, 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\$8,040 (R\$6,607 as at December 31, 2019).

d) **Origin of tax credits and deferred tax liabilities:**

	Year ended December 31, 2020							
	Bank				Consolidated			
	2019	Recognition	Realization	2020	2019	Recognition	Realization	2020
<b>Tax Credits</b>								
<b>Deferred income tax and social contribution on:</b>								
Provision for tax risks	181.760	-	-	<b>181.760</b>	181.993	365	-	<b>182.358</b>
Allowance for loan losses	690.077	161.131	(89.618)	<b>761.590</b>	700.189	163.896	(90.627)	<b>773.458</b>
Adjustment to fair value of securities and derivatives	56.800	1.296.970	(1.244.888)	<b>108.882</b>	56.800	1.297.006	(1.244.889)	<b>108.917</b>
Inflation adjustment of contingencies	246.831	12.939	-	<b>259.770</b>	246.831	12.939	-	<b>259.770</b>
Other temporary additions	131.993	16.416	(25.988)	<b>122.421</b>	133.604	17.542	(27.923)	<b>123.223</b>
<b>Total tax credits on temporary differences</b>	<b>1.307.461</b>	<b>1.487.456</b>	<b>(1.360.494)</b>	<b>1.434.423</b>	<b>1.319.417</b>	<b>1.491.748</b>	<b>(1.363.439)</b>	<b>1.447.726</b>
	<b>2019</b>	<b>Recognition</b>	<b>Realization</b>	<b>2020</b>	<b>2019</b>	<b>Recognition</b>	<b>Realization</b>	<b>2020</b>
<b>Deferred tax liabilities</b>								
<b>Deferred income tax and social contribution on:</b>								
Adjustment to fair value of securities and derivatives	17.940	930.636	(871.867)	<b>76.709</b>	17.940	930.636	(871.867)	<b>76.709</b>
Unrealized profit (loss) on derivatives	4.770	275.517	(268.725)	<b>11.562</b>	4.770	275.517	(268.725)	<b>11.562</b>
Deferred income tax on excess depreciation	-	-	-	-	36.976	22.236	-	<b>59.212</b>
Amortization of negative goodwill on the acquisition of Daycoval Leasing	12.746	3.106	-	<b>15.852</b>	12.746	3.106	-	<b>15.852</b>
Inflation adjustment of escrow deposits	194.465	12.181	-	<b>206.646</b>	194.465	12.181	-	<b>206.646</b>
<b>Total deferred tax liabilities on temporary differences</b>	<b>229.921</b>	<b>1.221.440</b>	<b>(1.140.592)</b>	<b>310.769</b>	<b>266.897</b>	<b>1.243.676</b>	<b>(1.140.592)</b>	<b>369.981</b>

	Year ended December 31, 2019							
	Bank				Consolidated			
	2018	Recognition	Realization	2019	2018	Recognition	Realization	2019
<b>Tax Credits</b>								
<b>Deferred income tax and social contribution on:</b>								
Provision for tax risks	162.042	19.718	-	<b>181.760</b>	164.936	20.897	(3.840)	<b>181.993</b>
Allowance for loan losses	463.466	413.600	(186.989)	<b>690.077</b>	467.903	419.801	(187.515)	<b>700.189</b>
Adjustment to fair value of securities and derivatives	24.235	152.706	(120.141)	<b>56.800</b>	24.235	152.706	(120.141)	<b>56.800</b>
Inflation adjustment of contingencies	278.972	55.899	(88.040)	<b>246.831</b>	278.972	55.899	(88.040)	<b>246.831</b>
Other temporary additions	97.142	47.973	(13.122)	<b>131.993</b>	98.778	48.679	(13.853)	<b>133.604</b>
<b>Total tax credits on temporary differences</b>	<b>1.025.857</b>	<b>689.896</b>	<b>(408.292)</b>	<b>1.307.461</b>	<b>1.034.824</b>	<b>697.982</b>	<b>(413.389)</b>	<b>1.319.417</b>
	<b>2018</b>	<b>Recognition</b>	<b>Realization</b>	<b>2019</b>	<b>2018</b>	<b>Recognition</b>	<b>Realization</b>	<b>2019</b>
<b>Deferred tax liabilities</b>								
<b>Deferred income tax and social contribution on:</b>								
Adjustment to fair value of securities and derivatives	12.257	54.729	(49.046)	<b>17.940</b>	12.257	54.729	(49.046)	<b>17.940</b>
Unrealized profit (loss) on derivatives	6.660	20.197	(22.087)	<b>4.770</b>	6.660	20.197	(22.087)	<b>4.770</b>
Deferred income tax on excess depreciation	-	-	-	-	17.220	19.756	-	<b>36.976</b>
Amortization of negative goodwill on the acquisition of Daycoval Leasing	8.569	4.177	-	<b>12.746</b>	8.569	4.177	-	<b>12.746</b>
Inflation adjustment of escrow deposits	228.786	48.416	(82.737)	<b>194.465</b>	228.786	48.416	(82.737)	<b>194.465</b>
<b>Total deferred tax liabilities on temporary differences</b>	<b>256.272</b>	<b>127.519</b>	<b>(153.870)</b>	<b>229.921</b>	<b>273.492</b>	<b>147.275</b>	<b>(153.870)</b>	<b>266.897</b>

e) Estimated realization of tax credits:

	Bank					
	2020			2019		
	Temporary differences		Total	Temporary differences		Total
Income Tax	Social contribution	Income Tax		Social contribution		
Up to 1 year	242.405	193.928	436.333	215.824	172.306	388.130
Up to 2 years	210.725	168.583	379.308	185.038	148.038	333.076
Up to 3 years	5.311	4.249	9.560	6.377	5.690	12.067
Up to 4 years	14.737	11.788	26.525	3.317	2.654	5.971
Up to 5 years	319.199	252.186	571.385	317.301	250.668	567.969
Over 5 years	6.285	5.027	11.312	138	110	248
<b>Total</b>	<b>798.662</b>	<b>635.761</b>	<b>1.434.423</b>	<b>727.995</b>	<b>579.466</b>	<b>1.307.461</b>

