

Japan

ブラジル銀行 在日支店

平成30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 平成30年9月期

Banco do Brasil S.A.
Interim Disclosure Report 2018



ブラジル銀行

目次 / Contents

1. 東京支店長よりご挨拶	2
2. 在日支店に係る事項	
ブラジル銀行東京支店の概況	3
主要財務データ	3
沿革	4
大株主の状況	4
3. 直近の2事業年度における財務諸表	
貸借対照表及び損益計算書	5
注記事項	6
重要な会計方針	7
確認書	8
4. 本店に係る事項	
業績の概要（2018年9月末）	9
連結財務諸表（2018年9月末）	16

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平成31年3月31日までに営業所に備置します。

1. A Message from Tokyo Branch General Manager	22
2. Japan Branch	
Branch Profile	23
Key Financial Summary	23
History	24
Shareholders Information	24
3. Financial Statements for 2 Years	
Balance Sheet and Income Statement	25
Footnote	26
Summary of Significant Accounting Policies	27
Confirmation Note	28
4. Head Office	
Earnings Summary (3rd quarter 2018)	29
Consolidated Financial Statements (3rd quarter 2018)	36

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 available to the public until the end of March 2019, as stipulated on article 19-4 of the same Ordinance.

ブラジル銀行在日支店は、ホールセール業務とリテール業務に従事しております。

リテール部門では、個人や中小企業のお客様向けに、当座預金、定期預金、また送金などの商品・サービスを提供しております。ホールセール部門では、日本国内向け貸付業務やブラジル関連の貿易金融取引を行っており、またブラジル銀行のアジアにおけるリクイディティー・センターとしての役割も担っております。

ブラジル銀行組織内で在日支店の位置づけとして、主に輸入貿易貸付を担当していることにより、ホールセール部門のビジネスはブラジルのマクロ経済状況の影響を受ける傾向があります。

このため、近年のブラジルの経済不況が終了するとの見通しにより在日支店の資産残高などの状況は徐々に良い環境になると予想しております。

今後数年間、ブラジル経済や企業業績の回復がブラジル銀行在日支店にとって良い影響をもたらすと考えられるものの、私どもは引き続き利益の向上のために新たなビジネスを開拓し、また業務効率の改善に努めてまいります。

この点に関しては、2018年9月期の中間純利益は623百万円と、前年の中間純利益の523百万円と比べて増加となり、これまでの取り組みの成果が既にあらわれております。

このように、ブラジル経済が回復する見通しであると共に、私どもの収益向上への取り組みが今後実を結ぶと考えているため、在日支店の将来の業績については明るい見通しを持っております。

ブラジル銀行 東京支店
支店長
マルセロ・アッシ

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	160名(平成30年9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大同生命浜松ビル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29年3月	平成29年9月	平成30年3月	平成30年9月
経常収益	12,706	5,898	11,531	5,835
経常利益	2,570	731	1,659	906
中間純利益	1,907	523	1,166	623
純資産額	14,234	14,749	15,405	16,029
総資産額	355,411	308,095	282,803	291,745
預金残高	119,744	91,330	84,880	84,644
貸出金残高	99,428	80,538	92,909	92,903

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(千株)	保有割合(%)
ブラジル連邦政府(国庫)	1,453,494	50.72%
ブラジル銀行従業員福祉年金	222,770	7.77%
BANCO DO BRASIL S A	79,848	2.79%
F.I. DO FUNDO DE GARANTIA DO TEMPO DE SERVICIO - FI	68,507	2.39%
THE LAZARD FUNDS INC	35,061	1.22%
THE BANK OF NEW YORK ADR DEPARTMENT	34,323	1.20%
NORGES BANK	23,293	0.81%
GOVERNMENT OF SINGAPORE	22,114	0.77%
ISHARES MSCI BRAZIL CAPPED ETF	16,704	0.58%
VANGUARD EMERGING MARKETS STOCK INDEX FUND	16,033	0.56%

貸借対照表

(単位:百万円)

資産の部	平成 29年 9月 (半期)	平成 30年 9月 (半期)	負債・資本の部	平成 29年 9月 (半期)	平成 30年 9月 (半期)
現金預け金	50,427	39,433	預金	91,330	84,644
金銭の信託	-	-	借入金	188,601	167,908
有価証券	12,002	12,003	外国為替	3,616	3,573
貸出金	80,538	92,703	その他負債	2,802	2,080
外国為替	1,673	608	賞与引当金	82	82
その他資産	4,675	4,285	退職給付引当金	413	448
有形固定資産	276	248	特別法上の引当金	-	-
			金融商品取引責任		
無形固定資産	37	36	準備金	-	-
前払年金費用	-	-	繰延税金負債	-	-
繰延税金資産	186	189	支払承諾	86	86
支払承諾見返	86	86	本支店勘定	6,401	16,892
貸倒引当金	-	-	小計	293,336	275,716
本支店勘定	158,190	142,148	持込資本金	2,621	2,621
			繰越利益剰余金	12,142	13,408
			その他有価証券評価差		
			額金	(4)	(1)
合計	308,095	291,745	合計	308,095	291,745

損益計算書

(単位:百万円)

	平成 29年 9月 (半期)	平成 30年 9月 (半期)
経常収益	5,898	5,835
資金運用収益	4,487	4,126
(うち貸出金利息)	1,911	1,952
(うち有価証券利息配当金)	-	-
役務取引等収益	487	588
その他業務収益	682	1,038
その他経常収益	241	85
経常費用	5,167	4,929
資金調達費用	3,299	3,128
(うち預金利息)	603	367
役務取引等費用	382	443
その他業務費用	10	8
営業経費	1,442	1,309
その他経常費用	32	39
経常利益	731	906
特別利益	-	-
特別損失	0	0
税引前当期純利益	731	906
法人税、住民税及び事業税	206	282
法人税等調整額	0	0
法人税等合計	207	282
中間純利益	523	623

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154百万円であります。
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) 2,000百万円
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81百万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39百万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

2018年12月28日

私は、当行在日支店の2018年4月1日から2018年9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

ブラジル銀行 東京支店
経理部長
大友正毅

Adjusted Net Income of R\$9.7 billion in 9M18

Banco do Brasil delivered R\$9.7 billion in 9M18, an increase of 22.8% over 9M17. This performance was primarily due to the decrease in ALLL, increase in fee income over inflation, and the administrative expenses growth below inflation. The ROE grew to 13.4%, from 12.3% in 9M17, strengthening the commitment to increase profitability.

Table 1. Net Income – R\$ million

R\$ million	3Q17	2Q18	3Q18	Chg. %		9M17	9M18	Chg. % On 9M17
				On 3Q17	On 2Q18			
Net Interest Income	13,153	12,595	12,578	(4.4)	(0.1)	39,886	37,135	(6.9)
Net Allowance for Loan Losses	(5,163)	(3,583)	(3,226)	(37.5)	(10.0)	(16,184)	(11,053)	(31.7)
ALLL Expenses - Credit Risk	(6,257)	(5,134)	(4,858)	(22.4)	(5.4)	(19,628)	(15,441)	(21.3)
Credit Recovery	1,094	1,551	1,632	49.2	5.2	3,444	4,388	27.4
Net Financial Margin	7,990	9,012	9,352	17.0	3.8	23,702	26,082	10.0
Fee income	6,562	6,798	6,871	4.7	1.1	19,207	20,217	5.3
Contribution Margin	13,294	14,652	15,109	13.7	3.1	39,158	42,867	9.5
Administrative Expenses	(7,915)	(8,070)	(7,915)	(0.0)	(1.9)	(23,553)	(23,744)	0.8
Commercial Income	5,251	6,431	7,063	34.5	9.8	15,231	18,710	22.8
Other Operating Income	(135)	227	231	0.0	1.6	(11)	707	-
Income Before Taxes	4,330	5,924	6,016	38.9	1.6	13,274	16,716	25.9
Income and Social Contribution Taxes	(799)	(1,870)	(1,832)	129.4	(2.0)	(3,128)	(4,706)	50.5
Corporate Profit Sharing	(362)	(406)	(432)	19.5	6.5	(1,024)	(1,227)	19.8
Adjusted Net Income	2,708	3,240	3,402	25.6	5.0	7,872	9,668	22.8
One-Off Items	133	(105)	(227)	0.0	115.5	31	(609)	-
Net Income	2,841	3,135	3,175	11.8	1.3	7,903	9,059	14.6
Market ROE - %	12.8	13.8	14.3			12.3	13.4	
Shareholders' ROE - %	14.1	15.1	15.7			13.5	14.6	

The ROE methodologies are presented in the Glossary.

Market Indicators

The increase in the adjusted earnings per share stands out, with an increase from R\$2.81 in 9M17 to R\$3.21 in 9M18.

Table 2. Market Indicators

	3Q17	3Q18	9M17	9M18	2018 E ¹	2019 E ¹
Earnings per Share - R\$	1.01	1.11	2.81	3.21	4.46	5.54
Adjusted Earnings per Share - R\$	0.97	1.22	2.83	3.47	4.60	5.47
Dividend Yield ² - %	2.68	4.01	2.68	4.01	3.72	4.93
Price/Earnings 12 months	10.96	6.74	10.96	6.74	9.01	7.58
Price/Book Value	1.04	0.79	1.04	0.79	1.14	1.04

1 Bloomberg estimate, on November, 07, 2018/5p.m, based on the average projections of market analysts. BB takes no responsibility for this information.

2 Dividends and Interest on Shareholders' Equity (12 months) / Market Capitalization.

Net Interest Income

As from 1Q18, the Net Interest Income (NII) is presented without considering the recovery of written off credits, which is now shown as a result of the ALLL. The series was reprocessed from the 1Q14.

In 3Q18, the NII was stable compared to previous quarter. The main changes in the quarter were:

- I. Decrease of R\$92 million in revenues from credit operations, mainly due to the decrease of companies loan portfolio.
- II. Increase of R\$223 million in funding expenses, due to the increase of TMS (+1 business day) and funding balances. Institutional funding expenses decreased R\$27 million even considering the effect of instruments issued abroad, such as hybrid capital instruments and subordinated debt abroad, which increased due the average exchange rate increase. These effects were offset by the structural hedge recorded in treasury results.
- III. Treasury income was affected negatively by the change of securities portfolio mix and positively by the result of structural hedging positioning.

