

Japan

ブラジル銀行

令和2年度中間期ディスクロージャー誌
業務及び財産の状況に関する説明書 令和2年6月期

Banco do Brasil S.A.
Interim Disclosure Report 2020



ブラジル銀行

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本説明書は、銀行法第21条ならびに銀行法施行規則第19条の2(業務及び財産の状況に関する説明書類の縦覧等)に基づき、在日支店ならびに当行全体の業務および財産の状況等について作成したものであり、同規則第19条の4に定める期限である令和2年12月31日までに営業所に備置します。

ブラジル銀行東京支店は、平成30年6月6日付で銀行法第49条第2項第3号の規定に基づいて、事業年度の変更を行いました。

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This disclosure document was prepared under article 21 of the Banking Act and article 19-2 of the Ordinance for Enforcement of the Banking Act (Disclosure of Explanatory Documents on the Status of Business and Property for Public Inspection, etc.) and it represents the operational and financial situation of the Japan Branch as well as the whole bank. This document will be made available to the public, at our business units, by December 31, 2020, as stipulated on article 19-4 of the same Ordinance.

"Fiscal period" changed to a fiscal calendar year in comply with Article 49, Paragraph 2, Item 3 of the Banking Law issued on June 6, 2018.

ブラジル銀行東京支店の概況

名称	ブラジル銀行(バンコ・ド・ブラジル・エス・エイ)在日支店
住所	東京都千代田区丸の内1丁目6番5号 丸の内北口ビル5F
代表者	マルセロ・アッシ(支店長)
電話	03-3213-6660
業務開始	昭和47年2月17日
業務内容	預金の受入れ業務(当座預金、普通預金、通知預金、定期預金、譲渡性預金、非居住者円預金、外貨預金等)、資金の貸付業務等(手形貸付、証書貸付、当座貸越、商業手形の割引、またシンジケート・ローン等の業務)、内国為替業務(送金、振込および代金取立)、外国為替業務等(送金、振込および代金取立、貿易金融(貿易手形の割引等)、L/C業務、外国為替(外国通貨)売買業務等の外国為替に関する各種業務)、その他
従業員数	153名(令和2年6月30日現在)

日本における営業所の所在地

東京支店	〒100-0005 東京都千代田区丸の内1-6-5 丸の内北口ビル5F
東京支店五反田出張所	〒141-0022 東京都品川区東五反田5-25-19東京デザインセンター1F
東京支店浜松出張所	〒430-0946 静岡県浜松市中区元城町216-18浜松大同生命ビル1F
東京支店名古屋出張所	〒460-0002 愛知県名古屋市中区丸の内1-17-19キリックス丸の内ビル

主要財務データ

(単位:百万円)

	平成30年12月 (12ヶ月)	令和元年6月 (6ヶ月)	令和元年12月 (12ヶ月)	令和2年6月 (6ヶ月)
経常収益	11,516	5,663	11,304	4,339
経常利益	1,937	971	2,189	1,230
純利益	1,409	665	1,507	846
	平成30年12月	令和元年6月	令和元年12月	令和2年6月
純資産額	16,519	17,185	18,027	18,875
総資産額	281,404	255,715	268,543	238,736
預金残高	82,819	79,771	78,184	72,677
貸出金残高	104,580	92,865	102,684	92,584

沿革

- 1808年 ブラジル銀行設立
- 1972年 ブラジル銀行東京支店開設
- 1993年 浜松出張所開設
- 1998年 名古屋出張所開設
- 2001年 群馬出張所開設
- 2001年 インターネットバンキング サービス開始
- 2002年 茨城・長野・岐阜出張所開設
- 2002年 ゆうちょ銀行とのATM提携
- 2002年 レミッタンスカードによる送金サービス開始
- 2003年 テレフォンバンキング サービス開始
- 2004年 三井住友銀行とのATM提携
- 2005年 浜松・名古屋・群馬出張所の支店へ昇格認可
- 2006年 携帯電話による自動取引サービス開始
- 2007年 セブン銀行とのATM提携
- 2008年 ユーロ建預金開始
- 2008年 ライフカードとの提携
- 2009年 レアル建普通預金及び定期預金取扱開始
- 2012年 イオン銀行とのATM提携
- 2013年 五反田出張所開設
- 2014年 茨城出張所、長野出張所、岐阜出張所、群馬支店閉鎖
- 2014年 浜松、名古屋支店を出張所に変更

大株主の状況

株主名	所有株式	保有割合 (%)
Federal government	1,432,708,542	50.0
Tesouro Nacional	1,432,708,542	50.0
Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND	--	--
Caixa de Previdência dos Funcionários do Banco do Brasil - Previ	136,307,614	4.8
Treasury shares	13,247,103	0.5
Other shareholders	1,283,153,761	44.7
Total	2,865,417,020	100.0
Resident shareholders	2,257,754,076	78.8
Non-resident shareholders	607,662,944	21.2

Banco do Brasil don't have any shareholder with more than 5% of shares beside the one shown in the table above, that is the Federal Government.

貸借対照表

(単位:百万円)

資産の部	令和元年12月	令和2年6月	負債・資本の部	令和元年12月	令和2年6月
現金預け金	54,189	33,997	預金	78,184	72,677
コールローン	-	-	譲渡性預金	-	-
買現先勘定	-	-	コールマネー	-	-
債券貸借取引支払保証金	-	-	売現先勘定	-	-
買入手形	-	-	債券貸借取引受入担保金	-	-
買入金銭債権	-	-	売渡手形	-	-
商品有価証券	-	-	コマーシャル・ペー	-	-
金銭の信託	-	-	借用金	148,039	126,190
有価証券	12,006	10,002	外国為替	236	299
貸出金	102,684	92,584	その他負債	1,618	1,113
外国為替	47	323	賞与引当金	97	55
その他資産	4,124	3,700	退職給付引当金	477	456
有形固定資産	237	229	特別法上の引当金	-	-
無形固定資産	37	29	金融商品取引責	-	-
前払年金費用	-	-	繰延税金負債	-	-
繰延税金資産	198	194	支払承諾	115	113
支払承諾見返	115	113	本支店勘定	21,747	18,953
貸倒引当金	-	-	小計	250,516	219,861
本支店勘定	94,900	97,560	持込資本金	2,621	2,621
			繰越利益剰余金	15,406	16,253
			その他有価証券評価	(1)	-
			繰延ヘッジ損益	-	-
			土地再評価差額金	-	-
合計	268,543	238,736	合計	268,543	238,736

損益計算書

	令和元年12月 (12ヶ月)	令和2年6月 (6ヶ月)
経常収益	11,304	4,339
資金運用収益	6,808	2,687
(うち貸出金利息)	3,472	1,344
(うち有価証券利息配当金)	-	-
役務取引等収益	1,486	385
その他業務収益	2,794	1,159
その他経常収益	214	106
経常費用	9,114	3,109
資金調達費用	5,583	1,703
(うち預金利息)	701	255
役務取引等費用	969	158
その他業務費用	20	8
営業経費	2,495	1,210
その他経常費用	45	27
経常利益	2,189	1,230
特別利益	-	-
特別損失	0	0
税引前当期純利益	2,189	1,229
法人税、住民税及び事業税	687	379
法人税等調整額	(6)	3
法人税等合計	681	383
当期(中間)純利益	1,507	846

注記事項

(貸借対照表関係)

1. 貸出金のうち、破綻先債権、延滞債権、貸出条件緩和債権に区分される貸出債権はありません。
2. 有形固定資産の減価償却累計額は214百万円であります。
3. 支店の代表者に対する金銭債権はありません。
4. 担保に供している資産は次のとおりであります。

担保に供している資産 有価証券(国債) 10,000百万円

なお担保資産に対応する債務はありません。

(損益計算書関係)

1. その他の経常収益には、睡眠預金の利益処理100百万円が含まれております。
2. その他の経常費用には、睡眠預金の利益計上後の払戻処理23百万円が含まれております。

(金融商品関係)

金融商品の状況に関する事項

1. 金融商品に対する取組方針

当支店は、市場環境や長短のバランスを勘案して、顧客の預金による直接調達、および金融機関借り入れ等による間接調達による資金調達を行っております。また、資金の運用については、主に本店保証・信用による融資業務を行い運用しております。金利変動を伴う金融資産負債につきましては金利変動による不利な影響が生じないように総合的管理を行っております。外国為替業務以外のデリバティブ取引による投機的な取引は行っておりません。

2. 金融商品の内容及びそのリスク

貸出金および未収収益には顧客の信用リスクがありますが、当該リスク管理のため、当支店の与信管理規定に従い取引先ごとの期日管理および残高管理を行うとともに、取引先の信用状況を定期的に把握しております。外貨建資産負債には市場リスクがあり為替変動リスクについては資産負債の総合的なポジション管理を行い為替変動の継続的モニタリングを行っております。

重要な会計方針

1. 記載金額は、百万円未満を切り捨てて表示しております。
2. 当支店の貸借対照表及び損益計算書は、銀行法施行規則第18条第2項及び別紙様式第4号に準拠しております。
3. 有価証券の評価は、その他有価証券については、原則として決算日の市場価格等に基づく時価法（売却原価は主として移動平均法により算定）により行っております。なお、その他有価証券の評価差額については、全部純資産直入法により処理しております。
4. デリバティブ取引の評価は、時価法により行っております。
5. 有形固定資産の減価償却は、定額法を採用しております。なお、主な耐用年数は次のとおりであります。

建 物	5年～15年
その他	3年～20年
6. 外貨建資産・負債は、決算日の為替相場による円換算額を付しております。
7. 貸倒引当金は、予め定めている償却・引当基準に則り、次のとおり計上しております。破産、特別清算等、法的に経営破綻の事実が発生している債務者（以下「破綻先」という。）に係る債権については、債権額から担保の処分可能見込額及び保証による回収可能見込額を控除し、その残額のうち必要と認める額を引き当てております。上記以外の債権については、債務者の社内信用格付け毎に倒産確率等に基づき発生が見込まれる損失率を求め、これを債権額に乗じた金額を引き当てております。すべての債権は、資産の自己査定基準に基づき、本店における資産査定部署が資産査定を実施し、その査定結果に基づいて上記の引当を行っております。
8. 退職給付引当金は、従業員の退職給付に備えるため、退職金規定に基づく自己都合による期末要支給額の100%相当額を計上しております。
9. 賞与引当金は、従業員への賞与の支払に備えるため、従業員に対する賞与の支給見込額のうち、当事業年度に帰属する額を計上しております。
10. 消費税及び地方消費税の会計処理は、税抜方式によっております。

「財務諸表の正確性、内部監査の有効性についての経営者責任の明確化について(要請)」(平成17年10月7日付金監第2835号)に基づく、当行在日支店の財務諸表の正確性、及び、財務諸表作成に係る内部監査の有効性に関する責任者の確認書は下記の通りです。

確認書

2020年6月30日

私は、当行在日支店の2020年1月1日から2020年6月30日までの会計期間に関わる財務諸表に記載した事項について、私の知る限りにおいて、すべての重要な点において虚偽の記載及び記載すべき事項の記載もれはありません。財務諸表の作成に当たって、その業務分掌と所属部署が明確化されており、所属部署において適切に業務を遂行する体制を整備し、財務諸表の適正性を確保しております。

ブラジル銀行 東京支店
支店長
マルセロ・アッシ

Earnings Summary

Adjusted Net Income of R\$3.3 billion

Banco do Brasil adjusted net income was R\$3.3 billion in the 2Q20, decrease of 25.3% compared to 2Q19. This performance was explained mainly due to the increase in NII, pressure in fees, decrease in legal risk and increase of the ALLL Expanded View. Market ROE was 11.9%. In the 1H20/1H19 comparison the adjusted net income decreased 22.7%, mainly due to the increase in ALLL Expanded View, Market ROE was 12.2%.

Table 1. Net Income – R\$ million

				Chg. %				Chg. %
	2Q19	1Q20	2Q20	On 2Q19	On 1Q20	1H19	1H20	On 1H19
Net Interest Income	13,435	14,005	14,541	8.2	3.8	26,179	28,546	9.0
ALLL Expanded View	(4,148)	(5,539)	(5,907)	42.4	6.6	(7,539)	(11,445)	51.8
ALLL Expenses - Credit Risk	(5,055)	(6,477)	(5,943)	17.6	(8.2)	(9,907)	(12,419)	25.4
ALLL Expenses - Recovery of Write-offs	1,494	1,585	1,591	6.4	0.3	3,219	3,176	(1.4)
ALLL Expenses - Discounts Granted	(213)	(269)	(211)	(1.2)	(21.6)	(474)	(480)	1.3
ALLL Expenses - Impairment	(373)	(378)	(1,344)	-	-	(378)	(1,722)	-
Net Financial Margin	9,287	8,466	8,634	(7.0)	2.0	18,640	17,101	(8.3)
Fee income	7,439	7,067	6,965	(6.4)	(1.4)	14,234	14,032	(1.4)
Contribution Margin	15,650	14,445	14,395	(8.0)	(0.3)	30,627	28,840	(5.8)
Administrative Expenses	(7,649)	(7,770)	(7,850)	2.6	1.0	(15,215)	(15,620)	2.7
Commercial Income	7,871	6,561	6,420	(18.4)	(2.2)	15,153	12,981	(14.3)
Other Operating Income	281	(485)	(514)	-	5.9	746	(1,000)	-
Income Before Taxes	6,037	5,339	5,120	(15.2)	(4.1)	12,071	10,459	(13.4)
Income and Social Contribution Taxes	(571)	(1,157)	(967)	69.4	(16.5)	(1,422)	(2,124)	49.4
Corporate Profit Sharing	(604)	(436)	(426)	(29.5)	(2.3)	(1,149)	(862)	(24.9)
Adjusted Net Income	4,432	3,395	3,311	(25.3)	(2.5)	8,679	6,706	(22.7)
One-Off Items	(225)	(191)	(102)	(54.5)	(46.3)	(467)	(293)	(37.3)
Net Income	4,207	3,205	3,209	(23.7)	0.1	8,212	6,413	(21.9)
Market ROE - %	17.6	12.5	11.9			17.4	12.2	
Adjusted ROE - %	15.0	10.5	10.0			14.9	10.2	
Shareholders' ROE - %	19.1	13.6	12.8			19.0	13.2	

The annualized ROE calculation was made in the tables above using the annualization on a linear basis, this means the multiplication of quarterly results by four and the first half results by two. This methodology was used as of the 1Q19 MD&A.

Pre-Tax and Pre-Provision Earnings (PPOP) up 1.4%

The following table presents the PPOP, composed of the banking product and total operating expenses. In comparison with the previous quarter, the growth of the PPOP is mainly due to NII's performance. In the 1H20/1H19 comparison, the increase in the PPOP is explained by NII's 9.0% growth and the 57.8% reduction in legal expenses.