	Consolidated					
	2020			2019		
	Temporary differences		Total	Temporary differences		Total
Income Tax	Social contribution	Income Tax		Social contribution		
Up to 1 year	247.059	197.651	444.710	219.828	175.323	395.151
Up to 2 years	212.459	169.970	382.429	186.640	149.330	335.970
Up to 3 years	5.957	4.766	10.723	7.129	6.257	13.386
Up to 4 years	15.015	12.005	27.020	3.622	2.884	6.506
Up to 5 years	319.280	252.252	571.532	317.408	250.748	568.156
Over 5 years	6.285	5.027	11.312	138	110	248
<b>Total</b>	<b>806.055</b>	<b>641.671</b>	<b>1.447.726</b>	<b>734.765</b>	<b>584.652</b>	<b>1.319.417</b>

As at December 31, 2020, the present value of total tax credits is R\$1,305,721 for the Bank (R\$1,167,212 as at December 31, 2019) and R\$1,318,531 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 December 31, 2020, the Bank's capital amounts to R\$3,557,260, fully subscribed and paid in, divided into 1,890,672,918 registered shares, comprised of 1,323,471,042 common shares and 567,201,876 preferred shares (R\$2,253,595 as at December 31, 2019, fully subscribed and paid in, comprised of 230,820,429 common shares, all registered, book-entry and without par value).

**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:**

	2020	2019
<b>Common shares - at the beginning of the year</b>	<b>230.820.429</b>	<b>230.820.429</b>
Conversion of common shares into preferred shares <sup>(1)</sup>	(94.533.646)	-
Stock bonus due to capital increase <sup>(2)</sup>	84.291.724	-
Share split <sup>(3)</sup>	1.102.892.535	-
<b>Common shares - at the end of the year</b>	<b>1.323.471.042</b>	<b>230.820.429</b>
<b>Preferred shares - at the beginning of the year</b>	<b>-</b>	<b>-</b>
Conversion of common shares into preferred shares <sup>(1)</sup>	94.533.646	-
Share split <sup>(3)</sup>	472.668.230	-
<b>Preferred shares - at the end of the year</b>	<b>567.201.876</b>	<b>-</b>
<b>Total shares at the end of the year</b>	<b>1.890.672.918</b>	<b>230.820.429</b>

*(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:**

	2020	% <sup>(1)</sup>	2019	% <sup>(1)</sup>
<b>Net profit</b>	<b>1.182.616</b>		<b>1.020.246</b>	
(-) Constitution of legal reserve	(59.131)		(51.012)	
<b>Adjusted calculation basis</b>	<b>1.123.485</b>		<b>969.234</b>	
Gross interest on capital	173.545		197.146	
(-) Withholding income tax relating to interest on capital	(26.032)		(29.571)	
Amount of mandatory dividends	133.358		74.735	
<b>Net interest on capital</b>	<b>280.871</b>	25,00	<b>242.310</b>	25,00

*(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 December 31, 2020 and year 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:

2020						
Board of Director's Meeting Date	Availability date	Price per share		Gross amount	IRRF	Net amount
		ON	PN			
12/30/2020	01/15/2021	0,02130	0,02130	40.271	(6.040)	34.231
09/30/2020	10/15/2020	0,02300	0,02300	43.486	(6.523)	36.963
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
<b>Total</b>				<b>173.545</b>	<b>(26.032)</b>	<b>147.513</b>

2019						
Board of Director's Meeting Date	Availability date	Price per share		Gross amount	IRRF	Net amount
		ON	PN			
12/30/2019	01/15/2020	0,1804	-	41.640	(6.246)	35.394
09/30/2019	10/15/2019	0,2132	-	49.216	(7.382)	41.834
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
<b>Total</b>				<b>197.146</b>	<b>(29.571)</b>	<b>167.575</b>

iii Additional dividends proposed for prior-years:

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.

iv Dividends:

For the year ended December 31, 2020, the distribution of mandatory minimum dividends in the amount of R\$133,358 was approved, pursuant to the bylaws, at the meeting of the Board of Directors held on February 9, 2021.

v Prior-year dividends:

According to Meetings of the Board of Directors, held on October 8 and November 8, 2019, the distributions of dividends on prior-year profit were discussed and approved, at the individual and equal amounts of R\$150,001, totaling R\$300,002 at the ratio of R\$0.64986 per share, which payments were made on October 15 and November 11, 2019, respectively.

e) Earnings reserves

	2020	2019
Legal reserve <sup>(1) (4)</sup>	59.131	254.751
Statutory reserves <sup>(2) (4)</sup>	816.582	1.047.772
Special reserves <sup>(3) (4)</sup>	-	125.266
<b>Total</b>	<b>875.713</b>	<b>1.427.789</b>

(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

	2020	2019
<b>Profit attributable to shareholders</b>	1.182.616	1.020.246
<b>Profit attributable each group of shares</b>		
Common shares	827.831	714.172
Preferred shares	354.785	306.074
<b>Weighted average number of shares issued and comprising the capital <sup>(1)</sup></b>		
Common shares	1.323.471.042	1.323.471.042
Preferred shares	567.201.876	567.201.876
<b>Basic earnings per shares</b>		
Common shares	0,6255	0,5396
Preferred shares	0,6255	0,5396
<b>Diluted earnings per shares</b>		
Common shares	0,6255	0,5396
Preferred shares	0,6255	0,5396

(1) The weighted average number of shares was calculated based on the variations of shares during the December 31, 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 CMN Resolution 4818/20.