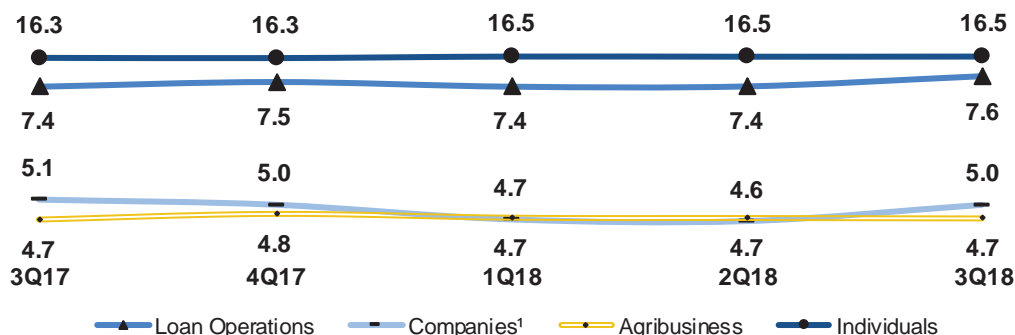
Table 3. NII – R\$ Million and NIM (%)

R\$ million	Quarterly Flow			Chg. %		9 Months Flow			Chg. %
	3Q17	2Q18	3Q18	3Q17	2Q18	9M17	9M18	9M17	
Net Interest Income	13,153	12,595	12,578	(4.4)	(0.1)	39,886	37,135	(6.9)	
Loan Operations income	21,412	18,482	18,390	(14.1)	(0.5)	66,809	55,231	(17.3)	
Funding Expenses	(7,814)	(5,967)	(6,190)	(20.8)	3.7	(25,972)	(18,156)	(30.1)	
Financial Expense for Institutional Funding ¹	(3,197)	(2,762)	(2,734)	(14.5)	(1.0)	(9,603)	(8,311)	(13.5)	
Treasury Income ²	2,753	2,842	3,112	13.1	9.5	8,652	8,371	(3.2)	
NIM - %³	4.2	4.0	3.9	-	-				
Risk Adjusted NIM	2.5	2.8	2.9						

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 Segment – %


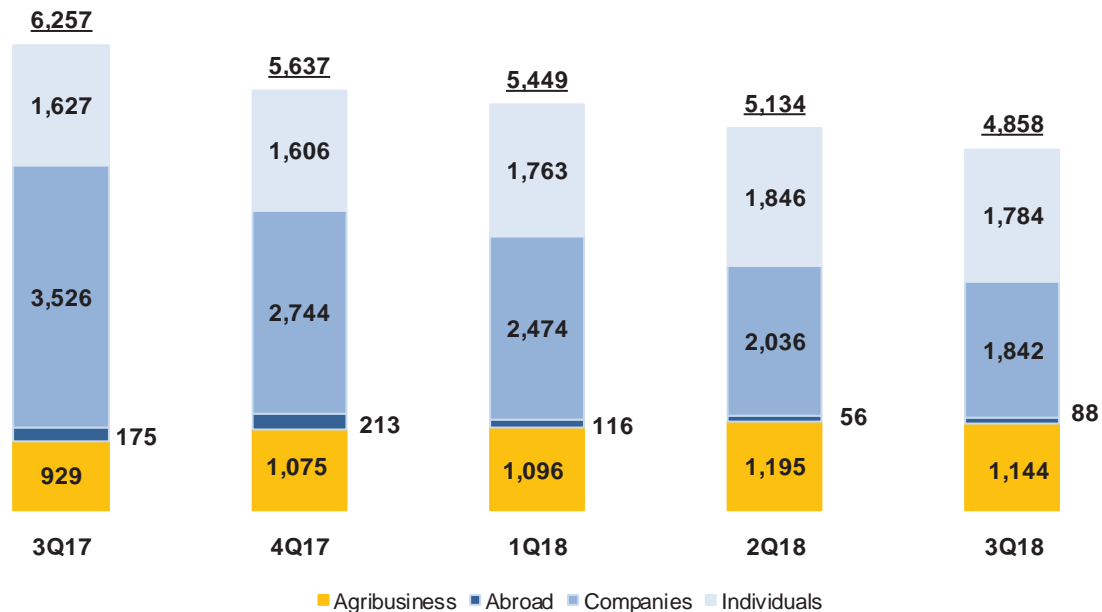
1 – It does not include transactions with the Government.

ALLL continues on downward trajectory

The ALLL – Credit Risk decreased 21.3% over 9M17 at R\$15.4 billion with the highlight to the ALLL decrease in the Companies portfolio.

The ALLL with credit recovery decreased 31.7% compared to 9M17, reaching R\$11.1 billion in 9M18, due to the greater credit recovery volume (growth of 27.4%).

Figure 2. ALLL Expenses by Segment – R\$ million¹²



1 – Does not consider the credit recovery

2 – On ALLL for Companies, considers the reallocations 8 and 9 from Chapter 1.

In this quarter, a Wholesale segment client that was not overdue for more than 90 days in June/18, had its operation restructured. After a 50% down payment of the new debt, the other 50% was transferred to an investment fund. This transaction did not impact the NPL +90 days ratio or the New NPL, but had a positive impact on ALLL.

Fee Income increased by 5.3%

The Bank's strategy of improving relationship with customers, offering convenience in service through its network and the use of the digital channel specialization is fundamental for the evolution of service package revenue and for the greater consumption of products and services. The positive performance in 9M18 resulted mainly from a 7.9% increase in service package revenue, when compared to 9M17. The Bank position the services packages value at a level close to the private financial institutions.

The Asset Management line stands out due to the increase in assets under management from R\$852.3 billion in Sep/17 to R\$934.8 billion in Sep/18, growth 9.7% in 12 months.

The Capital Markets fees increased by R\$52.4 million when compared to 9M17, especially influenced by Firm Guarantee, Project Finance operations and Fixed Income Operations Coordination.

In the 2Q18/3Q18 comparison, the National Treasury and Management of Official Funds fee income registered increase, due to the payment of Pasep (R\$101.4 million). In comparison with 9M17, the decrease in the line occurred mainly to the Bank not to acting as FIES financial agent in new operations.

Table 4. Fee Income – R\$ million

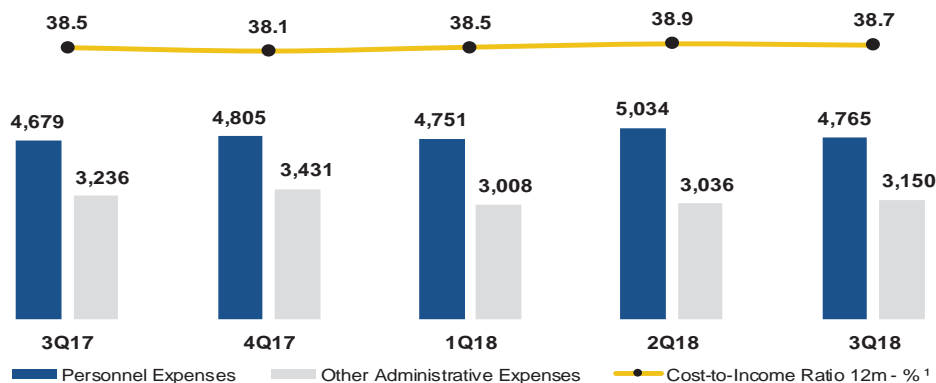
	3Q17	2Q18	3Q18	Chg. %		9M17	9M18	Chg. % On 9M17
				On 3Q17	On 2Q18			
Fee Income	6,562	6,798	6,871	4.7	1.1	19,207	20,217	5.3
Checking Account ¹	1,790	1,819	1,857	3.7	2.1	5,116	5,429	6.1
Asset Management	1,419	1,559	1,556	9.7	(0.2)	4,051	4,536	12.0
Insurance, P. Plans and Premium Bonds	809	697	714	(11.6)	2.4	2,237	2,183	(2.5)
Loan Fees ¹	390	516	462	18.4	(10.5)	1,336	1,441	7.9
Credit/Debit Cards	487	481	491	0.9	2.0	1,460	1,435	(1.8)
<i>Brazil²</i>	387	409	423	9.3	3.5	1,127	1,230	9.1
Collections	354	330	314	(11.4)	(4.8)	1,109	977	(11.9)
Billings	270	286	277	2.5	(3.3)	813	833	2.4
Consortium	191	225	236	23.4	4.9	527	666	26.5
Capital Market	198	187	185	(6.8)	(1.4)	548	600	9.6
Nat. Treasury and Manag. of Official Funds	177	126	225	27.0	78.7	515	495	(3.9)
Other	89	163	131	46.5	(19.5)	367	390	6.2

1 - Revised historical series in 3Q18.
 2 - Fee Income earned in the country.

Administrative Expenses grew only 0.8% in 9M18

The administrative expenses grew below inflation, resulting in a cost-to-income ratio of 38.7% in 3Q18, improvement of 20bps if compared to 2Q18.