Table 2. PPOP – R\$ million

	2Q19	1Q20	2Q20	Chg. (%)		1H19	1H20	Chg. (%)
				2Q19	1Q20			
Total Operating Income (Banking Product)	23,600	23,225	23,209	(1.7)	(0.1)	46,390	46,435	0.1
Operating Income	23,322	23,203	23,256	(0.3)	0.2	45,750	46,458	1.5
Net Interest Income	13,435	14,005	14,541	8.2	3.8	26,179	28,546	9.0
Fee Income	7,439	7,067	6,965	(6.4)	(1.4)	14,234	14,032	(1.4)
Eq. Interest of Subsidiaries and Affiliates	1,020	669	720	(29.3)	7.7	2,039	1,389	(31.9)
Other Operating Income	1,429	1,461	1,029	(28.0)	(29.6)	3,297	2,491	(24.5)
Previ - Plano de Benefícios 1	86	(140)	(140)	0.0	(0.0)	172	(280)	0.0
Previ - Fundo de Utilização Restatement	191	163	94	(51.0)	(42.6)	467	257	(45.1)
Total Operating Expenses	(13,391)	(12,395)	(12,250)	(8.5)	(1.2)	(26,780)	(24,531)	(8.4)
Administrative Expenses	(7,649)	(7,770)	(7,850)	2.6	1.0	(15,215)	(15,620)	2.7
Personnel Expenses	(4,921)	(4,919)	(5,008)	1.8	1.8	(9,787)	(9,927)	1.4
Other Administrative Expenses	(2,728)	(2,851)	(2,842)	4.2	(0.3)	(5,428)	(5,693)	4.9
Legal Risk	(2,091)	(784)	(853)	(59.2)	8.9	(3,883)	(1,637)	(57.8)
Other Tax Expenses	(130)	(114)	(125)	(3.8)	9.7	(258)	(239)	(7.3)
Taxes on Revenues	(1,076)	(1,088)	(1,204)	11.9	10.6	(2,248)	(2,293)	2.0
Other Operating Expenses	(2,445)	(2,639)	(2,217)	(9.3)	(16.0)	(5,231)	(4,856)	(7.2)
Non-Operating Income	(23)	47	67	0.0	42.5	55	115	109.7
Pre-Tax and Pre-Provision Earnings	10,185	10,878	11,026	8.3	1.4	19,610	21,904	11.7

Net Interest Income up 3.8%

The main highlights of the Net Interest Income in the quarter (2Q20/1Q20) were:

- I Decrease was 1.2% in interest income of loan operation, driven by the reduction in average Selic rate (TMS), mix change in individuals loan portfolio and retraction in companies loan portfolio, mainly in Large Corporate segment.
- II Funding expenses down R\$725.09 million (-16.3%), favored by the decrease in TMS (-27.2%) in the period. The result was partially offset by the increase in the balance of savings deposits (+9.6%), judicial deposits (+8.6%) and time deposits (+20.1%).
- III Treasury income was stable, reinforced by Banco Patagonia and partially offset by the reduction in revenues from fixed income securities in Brazil.

Table 3. NII and Net Interest Margin (NIM) – R\$ million

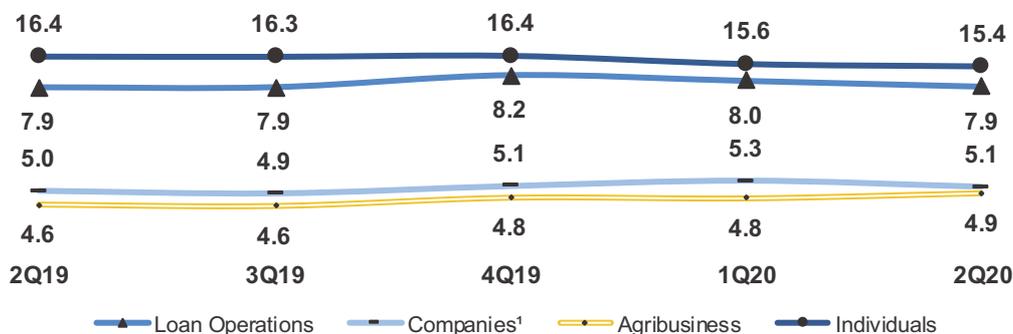
	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. %
				On 2Q19	On 1Q20			
Net Interest Income	13,435	14,005	14,541	8.2	3.8	26,179	28,546	9.0
Loan Operations	18,700	17,492	17,289	(7.5)	(1.2)	37,084	34,781	(6.2)
Funding Expenses	(6,582)	(4,454)	(3,729)	(43.3)	(16.3)	(12,961)	(8,183)	(36.9)
Financial Expense for Institutional Funding ¹	(2,565)	(2,384)	(2,395)	(6.6)	0.4	(4,977)	(4,779)	(4.0)
Treasury ²	3,882	3,351	3,376	(13.0)	0.7	7,033	6,726	(4.4)
NIM - %³	4.0	4.2	4.0					
Risk Adjusted NIM - %	2.8	2.5	2.4					

(1) It includes senior bonds, subordinated debt, and hybrid instruments in Brazil and abroad.

(2) It includes the result from interest, tax hedging, derivatives, and other financial instruments that offset the effects of the exchange rate variation on result;

(3) NII/Earning Assets average, annualized.

Figure 1. Managerial Net Interest Margin by Segment² – %



(1) It does not include transactions with the Government;
(2) Revised historical data in 3Q19.

ALLL Expanded View of R\$5.9 Billion

ALLL Expanded View: corresponds to the net ALLL Expenses, plus discounts granted and impairment grew R\$368.0 million (+6.6%) over 1Q20. Compared to 1H19 it grew R\$3.9 billion (+51.8%).

- I. Credit Risk¹: Decrease of R\$533.8 million (-8.2%) over 1Q20. The first quarter was impacted by the prudential anticipation that resulted in the reinforcement of ALLL in R\$2.04 billion. In 2Q20 the prudential reinforcement was R\$ 2.01 billion.
- II. Recovery of Write-Offs²: Flat over 1Q20 (+0.3%).
- III. Discounts Granted³: Decrease of R\$58.1 million (-21.6%) over 1Q20.
- IV. Impairment⁴: Increase of R\$965.4 million (+255.1%) over 1Q20, impacted by Large Corporate operations that were already classified as problematic assets.

Table 4. ALLL Expanded View – R\$ million

	2Q19	1Q20	2Q20	Chg. %		Chg. %		Chg. %
				On 2Q19	On 1Q20	1H19	1H20	
ALLL Expanded View	(4,148)	(5,539)	(5,907)	42.4	6.6	(7,539)	(11,445)	51.8
ALLL Expenses - Credit Risk	(5,055)	(6,477)	(5,943)	17.6	(8.2)	(9,907)	(12,419)	25.4
ALLL Expenses - Recovery of Write-offs	1,494	1,585	1,591	6.4	0.3	3,219	3,176	(1.4)
ALLL Expenses - Discounts Granted	(213)	(269)	(211)	(1.2)	(21.6)	(474)	(480)	1.3
ALLL Expenses - Impairment	(373)	(378)	(1,344)	-	-	(378)	(1,722)	-

Fee Income

The 1.4% decrease in fee income in the half-year comparison is mainly explained by the two factors listed below:

¹ Allowances for loan and lease losses (ALLL) expenses, as Resolution 2,682/99.

² Recovery of Write-offs.

³ Represents discounts granted in renegotiation of loan operations or other operations with characteristics of granting credit arising from loans.

⁴ Grouping of accounts that record permanent losses in bonds and securities, expenses with provision for impairment in bonds and securities and the negative result from sales or transfers of financial assets that were written off by the selling or transferring institution.

- a) Structural - with the reduction of the Selic rate, there was a repricing of some products, especially investment funds; and
- b) Pandemic - the effects of the pandemic on the economic scenario implied a reduction in the demand for products and services.

In the medium-term, fee income has challenges due to the financial industry trend, however, the Bank's management has been constantly seeking to improve its products and services portfolio and new ways to monetize its relationship with its customers, either by increasing consumption of products and services or the development of new businesses models.

Table 5. Fee Income – R\$ million

	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. % On 1H19
				On 2Q19	On 1Q20			
Fee Income	7,439	7,067	6,965	(6.4)	(1.4)	14,234	14,032	(1.4)
Checking Account	1,918	1,917	1,923	0.3	0.3	3,767	3,840	2.0
Asset Management	1,617	1,721	1,675	3.6	(2.7)	3,137	3,396	8.3
Insurance, P. Plans and Premium Bonds	929	970	891	(4.0)	(8.1)	1,770	1,861	5.2
Credit/Debit Cards	538	485	519	(3.5)	7.0	1,059	1,005	(5.1)
Loan Fees	496	348	405	(18.4)	16.5	899	753	(16.3)
Collections	326	340	310	(5.0)	(8.9)	634	650	2.5
Consortium	312	328	298	(4.5)	(9.0)	587	626	6.6
Billings	282	262	224	(20.6)	(14.7)	558	486	(12.8)
Subsidiaries Abroad	158	162	179	13.9	10.7	331	342	3.3
Contract Processing	192	167	147	(23.4)	(11.9)	325	314	(3.5)
Capital Market	311	85	127	(59.2)	49.9	462	212	(54.2)
Nat. Treasury and Manag. of Official Funds	100	100	97	(3.3)	(3.0)	203	196	(3.3)
Foreign Exchange Services	97	85	73	(24.4)	(13.6)	186	158	(15.1)
Other	163	98	96	(40.7)	(1.6)	317	194	(38.7)

Despite this scenario, in the half-yearly comparison (1H20/1H19), the asset management, insurance, pension plans and premium bonds and consortium segments performed well. The following are the main reasons for such performances.

In relation to asset management fees, it is noteworthy that part of the income that were previously accounted for in the "Capital Market" line was reallocated to this line, due to the revision, in the first quarter of 2020, of an intragroup contract, where services provided by the BB Banco de Investimento (BB-BI) are now provided by BB DTVM. The amount for 1H20 is R\$146 million, and disregarding this effect, the growth in the "Asset Management" line would be 3.6%, in line with the 3.5% annual growth in the assets managed balance.

The 5.2% growth in the "Insurance, Pension Plans and Premium Bonds" line is explained by the increase in sales of insurance policies in the first half of 2020, with emphasis on the rural, life and credit life segments, and also by higher revenues with the performance bonus, in the amount of R\$231.5 million in 1H20 (R\$166.8 million in 1H19).

In the consortium segment, the 6.6% growth can be explained by the sale of more than 188 thousand new consortium quotas in the first half of 2020, with a turnover of R\$6.1 billion, 1.6% up compared to the end of June, 2019. However, it is worth noting that this growth slowed down in the second quarter of 2020.

In the quarterly comparison (2Q20/1Q20), the highlights were loan fees, with an increase of 16.5%, and capital market operations, 49.9% up, due to the increase in number of operations with the participation of BB-BI and the increase in the domestic fixed income bonds/securitization issuance.

Cost-to-Income Ratio was 36.7%

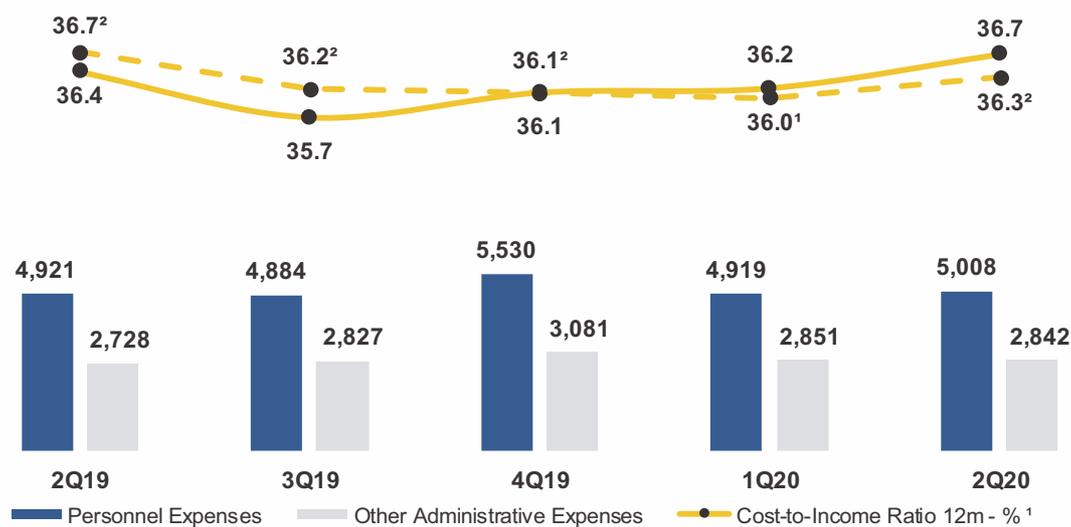
Personnel expenses grew by 1.8% in the QoQ comparison. Part of this growth is due to residual expenses, in the amount of R\$56.7 million in 2Q20, accounted for in "Benefits" line, as a result of the agreement signed between Banco do Brasil and Cassi in 2019 (bylaws amendment). Disregarding this effect, the quarterly increase would be 0.6%.

In the half-yearly comparison, the highlight was the growth of only 1.4%, influenced by the Staff Adequacy Program (PAQ) of July 2019, which validated the dismissal of 2,367 employees. As a comparison, it is worth noting that semiannual growth is below the 4.31% increase granted to bank employees in 2019 collective agreement and also the 12-month accumulated inflation (2.13%).

Other administrative expenses remained practically stable (-0.3%) compared to 1Q20, mainly influenced by the reduction in the amounts paid in contracts for maintenance of servers and office support and the transfer of R\$75 million to the Fundação Banco do Brasil (FBB), carried out in March 2020, for education projects with children and young people during extra-curricular shift (accounted for in the "Other" line).

In the half-year comparison, the 4.9% growth can be explained mainly by the increase in expenses with supplies of ATMs and cash transportation in 1H20.

Figure 2. Administrative Expenses – R\$ million



(1) Cost-to-Income ratio: Administrative Expenses/Operating Revenues. Data from Income Statement with Reallocations.
 (2) It considers the complementary contribution related to Cassi's (BB employees' healthcare plan) bylaws amendment.

BB has been taking steps to adjust its cost structure and generate savings. One of these actions is Flexy BB, which aims to optimize the occupation of corporate environments, bringing a new working model. Since the beginning of the pandemic, the Bank has used the remote way of working extensively, the program consolidates the practice generating property efficiency and cultural transformation. Also, the new positions and salaries plan and the new performance-based compensation model (Performa), were implemented as announced in February/20.