**21 - INCOME STATEMENTS**

**INCOME FROM FINANCIAL INTERMEDIATION**

**a) Lending operations**

	Bank		Consolidated	
	2020	2019	2020	2019
<b>Lending operations</b>	<b>3.682.846</b>	<b>3.088.095</b>	<b>3.700.625</b>	<b>3.100.276</b>
Advance on deposits	7.421	6.145	7.421	6.145
Secured account / overdraft account	344.741	398.525	344.741	398.525
Discounted notes	194.491	154.102	194.491	154.102
Onlending - Resolution 3844/10	15.997	8.441	15.997	8.441
Working capital	662.041	553.055	662.041	553.055
Export Credit Notes - CCE	183.090	134.882	183.090	134.882
Onlending – BNDES	10.041	25.267	10.041	25.267
Onlending – FINAME	12.000	11.275	12.000	11.275
Rural credit	17.122	7.731	17.122	7.731
Financing with intervenience	16.272	12.923	16.272	12.923
Foreign currency financing	44.675	12.691	44.675	12.691
Payroll-deductible loans	1.611.309	1.458.424	1.611.309	1.458.424
Vehicle financing	315.414	254.514	315.414	254.514
Real estate financing	375	55	375	55
Daypag - desconto de cheques despachantes	255	564	255	564
Other lending operations	245.235	40.403	263.014	52.587
Loan origination income	2.367	9.098	2.367	9.095
<b>Result of lease operations</b>	<b>-</b>	<b>-</b>	<b>156.810</b>	<b>152.361</b>
<b>Revenue from leasing</b>	<b>-</b>	<b>-</b>	<b>577.037</b>	<b>472.518</b>
Finance leasing - internal resources	-	-	478.604	388.291
Operating leasing - internal resources	-	-	73.780	57.492
Finance leasing - external resources	-	-	-	8
Operating leasing - external resources	-	-	-	37
Gain on disposal of leased assets	-	-	24.653	26.690
<b>Expenses on leasing</b>	<b>-</b>	<b>-</b>	<b>(420.227)</b>	<b>(320.157)</b>
Finance leasing - internal resources	-	-	(360.223)	(280.556)
Operating leasing - internal resources	-	-	(2.169)	(242)
Loss on disposal of leased assets	-	-	(57.835)	(39.359)
<b>Other transactions with loan characteristics</b>	<b>392.882</b>	<b>389.656</b>	<b>392.882</b>	<b>389.656</b>
Advance on foreign exchange contracts / advance on export contracts	50.887	41.784	50.887	41.784
Income from acquisition of receivables without right of recourse	341.995	347.872	341.995	347.872
<b>Recoveries from lending and leasing operations</b>	<b>120.464</b>	<b>148.500</b>	<b>124.110</b>	<b>149.303</b>
Recovery of credits previously written off as loss (Note 9.e)	120.464	148.500	120.464	148.500
Recovery of credits previously written off as loss (Note 9.e) - Leases	-	-	3.646	803
<b>Total</b>	<b>4.196.192</b>	<b>3.626.251</b>	<b>4.374.427</b>	<b>3.791.596</b>

**b) Operations with securities and derivatives**

	Bank		Consolidated	
	2020	2019	2020	2019
<b>Securities transactions</b>				
Fixed-income securities	92.739	96.647	100.394	104.357
Variable-income securities	86	10	86	21
Investments in investment fund units	1.714	6.484	3.448	21.327
Gain (loss) on sale of securities	522	769	522	769
Fair value adjustments	(2.465)	(3.097)	(4.160)	(1.825)
Foreign investments	45.364	8.500	45.364	8.500
Devaluation of investments in investment fund shares	(976)	(41)	(976)	(41)
<b>Total</b>	<b>136.984</b>	<b>109.272</b>	<b>144.678</b>	<b>133.108</b>
<b>Derivatives</b>				
<b>Earnings</b>				
Swap	4.434.927	1.598.270	4.434.927	1.598.270
Currency forward	881.934	290.395	881.934	290.395
Future	577.260	203.764	577.260	203.764
Options	45.099	3.477	45.099	3.477
<b>Losses</b>				
Swap	(3.271.115)	(1.697.326)	(3.271.115)	(1.697.326)
Currency forward	(633.841)	(266.087)	(633.841)	(266.087)
Future	(743.606)	(325.970)	(743.606)	(325.970)
Options	(60.991)	(1.765)	(60.991)	(1.765)
<b>Total (1)</b>	<b>1.229.667</b>	<b>(195.242)</b>	<b>1.229.667</b>	<b>(195.242)</b>
<b>Total</b>	<b>1.366.651</b>	<b>(85.970)</b>	<b>1.374.345</b>	<b>(62.134)</b>

(1) As at December 31, 2020, income (loss from derivative instruments includes net gain on mark-to-market in the amount of R\$131,902 (net losses on mark-to-market in the amount of R\$21,995 as at December 31, 2019) for the Bank and Consolidated.

c) Interbank accounts

	Bank		Consolidated	
	2020	2019	2020	2019
<b>Repurchase operations (assets)</b>	<b>164.164</b>	<b>285.720</b>	<b>164.164</b>	<b>285.720</b>
Own portfolio	109.039	222.116	109.039	222.116
Third-party portfolio	55.125	63.604	55.125	63.604
<b>Repurchase operations (liabilities)</b>	<b>(64.408)</b>	<b>(126.362)</b>	<b>(64.408)</b>	<b>(126.362)</b>
Own portfolio	(7.876)	(9.298)	(7.876)	(9.298)
Third party portfolio	(56.532)	(117.064)	(56.532)	(117.064)
<b>Result of repurchase operations</b>	<b>99.756</b>	<b>159.358</b>	<b>99.756</b>	<b>159.358</b>
<b>Interbank deposits</b>				
Fixed rate	31.211	50.452	9.569	19.640
Variable rate	3.255	-	3.255	-
<b>Total</b>	<b>34.466</b>	<b>50.452</b>	<b>12.824</b>	<b>19.640</b>
<b>Total</b>	<b>134.222</b>	<b>209.810</b>	<b>112.580</b>	<b>178.998</b>

d) Foreign exchange operations

	Bank		Consolidated	
	2020	2019	2020	2019
Income from foreign exchange operations	(108.248)	52.411	(108.248)	52.411
Expenses on foreign exchange operations	(49.109)	(45.796)	(35.298)	(32.670)
Exchange rate changes	283.884	156.474	283.883	156.474
<b>Total</b>	<b>126.527</b>	<b>163.089</b>	<b>140.337</b>	<b>176.215</b>