Figure 3. Administrative Expenses – R\$ million



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

BIS Ratio to 18.70%

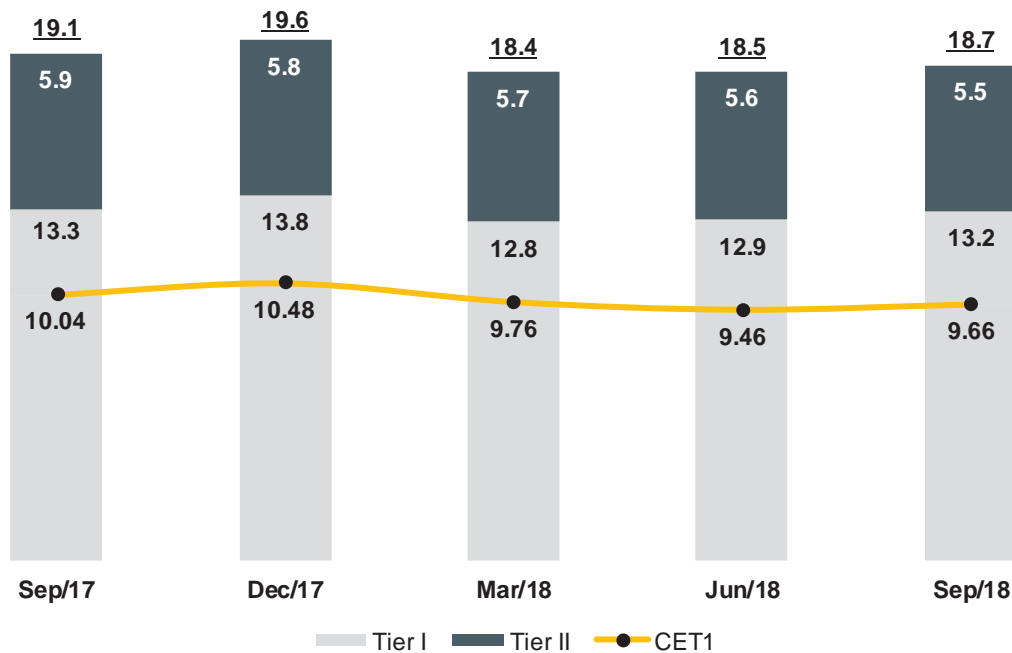
Banco do Brasil has a three-year prospective Capital Plan incorporating the effects defined by future regulatory and prudential and considering (a) the Declaration of Appetite and Risk Tolerance, (b) the Corporate Strategy and (c) the Corporate Budget.

The BIS Ratio reached 18.7% in September 2018. The Tier I was 13.2%, 9.66% of CET1 and reference equity reached R\$131.9 billion.

The criteria of CMN Resolution No. 4,680 were disclosed by Bacen on 07/31/2018, our capital ratio reached 18.55% in June 2018. The Tier 1 was 13.0%, being 9.61% of CET1 Ratio and reached R\$ 131.6 billion of reference equity. Without CMN effects No. 4,680, the BIS Ratio, Tier 1 and CET1 are 18.45%, 12.86% and 9.46%, respectively.

The focus is on organic capital generation and credit growth on more attractive lines under the criterion of return versus risk and strategic holdings in the Bank's core business. As a goal, the objective to maintain the CET1 above 9.5% in January 2019, when the rules of Basel III will be fully implemented in Brazil. In addition, following the Statement of Appetite and Risk Tolerance and Capital Plan, for January 2022, the goal is to maintain at least 11.0% of CET1.

Figure 4. Basel – %



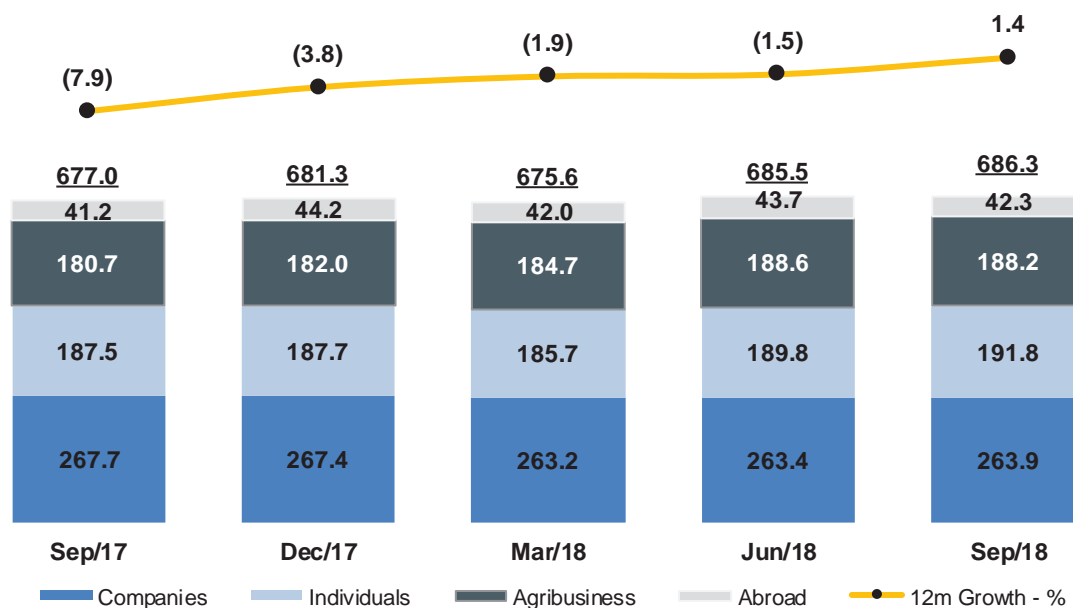
Loan Portfolio

The companies expanded grew 0.2% if compared to September/17, with highlight to the growth of R\$5.5 billion (12.6%) in securities and R\$ 391 million in ACC/ACE (2.3%). This increase was offset by the decrease of working capital (R\$2.5 billions) and investments (R\$1.1 billion).

The individuals organic portfolio increased by 5.7% in 12 months (R\$9.9 billion), because of the positive performance in payroll loans (R\$4.5 billion), the 9.9% increase in mortgage (R\$4.3 billion) and credit card of 8.0%. In the quarter, payroll loans and mortgage grew R\$1.1 billion (1.6%) and R\$1.1 billion (2.4). The Salary Loans and Personal Loans increased by R\$1.1 billion (4.4%) of the strategy of increasing the traffic surplus to these lines.

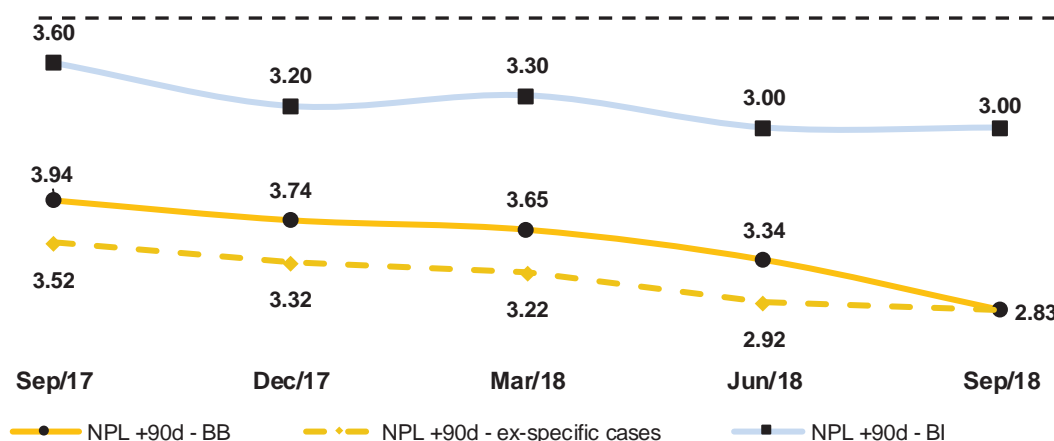
The agribusiness portfolio registered a positive performance of 6.3% or R\$9.9 billion in the year-on-year comparison, especially on the Agricultural Selling (R\$4.0 billion), FCO Rural (R\$4.5 billion) and Investments (R\$2.9 billion), which was offset by the R\$2.8 billion decrease in loans to agribusiness companies.

Figure 5. Loan Portfolio (Expanded View) – R\$ billion



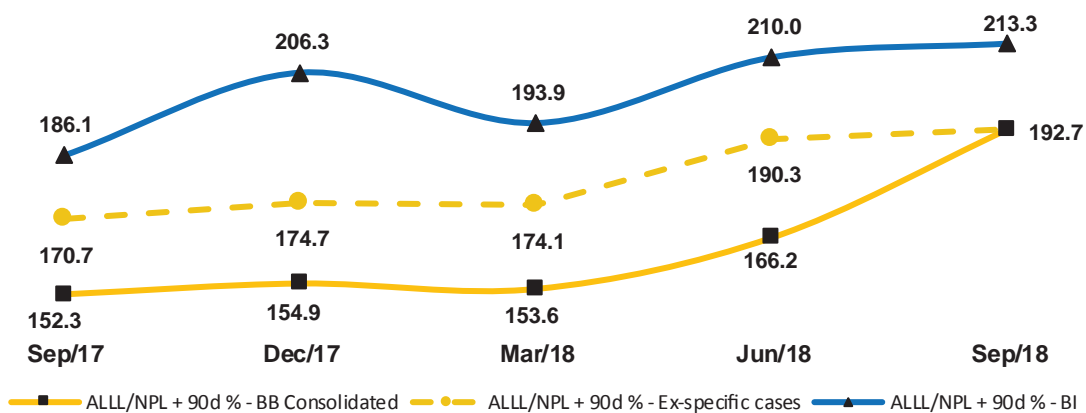
The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), which still with on a downward trend, was 2.83% in June/2018. It should be noted that a specific case under judicial reorganization was restructured within 3Q18.

Figure 6. NPL +90 days – %



The Bank maintains coverage compatible with the risk profile of its portfolio. The index presented a relevant evolution, due to the lower NPL in the period.

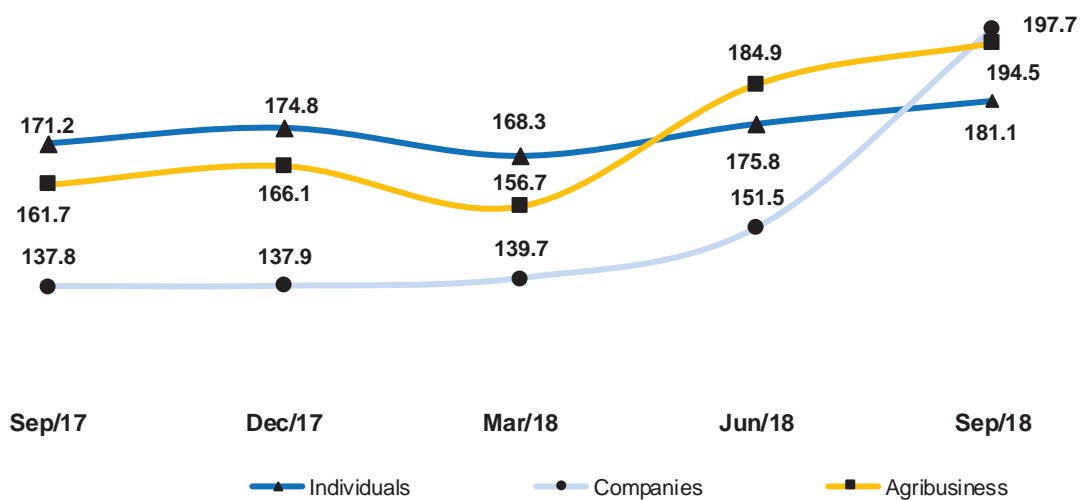
Figure 7. Coverage¹



¹ Ratio between the total balance of the provision (required plus additional) and the balance of operations more than 90 days overdue.