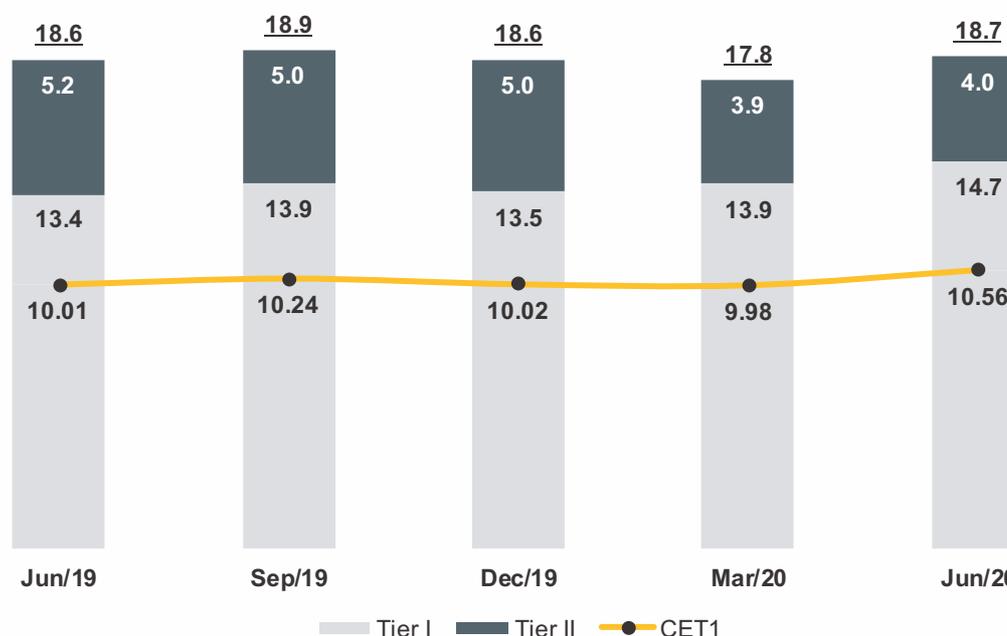
Actions are also underway to increase energy eco-efficiency. New farms for production of solar energy and expansion of the participation of this energy source in the matrix used by BB, purchase of renewable energy in the open market and use of technology to reduce consumption are planned.

BIS Ratio was 18.7%

Banco do Brasil has a three-year prospective Capital Plan and considers (a) the Declaration of Risk Appetite and Tolerance, (b) the Corporate Strategy and (c) the Corporate Budget.

In June/20, the BIS Ratio was 18.7% and the Tier I was 14.7%, being 10.56% of Common Equity Tier 1 (CET1). In addition, following the Risk Appetite Statement and Capital Plan, for January 2022, the goal is to maintain at least 11% of CET1.

Figure 3. BIS Ratio – %



Loan Portfolio

Given the current pandemic scenario, some business lines were negatively impacted in the quarter.

In comparison with 1Q20, the R\$3.6 billion (0.5%) reduction in the expanded loan portfolio can be explained by the drop in the credit card for individuals, as a result of lower consumption with this means of payment with a reduction of R\$3.5 billion or 12.1%. The checking account line of this segment also suffered a downturn, of 17% or R\$291 million.

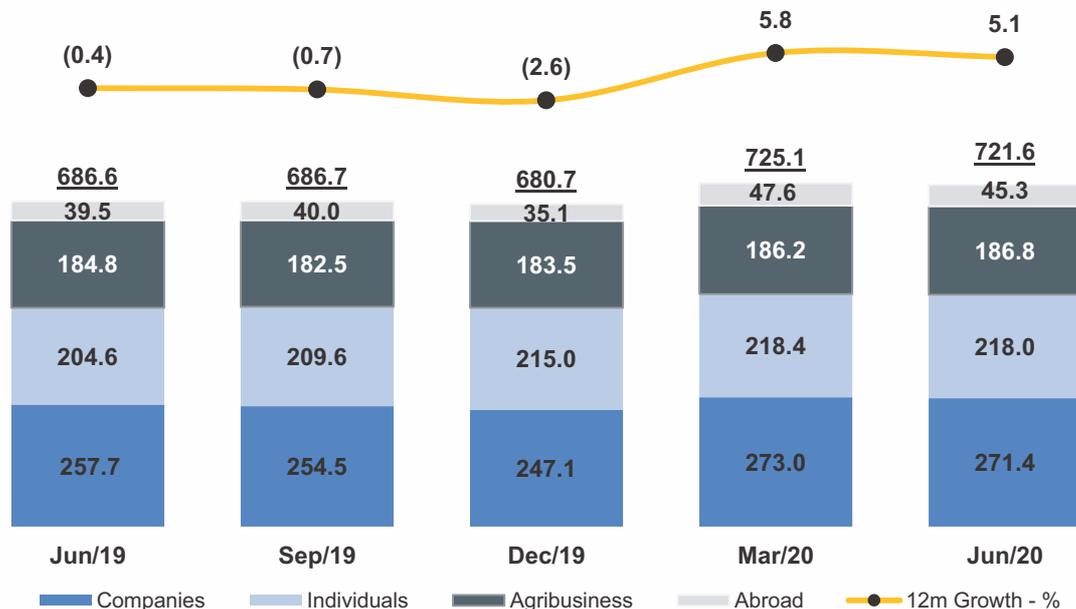
The lower consumption of credit cards by families also impacted the companies lines of receivables, with a drop of R\$6.2 billion (40.9%). These were more than offset by the increase in working capital (R\$8.5 billion or 7.5%), with 36.8% of this movement being made by SME.

In addition, the segments of large companies and agro-industrial presented a drop of R\$5.8 billion (5.6%) and R\$426 million respectively in comparison to 1Q20, also due to the scenario of the quarter.

The Loan Portfolio – Expanded View totaled R\$721.6 billion, up 5.1% over June/19 (+R\$35.0 billion), with positive performance in all segments in the same comparison. For individuals, growth of R\$13.5 billion, with emphasis on payroll loans (+R\$11.0 billion) and for companies, up 6.6%, with business with SME clients growing R\$ 6.2 billion, especially in the line of working capital (+R\$7.1 billion).

The agribusiness expanded loan portfolio grew 1.1% in one year (+R\$2.0 billion) with a positive highlight for the rural portfolio, which rose 2.4% compared to Jun/19 (+R\$4.0 billion), totaling R\$174.4 billion. Highlight for growth of 5.0% (+R\$7.5 billion) with individual rural producers, aligned with the strategy to change the mix of this portfolio.

Figure 4. Loan Portfolio – Expanded View – R\$ million

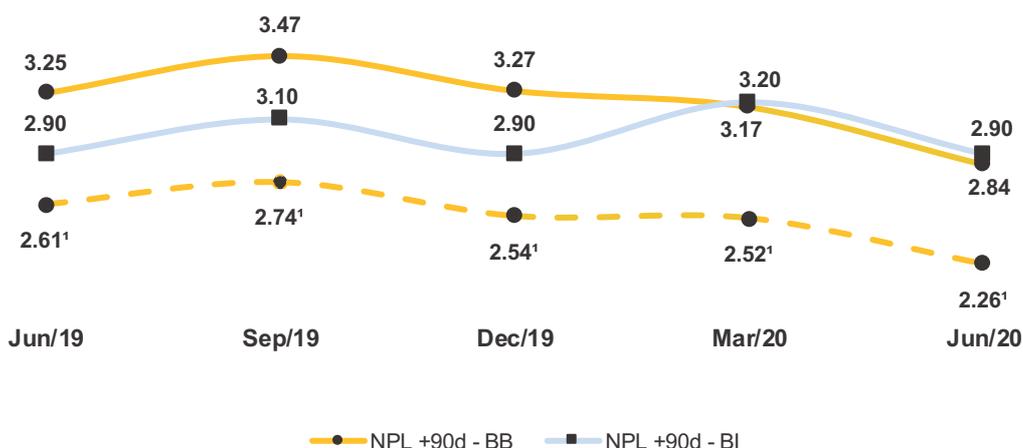


Credit Quality

The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), was 2.84% in June/20, a decrease comparing to March/20. Excluding a specific case the NPL +90d would have been 2.26%.

The NPL's reduction in the quarter was influenced by the actions BB implemented to support customers in the current scenario by adjusting its financial commitments with extensions. In addition, there was an impact of operations written off to losses, aligned with the movement of extraordinary prudential provisions in 4Q19.

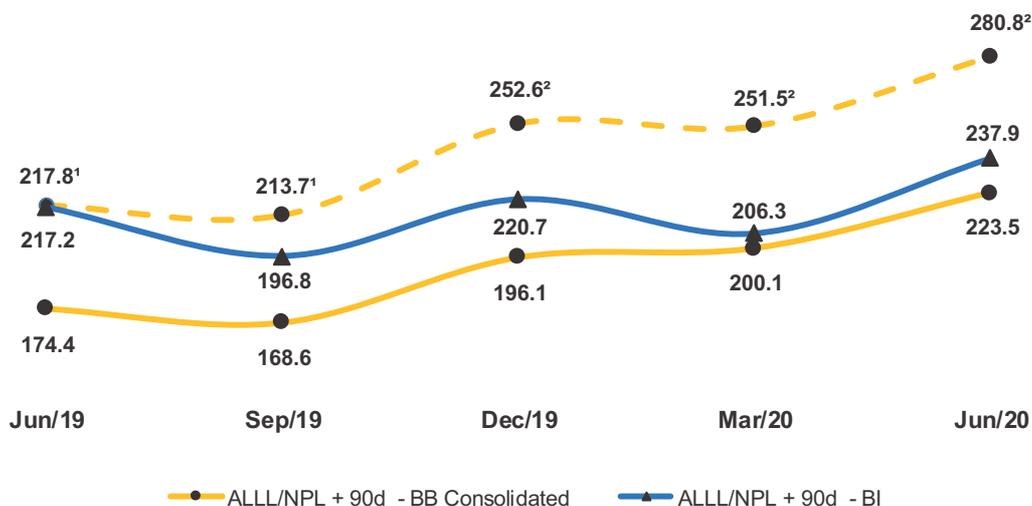
Figure 5. NPL +90 days – %



(1) Ex specific case.

The Bank maintains coverage compatible with the risk profile of its portfolio. The coverage index was 223.5% in June/20. Excluding a specific case the index would have been 280.8%.

Figure 6. Coverage¹ – %



(1) Ratio between the total balance of the provision and the balance of operations more than 90 days overdue.
(2) Ex-specific case.

Table 6. Coverage by Segment – %

	Jun/19	Sep/19	Dec/19	Mar/20	Jun/20
Individuals	184.2	177.8	199.4	199.2	209.4
Companies	202.3	202.3	261.7	283.8	323.0
Companies ex specific case	240.4	259.5	354.1	372.3	397.7
Agribusiness	113.6	109.5	117.2	114.8	141.8
Agribusiness ex specific case	228.0	210.6	215.9	201.9	277.9

Support to customers in times of pandemic

The offer of quality financial services to customers and society is guaranteed, giving continuity to the relationship and meeting the demands of the most diverse audiences, enabling the financial adequacy of the commitments of these customers from the renegotiation of credit operations, with lack of payment, depending on the line of credit, and lengthening the term. The Bank has offered clients the possibility of extending operations for up to 120 days, for companies, and up to 180 days, for individuals, the payment of debts that mature in the coming months. Most of these services are provided by digital means.

The balance of the extended portfolio was R\$71.8 billion in June/20, which represents 11.6% of the domestic loan portfolio, in over 1.7 million operations. Of this amount, 98.4% of the transactions have a rating between AA and C and 98.4% of the transactions had no history of overdue in the last 12 months. In addition, 69.1% have guarantees and mitigators. The average relationship time of customers who extended operations is 14.3 years.

Between March 16, 2020 and June 30, 2020, more than R\$171 billion were recorded in credit disbursements, including new, renewed, extended and renegotiated transactions.

Figure 7. Balance of the Extended Portfolio

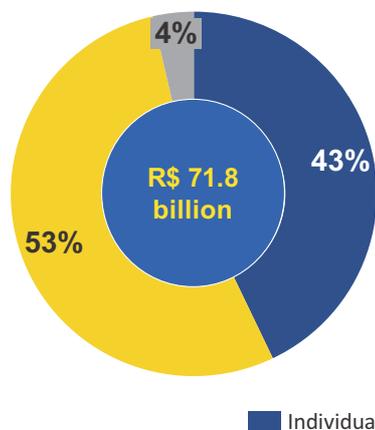
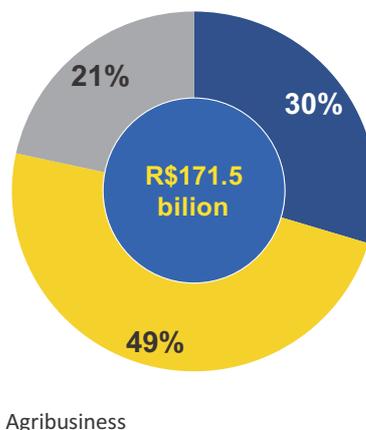


Figure 8. Credit Disbursements¹



(1) It includes new, renewed, extended and renegotiated transactions.

The potential impacts on the credit portfolio are assessed and monitored, considering the peculiarities of the various segments and credit lines, and we have adopted proactive measures for risk and capital management. We work to preserve the continuity of our operations and the long-term sustainability of our company and our relationship with our customers and shareholders.

Society and Environment

Banco do Brasil Conglomerate has adopted relevant actions to contribute with the fight against the Covid-19 pandemic. In this regard, we highlight the actions adopted by Fundação Banco do Brasil (FBB), using the funds allocated from BB Seguros, in the amount of R\$40 million, and Banco BV, in the amount of R\$15 million. The donation was allocated for the purchase of food, and hygiene and cleaning products. FBB have also launched the website (coronavirus.fbb.org.br) to receive donations from institutions and volunteers that would like to contribute with the actions. We have also financed the import of Individual Protection Equipment (EPI) and fans for hospital, more than U\$300 million.

BB, through FBB, has also implemented an action to avoid food waste and help millions of farmers and families impacted by the pandemic. The acquisition comprises the purchase of food from farmers and producers whose production would be lost by virtue of the quarantine. In addition, the action also provides for the provision of basic food and hygiene products to poor communities impacted by Covid-19 pandemic. Denominated as agro ecological baskets, the families are receiving regional products, such as açaí fruit, cheese, flour and fruit from the Atlantic Forest and savannah forests, based on the characteristics of each region: 4,286 producers, 64,439 thousand families, 128,878 thousand food baskets and R\$14 million in investments.

The initiatives will support persons under social vulnerability by virtue of the pandemic. The action also supports micro and small entrepreneurs that will be the main suppliers of the inputs, by promoting, therefore, a solidarity cycle. The funds shall be allocated to the communities through non-for-profit entities, throughout Brazil.

The use of sustainable agricultural techniques that contribute to improving income, reducing greenhouse gas emissions, and preserving natural resources are encouraged. We are pioneers in the operationalization of the Low Carbon Agriculture Program (ABC Program). The Program aims to finance sustainable agricultural production systems, with recognized capacity to reduce/sequester Greenhouse Gas (GHG) emissions, and promote the production of vegetation/biomass, food production, increased productivity and income and the preservation of the environment. From 2011 to June 2020, R\$15.4 billion in hiring along these lines was achieved.