EXPENSES ON FINANCIAL INTERMEDIATION

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

	Bank		Consolidated	
	2020	2019	2020	2019
<b>Interbank Deposits</b>	<b>(16.495)</b>	<b>(20.349)</b>	<b>(16.495)</b>	<b>(20.349)</b>
Fixed	(960)	(125)	(960)	(125)
Floating	(15.535)	(20.224)	(15.535)	(20.224)
<b>Time deposits</b>	<b>(252.349)</b>	<b>(304.517)</b>	<b>(250.610)</b>	<b>(299.519)</b>
Fixed	(7.512)	(6.663)	(6.505)	(4.932)
Floating	(227.526)	(284.679)	(226.794)	(281.412)
Linked to asset operations (CMN Resolution 2921/02) (Note 9.g)	(1.956)	(4.205)	(1.956)	(4.205)
Exchange variation	(33)	(95)	(33)	(95)
Expenses with contribution to deposit insurance fund	(15.322)	(8.875)	(15.322)	(8.875)
<b>Total</b>	<b>(268.844)</b>	<b>(324.866)</b>	<b>(267.105)</b>	<b>(319.868)</b>
<b>Issuance of securities in Brazil</b>				
<b>Letras de crédito imobiliário</b>	<b>(27.341)</b>	<b>(52.058)</b>	<b>(27.341)</b>	<b>(52.058)</b>
Fixed	(4.254)	(5.212)	(4.254)	(5.212)
Floating	(23.087)	(46.846)	(23.087)	(46.846)
<b>Letras de crédito do agronegócio</b>	<b>(25.794)</b>	<b>(42.526)</b>	<b>(25.794)</b>	<b>(42.526)</b>
Fixed	(2.772)	(4.077)	(2.772)	(4.077)
Floating	(23.022)	(38.449)	(23.022)	(38.449)
<b>Financial Bills</b>	<b>(346.240)</b>	<b>(647.446)</b>	<b>(328.495)</b>	<b>(610.895)</b>
Fixed	(48.450)	(43.415)	(48.450)	(43.415)
Floating	(297.790)	(604.031)	(280.045)	(567.480)
<b>Total</b>	<b>(399.375)</b>	<b>(742.030)</b>	<b>(381.630)</b>	<b>(705.479)</b>
<b>Issuance of securities abroad</b>				
Interest	(110.398)	(31.706)	(109.709)	(31.132)
Exchange variation	(486.392)	51.511	(486.392)	51.511
Adjustment to fair value of hedged issuance	(70.380)	(1.918)	(70.380)	(1.918)
<b>Total</b>	<b>(667.170)</b>	<b>17.887</b>	<b>(666.481)</b>	<b>18.461</b>
<b>Total</b>	<b>(1.066.545)</b>	<b>(724.143)</b>	<b>(1.048.111)</b>	<b>(687.018)</b>

f) Borrowings and onlendings (Bank e Consolidated)

	2020	2019
<b>Foreign borrowings</b>	<b>(713.270)</b>	<b>(18.266)</b>
Interest	(89.449)	(39.989)
Exchange variation	(630.142)	15.483
Adjustment to fair value of hedged loans	6.321	6.240
<b>Obligation with Bank abroad</b>	<b>(261.395)</b>	<b>(45.470)</b>
Interest	(28.766)	(26.247)
Exchange variation	(232.629)	(19.223)
<b>Onlending operations</b>	<b>(13.653)</b>	<b>(22.652)</b>
BNDES	(5.644)	(15.421)
FINAME	(8.009)	(7.231)
<b>Total</b>	<b>(988.318)</b>	<b>(86.388)</b>

**OTHER OPERATING INCOME (EXPENSES)**

**g) Income from service provision**

	Bank		Consolidated	
	2020	2019	2020	2019
Bank fees	112.861	126.451	112.865	126.462
Income from financial guarantees provided	35.060	24.269	35.060	24.269
Asset management <sup>(1)</sup>	11.561	1.323	30.184	17.008
Other services	61.364	48.083	62.579	49.189
<b>Total</b>	<b>220.846</b>	<b>200.126</b>	<b>240.688</b>	<b>216.928</b>

*(1) Includes income from management, administration, custody and controllership services for investment funds and clubs.*

**h) Personnel expenses**

	Bank		Consolidated	
	2020	2019	2020	2019
Executive Committee's and Board of Directors' compensation	(73.814)	(58.390)	(76.878)	(60.749)
Benefits	(63.634)	(54.863)	(74.338)	(64.573)
Social security charges	(81.044)	(69.117)	(92.453)	(78.877)
Proceeds	(210.298)	(181.183)	(242.092)	(212.937)
Training	(157)	(172)	(165)	(174)
Interns' compensation	(1.139)	(1.228)	(1.154)	(1.284)
<b>Total</b>	<b>(430.086)</b>	<b>(364.953)</b>	<b>(487.080)</b>	<b>(418.594)</b>

**i) Other administrative expenses**

	Bank		Consolidated	
	2020	2019	2020	2019
Public utilities (water, power and gas)	(2.260)	(2.385)	(2.996)	(3.182)
Rent and insurance	(19.093)	(19.424)	(19.948)	(20.314)
Communication	(11.990)	(10.120)	(13.710)	(11.549)
Charitable contributions	(19.395)	(6.065)	(20.954)	(6.871)
Maintenance and upkeep of asset	(4.605)	(6.566)	(5.866)	(7.374)
Consumables	(1.830)	(2.908)	(2.126)	(3.218)
Data processing	(94.100)	(75.222)	(96.737)	(77.570)
Promotions, advertising and publications	(27.390)	(37.449)	(28.666)	(38.851)
Outside, technical and specialized services <sup>(1)</sup>	(330.200)	(356.440)	(305.133)	(322.208)
Other administrative expenses	(54.942)	(57.691)	(56.684)	(61.577)
<b>Total</b>	<b>(565.805)</b>	<b>(574.270)</b>	<b>(552.820)</b>	<b>(552.714)</b>

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

**j) Other operating income**

	Bank		Consolidated	
	2020	2019	2020	2019
Exchange rate changes <sup>(1)</sup>	28.056	10.936	66.200	26.521
Inflation adjustment of escrow deposits	28.525	69.045	28.610	69.418
Other operating income	6.173	9.154	16.882	13.682
Recovery of charges and expenses	-	-	-	204
<b>Total</b>	<b>62.754</b>	<b>89.135</b>	<b>111.692</b>	<b>109.825</b>
Exchange rate changes	(8.476)	(6.409)	(24.441)	(19.331)
Other operating income <sup>(2)</sup>	(88.219)	(73.497)	(88.822)	(81.513)
Interest expense	(710)	(15.222)	(778)	(15.223)
<b>Total</b>	<b>(97.405)</b>	<b>(95.128)</b>	<b>(114.041)</b>	<b>(116.067)</b>
<b>Total</b>	<b>(34.651)</b>	<b>(5.993)</b>	<b>(2.349)</b>	<b>(6.242)</b>