In the case of the Companies and Individuals coverage, growth has been consistent due to the fall in the NPL balance in these lines.

Figure 8. Coverage by Segment – %



BALANCE SHEET

ASSETS	Note	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
CURRENT ASSETS		848,684,422	769,102,140	812,860,626
Cash and cash equivalents	6	12,767,392	13,480,903	14,267,230
Interbank investments	7.a	432,557,174	370,906,503	409,728,859
Open market investments		405,018,408	347,671,300	384,528,833
Interbank deposits		27,538,766	23,235,203	25,200,026
Securities and derivative financial instruments	8	20,424,527	17,406,636	17,431,031
Own portfolio		16,085,828	13,669,831	13,394,070
Subject to repurchase agreements		2,269,784	2,590,049	2,475,932
Pledged in guarantee		580,529	634,070	285,457
Derivative financial instruments		1,488,386	512,686	1,275,572
Interbank accounts		74,023,459	74,516,282	77,454,999
Payments and receipts pending settlement	9.a	4,806,089	4,069	3,161,384
Restricted deposits	9.b	67,104,977	71,892,280	72,209,073
Deposits with Banco Central do Brasil		64,228,534	69,081,139	69,441,849
National Treasury - rural credits resources		23,192	16,252	52,597
National Housing Finance System		2,853,251	2,794,889	2,714,627
Correspondent banks		2,112,393	2,619,933	2,084,542
Interdepartmental accounts		123,907	404,870	129,464
Internal transfers of funds		123,907	404,870	129,464
Loans	10	182,150,315	179,791,353	174,806,739
Public sector		1,470,962	1,169,169	719,107
Private sector		193,365,904	192,639,735	188,233,478
Loan operations linked to assignment		425	165	229
(Allowance for loan losses)		(12,686,976)	(14,017,716)	(14,146,075)
Leasing transactions	10	114,804	166,952	175,274
Private sector		124,133	183,601	196,566
(Allowance for leasing transactions losses)		(9,329)	(16,649)	(21,292)
Other receivables		125,558,933	111,906,397	118,362,059
Receivables from guarantees honored		504,055	601,739	604,775
Foreign exchange portfolio	11.a	24,741,556	19,057,714	16,567,668
Accrued income		2,753,600	2,879,303	2,890,341
Securities trading		562,880	417,544	461,870
Specific credits	12.a	493	533	536
Sundry	12.b	99,281,532	91,070,544	99,816,340
(Allowance for other losses)		(2,285,183)	(2,120,980)	(1,979,471)
Other assets	13	963,911	522,244	504,971
Assets not for own use and materials in stock		525,373	412,543	366,357
(Allowance for impairment)		(147,602)	(157,586)	(159,858)
Prepaid expenses		586,140	267,287	298,472

ASSETS	Note	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
NON-CURRENT ASSETS		622,432,735	600,099,031	587,030,129
LONG-TERM RECEIVABLES		590,801,698	568,267,266	556,136,703
Interbank investments	7.a	2,264,117	2,116,825	1,615,397
Open market investments		619,330	515,460	495,410
Interbank deposits		1,644,787	1,601,365	1,119,987
Securities and derivative financial instruments	8	152,545,341	121,515,935	120,059,738
Own portfolio		112,310,699	91,713,584	88,134,141
Subject to repurchase agreements		37,268,514	28,682,860	29,649,699
Pledged in guarantee		2,888,488	977,258	2,100,590
Derivative financial instruments		77,640	142,233	175,308
Interbank accounts		666,562	651,149	646,242
Restricted deposits	9.b	17,234	187	225
National Treasury - rural credits resources		17,234	187	225
Interbank onlendings		649,328	650,962	646,014
Correspondent banks		--	--	3
Loans	10	365,203,315	364,498,414	366,651,020
Public sector		76,664,828	74,100,972	72,105,086
Private sector		308,441,111	311,327,864	316,477,014
Loan operations linked to assignment		425,988	495,891	521,295
(Allowance for loan losses)		(20,328,612)	(21,426,313)	(22,452,375)
Leasing transactions	10	100,340	211,102	248,780
Private sector		103,660	214,956	253,935
(Allowance for leasing transactions losses)		(3,320)	(3,854)	(5,155)
Other receivables		70,004,537	79,255,412	66,897,913
Foreign exchange portfolio	11.a	194,052	--	--
Accrued income		61,050	69,228	47,683
Securities trading		670,824	473,626	483,541
Specific credits	12.a	387,866	416,269	408,177
Sundry	12.b	69,880,028	79,143,272	66,757,629
(Allowance for other losses)		(1,189,283)	(846,983)	(799,117)
Other assets	13	17,486	18,429	17,613
Prepaid expenses		17,486	18,429	17,613
PERMANENT ASSETS		31,631,037	31,831,765	30,893,426
Investments		18,374,338	17,489,734	16,853,215
Investments in subsidiaries and associates	14.a	18,154,933	17,262,707	16,704,248
Domestic		17,590,686	17,216,404	16,651,975
Abroad		564,247	46,303	52,273
Other investments	14.c	238,559	246,161	168,099
(Provision for losses)		(19,154)	(19,134)	(19,132)
Property and equipment	15	7,318,766	7,415,302	7,213,478
Land and buildings		8,099,417	7,722,889	7,531,520
Other property and equipment		9,094,121	10,182,774	10,076,499
(Accumulated depreciation)		(9,874,772)	(10,490,361)	(10,394,541)
Intangible	16	5,937,933	6,926,729	6,826,733
Intangible assets		14,182,205	19,055,527	20,037,113
(Accumulated amortization)		(8,244,272)	(12,128,798)	(13,210,380)
TOTAL ASSETS		1,471,117,157	1,369,201,171	1,399,890,755

LIABILITIES/SHAREHOLDERS' EQUITY	Note	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
CURRENT LIABILITIES		1,070,000,789	1,006,184,142	1,063,390,677
Deposits	17.a	448,042,324	405,168,767	389,195,573
Demand deposits		71,356,795	69,981,063	61,793,371
Savings deposits		172,753,844	160,289,875	154,516,749
Interbank deposits		33,157,662	21,382,405	16,774,296
Time deposits		170,575,531	153,338,582	155,987,466
Other deposits		198,492	176,842	123,691
Securities sold under repurchase agreements	17.c	425,923,572	365,536,950	404,980,454
Own portfolio		34,148,316	29,529,818	28,561,564
Third-party portfolio		391,775,256	336,007,132	376,418,890
Funds from acceptance and issuance of securities	18	22,208,730	67,394,565	87,988,766
Bonds backed by real estate, mortgage and other credits		18,397,234	58,716,935	79,279,585
Foreign securities		3,665,694	8,610,339	8,608,077
Certificates of structured operations		145,802	67,291	101,104
Interbank accounts		2,703,920	1,149	2,524,476
Receipts and payments pending settlement	9.a	2,703,920	1,149	2,524,476
Interdepartmental accounts		2,782,292	2,495,532	2,388,368
Third-party funds in transit		2,782,234	2,495,532	2,387,169
Internal transfers of funds		58	--	1,199
Borrowings	19.a	20,684,362	16,872,613	15,752,760
Foreign borrowing		20,684,362	16,872,613	15,752,760
Domestic onlending - official institutions	19.b	37,967,785	44,419,452	44,686,732
BNDES		4,849,419	6,091,846	6,911,213
Caixa Econômica Federal		28,911,193	26,558,065	25,858,655
Finame		4,162,574	4,549,264	4,644,776
Other institutions		44,599	7,220,277	7,272,088
Foreign onlending	19.b	95	95	95
Derivative financial instruments	8.d	947,127	577,070	1,483,927
Other liabilities		108,740,582	103,717,949	114,389,526
Billing and collection of taxes and contributions		6,163,061	493,167	4,902,252
Foreign exchange portfolio	11.a	10,297,851	8,134,346	7,740,131
Shareholders and statutory distributions		1,642,157	2,177,094	1,079,717
Taxes and social security	20.a	10,846,918	11,464,023	12,214,853
Securities trading		737,315	907,009	732,700
Financial and development funds	20.b	9,921,921	9,339,505	8,907,025
Subordinated debts	20.c	9,282,397	9,168,341	10,228,204
Equity and debt hybrid securities	20.d	147,062	283,071	727,108
Other liabilities	20.e	59,701,900	61,751,393	67,857,536