Banco do Brasil was listed, in the 2Q20, for the fifth consecutive year on the FTSE4 Good Index Series - an index of the London Stock Exchange that evaluates and ranks companies with best Environmental, Social and Corporate Governance (ASG) practices. The Index, which is organized by a wholly owned subsidiary of the London Stock Exchange Group (LSEG), is a useful tool for investors seeking non-financial information and reliable data that can be integrated into the investment decision-making process.

For the first time, Morgan Stanley Capital International (MSCI) ESG Rating "AA" was received, focusing on issues related to talent management, cyber security and risk management. The Bank was also recognized in ALAS20 (Sustainable Leaders Agenda 2020) in the categories "Leading company in corporate governance" and "Leading company in investor relations".

For more information on BB's performance in the face of the Coronavirus pandemic, read the Management Report available in the 1H20 Financial Statements.

Digital Strategy

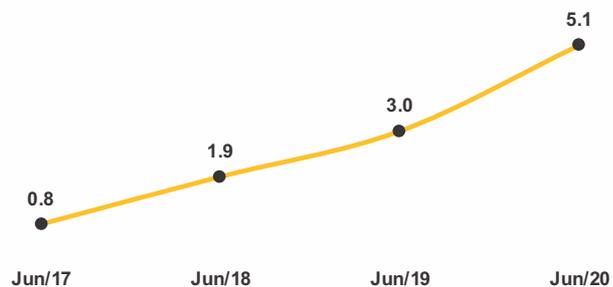
The digital age has changed consumer habits and behaviors, so that its level of demand has increased. Customer now has several options, offered by traditional companies and startups, and for that reason, it demands immediate solutions and impeccable usability. Owners of unprecedented power, consumers demand dialogue, commitment, and transparency from companies.

The investments in technology and the focus on digital transformation in recent years have proved to be fundamental in this scenario. We believe that being present and interconnected in all channels, physical and digital, helps to fully meet the demands of our customers. For this reason, the omnichannel is fundamental in the centrality of the customer, as it improves the perception of our presence. It was approved for the next three years additional investments of R\$2.3 billion for technology and analytics, to offer to our clients' new experience with more practical, safe and quick options in the digital world.

The number of native digital clients, who started their relationship with BB, through digital channels, grew by 69.1% in 12 months and 13.2% in the quarter. Of these clients, 81.4% are under 40 years old.

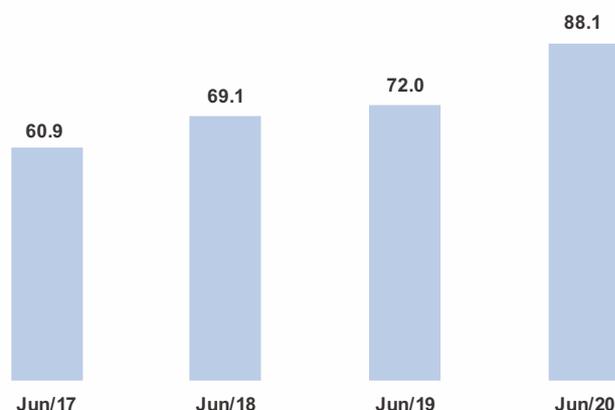
This increase reinforces the Bank's commitment to expand its business volume, with new customers (mainly the young).

Figure 9. Native Digital Clients – Million



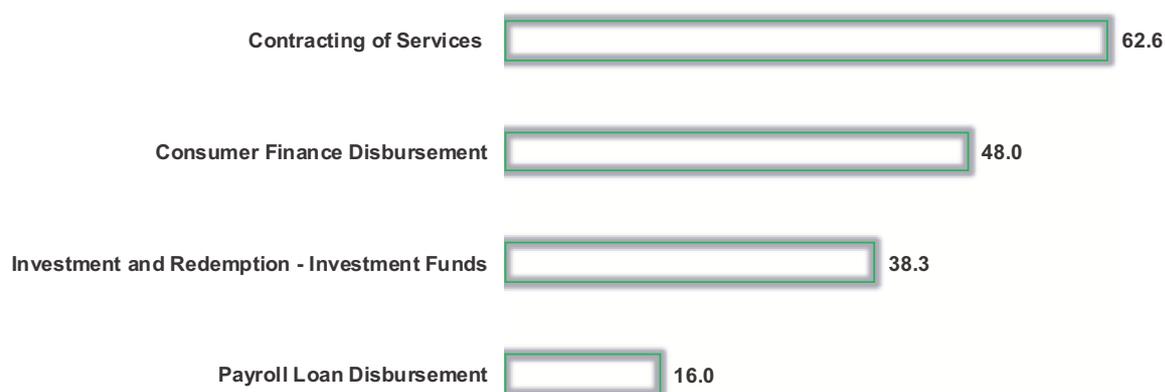
In June/20, internet and mobile service channels represented 88.1% of transactions carried out by Banco do Brasil customers. Mobile had 18.9 million recurring users, who used the app in the last 6 months. Of these users, on average, 31.8% access the app daily. It should also be noted that this did not affect satisfaction in this channel, and App BB remained one of the best rated in the financial industry with a rating of 4.6 on Google play (the rating has already been made by more than 2.4 million users) and 4.7 in the Apple Store (rated by more than 1.7 million users). The maximum score is 5.

Figure 10. Transactions by Internet + Mobile Channel – %



Digital channels (internet and mobile) accounted for 48.0% of disbursements in consumer loans, 16.0% in payroll loans, 38.3% of investments and redemptions in investment funds and 62.6% in the number of transactions in services (checking accounts, service packages, investment funds, cards, premium bonds, insurance and consortium).

Figure 11. Digital Channels Participation in Banking Operations – %



2020 Guidance has been suspended

The 2020 guidance has been suspended due to the high volatility and uncertainty resulting from the pandemic of the new-coronavirus (COVID-19), which has required frequent updates of scenarios and assumptions, making it difficult to construct accurate estimates.

BALANCE SHEET

ASSETS	Note	Banco do Brasil		BB Consolidated	
		Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
Cash and cash equivalents	7	74,254,017	69,713,238	81,155,389	71,936,023
Financial assets		1,630,382,239	1,407,555,979	1,566,049,252	1,348,975,603
Central Bank compulsory reserves	8	67,586,657	65,124,107	67,586,657	65,124,107
Interbank investments	9	558,627,752	445,057,031	466,367,601	367,712,523
Securities	10	253,982,486	192,997,852	266,953,161	202,120,768
Derivative financial instruments	11	4,622,133	823,113	4,639,303	820,935
Loan portfolio	12	643,727,722	610,786,159	657,212,139	621,344,555
Other financial assets	13	101,835,489	92,767,717	103,290,391	91,852,715
(Allowance for losses associated with credit risk)		(43,597,347)	(41,558,545)	(44,120,051)	(41,995,019)
(Loan portfolio)	12	(41,409,210)	(39,592,667)	(41,676,660)	(39,799,866)
(Other financial assets)	13	(2,188,137)	(1,965,878)	(2,443,391)	(2,195,153)
Tax assets		69,445,223	67,223,491	71,455,422	68,835,569
Current tax assets		7,823,934	8,792,228	8,741,922	9,372,637
Deferred tax assets (tax credit)	22	61,621,289	58,431,263	62,713,500	59,462,932
Investments	14	30,406,776	28,297,912	15,309,130	14,959,449
Investments in subsidiaries, associates and joint ventures		30,231,410	28,134,582	15,023,068	14,690,382
Other investments		213,845	183,928	354,520	320,560
(Impairment losses)		(38,479)	(20,598)	(68,458)	(51,493)
Property for use	15	7,776,192	7,698,876	7,972,408	7,882,695
Property and equipment		18,760,272	18,183,285	19,178,141	18,554,259
(Accumulated depreciation)		(10,961,704)	(10,462,033)	(11,182,666)	(10,647,816)
(Impairment losses)		(22,376)	(22,376)	(23,067)	(23,748)
Intangible	16	6,820,990	5,784,356	6,896,055	5,920,549
Intangible assets		13,672,085	11,759,011	13,812,402	12,033,513
(Accumulated amortization)		(5,841,552)	(4,964,994)	(5,906,797)	(5,103,282)
(Impairment losses)		(1,009,543)	(1,009,661)	(1,009,550)	(1,009,682)
Other assets	13	4,983,230	6,044,802	5,516,394	4,580,295
TOTAL ASSETS		1,780,471,320	1,550,760,109	1,710,233,999	1,481,095,164

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Banco do Brasil		BB Consolidated	
		Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
Financial liabilities		1,595,056,085	1,374,118,210	1,508,893,681	1,286,176,843
Customers resources	17	536,077,606	473,726,182	555,165,049	485,002,305
Financial institutions resources	18	731,583,516	605,979,736	630,900,605	512,689,942
Funds from issuance of securities	19	216,984,953	209,499,082	215,538,058	206,330,526
Derivative financial instruments	11	6,635,430	3,050,673	4,486,117	961,612
Other financial liabilities	20	103,774,580	81,862,537	102,803,852	81,192,458
Provisions	21	29,879,095	30,219,601	30,471,164	30,734,619
Provisions for tax, civil and labor claims		25,485,489	25,239,763	25,745,382	25,480,105
Other provisions		4,393,606	4,979,838	4,725,782	5,254,514
Tax liabilities		10,309,219	9,798,845	12,295,366	12,571,121
Current tax liabilities		7,618,973	7,877,064	9,489,615	10,501,481
Deferred tax liabilities	22	2,690,246	1,921,781	2,805,751	2,069,640
Other liabilities	20	40,220,396	37,727,454	43,737,463	43,047,687
Shareholders' equity	23	105,006,525	98,895,999	114,836,325	108,564,894
Capital	23.b	67,000,000	67,000,000	67,000,000	67,000,000
Instruments qualifying as common equity tier 1 capital	23.c	--	--	8,100,000	8,100,000
Capital reserves	23.e	1,388,439	1,365,081	1,389,894	1,366,443
Revaluation reserves	23.d	2,134	2,169	2,134	2,169
Profit reserves	23.e	58,709,519	54,134,135	58,412,873	53,814,656
Other comprehensive income	23.i	(21,789,740)	(23,280,948)	(21,789,740)	(23,282,394)
(Treasury shares)	23.m	(303,827)	(324,438)	(305,282)	(339,636)
Non-controlling interests	23.j	--	--	2,026,446	1,903,656
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,780,471,320	1,550,760,109	1,710,233,999	1,481,095,164

STATEMENT OF INCOME

	Note	Banco do Brasil		BB Consolidated	
		1st half/2020	1st half/2019	1st half/2020	1st half/2019
INCOME FROM FINANCIAL INTERMEDIATION		77,124,716	62,964,749	77,098,117	62,758,602
Loan portfolio	12.b	50,115,623	39,256,851	51,467,455	40,290,202
Interbank investments	9.b	11,047,145	17,489,185	8,385,690	15,029,979
Securities	10.b	11,004,440	5,003,071	12,217,093	6,015,119
Derivative financial instruments	11.b	3,837,577	(167,027)	3,964,127	(58,565)
Reserve requirement	8.b	804,465	1,232,360	804,465	1,232,360
Other financial assets	13.d	315,466	150,309	259,287	249,507
EXPENSES FROM FINANCIAL INTERMEDIATION		(59,081,306)	(36,929,795)	(51,931,396)	(35,123,406)
Financial institutions resources	18.d	(44,831,929)	(19,461,418)	(36,951,789)	(16,732,652)
Customers resources	17.c	(7,769,295)	(11,768,407)	(8,414,950)	(12,696,611)
Funds from issuance of securities	19.e	(4,054,098)	(5,191,922)	(4,181,026)	(5,183,636)
Other funding expenses	20.c	(2,425,984)	(508,048)	(2,383,631)	(510,507)
Allowance for losses associated with credit risk		(12,604,297)	(9,666,973)	(12,661,412)	(9,533,822)
Loan portfolio	12.f	(12,380,626)	(10,109,891)	(12,418,876)	(9,906,807)
Other financial assets	13.b	(223,671)	442,918	(242,536)	372,985
NET INCOME FROM FINANCIAL INTERMEDIATION		5,439,113	16,367,981	12,505,309	18,101,374
OTHER OPERATING INCOME/EXPENSES		(413,686)	(3,764,845)	(5,003,408)	(2,865,730)
Service fee income	24	9,560,856	9,786,348	14,032,374	14,234,277
Personnel expenses	25	(9,192,983)	(9,133,605)	(9,927,079)	(9,787,098)
Other administrative expenses	26	(6,311,075)	(6,103,610)	(6,398,426)	(6,175,521)
Tax expenses	22.c	(1,632,258)	(1,847,494)	(2,291,549)	(2,512,950)
Net gains from equity method investments	14.a	8,646,002	3,896,276	1,389,242	2,039,337
Other operating income/expenses	27	(1,484,228)	(362,760)	(1,807,970)	(663,775)
Provisions	21.d	(1,641,367)	(5,657,885)	(1,683,610)	(5,685,364)
Tax, civil and labor claims		(1,532,105)	(5,649,060)	(1,570,566)	(5,676,711)
Other provisions		(109,262)	(8,825)	(113,044)	(8,653)
OPERATING INCOME		3,384,060	6,945,251	5,818,291	9,550,280
NET NON-OPERATING INCOME		11,600	37,612	114,570	54,644
PROFIT BEFORE TAXATION AND PROFIT SHARING		3,395,660	6,982,863	5,932,861	9,604,924
INCOME TAX AND SOCIAL CONTRIBUTION	22.a	3,777,722	2,184,851	2,075,765	479,459
EMPLOYEE AND DIRECTORS PROFIT SHARING		(825,524)	(1,047,842)	(829,182)	(1,051,725)
NON-CONTROLLING INTERESTS	23.j	--	--	(766,015)	(820,565)
NET INCOME		6,347,858	8,119,872	6,413,429	8,212,093
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS					
Shareholders of the bank		6,347,858	8,119,872	6,413,429	8,212,093
Non-controlling interests		--	--	766,015	820,565
EARNINGS PER SHARE	23.f				
Weighted average number of shares - basic		2,852,103,067	2,786,507,649		
Weighted average number of shares - diluted		2,851,860,111	2,786,183,611		
Basic and diluted earnings per share (R\$)		2.23	2.91		

Interim Disclosure Report 2020

Financial and Business Report

As of June 30, 2020

Branch Profile

Name	Banco do Brasil S.A.
Address	Marunouchi Kitaguchi Building 5F, 1-6-5 Marunouchi, Chiyoda-ku, Tokyo
General Manager	Marcelo Assi
Phone Number	03-3213-6660
Commence of Operation	February 17, 1972
Business Overview	Deposits (Demand deposit, savings deposit, call deposit, time deposit, negotiable deposit, non-resident Yen deposit, foreign currency deposit, etc.), Fund Lending (Loan on bills, Loan on deeds, Overdraft, Commercial bill discount, etc.), Fund Transfer (Remittance, Transfer and Collection of payment.), Trade Finance (Trade bills discount, etc.), L/C, Foreign Exchange dealing, and other services in comply with Banking law
Number of Employee	153 (as of June 30, 2020)

Places of Branch and Sub-branches

Tokyo Branch	〒100-0005 Tokyo, Chiyoda-ku, Marunouchi 1-6-5, Marunouchi Kitaguchi Bldg. 5F
Gotanda Sub-branch	〒141-0022 Tokyo, Shinagawa-ku, Higashi-Gotanda 5-25-19, Tokyo Design Center 1F
Hamamatsu Sub-branch	〒430-0946 Shizuoka-ken, Hamamatsu-shi, Naka-ku, Motoshiro-cho 216-18, Hamamatsu Daido Seimei Bldg. 1F
Nagoya Sub-branch	〒460-0002 Aichi-ken, Nagoya-shi, Naka-ku, Marunouchi 1-17-19, Kirix Marunouchi Bldg.