*(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 year ended December 31, 2020 are mainly broken down as follows: (i) discounts and reimbursements in loan operations - R\$53,111 for the Bank and Consolidated (R\$31,345 for the Bank and Consolidated as at December 31, 2019); and (ii) settlement of lawsuits - R\$21,778 for the Bank and Consolidated (R\$14,272 for the Bank and R\$14,748 for the and Consolidated as at December 31, 2019).*

**k) Regulatory non-recurring profit (Bank and Consolidated)**

	2020	2019
<b>Profit for the year</b>	<b>1.182.616</b>	<b>1.020.246</b>
<b>Regulatory non-recurring result</b>		
Amortization of negative goodwill on acquisition of another financial institution	(3.796)	(4.141)
Increase of CSLL rate in the tax credit (note 19.c)	-	(114.071)
<b>Regulatory recurring profit</b>	<b>1.178.820</b>	<b>902.034</b>

## 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 December 31, 2020, and December 31, 2019:

Transactions	Bank			
	2020		2019	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
<b>Interbank deposits</b>	<b>793.164</b>	<b>(21.642)</b>	<b>677.538</b>	<b>30.812</b>
<b>Direct subsidiaries</b>	<b>793.164</b>	<b>(21.642)</b>	<b>677.538</b>	<b>30.812</b>
Daycoval Leasing - Bank Múltiplo S.A.	793.164	(21.642)	677.538	30.812
<b>Lending operations</b>	-	-	<b>402</b>	<b>2</b>
Key management personnel	-	-	321	2
Other related parties	-	-	81	-
<b>Time deposits</b>	<b>(5.232)</b>	-	<b>(3.526)</b>	-
<b>Direct subsidiaries</b>	<b>(97)</b>	-	<b>(290)</b>	-
ACS Participações Ltda.	(19)	-	(28)	-
Daycoval Asset Management Ltda.	(13)	-	(48)	-
Daycoval Leasing - Banco Múltiplo S.A.	(13)	-	(193)	-
Dayprev Vida e Previdência S.A.	(52)	-	(21)	-
<b>Indirect subsidiaries</b>	<b>(1.302)</b>	-	<b>(756)</b>	-
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(436)	-	(391)	-
SCC Agência de Turismo Ltda.	(2)	-	(11)	-
Treetop Investments Ltd.	(864)	-	(354)	-
<b>Other associates</b>	<b>(8)</b>	-	<b>(14)</b>	-
3SV Adm. de Bens Participações Ltda	(2)	-	-	-
Daycoval Metais Ltda.	(2)	-	-	-
Parateí Agropecuária e Imobiliária Ltda.	(1)	-	(3)	-
Shtar Empreendimentos e Participações S.A.	(1)	-	(5)	-
Valco Adm. Part. e Representações Ltda.	-	-	(6)	-
Yona Participações Ltda.	(2)	-	-	-
<b>Other related parties – individuals</b>	<b>(3.825)</b>	-	<b>(2.466)</b>	-
<b>Interbank deposits</b>	<b>(120.810)</b>	<b>(22.159)</b>	<b>(353.960)</b>	<b>(151.224)</b>
<b>Direct subsidiaries</b>	<b>(8.051)</b>	<b>(45)</b>	-	<b>(2)</b>
ACS Participações Ltda.	(8.051)	(45)	-	(2)
<b>Indirect subsidiaries</b>	<b>(45.333)</b>	<b>(9.073)</b>	<b>(74.346)</b>	<b>(11.345)</b>
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(28.998)	(1.056)	(43.137)	(3.113)
SCC Agência de Turismo Ltda.	(2.601)	(323)	(13.217)	(828)
Treetop Investments Ltd.	(13.734)	(7.694)	(17.992)	(7.404)
<b>Other related parties – individuals</b>	<b>(67.426)</b>	<b>(13.041)</b>	<b>(279.614)</b>	<b>(139.877)</b>

Transactions	Banco			
	2020		2019	
	Assets (liabilities)	Income (expenses)	Assets (liabilities)	Income (expenses)
<b>Financial bills</b>	<b>(720.522)</b>	<b>(34.156)</b>	<b>(698.805)</b>	<b>(68.216)</b>
<b>Direct subsidiaries</b>	<b>(367.192)</b>	<b>(12.691)</b>	<b>(371.660)</b>	<b>(32.123)</b>
ACS Participações Ltda.	(367.192)	(12.691)	(371.660)	(32.123)
<b>Indirect subsidiaries</b>	<b>(169.483)</b>	<b>(5.055)</b>	<b>(154.428)</b>	<b>(4.428)</b>
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	(159.179)	(4.751)	(154.428)	(4.428)
SCC Agência de Turismo Ltda.	(10.304)	(304)	-	-
<b>Other related parties – individuals</b>	<b>(183.847)</b>	<b>(16.410)</b>	<b>(172.717)</b>	<b>(31.665)</b>
<b>Agribusiness letter of credit</b>	<b>(13.367)</b>	<b>(11.728)</b>	<b>(7.491)</b>	<b>(9.917)</b>
Other related parties – individuals	(13.367)	(11.728)	(7.491)	(9.917)
<b>Mortgage Loan Notes</b>	<b>(25.121)</b>	<b>(6.786)</b>	<b>(28.881)</b>	<b>(4.234)</b>
Other related parties – individuals	(25.121)	(6.786)	(28.881)	(4.234)
<b>Prepaid expenses</b>	-	<b>(21.340)</b>	-	<b>(17.205)</b>
<b>Indirect subsidiaries</b>	-	<b>(21.340)</b>	-	<b>(17.205)</b>
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	-	(21.340)	-	(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 December 31, 2020:

Transactions	Interest rate <sup>(1)</sup>	Up to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total assets (liabilities)
<b>Interbank deposits</b>		<b>793.164</b>	-	-	-	-	<b>793.164</b>
<b>Direct subsidiaries</b>		<b>793.164</b>	-	-	-	-	<b>793.164</b>
Daycoval Leasing - Banco Múltiplo S.A.	Floating	793.164	-	-	-	-	793.164
<b>Time deposits</b>		<b>(9.253)</b>	<b>(1.040)</b>	<b>(18.594)</b>	<b>(85.993)</b>	<b>(5.930)</b>	<b>(120.810)</b>
<b>Direct subsidiaries</b>		-	-	-	<b>(8.051)</b>	-	<b>(8.051)</b>
ACS Participações Ltda.		-	-	-	(8.051)	-	(8.051)
<b>Indirect subsidiaries</b>		<b>(4.025)</b>	<b>(197)</b>	-	<b>(41.111)</b>	-	<b>(45.333)</b>
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	Floating	(4.025)	-	-	(24.973)	-	(28.998)
SCC Agência de Turismo Ltda.	Floating	-	-	-	(2.601)	-	(2.601)
Treetop Investments Ltd.	Fixed	-	(197)	-	(13.537)	-	(13.734)
<b>Other related parties - individuals</b>		<b>(5.228)</b>	<b>(843)</b>	<b>(18.594)</b>	<b>(36.831)</b>	<b>(5.930)</b>	<b>(67.426)</b>
<b>Financial Bills</b>		<b>(722)</b>	<b>(12.158)</b>	<b>(7.423)</b>	<b>(697.178)</b>	<b>(3.041)</b>	<b>(720.522)</b>
<b>Direct subsidiaries</b>		-	-	-	<b>(367.192)</b>	-	<b>(367.192)</b>
ACS Participações Ltda.	Fixed / Floating	-	-	-	(367.192)	-	(367.192)
<b>Indirect subsidiaries</b>		-	-	-	<b>(169.483)</b>	-	<b>(169.483)</b>
IFP Promotora de Serviços de Consultoria e Cadastro Ltda.	Floating	-	-	-	(159.179)	-	(159.179)
SCC Agência de Turismo Ltda.	Floating	-	-	-	(10.304)	-	(10.304)
<b>Other related parties - individuals</b>	Fixed / Floating	<b>(722)</b>	<b>(12.158)</b>	<b>(7.423)</b>	<b>(160.503)</b>	<b>(3.041)</b>	<b>(183.847)</b>
<b>Agribusiness letter of credit</b>		<b>(723)</b>	<b>(691)</b>	<b>(6.731)</b>	<b>(5.222)</b>	-	<b>(13.367)</b>
Other related parties - individuals	Fixed / Floating	(723)	(691)	(6.731)	(5.222)	-	(13.367)
<b>Mortgage Loan Notes</b>		<b>(6.275)</b>	<b>(8.155)</b>	<b>(4.294)</b>	<b>(510)</b>	<b>(5.887)</b>	<b>(25.121)</b>
Other related parties - individuals	Fixed / Floating	(6.275)	(8.155)	(4.294)	(510)	(5.887)	(25.121)

(1) The return rates range from: (i) fixed from 3.92% to 14.2% p.a.; and (ii) variable from 95.5% to 120% of the CDI.

**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.

	2020	2019
Total compensation	73.814	58.390
Direct and fringe benefits (healthcare plan)	1.152	1.077
<b>Total</b>	<b>74.966</b>	<b>59.467</b>

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 December 31, 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:

	2020	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			
	2020		2019	
	Level 1	Level 2	Level 1	Level 2
<b>Financial assets adjusted to fair value:</b>				
<b>Through profit or loss</b>				
<b>Marketable securities</b>				
Private securities	114.906	22.001	218.174	-
<b>Derivatives</b>				
Swap, forward and options operations	-	1.185.433	-	141.066
Future market	3.277	-	8.718	-
<b>Through other comprehensive results - shareholders' equity</b>				
<b>Marketable securities</b>				
Federal public securities	3.718.719	-	1.014.695	-
Marketable securities abroad	-	8.450	-	47.533
Private securities	645	2.632	1.793	85
Investment fund shares	50.614	-	71.252	-
<b>Financial liabilities adjusted to fair value:</b>				
<b>Through profit or loss</b>				
<b>Issuances abroad</b>				
Issuances abroad (bonds)	-	2.405.406	-	1.411.543
<b>Obligations for loans</b>				
Loans abroad	-	3.151.462	-	2.205.726
<b>Derivatives</b>				
Swap, forward and options operations	-	43.816	-	100.975
Futures market	14.248	-	5.292	-
Accounting classification	Consolidated			
	2020		2019	
	Level 1	Level 2	Level 1	Level 2
<b>Financial assets adjusted to fair value:</b>				
<b>Through profit or loss</b>				
<b>Marketable securities</b>				
Private securities	114.906	22.001	218.174	-
<b>Derivatives</b>				
Swap, forward and options operations	-	1.185.433	-	141.066
Futures market	3.277	-	8.718	-
<b>Through other comprehensive results - shareholders' equity (available for sale)</b>				
<b>Marketable securities</b>				
Federal public securities	3.752.663	-	1.048.405	-
Marketable securities abroad	-	100.498	-	99.150
Private securities	645	2.774	1.793	149
Investment fund shares	218.132	-	219.676	-
<b>Financial liabilities adjusted to fair value:</b>				
<b>Through profit or loss</b>				
<b>Issuances of securities</b>				
Issuances abroad (bonds)	-	2.405.406	-	1.411.543
<b>Obligations for loans</b>				
Loans abroad	-	3.151.462	-	2.205.726
<b>Derivatives</b>				
Swap, forward and options operations	-	43.816	-	100.975
Futures market	14.248	-	5.292	-