LIABILITIES/SHAREHOLDERS' EQUITY	Note	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
NON-CURRENT LIABILITIES		297,296,517	264,293,627	242,935,881
LONG-TERM LIABILITIES		296,870,124	263,864,254	242,520,220
Deposits	17.a	43,495,300	45,060,595	47,927,416
Interbank deposits		3,666,386	2,770,354	2,874,617
Time deposits		39,828,914	42,290,241	45,052,799
Securities sold under repurchase agreements	17.c	8,561,034	10,705,745	12,889,830
Own portfolio		8,561,028	10,705,734	12,889,812
Third-party portfolio		6	11	18
Funds from acceptance and issuance of securities	18	108,386,300	66,371,232	49,143,458
Bonds backed by real estate, mortgage and other credits		88,019,891	50,941,594	37,444,068
Foreign securities		20,346,146	15,394,376	11,671,852
Certificates of structured operations		20,263	35,262	27,538
Borrowings	19.a	2,868,028	2,699,881	2,615,598
Foreign borrowing		2,868,028	2,699,881	2,615,598
Domestic onlending - official institutions	19.b	30,311,061	36,465,287	37,986,931
National Treasury		162,373	145,264	158,557
BNDES		18,054,163	20,844,346	21,092,151
Finame		12,094,525	15,225,834	16,486,379
Other institutions		--	249,843	249,844
Foreign onlending	19.b	382	382	382
Derivative financial instruments	8.d	337,832	212,817	235,699
Other liabilities		102,910,187	102,348,315	91,720,906
Foreign exchange portfolio	11.a	4,244,599	1,605,681	4,363,969
Shareholders and statutory distributions		675	726	454
Taxes and social security	20.a	2,064,635	911,945	496,494
Securities trading		345,568	298,639	350,146
Financial and development funds	20.b	5,248,774	7,455,245	5,934,842
Special operations		2,216	2,216	2,216
Subordinated debts	20.c	41,334,062	46,513,485	45,211,963
Equity and debt hybrid securities	20.d	4,737,881	5,324,708	5,080,977
Debt instruments eligible as capital	20.c and 20.d	29,631,206	25,771,771	24,848,035
Other liabilities	20.e	15,300,571	14,463,899	5,431,810
DEFERRED INCOME		426,393	429,373	415,661
SHAREHOLDERS' EQUITY	23	103,819,851	98,723,402	93,564,197
Capital		67,000,000	67,000,000	67,000,000
Local residents		51,884,387	52,954,778	52,261,049
Domiciled abroad		15,115,613	14,045,222	14,738,951
Instruments qualifying as common equity tier 1 capital	23.c	8,100,000	8,100,000	8,100,000
Capital reserves		14,692	12,436	12,436
Revaluation reserves		2,318	2,371	2,389
Profit reserves		39,188,657	35,280,691	31,124,786
Accumulated other comprehensive income		(13,644,111)	(13,219,725)	(16,481,629)
Retained earnings/accumulated losses		1,697,309	--	1,977,009
(Treasury shares)		(1,833,431)	(1,850,043)	(1,850,043)
Non-controlling interests		3,294,417	3,397,672	3,679,249
TOTAL LIABILITIES		1,471,117,157	1,369,201,171	1,399,890,755

STATEMENT OF INCOME

	Note	3rd quarter/2018	3rd quarter/2017	Jan 1 to Sep 30, 2018	Jan 1 to Sep 30, 2017
INCOME FROM FINANCIAL INTERMEDIATION		34,256,278	32,145,400	106,168,179	107,965,381
Loans	10.b	21,904,185	18,953,291	67,482,015	61,624,738
Leasing transactions	10.i	44,958	61,990	151,792	199,701
Securities	8.b	10,472,618	12,312,201	32,512,238	41,851,581
Derivative financial instruments	8.e	138,965	(659,509)	1,031,247	(854,783)
Foreign exchange results	11.b	854,472	138,544	2,285,029	588,569
Reserve requirement	9.c	627,639	958,804	2,009,991	3,283,310
Operations of sale and transfer of financial assets		213,441	380,079	695,867	1,272,265
EXPENSES FROM FINANCIAL INTERMEDIATION		(25,630,265)	(24,043,745)	(83,133,529)	(84,705,294)
Deposits and securities sold under repurchase agreements	17.d	(16,133,837)	(18,604,042)	(47,549,925)	(61,516,862)
Borrowings and onlendings	19.c	(4,642,340)	955,921	(19,858,097)	(3,303,689)
Leasing transactions	10.i	(29,219)	(36,698)	(98,052)	(114,703)
Operations of sale and transfer of financial assets		(287,845)	(44,706)	(308,894)	(74,257)
Allowance for loan losses	10.f and 10.g	(4,537,024)	(6,314,220)	(15,318,561)	(19,695,783)
INCOME FROM FINANCIAL INTERMEDIATION		8,626,013	8,101,655	23,034,650	23,260,087
OTHER OPERATING INCOME/EXPENSES		(3,465,784)	(3,784,440)	(9,590,248)	(10,570,593)
Service fee income and bank fee income	21.a	6,870,769	6,562,093	20,216,520	19,206,871
Service fee income		4,197,819	4,103,630	12,449,550	12,157,904
Bank fee income		2,672,950	2,458,463	7,766,970	7,048,967
Personnel expenses	21.b	(5,210,703)	(5,137,752)	(15,444,965)	(15,420,584)
Other administrative expenses	21.c	(3,560,771)	(4,002,427)	(10,440,118)	(11,695,050)
Tax expenses	24.c	(1,224,475)	(1,402,514)	(3,747,435)	(4,125,561)
Equity in earnings (losses) in associates and joint ventures	14	1,070,762	1,004,652	3,162,953	3,019,446
Other operating income	21.d	1,993,343	1,871,970	5,854,019	5,948,438
Other operating expenses	21.e	(3,404,709)	(2,680,462)	(9,191,222)	(7,504,153)
OPERATING INCOME		5,160,229	4,317,215	13,444,402	12,689,494
NON-OPERATING INCOME	22	62,798	389,876	327,855	494,466
Incomes		114,406	527,808	465,737	678,691
Expenses		(51,608)	(137,932)	(137,882)	(184,225)
PROFIT BEFORE TAXATION AND PROFIT SHARING		5,223,027	4,707,091	13,772,257	13,183,960
INCOME TAX AND SOCIAL CONTRIBUTION	24.a	(1,291,628)	(1,036,591)	(2,444,310)	(3,011,775)
Income tax and social contribution current		(663,068)	(838,035)	(2,207,644)	(2,829,487)
Income tax and social contribution deferred		(628,560)	(198,556)	(236,666)	(182,288)
EMPLOYEE AND DIRECTORS PROFIT SHARING		(406,950)	(368,108)	(1,154,606)	(1,018,469)
NON-CONTROLLING INTERESTS		(349,037)	(461,508)	(1,114,110)	(1,251,129)
NET INCOME		3,175,412	2,840,884	9,059,231	7,902,587
EARNINGS PER SHARE	23.f				
Weighted average number of shares - basic and diluted		2,785,405,557	2,784,953,544	2,785,209,225	2,784,888,989
Basic and diluted earnings per share (R\$)		1.11	1.01	3.21	2.81

Interim Disclosure Report 2018

Financial and Business Report

As of September 30, 2018

Banco do Brasil's operation in Japan can be divided into two main business: wholesale and retail. In the retail segment, we serve individuals and small businesses with products and services focused on savings accounts, term deposits and remittances. In the wholesale segment, among other products and services, we perform local credit and trade finance operations related to Brazil, in addition to act as a liquidity center for Banco do Brasil in Asia.

Since we work in our organization as a booking center for all import financing operations from Brazil, wholesale business has a correlation to Brazilian macroeconomic conditions. In this sense, the recent end of the largest Brazilian economic recession will gradually reflect positively in our volume of assets and other indicators.

Although economic and business recovery are projected to be favorable for the coming years, we keep working to develop new alternatives of revenues as well as improvement in our operation efficiency.

In this regard, we have already seen some progress, which is reflected in the result of the semester ended in September/2018 (JPY 623 million) versus the same period of the previous year (JPY 523 million).

We are optimistic about the future, not only for the new economic perspectives of Brazil, but also for the maturing, in the coming years, of projects that we have started recently, which will further increase our results in Japan.

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

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	160 (as of September 30, 2018)

Places of Branch and Sub-branches

Tokyo Branch	Marunouchi Kitaguchi Building 5F, 1-6-5 Marunouchi, Chiyoda-ku, Tokyo
Gotanda Sub-branch	Tokyo Design Center, 5-25-19 Higashi-Gotanda, Shinagawa-ku, Tokyo
Hamamatsu Sub-branch	Daido Seimei Hamamatsu Bldg 1F, 216-18 Motoshiro-Machi, Naka-ku, Hamamatsu-shi, Shizuoka
Nagoya Sub-branch	Kirix Marunouchi Building, 1-17-19 Marunouchi, Naka-ku, Nagoya-shi, Aichi

Key Financial Summary

(Unit: Millions of Yen)

	Mar - 2017	Sep - 2017	Mar - 2018	Sep - 2018
Ordinary Income	12,706	5,898	11,531	5,835
Ordinary Profit	2,570	731	1,659	906
Net Income after Tax	1,907	523	1,166	623
Total Net Assets	14,234	14,749	15,405	16,029
Total Assets	355,411	308,095	282,803	291,745
Deposits	119,744	91,330	84,880	84,644
Loans and Bills Discount	99,428	80,538	92,909	92,903

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

Details of Major Shareholders

Name of shareholders	(Thousands of shares)	(%)
MINISTERIO DA FAZENDA	1,453,494	50.72%
CAIXA DE PREVIDENCIA DOS FUNCIONARIOS DO BANCO	222,770	7.77%
BANCO DO BRASIL S. A.	79,848	2.79%
F.I. DO FUNDO DE GARANTIA DO TEMPO DE SERVICO - FI	68,507	2.39%
THE LAZARD FUNDS INC	35,061	1.22%
THE BANK OF NEW YORK ADR DEPARTMENT	34,233	1.20%
NORGES BANK	23,293	0.81%
GOVERNMENT OF SINGAPORE	22,114	0.77%
ISHARES MSCI BRAZIL CAPPED ETF	16,704	0.58%
VANGUARD EMERGING MARKETS STOCK INDEX FUND	16,033	0.56%

Balance Sheet

(Unit: Millions of Yen)

Assets	As of Sep 2017	As of Sep 2018	Liabilities / Equities	As of Sep 2017	As of Sep 2018
Cash & Due from banks	50,427	39,433	Deposits	91,330	84,644
Money Trust	-	-	Borrowed Money	188,601	167,908
Securities	12,002	12,003	Foreign Exchange Liabilities	3,616	3,573
Loan & Bills Discount	80,538	92,703	Other liabilities	2,802	2,080
Foreign Exchange	1,673	608	Accrued Bonuses	82	82
—	4,675	4,285	Accrued Retirement Benefits	413	448
Fixed Assets	276	248	Accrual - other	-	-
			Reserve for liab for Financial		
Intangible Fixed Assets	37	36	Instruments	-	-
	-	-	Deferred Tax Liabilities	-	-
Deferred Tax Assets	186	189	Acceptance & Guarantees	86	86
Liab for Acceptance	86	86	Due to Inter-branches	6,401	16,892
Reserve for Loan Losses	-	-	Total Liabilities	293,336	275,716
Due from Inter-branches	158,190	142,148	Paid-in Capital	2,621	2,621
			Retained Earning	12,142	13,408
			Net Unrealized Gains on Securities	(4)	(1)
Total Assets	308,095	291,745	Total Liabilities & Equities	308,095	291,745

Income Statement

(Unit: Millions of Yen)

	Half year September 2017	Half year September 2018
Ordinary Income	5,898	5,835
Interest Income	4,487	4,126
(Interest on Loan)	1,911	1,952
(Dividends on Gains on Securities)	-	-
Fees and Commissions	487	588
Other Ordinary Income	682	1,038
Other Income	241	85
Ordinary Expenses	5,167	4,929
Interest Expense	3,299	3,128
(Interest on Deposits)	603	367
Fees and Commissions Paid	382	443
Other Ordinary Expenses	10	8
General & Administrative Expenses	1,442	1,309
Other Expenses	32	39
Ordinary profit	731	906
Extraordinary Income	-	-
Extraordinary Loss	0	0
Income Before Taxes	731	906
Corporation Taxes at Current	206	282
Corporation Taxes Deferred	0	0
Total Taxes	207	282
Current Net Income	523	623

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 154 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 2,000 million yen
No debts corresponding to collateral assets is noted.