Key Financial Summary

	2018/12 (12 months)	2019/6 (6 months)	2019/12 (12 months)	2020/6 (6 months)
				(Unit: Millions of Yen)
Ordinary Income	11,516	5,663	11,304	4,339
Ordinary Profit	1,937	971	2,189	1,230
Net Income after Tax	1,409	665	1,507	846
	2018/12	2019/6	2019/12	2020/06
Total Net Assets	16,519	17,185	18,027	18,875
Total Assets	281,404	255,715	268,543	238,736
Deposits	82,819	79,771	78,184	72,677
Loans and Bills Discount	104,580	92,865	102,684	92,584

History

1808	Banco do Brasil established
1972	Banco do Brasil Tokyo Branch established
1993	Hamamatsu Sub-branch established
1998	Nagoya Sub-branch established
2001	Gunma Sub-branch established
2001	Internet Banking services commenced
2002	Ibaraki, Nagano and Gifu Sub-branches established
2002	ATM card alliance with Japan Post Bank
2002	Remittance Card services commenced
2003	Telephone Banking services commenced
2004	ATM card alliance with Sumitomo Mitsui Banking Corporation
2005	Hamamatsu, Nagoya and Gunma promoted to Branch status
2006	Mobile Transaction commenced
2007	ATM card alliance with SEVEN Bank
2008	EURO currency deposit commenced
2008	Business alliance with LIFE Card
2009	Brazilian REAL currency deposit commenced
2012	ATM card alliance with AEON Bank
2013	Gotanda Sub-branch established
2014	Close operations in Ibaraki, Nagano and Gifu Sub-branches and Gunma Branch
2014	Hamamatsu and Nagoya Branches changed the status to Sub-branch

Shareholders Information

Shareholders	Shares	% Total
Federal government	1,432,708,542	50.0
Tesouro Nacional	1,432,708,542	50.0
Banco Nacional de Desenvolvimento Econômico e Social - BNDES - FND	--	--
Caixa de Previdência dos Funcionários do Banco do Brasil - Previ	136,307,614	4.8
Treasury shares	13,247,103	0.5
Other shareholders	1,283,153,761	44.7
Total	2,865,417,020	100.0
Resident shareholders	2,257,754,076	78.8
Non-resident shareholders	607,662,944	21.2

Banco do Brasil don't have any shareholder with more than 5% of shares beside the one shown in the table above, that is the Federal Government.

Balance Sheet

(Unit: Millions of Yen)

Assets	As of December 2019	As of June 2020	Liabilities / Equities	As of December 2019	As of June 2020
Cash & Due from banks	54,189	33,997	Deposits	78,184	72,677
Call Loan	-	-	Certificated Deposit	-	-
Receivable under Resale Agreements	-	-	Call Money	-	-
Receivable under Sec. Borrowing	-	-	Payable under Repurchase agreements	-	-
Bills Bought	-	-	Payable under Sec. Lending	-	-
Monetary Claims Bought	-	-	Bills Sold	-	-
Investment Securities	-	-	Commercial Paper	-	-
Money Trust	-	-	Borrowed Money	148,039	126,190
Securities	12,006	10,002	Foreign Exchange Liabilities	236	299
Loan & Bills Discount	102,684	92,584	Other liabilities	1,618	1,113
Foreign Exchange	47	323	Accrued Bonuses	97	55
Other Assets	4,124	3,700	Accrued Retirement Benefits	477	456
Fixed Assets	237	229	Provisions under Laws	-	-
Intangible Fixed Assets	37	29	Reserve for liab for Fianancial Instruments	-	-
	-	-	Deferred Tax Liabilities	-	-
Deferred Tax Assets	198	194	Acceptance & Guarantees	115	113
Liab for Acceptance	115	113	Due to Interbranches	21,747	18,953
Reserve for Loan Losses	-	-	Total Liabilities	250,516	219,861
Due from Interbranches	94,900	97,560	Paid-in Capital	2,621	2,621
			Retained Earning	15,406	16,253
			Net Unrealized Gains on Securities	(1)	-
			Net deferred Losses on Hedging Instruments	-	-
			Revaluation Reserve for Land	-	-
Total Assets	268,543	238,736	Total Liabilities & Equities	268,543	238,736

Income Statement

(Unit: Millions of Yen)

	Dec 2019 (12 months)	June 2020 (6 months)
Ordinary Income	11,304	4,339
Interest Income	6,808	2,687
(Interest on Loan)	3,472	1,344
(Dividends on Gains on Securities)	-	-
Fees and Commissions	1,486	385
Other Ordinary Income	2,794	1,159
Other Income	214	106
Ordinary Expenses	9,114	3,109
Interest Expense	5,583	1,703
(Interest on Deposits)	701	255
Fees and Commissions Paid	969	158
Other Ordinary Expenses	20	8
General & Administrative Expenses	2,495	1,210
Other Expenses	45	27
Ordinary profit	2,189	1,230
Extraordinary Income	-	-
Extraordinary Loss	0	0
Income Before Taxes	2,189	1,229
Corporation Taxes at Current	687	379
Corporation Taxes Deferred	(6)	3
Total Taxes	681	383
Current (Interim) Net Income	1,507	846

Footnotes

(Relating to balance sheet)

1. Among loans, there are no loan claims classified as loans to bankrupt borrowers, delinquent loans and restructured loans.
2. Accumulated depreciation of tangible fixed assets is 214 million yen.
3. There is no monetary claim against the representative of the branch office.
4. Assets pledged as collateral are as follows.

Assets pledged as collateral	Government bond 10,000 million yen
------------------------------	------------------------------------

No debts corresponding to collateral assets is noted.

(Related to income statement)

1. Other ordinary income includes 100 million yen of profit treatment of dormant deposits.
2. Other ordinary expenses includes 23 million yen of refund processing after posting profit of dormant accounts.

(Financial instruments related)

Regarding to Financial Products

1. Policy on Financial Products

The branch takes into consideration the market environment and the balance between long and short term, and procures funds directly through customer deposits and indirect procurement through borrowing from financial institutions. Regarding the assets, we mainly operate the loan business guaranteed by the head office's credit. For financial assets and liabilities which may be affected by interest rate fluctuations, comprehensive management is carried out in order not to receive adverse effect of interest rate fluctuations. We do not conduct speculative transactions by derivative transactions other than foreign exchange business.

2. Financial instruments and their risks

Loans and accrued earnings have customer credit risk, but in order to manage this risk, we conduct due date control and balance management for each business partner according to the credit management provisions of our branch and regular tracking of their credit situation. Asset and liabilities denominated in foreign currency are subject to market risk, therefore we conduct comprehensive position management of assets and liabilities in order to manage exchange rate fluctuation risk and continuously monitor foreign exchange fluctuations.

Summary of Significant Accounting Policies

1. Amounts stated are rounded down to the nearest million yen.
2. The balance sheet and income statement of this branch comply with Article 18, Paragraph 2 and No. 4 of the Attachment of the Ordinance for Enforcement of the Banking Act.
3. Market value method is used for valuation of Other securities based on market value as of reporting date in principle. (Cost of securities sold is determined in principle by the moving average method.). In addition, valuation difference are included in net assets, net of income taxes.
4. Derivative instruments are utilized principally to reduce interest rate and foreign exchange rate risks. The Branch has established a control environment which includes policies and procedures for risk assessment and for the approval, reporting and monitoring of transactions involving derivative financial instruments. The Branch does not hold or issue derivative financial instruments for trading purposes. The Group is exposed to certain market risks arising from its forward exchange contracts and swap agreements. The Group is also exposed to the risk of credit loss in the event of non performance by the counterparties to the currency and interest; however, the Group does not anticipate nonperformance by any of these counterparties all of whom are financial institutions with high credit ratings.
5. Property, plant and equipment are stated at cost. Depreciation is computed at rates based on the estimated useful lives of assets using the straight-line method. The principal estimated useful lives are as follows:

Buildings and structures 5 to 15 years

Machinery and equipment 3 to 20 years

Costs of maintenance, repairs and minor renewals are charged to expenses in the year incurred, although major renewals and improvements are capitalized. When assets are sold or otherwise disposed of, the profits or losses thereon, computed on the basis of the difference between depreciated cost and proceeds, are credited or charged to income in the year of disposal, and cost and accumulated depreciation are removed from the respective accounts.

6. Every monetary assets and liabilities denominated in foreign currencies are translated into yen at the rate of exchange in effect at the balance sheet date and translation adjustments of foreign currency financial statements are reflected in shareholders' equity and minority interests in the balance sheets.
7. Allowance for doubtful accounts are recorded as follows based on predefined standards for write-offs and reserves. With respect to claims related to obligors (hereinafter referred to as "bankrupt borrowers") in which the fact of bankruptcy has occurred legally, such as bankruptcy, special liquidation, etc., from the amount of claims, the expected disposal amount of collateral and the probability of collection by guarantee. We deduct the amount and we have allocated the amount deemed necessary out of the remaining amount. For claims other than the above, the loss rate that is expected to occur based on the probability of bankruptcy etc. is obtained for each internal credit rating of the obligor, and the credit amount is multiplied by this amount. Based on the self-assessment criteria of assets, the asset assessment department in the head office conducts asset assessment of all receivables, and the reserves mentioned above are made based on the assessment result.
8. Reserve for retirement benefits is provided for employees' retirement benefits at an amount equivalent to 100% of the amount required to be paid at the end of the fiscal year due to self-circumstances based on the retirement allowance provision.
9. Reserve for bonuses is provided for the payment of bonuses to employees based on the estimated bonus payable to employees attributable to the current fiscal year.
10. Consumption tax and local consumption tax are accounted for using the tax exclusion method.

Please see the confirmation below which business manager wrote regarding the accuracy of financial statements of BB Japan and effectiveness of internal audit of preparing the financial statements based on “Requirement of clarification of the business manager’s responsibility regarding the accuracy of financial statements and effectiveness of internal audit”(FSA Supervisory Bureau No.2835 Oct 7, 2005).

Confirmation Note

June 30, 2020

I declare that there are no false descriptions and erroneously omits on all the important descriptions of financial statements as far as I know when checking financial statements of Japan branches with the account period from January 1, 2020 to June 30, 2020.

BB Japan ensures the appropriateness of financial statements by establishing a system which makes each division in charge play an appropriate role with split of work and division in charge clarified when preparing financial statements.

Marcelo Assi
Tokyo Branch General Manager
Banco do Brasil S.A.

Earnings Summary

Adjusted Net Income of R\$3.3 billion

Banco do Brasil adjusted net income was R\$3.3 billion in the 2Q20, decrease of 25.3% compared to 2Q19. This performance was explained mainly due to the increase in NII, pressure in fees, decrease in legal risk and increase of the ALLL Expanded View. Market ROE was 11.9%. In the 1H20/1H19 comparison the adjusted net income decreased 22.7%, mainly due to the increase in ALLL Expanded View, Market ROE was 12.2%.

Table 1. Net Income – R\$ million

	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. %
				On 2Q19	On 1Q20			On 1H19
Net Interest Income	13,435	14,005	14,541	8.2	3.8	26,179	28,546	9.0
ALLL Expanded View	(4,148)	(5,539)	(5,907)	42.4	6.6	(7,539)	(11,445)	51.8
ALLL Expenses - Credit Risk	(5,055)	(6,477)	(5,943)	17.6	(8.2)	(9,907)	(12,419)	25.4
ALLL Expenses - Recovery of Write-offs	1,494	1,585	1,591	6.4	0.3	3,219	3,176	(1.4)
ALLL Expenses - Discounts Granted	(213)	(269)	(211)	(1.2)	(21.6)	(474)	(480)	1.3
ALLL Expenses - Impairment	(373)	(378)	(1,344)	-	-	(378)	(1,722)	-
Net Financial Margin	9,287	8,466	8,634	(7.0)	2.0	18,640	17,101	(8.3)
Fee income	7,439	7,067	6,965	(6.4)	(1.4)	14,234	14,032	(1.4)
Contribution Margin	15,650	14,445	14,395	(8.0)	(0.3)	30,627	28,840	(5.8)
Administrative Expenses	(7,649)	(7,770)	(7,850)	2.6	1.0	(15,215)	(15,620)	2.7
Commercial Income	7,871	6,561	6,420	(18.4)	(2.2)	15,153	12,981	(14.3)
Other Operating Income	281	(485)	(514)	-	5.9	746	(1,000)	-
Income Before Taxes	6,037	5,339	5,120	(15.2)	(4.1)	12,071	10,459	(13.4)
Income and Social Contribution Taxes	(571)	(1,157)	(967)	69.4	(16.5)	(1,422)	(2,124)	49.4
Corporate Profit Sharing	(604)	(436)	(426)	(29.5)	(2.3)	(1,149)	(862)	(24.9)
Adjusted Net Income	4,432	3,395	3,311	(25.3)	(2.5)	8,679	6,706	(22.7)
One-Off Items	(225)	(191)	(102)	(54.5)	(46.3)	(467)	(293)	(37.3)
Net Income	4,207	3,205	3,209	(23.7)	0.1	8,212	6,413	(21.9)
Market ROE - %	17.6	12.5	11.9			17.4	12.2	
Adjusted ROE - %	15.0	10.5	10.0			14.9	10.2	
Shareholders' ROE - %	19.1	13.6	12.8			19.0	13.2	

The annualized ROE calculation was made in the tables above using the annualization on a linear basis, this means the multiplication of quarterly results by four and the first half results by two. This methodology was used as of the 1Q19 MD&A.

Pre-Tax and Pre-Provision Earnings (PPOP) up 1.4%

The following table presents the PPOP, composed of the banking product and total operating expenses. In comparison with the previous quarter, the growth of the PPOP is mainly due to NII's performance. In the 1H20/1H19 comparison, the increase in the PPOP is explained by NII's 9.0% growth and the 57.8% reduction in legal expenses.