At December 31, 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			
	2020		2019	
	Amortized cost	Fair value	Amortized cost	Fair value
<b>Financial assets valued at amortized cost:</b>				
Short-term Interbank accounts	5.565.372	5.755.929	5.557.213	5.547.032
Credit operations and with credit granting characteristics	31.811.014	34.175.638	23.479.962	23.801.409
Marketable securities issued by governments of other countries	15.685	18.563	12.165	12.994
<b>Financial liabilities valued at amortized cost:</b>				
Local funding (interbank deposits, time deposits and issuances of securities in Brazil)	28.914.887	29.124.695	18.514.260	18.142.242
Obligations from loans and onlendings	1.517.290	1.450.082	1.481.677	1.461.654
Accounting classification	Consolidated			
	2020		2019	
	Amortized cost	Fair value	Amortized cost	Fair value
<b>Financial assets valued at amortized cost:</b>				
Short-term Interbank accounts	4.772.208	4.960.963	4.879.675	4.869.494
Credit operations and with credit granting characteristics	32.053.247	34.439.659	23.633.219	23.972.984
Lease operations	1.178.864	1.392.945	1.050.561	1.255.020
Marketable securities issued by governments of other countries	15.685	18.563	12.165	12.994
<b>Financial liabilities valued at amortized cost:</b>				
Local funding (interbank deposits, time deposits and issuances of securities in Brazil)	27.864.170	28.534.635	17.913.826	17.541.808
Obligations from loans and onlendings	1.517.290	1.450.082	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 Bank's Risk Managers identify, measure, control, evaluate and manage the risks, ensuring the consistency between the risks assumed and the acceptable risk level defined by the Institution, as well as report the exposure to the Management, business areas and regulatory bodies. Within this context, the risk appetite defines the nature and level of the risks acceptable for the institution and the risk culture guides the necessary behavior to manage these risks. Daycoval invests in the development of risk management processes supported by corporate values (agility, safety, integrity, soundness, relationship and sustainability) which strengthen the employees' responsibility for the business sustainability.

### 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	
	2020	2019
<b>Minimum Regulatory Capital ("PR")</b>	<b>8,00%</b>	<b>8,00%</b>
<b>Tier I</b>	<b>6,00%</b>	<b>6,00%</b>
Capital	4,50%	4,50%
Complementary capital	1,50%	1,50%
<b>Tier II</b>	<b>2,00%</b>	<b>2,00%</b>
<b>Additional principal capital ("ACP")</b>	<b>1,25%</b>	<b>2,50%</b>
ACP - Conservation <sup>(1)</sup>	1,25%	2,50%
ACP - Countercyclical <sup>(2)</sup>	0,00%	0,00%
ACP - Systemic <sup>(3)</sup>	0,00%	0,00%
<b>Total capital required (PR + ACP)</b>	<b>9,25%</b>	<b>10,50%</b>

(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 breakdown of the Regulatory Capital, Minimum Required Capital, risk-weighted assets ("RWA") and Basel ratio is as follows:

	2020	2019
<b>Regulatory capital for comparison with risk-weighted assets (RWAs)</b>	<b>4.872.419</b>	<b>3.823.451</b>
<b>Regulatory Capital – Tier I</b>	<b>4.711.334</b>	<b>3.665.356</b>
<b>Capital</b>	<b>4.414.120</b>	<b>3.665.356</b>
Equity	4.425.873	3.695.159
Prudential adjustment - Bacen Resolution 4192/13	(11.753)	(29.803)
<b>Complementary capital</b>	<b>297.214</b>	<b>-</b>
Perpetual financial bills (Note 16.c)	297.214	-
<b>Regulatory Capital - Tier II</b>	<b>161.085</b>	<b>158.095</b>
Subordinated debts (Note 16.c)	161.085	158.095
<b>Minimum required capital (RWAx 8%)</b>	<b>2.690.899</b>	<b>2.166.219</b>
<b>Risk-Weighted Assets (RWA)</b>	<b>33.636.241</b>	<b>27.077.734</b>
<b>Credit risk</b>	<b>29.635.831</b>	<b>24.620.899</b>
<b>Market risk</b>	<b>1.195.440</b>	<b>885.957</b>
Foreign exchange asset - RWAcam	889.695	385.655
Assets indexed to fixed interest - RWAJur1	115.093	267.062
Assets indexed to foreign exchange coupon - RWAJur2	88.198	113.114
Assets indexed to inflation - RWAJur3	5.771	5.530
Shares - RWApacs	96.683	114.596
<b>Operational risk - RWAopad</b>	<b>2.804.970</b>	<b>1.570.878</b>
<b>Basel ratio - Total</b>	<b>14,49%</b>	<b>14,12%</b>
Basel ratio - Tier I	14,01%	13,54%
Basel ratio - Tier II	0,48%	0,58%
Portion of the interest rate in the Banking Book (Pbanking) <sup>(1)</sup>	579.996	154.479
<b>Surplus required capital</b>		
On minimum requirement	81,07%	76,50%
On total requirement	56,60%	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 terms.
- Risk of changes in curve slop: exposure of profit or loss to the changes in the timeframe structure of the interest curve, resulting in changes in pending or

**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:

- $\Delta$ 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;
- $\Delta$ 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 December 31, 2020 and December 31, 2019 is as follows:

Risk factors	2020			2019		
	Scenarios			Scenarios		
	1	2	3	1	2	3
Fixed rate	(142)	(65)	113	(18.811)	(33.139)	(47.175)
Foreign currencies	27.095	86.955	153.140	23.959	49.502	76.783
Price indices	(12)	(23)	(33)	(112)	(127)	(140)
Variable income	(8.697)	(18.607)	(28.517)	(8.595)	(20.771)	(32.946)
Borrowings	-	-	-	(2.017)	(2.953)	(5.228)
Other	(409)	(874)	(1.340)	(504)	(770)	(1.036)
<b>Total Trading</b>	<b>17.835</b>	<b>67.386</b>	<b>123.363</b>	<b>(6.080)</b>	<b>(8.258)</b>	<b>(9.742)</b>
<b>Total Banking</b>	<b>(334.592)</b>	<b>(472.281)</b>	<b>(606.124)</b>	<b>(279.324)</b>	<b>(470.008)</b>	<b>(653.347)</b>
<b>Total</b>	<b>(316.757)</b>	<b>(404.895)</b>	<b>(482.761)</b>	<b>(285.404)</b>	<b>(478.266)</b>	<b>(663.089)</b>

The sensitivity analysis was carried out considering the following scenarios:

• Scenario 1: refers to the stress scenario considered probable for the risk factors and its preparation is based on available market inputs (B3 S.A., ANBIMA, etc.). Accordingly, risk factors considered were: (i) quotation R\$/US\$5.91 (R\$/US\$4.57 as at December 31, 2019); (ii) fixed interest rate of 5.35% p.a. (7.05% p.a. as at December 31, 2019); (iii) Ibovespa of 97,594 points (98,298 points as at December 31, 2019); and (iv) exchange coupon of 3.73% p.a. (5.34% p.a. as at December 31, 2019); and (v) price index of 13.66% p.a. (14.41% p.a. as at December 31, 2019).