(Related to income statement)

1. Other ordinary income includes 81 million yen of profit treatment of dormant deposits.
2. Other ordinary expenses includes 39 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 yearsCosts 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

December 28, 2018

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 April 1, 2018 to September 30, 2018.

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.

Masaki Otomo
Tokyo Branch Accounting Manager
Banco do Brasil S.A.

Adjusted Net Income of R\$9.7 billion in 9M18

Banco do Brasil delivered R\$9.7 billion in 9M18, an increase of 22.8% over 9M17. This performance was primarily due to the decrease in ALLL, increase in fee income over inflation, and the administrative expenses growth below inflation. The ROE grew to 13.4%, from 12.3% in 9M17, strengthening the commitment to increase profitability.

Table 1. Net Income – R\$ million

R\$ million	3Q17	2Q18	3Q18	Chg. %		9M17	9M18	Chg. % On 9M17
				On 3Q17	On 2Q18			
Net Interest Income	13,153	12,595	12,578	(4.4)	(0.1)	39,886	37,135	(6.9)
Net Allowance for Loan Losses	(5,163)	(3,583)	(3,226)	(37.5)	(10.0)	(16,184)	(11,053)	(31.7)
ALLL Expenses - Credit Risk	(6,257)	(5,134)	(4,858)	(22.4)	(5.4)	(19,628)	(15,441)	(21.3)
Credit Recovery	1,094	1,551	1,632	49.2	5.2	3,444	4,388	27.4
Net Financial Margin	7,990	9,012	9,352	17.0	3.8	23,702	26,082	10.0
Fee income	6,562	6,798	6,871	4.7	1.1	19,207	20,217	5.3
Contribution Margin	13,294	14,652	15,109	13.7	3.1	39,158	42,867	9.5
Administrative Expenses	(7,915)	(8,070)	(7,915)	(0.0)	(1.9)	(23,553)	(23,744)	0.8
Commercial Income	5,251	6,431	7,063	34.5	9.8	15,231	18,710	22.8
Other Operating Income	(135)	227	231	0.0	1.6	(11)	707	-
Income Before Taxes	4,330	5,924	6,016	38.9	1.6	13,274	16,716	25.9
Income and Social Contribution Taxes	(799)	(1,870)	(1,832)	129.4	(2.0)	(3,128)	(4,706)	50.5
Corporate Profit Sharing	(362)	(406)	(432)	19.5	6.5	(1,024)	(1,227)	19.8
Adjusted Net Income	2,708	3,240	3,402	25.6	5.0	7,872	9,668	22.8
One-Off Items	133	(105)	(227)	0.0	115.5	31	(609)	-
Net Income	2,841	3,135	3,175	11.8	1.3	7,903	9,059	14.6
Market ROE - %	12.8	13.8	14.3			12.3	13.4	
Shareholders' ROE - %	14.1	15.1	15.7			13.5	14.6	

The ROE methodologies are presented in the Glossary.

Market Indicators

The increase in the adjusted earnings per share stands out, with an increase from R\$2.81 in 9M17 to R\$3.21 in 9M18.

Table 2. Market Indicators

	3Q17	3Q18	9M17	9M18	2018 E ¹	2019 E ¹
Earnings per Share - R\$	1.01	1.11	2.81	3.21	4.46	5.54
Adjusted Earnings per Share - R\$	0.97	1.22	2.83	3.47	4.60	5.47
Dividend Yield ² - %	2.68	4.01	2.68	4.01	3.72	4.93
Price/Earnings 12 months	10.96	6.74	10.96	6.74	9.01	7.58
Price/Book Value	1.04	0.79	1.04	0.79	1.14	1.04

1 Bloomberg estimate, on November, 07, 2018/5p.m, based on the average projections of market analysts. BB takes no responsibility for this information.

2 Dividends and Interest on Shareholders' Equity (12 months) / Market Capitalization.

Net Interest Income

As from 1Q18, the Net Interest Income (NII) is presented without considering the recovery of written of credits, which is now shown as a result of the ALLL. The series was reprocessed from the 1Q14.

In 3Q18, the NII was stable compared to previous quarter. The main changes in the quarter were:

- I. Decrease of R\$92 million in revenues from credit operations, mainly due to the decrease of companies loan portfolio.
- II. Increase of R\$223 million in funding expenses, due to the increase of TMS (+1 business day) and funding balances. Institutional funding expenses decreased R\$27 million even considering the effect of instruments issued abroad, such as hybrid capital instruments and subordinated debt abroad, which increased due the average exchange rate increase. These effects were offset by the structural hedge recorded in treasury results.
- III. Treasury income was affected negatively by the change of securities portfolio mix and positively by the result of structural hedging positioning.

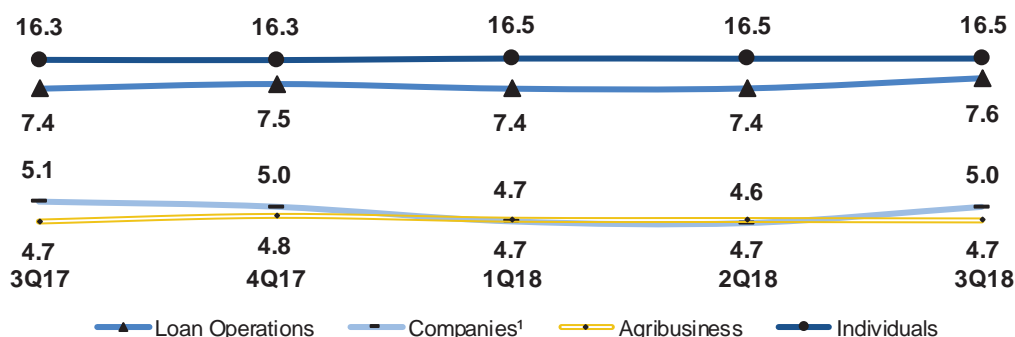
Table 3. NII – R\$ Million and NIM (%)

R\$ million	Quarterly Flow			Chg. %		9 Months Flow			Chg. %
	3Q17	2Q18	3Q18	3Q17	2Q18	9M17	9M18	9M17	
Net Interest Income	13,153	12,595	12,578	(4.4)	(0.1)	39,886	37,135	(6.9)	
Loan Operations income	21,412	18,482	18,390	(14.1)	(0.5)	66,809	55,231	(17.3)	
Funding Expenses	(7,814)	(5,967)	(6,190)	(20.8)	3.7	(25,972)	(18,156)	(30.1)	
Financial Expense for Institutional Funding ¹	(3,197)	(2,762)	(2,734)	(14.5)	(1.0)	(9,603)	(8,311)	(13.5)	
Treasury Income ²	2,753	2,842	3,112	13.1	9.5	8,652	8,371	(3.2)	
NIM - %³	4.2	4.0	3.9	-	-				
Risk Adjusted NIM	2.5	2.8	2.9						

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 Segment – %


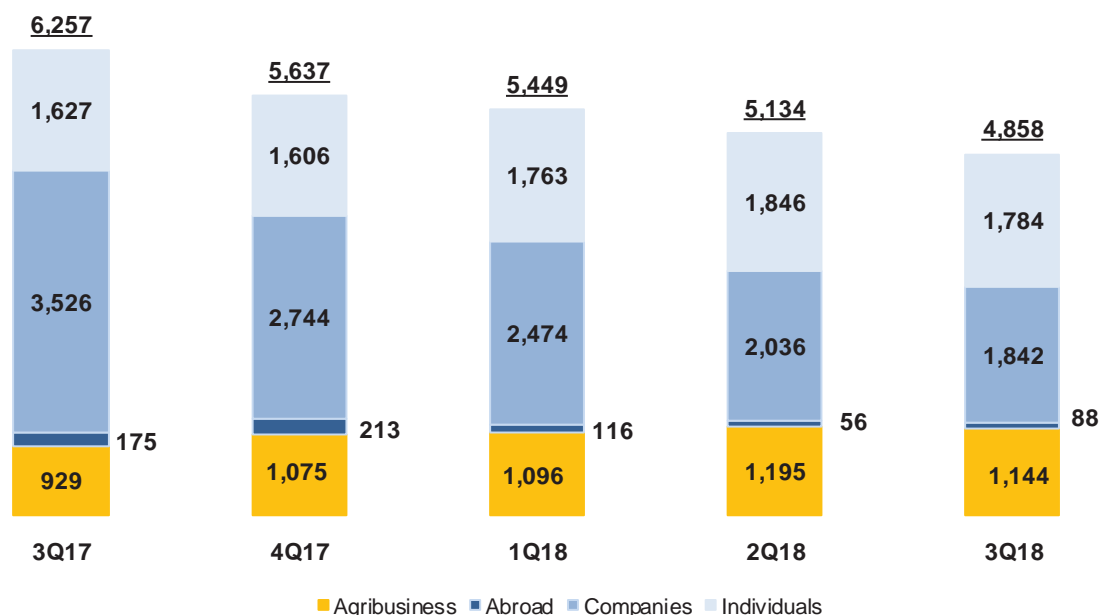
1 – It does not include transactions with the Government.