Table 2. PPOP – R\$ million

	2Q19	1Q20	2Q20	Chg. (%)		1H19	1H20	Chg. (%) 1H19
				2Q19	1Q20			
Total Operating Income (Banking Product)	23,600	23,225	23,209	(1.7)	(0.1)	46,390	46,435	0.1
Operating Income	23,322	23,203	23,256	(0.3)	0.2	45,750	46,458	1.5
Net Interest Income	13,435	14,005	14,541	8.2	3.8	26,179	28,546	9.0
Fee Income	7,439	7,067	6,965	(6.4)	(1.4)	14,234	14,032	(1.4)
Eq. Interest of Subsidiaries and Affiliates	1,020	669	720	(29.3)	7.7	2,039	1,389	(31.9)
Other Operating Income	1,429	1,461	1,029	(28.0)	(29.6)	3,297	2,491	(24.5)
Previ - Plano de Benefícios 1	86	(140)	(140)	0.0	(0.0)	172	(280)	0.0
Previ - Fundo de Utilização Restatement	191	163	94	(51.0)	(42.6)	467	257	(45.1)
Total Operating Expenses	(13,391)	(12,395)	(12,250)	(8.5)	(1.2)	(26,780)	(24,531)	(8.4)
Administrative Expenses	(7,649)	(7,770)	(7,850)	2.6	1.0	(15,215)	(15,620)	2.7
Personnel Expenses	(4,921)	(4,919)	(5,008)	1.8	1.8	(9,787)	(9,927)	1.4
Other Administrative Expenses	(2,728)	(2,851)	(2,842)	4.2	(0.3)	(5,428)	(5,693)	4.9
Legal Risk	(2,091)	(784)	(853)	(59.2)	8.9	(3,883)	(1,637)	(57.8)
Other Tax Expenses	(130)	(114)	(125)	(3.8)	9.7	(258)	(239)	(7.3)
Taxes on Revenues	(1,076)	(1,088)	(1,204)	11.9	10.6	(2,248)	(2,293)	2.0
Other Operating Expenses	(2,445)	(2,639)	(2,217)	(9.3)	(16.0)	(5,231)	(4,856)	(7.2)
Non-Operating Income	(23)	47	67	0.0	42.5	55	115	109.7
Pre-Tax and Pre-Provision Earnings	10,185	10,878	11,026	8.3	1.4	19,610	21,904	11.7

Net Interest Income up 3.8%

The main highlights of the Net Interest Income in the quarter (2Q20/1Q20) were:

- I Decrease was 1.2% in interest income of loan operation, driven by the reduction in average Selic rate (TMS), mix change in individuals loan portfolio and retraction in companies loan portfolio, mainly in Large Corporate segment.
- II Funding expenses down R\$725.09 million (-16.3%), favored by the decrease in TMS (-27.2%) in the period. The result was partially offset by the increase in the balance of savings deposits (+9.6%), judicial deposits (+8.6%) and time deposits (+20.1%).
- III Treasury income was stable, reinforced by Banco Patagonia and partially offset by the reduction in revenues from fixed income securities in Brazil.

Table 3. NII and Net Interest Margin (NIM) – R\$ million

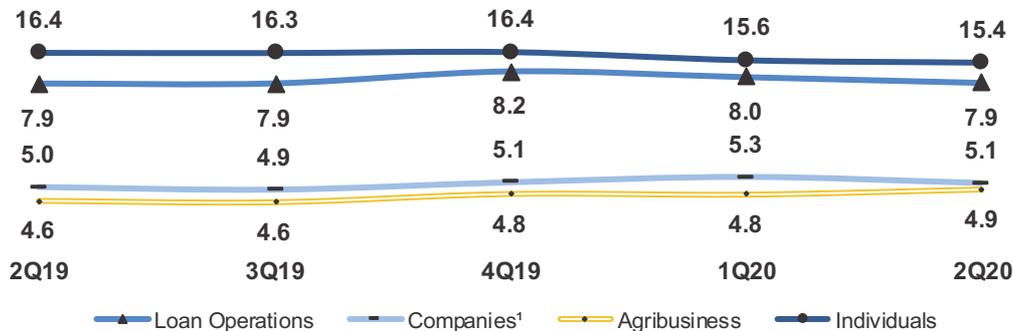
	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. % On 1H19
				On 2Q19	On 1Q20			
Net Interest Income	13,435	14,005	14,541	8.2	3.8	26,179	28,546	9.0
Loan Operations	18,700	17,492	17,289	(7.5)	(1.2)	37,084	34,781	(6.2)
Funding Expenses	(6,582)	(4,454)	(3,729)	(43.3)	(16.3)	(12,961)	(8,183)	(36.9)
Financial Expense for Institutional Funding ¹	(2,565)	(2,384)	(2,395)	(6.6)	0.4	(4,977)	(4,779)	(4.0)
Treasury ²	3,882	3,351	3,376	(13.0)	0.7	7,033	6,726	(4.4)
NIM - %³	4.0	4.2	4.0					
Risk Adjusted NIM - %	2.8	2.5	2.4					

(1) It includes senior bonds, subordinated debt, and hybrid instruments in Brazil and abroad.

(2) It includes the result from interest, tax hedging, derivatives, and other financial instruments that offset the effects of the exchange rate variation on result;

(3) NII/Earning Assets average, annualized.

Figure 1. Managerial Net Interest Margin by Segment² – %



(1) It does not include transactions with the Government;
(2) Revised historical data in 3Q19.

ALLL Expanded View of R\$5.9 Billion

ALLL Expanded View: corresponds to the net ALLL Expenses, plus discounts granted and impairment grew R\$368.0 million (+6.6%) over 1Q20. Compared to 1H19 it grew R\$3.9 billion (+51.8%).

- I. Credit Risk¹: Decrease of R\$533.8 million (-8.2%) over 1Q20. The first quarter was impacted by the prudential anticipation that resulted in the reinforcement of ALLL in R\$2.04 billion. In 2Q20 the prudential reinforcement was R\$ 2.01 billion.
- II. Recovery of Write-Offs²: Flat over 1Q20 (+0.3%).
- III. Discounts Granted³: Decrease of R\$58.1 million (-21.6%) over 1Q20.
- IV. Impairment⁴: Increase of R\$965.4 million (+255.1%) over 1Q20, impacted by Large Corporate operations that were already classified as problematic assets.

Table 4. ALLL Expanded View – R\$ million

	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. %
				On 2Q19	On 1Q20			
ALLL Expanded View	(4,148)	(5,539)	(5,907)	42.4	6.6	(7,539)	(11,445)	51.8
ALLL Expenses - Credit Risk	(5,055)	(6,477)	(5,943)	17.6	(8.2)	(9,907)	(12,419)	25.4
ALLL Expenses - Recovery of Write-offs	1,494	1,585	1,591	6.4	0.3	3,219	3,176	(1.4)
ALLL Expenses - Discounts Granted	(213)	(269)	(211)	(1.2)	(21.6)	(474)	(480)	1.3
ALLL Expenses - Impairment	(373)	(378)	(1,344)	-	-	(378)	(1,722)	-

Fee Income

The 1.4% decrease in fee income in the half-year comparison is mainly explained by the two factors listed below:

¹ Allowances for loan and lease losses (ALLL) expenses, as Resolution 2,682/99.

² Recovery of Write-offs.

³ Represents discounts granted in renegotiation of loan operations or other operations with characteristics of granting credit arising from loans.

⁴ Grouping of accounts that record permanent losses in bonds and securities, expenses with provision for impairment in bonds and securities and the negative result from sales or transfers of financial assets that were written off by the selling or transferring institution.

a) Structural - with the reduction of the Selic rate, there was a repricing of some products, especially investment funds; and

b) Pandemic - the effects of the pandemic on the economic scenario implied a reduction in the demand for products and services.

In the medium-term, fee income has challenges due to the financial industry trend, however, the Bank's management has been constantly seeking to improve its products and services portfolio and new ways to monetize its relationship with its customers, either by increasing consumption of products and services or the development of new businesses models.

Table 5. Fee Income – R\$ million

	2Q19	1Q20	2Q20	Chg. %		1H19	1H20	Chg. % On 1H19
				On 2Q19	On 1Q20			
Fee Income	7,439	7,067	6,965	(6.4)	(1.4)	14,234	14,032	(1.4)
Checking Account	1,918	1,917	1,923	0.3	0.3	3,767	3,840	2.0
Asset Management	1,617	1,721	1,675	3.6	(2.7)	3,137	3,396	8.3
Insurance, P. Plans and Premium Bonds	929	970	891	(4.0)	(8.1)	1,770	1,861	5.2
Credit/Debit Cards	538	485	519	(3.5)	7.0	1,059	1,005	(5.1)
Loan Fees	496	348	405	(18.4)	16.5	899	753	(16.3)
Collections	326	340	310	(5.0)	(8.9)	634	650	2.5
Consortium	312	328	298	(4.5)	(9.0)	587	626	6.6
Billings	282	262	224	(20.6)	(14.7)	558	486	(12.8)
Subsidiaries Abroad	158	162	179	13.9	10.7	331	342	3.3
Contract Processing	192	167	147	(23.4)	(11.9)	325	314	(3.5)
Capital Market	311	85	127	(59.2)	49.9	462	212	(54.2)
Nat. Treasury and Manag. of Official Funds	100	100	97	(3.3)	(3.0)	203	196	(3.3)
Foreign Exchange Services	97	85	73	(24.4)	(13.6)	186	158	(15.1)
Other	163	98	96	(40.7)	(1.6)	317	194	(38.7)

Despite this scenario, in the half-yearly comparison (1H20/1H19), the asset management, insurance, pension plans and premium bonds and consortium segments performed well. The following are the main reasons for such performances.

In relation to asset management fees, it is noteworthy that part of the income that were previously accounted for in the "Capital Market" line was reallocated to this line, due to the revision, in the first quarter of 2020, of an intragroup contract, where services provided by the BB Banco de Investimento (BB-BI) are now provided by BB DTVM. The amount for 1H20 is R\$146 million, and disregarding this effect, the growth in the "Asset Management" line would be 3.6%, in line with the 3.5% annual growth in the assets managed balance.

The 5.2% growth in the "Insurance, Pension Plans and Premium Bonds" line is explained by the increase in sales of insurance policies in the first half of 2020, with emphasis on the rural, life and credit life segments, and also by higher revenues with the performance bonus, in the amount of R\$231.5 million in 1H20 (R\$166.8 million in 1H19).

In the consortium segment, the 6.6% growth can be explained by the sale of more than 188 thousand new consortium quotas in the first half of 2020, with a turnover of R\$6.1 billion, 1.6% up compared to the end of June, 2019. However, it is worth noting that this growth slowed down in the second quarter of 2020.

In the quarterly comparison (2Q20/1Q20), the highlights were loan fees, with an increase of 16.5%, and capital market operations, 49.9% up, due to the increase in number of operations with the participation of BB-BI and the increase in the domestic fixed income bonds/securitization issuance.

Cost-to-Income Ratio was 36.7%

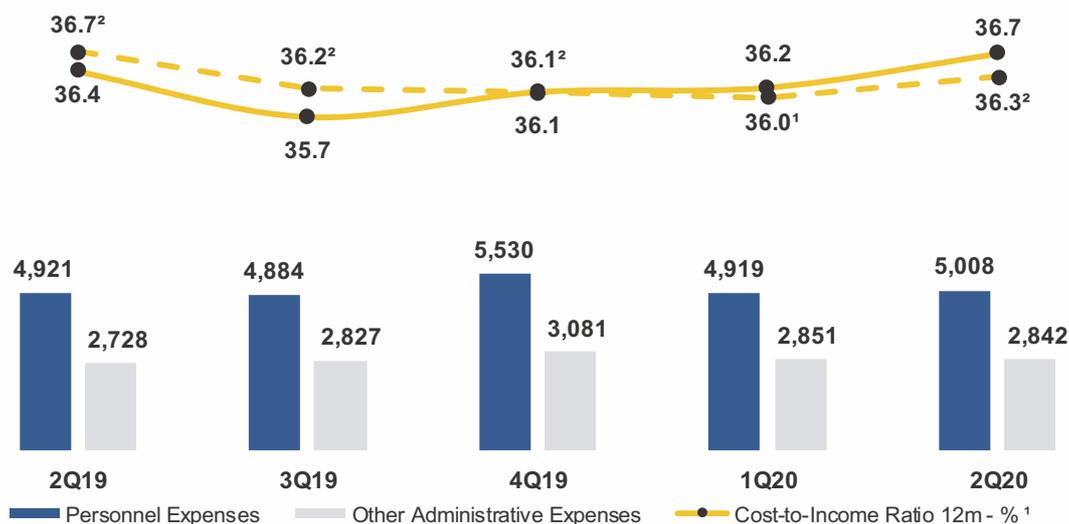
Personnel expenses grew by 1.8% in the QoQ comparison. Part of this growth is due to residual expenses, in the amount of R\$56.7 million in 2Q20, accounted for in "Benefits" line, as a result of the agreement signed between Banco do Brasil and Cassi in 2019 (bylaws amendment). Disregarding this effect, the quarterly increase would be 0.6%.

In the half-yearly comparison, the highlight was the growth of only 1.4%, influenced by the Staff Adequacy Program (PAQ) of July 2019, which validated the dismissal of 2,367 employees. As a comparison, it is worth noting that semiannual growth is below the 4.31% increase granted to bank employees in 2019 collective agreement and also the 12-month accumulated inflation (2.13%).

Other administrative expenses remained practically stable (-0.3%) compared to 1Q20, mainly influenced by the reduction in the amounts paid in contracts for maintenance of servers and office support and the transfer of R\$75 million to the Fundação Banco do Brasil (FBB), carried out in March 2020, for education projects with children and young people during extra-curricular shift (accounted for in the "Other" line).

In the half-year comparison, the 4.9% growth can be explained mainly by the increase in expenses with supplies of ATMs and cash transportation in 1H20.

Figure 2. Administrative Expenses – R\$ million



(1) Cost-to-Income ratio: Administrative Expenses/Operating Revenues. Data from Income Statement with Reallocations.

(2) It considers the complementary contribution related to Cassi's (BB employees' healthcare plan) bylaws amendment.

BB has been taking steps to adjust its cost structure and generate savings. One of these actions is Flexy BB, which aims to optimize the occupation of corporate environments, bringing a new working model. Since the beginning of the pandemic, the Bank has used the remote way of working extensively, the program consolidates the practice generating property efficiency and cultural transformation. Also, the new positions and salaries plan and the new performance-based compensation model (Performa), were implemented as announced in February/20.