• Scenario 2: as set out by CVM Instruction 475/08, a 25% stress of the risk factors was considered for this scenario. Accordingly, risk factors considered were: (i) quotation R\$/US\$7.38 (R\$/US\$5.72 as at December 31, 2019); (ii) fixed interest rate of 6.69% p.a. (8.81% p.a. as at December 31, 2019); (iii) Ibovespa of 73,195 points (73,723 points as at December 31, 2019); and (iv) exchange coupon of 4.66% p.a. (6.68% p.a. as at December 31, 2019); and (v) price index of 17.07% p.a. (18.01% p.a. as at December 31, 2019).

• Scenario 3: as set out by CVM Instruction 475/08, a 50% stress of the risk factors was considered for this scenario. Accordingly, risk factors considered were: (i) quotation R\$/US\$8.86 (R\$/US\$6.86 as at December 31, 2019); (ii) fixed interest rate of 8.03% p.a. (10.58% p.a. as at December 31, 2019); (iii) Ibovespa of 48,797 points (49,149 points as at December 31, 2019); and (iv) exchange coupon of 5.59% p.a. (8.01% p.a. as at December 31, 2019); and (v) price index of 20.49% p.a. (21.61% p.a. as at December 31, 2019).

It is worth mentioning that the results shown in the table above reflect the impacts for each scenario projected on a static position of the portfolio as at December 31, 2020 and 2019. The market dynamics produces constant changes in this position and thus it does not necessarily reflect the actual position on the date these financial statements are disclosed. Additionally, as mentioned above, there is a continuous management of the trading and banking portfolios' positions to mitigate the risks associated to such portfolios, according to the strategy defined by Management and, when there are indications of deterioration of a certain position, proactive actions are taken to minimize possible adverse impacts and maximize the risk/return ratio for Daycoval.

#### 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**

Daycoval adopts consistent and verifiable criteria to classify its loan transactions that combine the borrower's economic, financial, personal and market information with the accessory guarantees provided to the transaction. Based on this information, minimum allowances will be recognized to cover the risks assumed, as prescribed by BACEN Resolution 2682/99, and subsequent amendments, from the Central Bank of Brazil.

**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.

- Measurement of the risk impact;
- Assessment of the risk frequency;
- Calculation of the risk severity (impact x probability);
- Measurement of the control effectiveness.

We believe that this activity is inherent in the processes adopted by all areas, resulting in the design of a Risk and Control Matrix, which presents a detailed overview of the exposure to the operational risk, being possible to analyze the risks with greater level of exposure to, if necessary, align the mitigation action plan.

For purposes of business continuity, the strategy defined is to keep all business areas and lines in operation, including relevant services provided by third parties, in contingency. In order to fulfill the resolution of senior management, the business continuity management must be implemented to ensure the continuity of the activities and limit losses arising from a possible suspension of the critical business processes.

**f) Compliance risk**

Compliance risk is the risk associated to legal or regulatory sanctions, financial losses or even reputation losses arising from the lack of compliance with legal and regulatory provisions and codes of conduct.

At Daycoval, the monitoring of activities for compliance with laws and regulations is carried out by the Governance, Risk and Compliance (GRC) area to ensure the compliance with the Bank's and Conglomerate's deadlines and objectives, as well as to manage, on integrated basis, this risk together with the other risks, ensuring the effectiveness of the activities related to the compliance activity for compliance with regulatory, legal and internal rules.

**g) 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:

The Social and Environmental Responsibility Policy (PRSA) is supported by the regulatory principles on relevance and proportionality, which consider the compatibility of the internal actions matching the level of exposure to the social and environmental risk of the operations and complexity of the activities, seeking to promote appropriate treatment for the management of this risk.

At Daycoval, the methodology adopted considers the classification of the potential social and environment impact for the codes of activities and, the application of a social and environmental practice questionnaire for operations falling under the internal criteria defined.

The social and environmental risk mitigation measures are carried out through mapping of processes, risks and controls, monitoring of new standards related to the matter and management of the social and environmental risk by the first line of defense in its daily operations, relying on the support, as the case may, from the GRC and legal areas.

The governance also relies on the Executive Social and Environmental Risk Committee, which main duty is to provide instructions on the institutional principles that guide the social and environmental actions in the business and relationship with stakeholders, aiming at ensuring the appropriate integration with the PRSA.

## 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

Banco Daycoval S/A and Daycoval Asset Management are responsible for the management, administration, controllership and custody of third-party funds through investment funds, investment clubs and managed portfolios, whose net assets as at December 31, 2020, totaled R\$29.2 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) Impacts from the COVID-19 pandemic

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 period than that at the end of 2019 – R\$5.1967/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 2.00% p.a. (December 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.
- CMN Resolution 4843/20 extends the emergency measures introduced by Resolution 4810/20 applicable to procedures related to the granting, control and oversight of rural credit operations, as a result of the social distancing measures adopted to mitigate the impacts from the COVID-19 pandemic;
- CMN Resolution 4856/20 amends Resolution 4782/20 which established for an defined period, as a result of the potential impacts from the COVID-19 on the economy, temporary criteria for the characterization of the loan operation restructuring for purposes of credit risk management;
- CMN Resolution 4855/20, provides for the criteria for measurement of the allowance for loan losses of operations carried out within the scope of the emergency programs established to face the effects from the COVID-19 pandemic on the economy.

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 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 December 31, 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. As at December 31, 2020, considering the data available, we supplemented our allowance, as shown in note 9.e.;
- 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.
- In line with the contribution on behalf of the Brazilian population, Daycoval made a donation in the amount of R\$1 million to Instituto Butantan for the construction of a COVID-19 vaccine plant, in addition to investing part of the amount in the clinical research. The plant is intended to be a multipurpose center for the production of vaccines to respond to pandemics.

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.

**Management**

**Luiz Alexandre Cadorin**  
Accountant  
CRC 1SP243564/O-2