ALLL continues on downward trajectory

The ALLL – Credit Risk decreased 21.3% over 9M17 at R\$15.4 billion with the highlight to the ALLL decrease in the Companies portfolio.

The ALLL with credit recovery decreased 31.7% compared to 9M17, reaching R\$11.1 billion in 9M18, due to the greater credit recovery volume (growth of 27.4%).

Figure 2. ALLL Expenses by Segment – R\$ million¹²



1 – Does not consider the credit recovery

2 – On ALLL for Companies, considers the reallocations 8 and 9 from Chapter 1.

In this quarter, a Wholesale segment client that was not overdue for more than 90 days in June/18, had its operation restructured. After a 50% down payment of the new debt, the other 50% was transferred to an investment fund. This transaction did not impact the NPL +90 days ratio or the New NPL, but had a positive impact on ALLL.

Fee Income increased by 5.3%

The Bank's strategy of improving relationship with customers, offering convenience in service through its network and the use of the digital channel specialization is fundamental for the evolution of service package revenue and for the greater consumption of products and services. The positive performance in 9M18 resulted mainly from a 7.9% increase in service package revenue, when compared to 9M17. The Bank position the services packages value at a level close to the private financial institutions.

The Asset Management line stands out due to the increase in assets under management from R\$852.3 billion in Sep/17 to R\$934.8 billion in Sep/18, growth 9.7% in 12 months.

The Capital Markets fees increased by R\$52.4 million when compared to 9M17, especially influenced by Firm Guarantee, Project Finance operations and Fixed Income Operations Coordination.

In the 2Q18/3Q18 comparison, the National Treasury and Management of Official Funds fee income registered increase, due to the payment of Pasep (R\$101.4 million). In comparison with 9M17, the decrease in the line occurred mainly to the Bank not to acting as FIES financial agent in new operations.

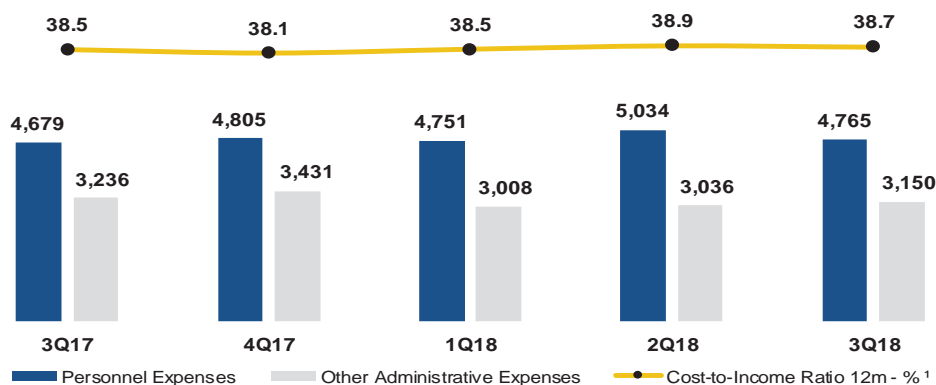
Table 4. Fee Income – R\$ million

	3Q17	2Q18	3Q18	Chg. %		9M17	9M18	Chg. % On 9M17
				On 3Q17	On 2Q18			
Fee Income	6,562	6,798	6,871	4.7	1.1	19,207	20,217	5.3
Checking Account ¹	1,790	1,819	1,857	3.7	2.1	5,116	5,429	6.1
Asset Management	1,419	1,559	1,556	9.7	(0.2)	4,051	4,536	12.0
Insurance, P. Plans and Premium Bonds	809	697	714	(11.6)	2.4	2,237	2,183	(2.5)
Loan Fees ¹	390	516	462	18.4	(10.5)	1,336	1,441	7.9
Credit/Debit Cards	487	481	491	0.9	2.0	1,460	1,435	(1.8)
<i>Brazil²</i>	<i>387</i>	<i>409</i>	<i>423</i>	<i>9.3</i>	<i>3.5</i>	<i>1,127</i>	<i>1,230</i>	<i>9.1</i>
Collections	354	330	314	(11.4)	(4.8)	1,109	977	(11.9)
Billings	270	286	277	2.5	(3.3)	813	833	2.4
Consortium	191	225	236	23.4	4.9	527	666	26.5
Capital Market	198	187	185	(6.8)	(1.4)	548	600	9.6
Nat. Treasury and Manag. of Official Funds	177	126	225	27.0	78.7	515	495	(3.9)
Other	89	163	131	46.5	(19.5)	367	390	6.2

1 - Revised historical series in 3Q18.
2 - Fee Income earned in the country.

Administrative Expenses grew only 0.8% in 9M18

The administrative expenses grew below inflation, resulting in a cost-to-income ratio of 38.7% in 3Q18, improvement of 20bps if compared to 2Q18.

Figure 3. Administrative Expenses – R\$ million


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

BIS Ratio to 18.70%

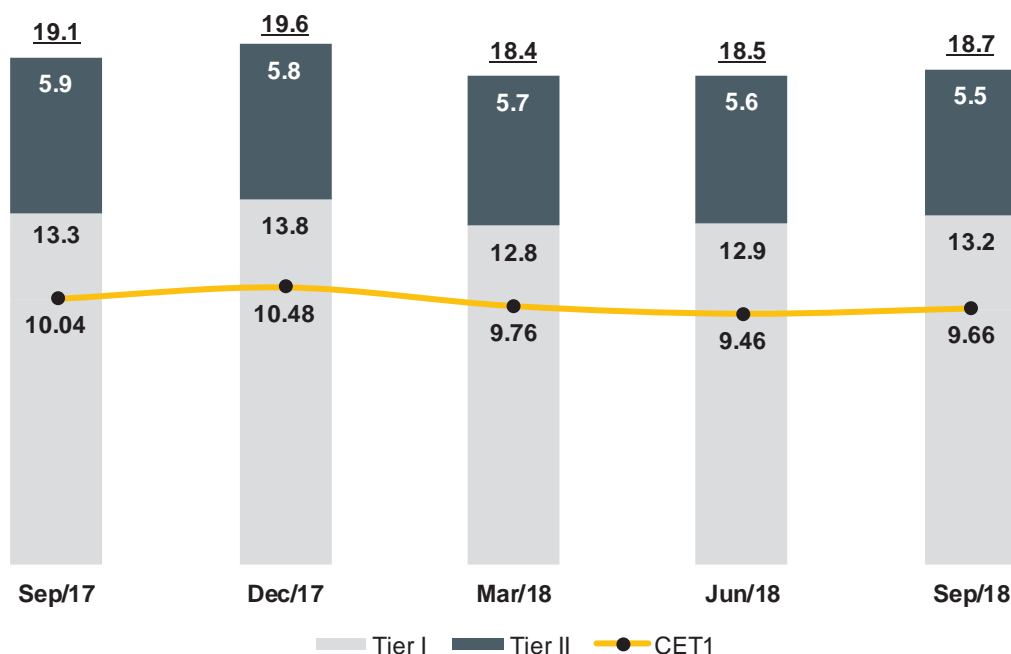
Banco do Brasil has a three-year prospective Capital Plan incorporating the effects defined by future regulatory and prudential and considering (a) the Declaration of Appetite and Risk Tolerance, (b) the Corporate Strategy and (c) the Corporate Budget.

The BIS Ratio reached 18.7% in September 2018. The Tier I was 13.2%, 9.66% of CET1 and reference equity reached R\$131.9 billion.

The criteria of CMN Resolution No. 4,680 were disclosed by Bacen on 07/31/2018, our capital ratio reached 18.55% in June 2018. The Tier 1 was 13.0%, being 9.61% of CET1 Ratio and reached R\$ 131.6 billion of reference equity. Without CMN effects No. 4,680, the BIS Ratio, Tier 1 and CET1 are 18.45%, 12.86% and 9.46%, respectively.

The focus is on organic capital generation and credit growth on more attractive lines under the criterion of return versus risk and strategic holdings in the Bank's core business. As a goal, the objective to maintain the CET1 above 9.5% in January 2019, when the rules of Basel III will be fully implemented in Brazil. In addition, following the Statement of Appetite and Risk Tolerance and Capital Plan, for January 2022, the goal is to maintain at least 11.0% of CET1.

Figure 4. Basel – %



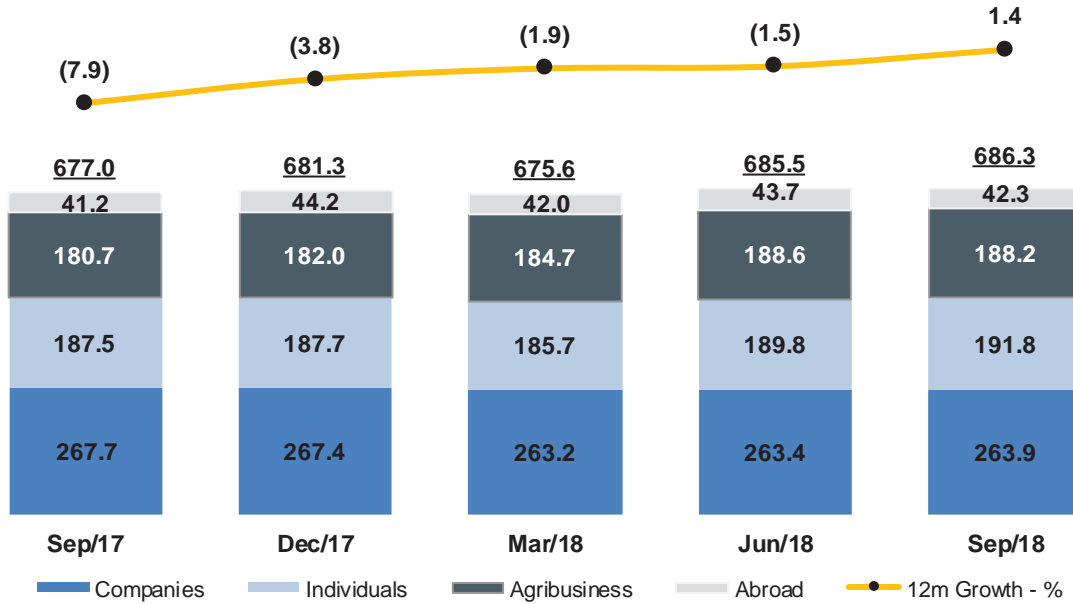
Loan Portfolio

The companies expanded grew 0.2% if compared to September/17, with highlight to the growth of R\$5.5 billion (12.6%) in securities and R\$ 391 million in ACC/ACE (2.3%). This increase was offset by the decrease of working capital (R\$2.5 billions) and investments (R\$1.1 billion).