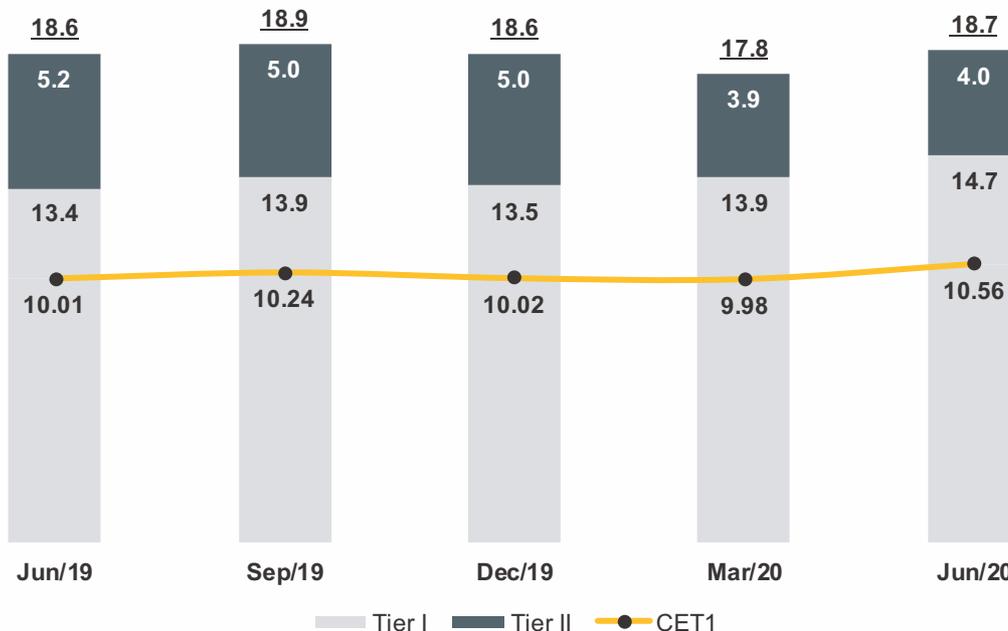
Actions are also underway to increase energy eco-efficiency. New farms for production of solar energy and expansion of the participation of this energy source in the matrix used by BB, purchase of renewable energy in the open market and use of technology to reduce consumption are planned.

BIS Ratio was 18.7%

Banco do Brasil has a three-year prospective Capital Plan and considers (a) the Declaration of Risk Appetite and Tolerance, (b) the Corporate Strategy and (c) the Corporate Budget.

In June/20, the BIS Ratio was 18.7% and the Tier I was 14.7%, being 10.56% of Common Equity Tier 1 (CET1). In addition, following the Risk Appetite Statement and Capital Plan, for January 2022, the goal is to maintain at least 11% of CET1.

Figure 3. BIS Ratio – %



Loan Portfolio

Given the current pandemic scenario, some business lines were negatively impacted in the quarter.

In comparison with 1Q20, the R\$3.6 billion (0.5%) reduction in the expanded loan portfolio can be explained by the drop in the credit card for individuals, as a result of lower consumption with this means of payment with a reduction of R\$3.5 billion or 12.1%. The checking account line of this segment also suffered a downturn, of 17% or R\$291 million.

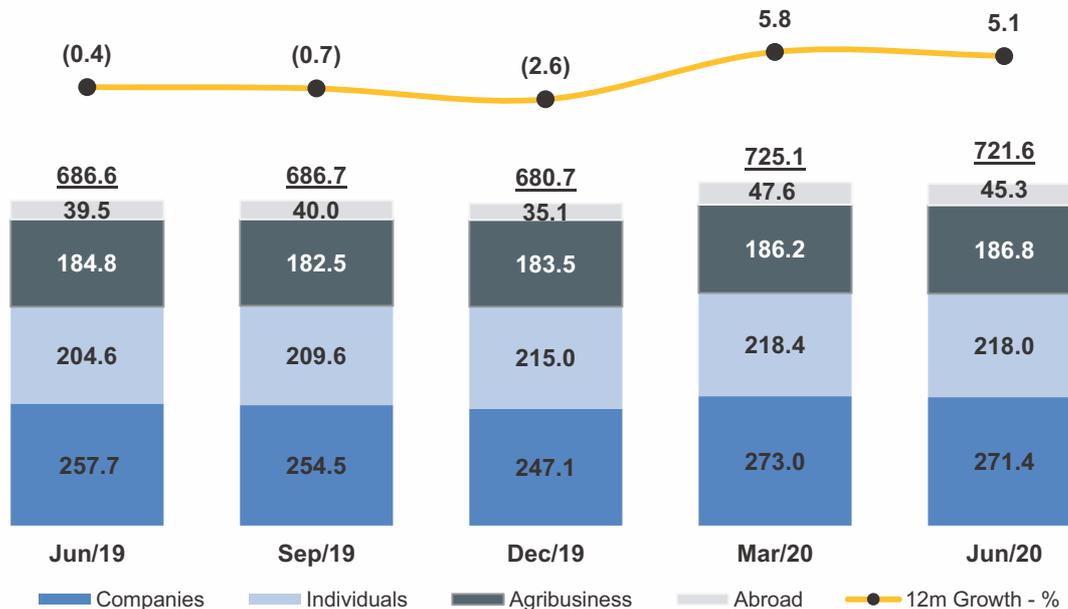
The lower consumption of credit cards by families also impacted the companies lines of receivables, with a drop of R\$6.2 billion (40.9%). These were more than offset by the increase in working capital (R\$8.5 billion or 7.5%), with 36.8% of this movement being made by SME.

In addition, the segments of large companies and agro-industrial presented a drop of R\$5.8 billion (5.6%) and R\$426 million respectively in comparison to 1Q20, also due to the scenario of the quarter.

The Loan Portfolio – Expanded View totaled R\$721.6 billion, up 5.1% over June/19 (+R\$35.0 billion), with positive performance in all segments in the same comparison. For individuals, growth of R\$13.5 billion, with emphasis on payroll loans (+R\$11.0 billion) and for companies, up 6.6%, with business with SME clients growing R\$ 6.2 billion, especially in the line of working capital (+R\$7.1 billion).

The agribusiness expanded loan portfolio grew 1.1% in one year (+R\$2.0 billion) with a positive highlight for the rural portfolio, which rose 2.4% compared to Jun/19 (+R\$4.0 billion), totaling R\$174.4 billion. Highlight for growth of 5.0% (+R\$7.5 billion) with individual rural producers, aligned with the strategy to change the mix of this portfolio.

Figure 4. Loan Portfolio – Expanded View – R\$ million

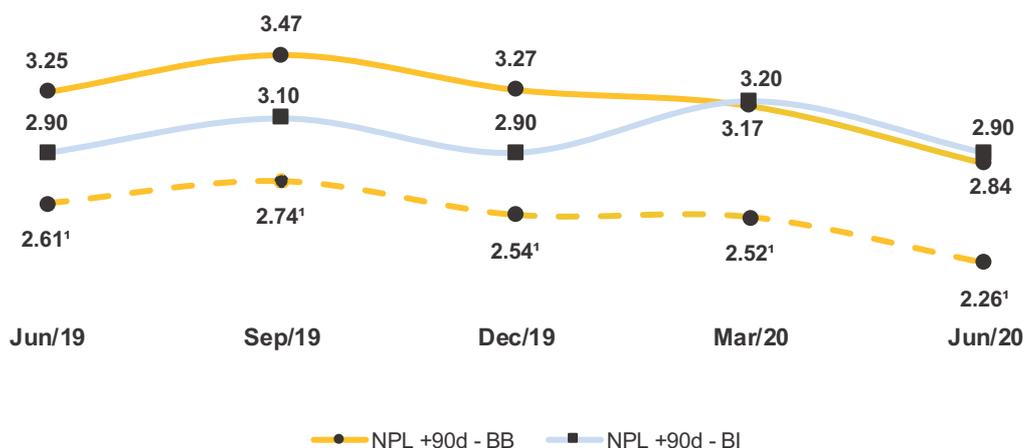


Credit Quality

The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), was 2.84% in June/20, a decrease comparing to March/20. Excluding a specific case the NPL +90d would have been 2.26%.

The NPL’s reduction in the quarter was influenced by the actions BB implemented to support customers in the current scenario by adjusting its financial commitments with extensions. In addition, there was an impact of operations written off to losses, aligned with the movement of extraordinary prudential provisions in 4Q19.

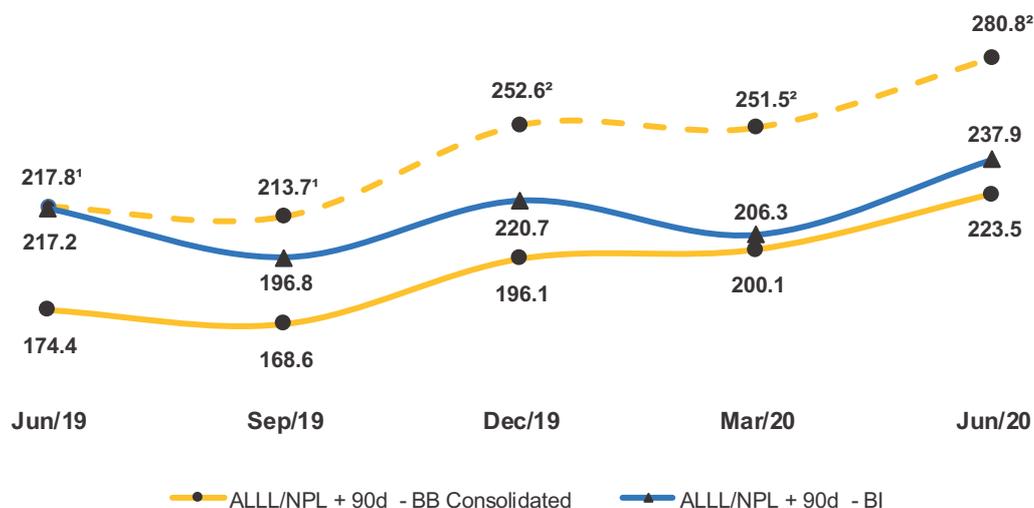
Figure 5. NPL +90 days – %



(1) Ex specific case.

The Bank maintains coverage compatible with the risk profile of its portfolio. The coverage index was 223.5% in June/20. Excluding a specific case the index would have been 280.8%.

Figure 6. Coverage¹ – %



(1) Ratio between the total balance of the provision and the balance of operations more than 90 days overdue.
(2) Ex-specific case.

Table 6. Coverage by Segment – %

	Jun/19	Sep/19	Dec/19	Mar/20	Jun/20
Individuals	184.2	177.8	199.4	199.2	209.4
Companies	202.3	202.3	261.7	283.8	323.0
Companies ex specific case	240.4	259.5	354.1	372.3	397.7
Agribusiness	113.6	109.5	117.2	114.8	141.8
Agribusiness ex specific case	228.0	210.6	215.9	201.9	277.9

Support to customers in times of pandemic

The offer of quality financial services to customers and society is guaranteed, giving continuity to the relationship and meeting the demands of the most diverse audiences, enabling the financial adequacy of the commitments of these customers from the renegotiation of credit operations, with lack of payment, depending on the line of credit, and lengthening the term. The Bank has offered clients the possibility of extending operations for up to 120 days, for companies, and up to 180 days, for individuals, the payment of debts that mature in the coming months. Most of these services are provided by digital means.

The balance of the extended portfolio was R\$71.8 billion in June/20, which represents 11.6% of the domestic loan portfolio, in over 1.7 million operations. Of this amount, 98.4% of the transactions have a rating between AA and C and 98.4% of the transactions had no history of overdue in the last 12 months. In addition, 69.1% have guarantees and mitigators. The average relationship time of customers who extended operations is 14.3 years.

Between March 16, 2020 and June 30, 2020, more than R\$171 billion were recorded in credit disbursements, including new, renewed, extended and renegotiated transactions.

Figure 7. Balance of the Extended Portfolio

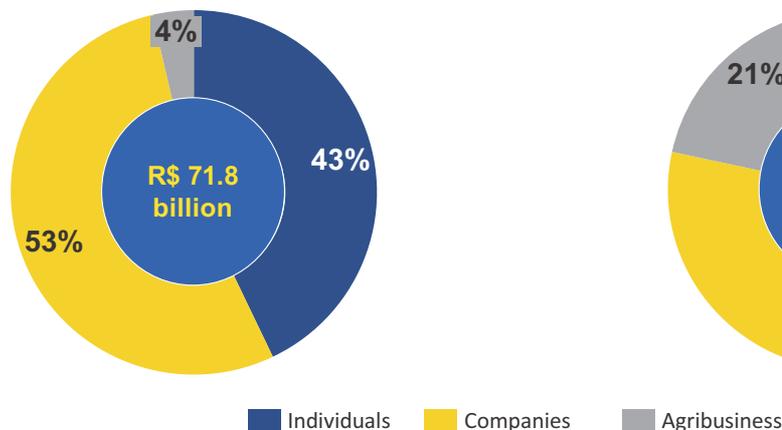
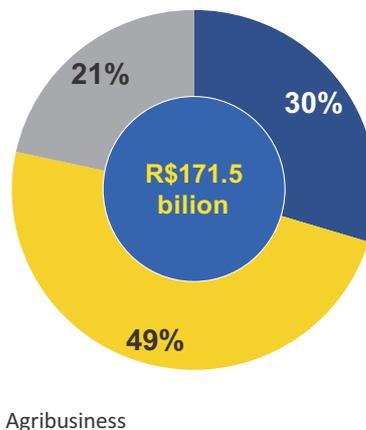


Figure 8. Credit Disbursements¹



(1) It includes new, renewed, extended and renegotiated transactions.

The potential impacts on the credit portfolio are assessed and monitored, considering the peculiarities of the various segments and credit lines, and we have adopted proactive measures for risk and capital management. We work to preserve the continuity of our operations and the long-term sustainability of our company and our relationship with our customers and shareholders.

Society and Environment

Banco do Brasil Conglomerate has adopted relevant actions to contribute with the fight against the Covid-19 pandemic. In this regard, we highlight the actions adopted by Fundação Banco do Brasil (FBB), using the funds allocated from BB Seguros, in the amount of R\$40 million, and Banco BV, in the amount of R\$15 million. The donation was allocated for the purchase of food, and hygiene and cleaning products. FBB have also launched the website (coronavirus.fbb.org.br) to receive donations from institutions and volunteers that would like to contribute with the actions. We have also financed the import of Individual Protection Equipment (EPI) and fans for hospital, more than U\$300 million.

BB, through FBB, has also implemented an action to avoid food waste and help millions of farmers and families impacted by the pandemic. The acquisition comprises the purchase of food from farmers and producers whose production would be lost by virtue of the quarantine. In addition, the action also provides for the provision of basic food and hygiene products to poor communities impacted by Covid-19 pandemic. Denominated as agro ecological baskets, the families are receiving regional products, such as açai fruit, cheese, flour and fruit from the Atlantic Forest and savannah forests, based on the characteristics of each region: 4,286 producers, 64,439 thousand families, 128,878 thousand food baskets and R\$14 million in investments.

The initiatives will support persons under social vulnerability by virtue of the pandemic. The action also supports micro and small entrepreneurs that will be the main suppliers of the inputs, by promoting, therefore, a solidarity cycle. The funds shall be allocated to the communities through non-for-profit entities, throughout Brazil.

The use of sustainable agricultural techniques that contribute to improving income, reducing greenhouse gas emissions, and preserving natural resources are encouraged. We are pioneers in the operationalization of the Low Carbon Agriculture Program (ABC Program). The Program aims to finance sustainable agricultural production systems, with recognized capacity to reduce/sequester Greenhouse Gas (GHG) emissions, and promote the production of vegetation/biomass, food production, increased productivity and income and the preservation of the environment. From 2011 to June 2020, R\$15.4 billion in hiring along these lines was achieved.

Banco do Brasil was listed, in the 2Q20, for the fifth consecutive year on the FTSE4 Good Index Series - an index of the London Stock Exchange that evaluates and ranks companies with best Environmental, Social and Corporate Governance (ASG) practices. The Index, which is organized by a wholly owned subsidiary of the London Stock Exchange Group (LSEG), is a useful tool for investors seeking non-financial information and reliable data that can be integrated into the investment decision-making process.

For the first time, Morgan Stanley Capital International (MSCI) ESG Rating "AA" was received, focusing on issues related to talent management, cyber security and risk management. The Bank was also recognized in ALAS20 (Sustainable Leaders Agenda 2020) in the categories "Leading company in corporate governance" and "Leading company in investor relations".

For more information on BB's performance in the face of the Coronavirus pandemic, read the Management Report available in the 1H20 Financial Statements.

Digital Strategy

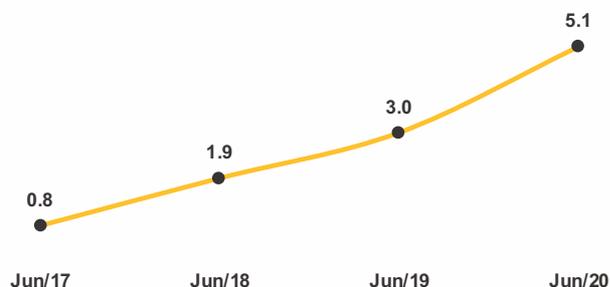
The digital age has changed consumer habits and behaviors, so that its level of demand has increased. Customer now has several options, offered by traditional companies and startups, and for that reason, it demands immediate solutions and impeccable usability. Owners of unprecedented power, consumers demand dialogue, commitment, and transparency from companies.

The investments in technology and the focus on digital transformation in recent years have proved to be fundamental in this scenario. We believe that being present and interconnected in all channels, physical and digital, helps to fully meet the demands of our customers. For this reason, the omnichannel is fundamental in the centrality of the customer, as it improves the perception of our presence. It was approved for the next three years additional investments of R\$2.3 billion for technology and analytics, to offer to our clients' new experience with more practical, safe and quick options in the digital world.

The number of native digital clients, who started their relationship with BB, through digital channels, grew by 69.1% in 12 months and 13.2% in the quarter. Of these clients, 81.4% are under 40 years old.

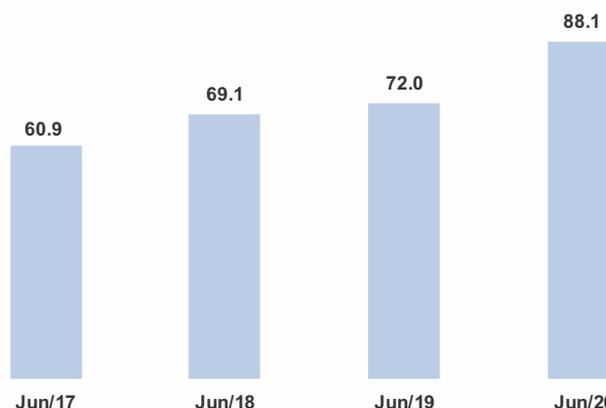
This increase reinforces the Bank's commitment to expand its business volume, with new customers (mainly the young).

Figure 9. Native Digital Clients – Million



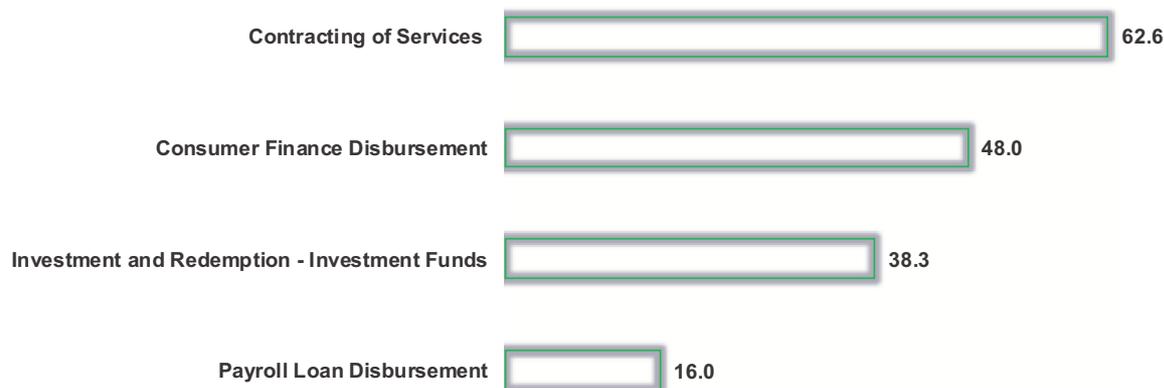
In June/20, internet and mobile service channels represented 88.1% of transactions carried out by Banco do Brasil customers. Mobile had 18.9 million recurring users, who used the app in the last 6 months. Of these users, on average, 31.8% access the app daily. It should also be noted that this did not affect satisfaction in this channel, and App BB remained one of the best rated in the financial industry with a rating of 4.6 on Google play (the rating has already been made by more than 2.4 million users) and 4.7 in the Apple Store (rated by more than 1.7 million users). The maximum score is 5.

Figure 10. Transactions by Internet + Mobile Channel – %



Digital channels (internet and mobile) accounted for 48.0% of disbursements in consumer loans, 16.0% in payroll loans, 38.3% of investments and redemptions in investment funds and 62.6% in the number of transactions in services (checking accounts, service packages, investment funds, cards, premium bonds, insurance and consortium).

Figure 11. Digital Channels Participation in Banking Operations – %



2020 Guidance has been suspended

The 2020 guidance has been suspended due to the high volatility and uncertainty resulting from the pandemic of the new-coronavirus (COVID-19), which has required frequent updates of scenarios and assumptions, making it difficult to construct accurate estimates.

BALANCE SHEET

ASSETS	Note	Banco do Brasil		BB Consolidated	
		Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
Cash and cash equivalents	7	74,254,017	69,713,238	81,155,389	71,936,023
Financial assets		1,630,382,239	1,407,555,979	1,566,049,252	1,348,975,603
Central Bank compulsory reserves	8	67,586,657	65,124,107	67,586,657	65,124,107
Interbank investments	9	558,627,752	445,057,031	466,367,601	367,712,523
Securities	10	253,982,486	192,997,852	266,953,161	202,120,768
Derivative financial instruments	11	4,622,133	823,113	4,639,303	820,935
Loan portfolio	12	643,727,722	610,786,159	657,212,139	621,344,555
Other financial assets	13	101,835,489	92,767,717	103,290,391	91,852,715
(Allowance for losses associated with credit risk)		(43,597,347)	(41,558,545)	(44,120,051)	(41,995,019)
(Loan portfolio)	12	(41,409,210)	(39,592,667)	(41,676,660)	(39,799,866)
(Other financial assets)	13	(2,188,137)	(1,965,878)	(2,443,391)	(2,195,153)
Tax assets		69,445,223	67,223,491	71,455,422	68,835,569
Current tax assets		7,823,934	8,792,228	8,741,922	9,372,637
Deferred tax assets (tax credit)	22	61,621,289	58,431,263	62,713,500	59,462,932
Investments	14	30,406,776	28,297,912	15,309,130	14,959,449
Investments in subsidiaries, associates and joint ventures		30,231,410	28,134,582	15,023,068	14,690,382
Other investments		213,845	183,928	354,520	320,560
(Impairment losses)		(38,479)	(20,598)	(68,458)	(51,493)
Property for use	15	7,776,192	7,698,876	7,972,408	7,882,695
Property and equipment		18,760,272	18,183,285	19,178,141	18,554,259
(Accumulated depreciation)		(10,961,704)	(10,462,033)	(11,182,666)	(10,647,816)
(Impairment losses)		(22,376)	(22,376)	(23,067)	(23,748)
Intangible	16	6,820,990	5,784,356	6,896,055	5,920,549
Intangible assets		13,672,085	11,759,011	13,812,402	12,033,513
(Accumulated amortization)		(5,841,552)	(4,964,994)	(5,906,797)	(5,103,282)
(Impairment losses)		(1,009,543)	(1,009,661)	(1,009,550)	(1,009,682)
Other assets	13	4,983,230	6,044,802	5,516,394	4,580,295
TOTAL ASSETS		1,780,471,320	1,550,760,109	1,710,233,999	1,481,095,164

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Banco do Brasil		BB Consolidated	
		Jun 30, 2020	Dec 31, 2019	Jun 30, 2020	Dec 31, 2019
Financial liabilities		1,595,056,085	1,374,118,210	1,508,893,681	1,286,176,843
Customers resources	17	536,077,606	473,726,182	555,165,049	485,002,305
Financial institutions resources	18	731,583,516	605,979,736	630,900,605	512,689,942
Funds from issuance of securities	19	216,984,953	209,499,082	215,538,058	206,330,526
Derivative financial instruments	11	6,635,430	3,050,673	4,486,117	961,612
Other financial liabilities	20	103,774,580	81,862,537	102,803,852	81,192,458
Provisions	21	29,879,095	30,219,601	30,471,164	30,734,619
Provisions for tax, civil and labor claims		25,485,489	25,239,763	25,745,382	25,480,105
Other provisions		4,393,606	4,979,838	4,725,782	5,254,514
Tax liabilities		10,309,219	9,798,845	12,295,366	12,571,121
Current tax liabilities		7,618,973	7,877,064	9,489,615	10,501,481
Deferred tax liabilities	22	2,690,246	1,921,781	2,805,751	2,069,640
Other liabilities	20	40,220,396	37,727,454	43,737,463	43,047,687
Shareholders' equity	23	105,006,525	98,895,999	114,836,325	108,564,894
Capital	23.b	67,000,000	67,000,000	67,000,000	67,000,000
Instruments qualifying as common equity tier 1 capital	23.c	--	--	8,100,000	8,100,000
Capital reserves	23.e	1,388,439	1,365,081	1,389,894	1,366,443
Revaluation reserves	23.d	2,134	2,169	2,134	2,169
Profit reserves	23.e	58,709,519	54,134,135	58,412,873	53,814,656
Other comprehensive income	23.i	(21,789,740)	(23,280,948)	(21,789,740)	(23,282,394)
(Treasury shares)	23.m	(303,827)	(324,438)	(305,282)	(339,636)
Non-controlling interests	23.j	--	--	2,026,446	1,903,656
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,780,471,320	1,550,760,109	1,710,233,999	1,481,095,164

STATEMENT OF INCOME

	Note	Banco do Brasil		BB Consolidated	
		1st half/2020	1st half/2019	1st half/2020	1st half/2019
INCOME FROM FINANCIAL INTERMEDIATION		77,124,716	62,964,749	77,098,117	62,758,602
Loan portfolio	12.b	50,115,623	39,256,851	51,467,455	40,290,202
Interbank investments	9.b	11,047,145	17,489,185	8,385,690	15,029,979
Securities	10.b	11,004,440	5,003,071	12,217,093	6,015,119
Derivative financial instruments	11.b	3,837,577	(167,027)	3,964,127	(58,565)
Reserve requirement	8.b	804,465	1,232,360	804,465	1,232,360
Other financial assets	13.d	315,466	150,309	259,287	249,507
EXPENSES FROM FINANCIAL INTERMEDIATION		(59,081,306)	(36,929,795)	(51,931,396)	(35,123,406)
Financial institutions resources	18.d	(44,831,929)	(19,461,418)	(36,951,789)	(16,732,652)
Customers resources	17.c	(7,769,295)	(11,768,407)	(8,414,950)	(12,696,611)
Funds from issuance of securities	19.e	(4,054,098)	(5,191,922)	(4,181,026)	(5,183,636)
Other funding expenses	20.c	(2,425,984)	(508,048)	(2,383,631)	(510,507)
Allowance for losses associated with credit risk		(12,604,297)	(9,666,973)	(12,661,412)	(9,533,822)
Loan portfolio	12.f	(12,380,626)	(10,109,891)	(12,418,876)	(9,906,807)
Other financial assets	13.b	(223,671)	442,918	(242,536)	372,985
NET INCOME FROM FINANCIAL INTERMEDIATION		5,439,113	16,367,981	12,505,309	18,101,374
OTHER OPERATING INCOME/EXPENSES		(413,686)	(3,764,845)	(5,003,408)	(2,865,730)
Service fee income	24	9,560,856	9,786,348	14,032,374	14,234,277
Personnel expenses	25	(9,192,983)	(9,133,605)	(9,927,079)	(9,787,098)
Other administrative expenses	26	(6,311,075)	(6,103,610)	(6,398,426)	(6,175,521)
Tax expenses	22.c	(1,632,258)	(1,847,494)	(2,291,549)	(2,512,950)
Net gains from equity method investments	14.a	8,646,002	3,896,276	1,389,242	2,039,337
Other operating income/expenses	27	(1,484,228)	(362,760)	(1,807,970)	(663,775)
Provisions	21.d	(1,641,367)	(5,657,885)	(1,683,610)	(5,685,364)
Tax, civil and labor claims		(1,532,105)	(5,649,060)	(1,570,566)	(5,676,711)
Other provisions		(109,262)	(8,825)	(113,044)	(8,653)
OPERATING INCOME		3,384,060	6,945,251	5,818,291	9,550,280
NET NON-OPERATING INCOME		11,600	37,612	114,570	54,644
PROFIT BEFORE TAXATION AND PROFIT SHARING		3,395,660	6,982,863	5,932,861	9,604,924
INCOME TAX AND SOCIAL CONTRIBUTION	22.a	3,777,722	2,184,851	2,075,765	479,459
EMPLOYEE AND DIRECTORS PROFIT SHARING		(825,524)	(1,047,842)	(829,182)	(1,051,725)
NON-CONTROLLING INTERESTS	23.j	--	--	(766,015)	(820,565)
NET INCOME		6,347,858	8,119,872	6,413,429	8,212,093
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS					
Shareholders of the bank		6,347,858	8,119,872	6,413,429	8,212,093
Non-controlling interests		--	--	766,015	820,565
EARNINGS PER SHARE	23.f				
Weighted average number of shares - basic		2,852,103,067	2,786,507,649		
Weighted average number of shares - diluted		2,851,860,111	2,786,183,611		
Basic and diluted earnings per share (R\$)		2.23	2.91		



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