The individuals organic portfolio increased by 5.7% in 12 months (R\$9.9 billion), because of the positive performance in payroll loans (R\$4.5 billion), the 9.9% increase in mortgage (R\$4.3 billion) and credit card of 8.0%. In the quarter, payroll loans and mortgage grew R\$1.1 billion (1.6%) and R\$1.1 billion (2.4). The Salary Loans and Personal Loans increased by R\$1.1 billion (4.4%) of the strategy of increasing the traffic surplus to these lines.

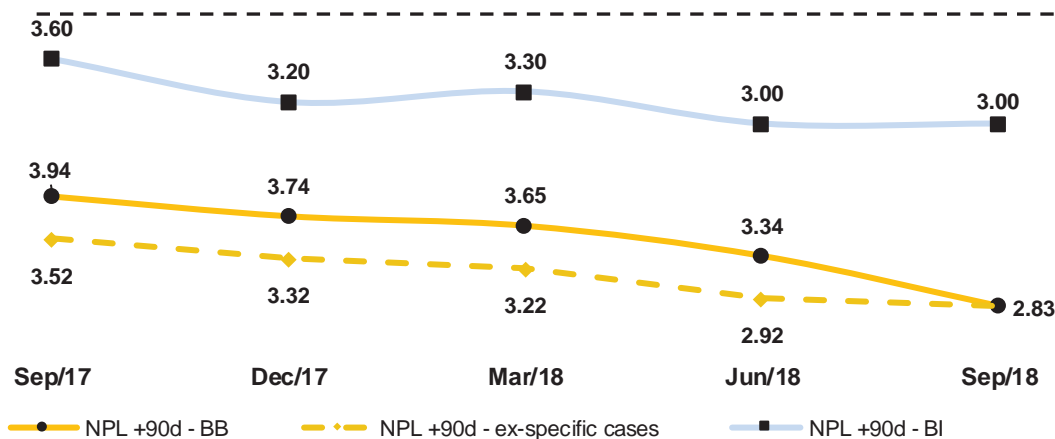
The agribusiness portfolio registered a positive performance of 6.3% or R\$9.9 billion in the year-on-year comparison, especially on the Agricultural Selling (R\$4.0 billion), FCO Rural (R\$4.5 billion) and Investments (R\$2.9 billion), which was offset by the R\$2.8 billion decrease in loans to agribusiness companies.

Figure 5. Loan Portfolio (Expanded View) – R\$ billion



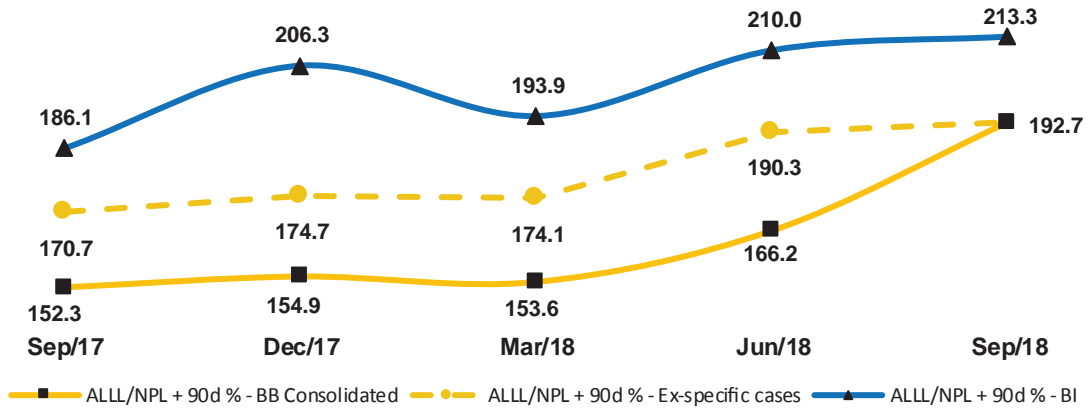
The NPL +90d (ratio between transactions more than 90 days overdue and the classified loan portfolio balance), which still with on a downward trend, was 2.83% in June/2018. It should be noted that a specific case under judicial reorganization was restructured within 3Q18.

Figure 6. NPL +90 days – %



The Bank maintains coverage compatible with the risk profile of its portfolio. The index presented a relevant evolution, due to the lower NPL in the period.

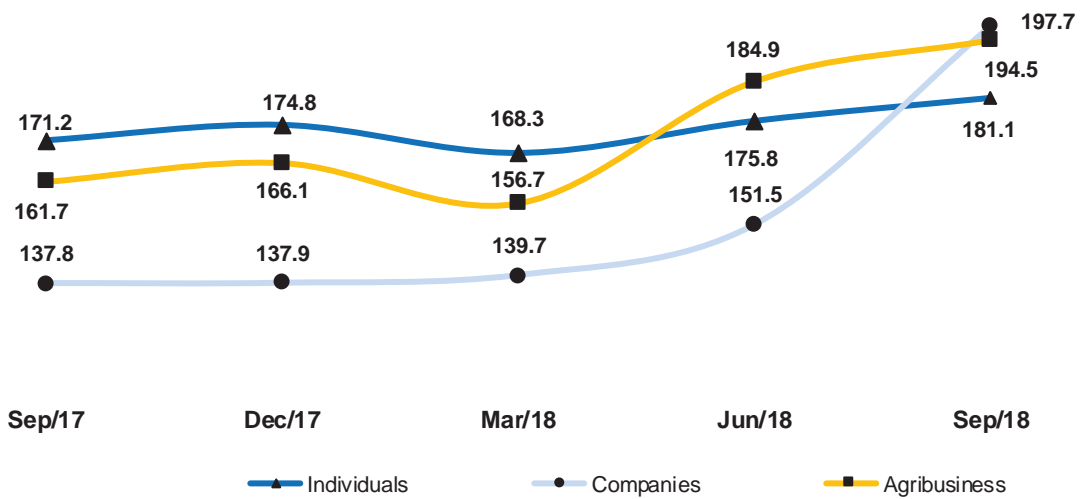
Figure 7. Coverage¹



¹ Ratio between the total balance of the provision (required plus additional) and the balance of operations more than 90 days overdue.

In the case of the Companies and Individuals coverage, growth has been consistent due to the fall in the NPL balance in these lines.

Figure 8. Coverage by Segment – %



BALANCE SHEET

ASSETS	Note	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
CURRENT ASSETS		848,684,422	769,102,140	812,860,626
Cash and cash equivalents	6	12,767,392	13,480,903	14,267,230
Interbank investments	7.a	432,557,174	370,906,503	409,728,859
Open market investments		405,018,408	347,671,300	384,528,833
Interbank deposits		27,538,766	23,235,203	25,200,026
Securities and derivative financial instruments	8	20,424,527	17,406,636	17,431,031
Own portfolio		16,085,828	13,669,831	13,394,070
Subject to repurchase agreements		2,269,784	2,590,049	2,475,932
Pledged in guarantee		580,529	634,070	285,457
Derivative financial instruments		1,488,386	512,686	1,275,572
Interbank accounts		74,023,459	74,516,282	77,454,999
Payments and receipts pending settlement	9.a	4,806,089	4,069	3,161,384
Restricted deposits	9.b	67,104,977	71,892,280	72,209,073
Deposits with Banco Central do Brasil		64,228,534	69,081,139	69,441,849
National Treasury - rural credits resources		23,192	16,252	52,597
National Housing Finance System		2,853,251	2,794,889	2,714,627
Correspondent banks		2,112,393	2,619,933	2,084,542
Interdepartmental accounts		123,907	404,870	129,464
Internal transfers of funds		123,907	404,870	129,464
Loans	10	182,150,315	179,791,353	174,806,739
Public sector		1,470,962	1,169,169	719,107
Private sector		193,365,904	192,639,735	188,233,478
Loan operations linked to assignment		425	165	229
(Allowance for loan losses)		(12,686,976)	(14,017,716)	(14,146,075)
Leasing transactions	10	114,804	166,952	175,274
Private sector		124,133	183,601	196,566
(Allowance for leasing transactions losses)		(9,329)	(16,649)	(21,292)
Other receivables		125,558,933	111,906,397	118,362,059
Receivables from guarantees honored		504,055	601,739	604,775
Foreign exchange portfolio	11.a	24,741,556	19,057,714	16,567,668
Accrued income		2,753,600	2,879,303	2,890,341
Securities trading		562,880	417,544	461,870
Specific credits	12.a	493	533	536
Sundry	12.b	99,281,532	91,070,544	99,816,340
(Allowance for other losses)		(2,285,183)	(2,120,980)	(1,979,471)
Other assets	13	963,911	522,244	504,971
Assets not for own use and materials in stock		525,373	412,543	366,357
(Allowance for impairment)		(147,602)	(157,586)	(159,858)
Prepaid expenses		586,140	267,287	298,472

ASSETS	Note	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
NON-CURRENT ASSETS		622,432,735	600,099,031	587,030,129
LONG-TERM RECEIVABLES		590,801,698	568,267,266	556,136,703
Interbank investments	7.a	2,264,117	2,116,825	1,615,397
Open market investments		619,330	515,460	495,410
Interbank deposits		1,644,787	1,601,365	1,119,987
Securities and derivative financial instruments	8	152,545,341	121,515,935	120,059,738
Own portfolio		112,310,699	91,713,584	88,134,141
Subject to repurchase agreements		37,268,514	28,682,860	29,649,699
Pledged in guarantee		2,888,488	977,258	2,100,590
Derivative financial instruments		77,640	142,233	175,308
Interbank accounts		666,562	651,149	646,242
Restricted deposits	9.b	17,234	187	225
National Treasury - rural credits resources		17,234	187	225
Interbank onlendings		649,328	650,962	646,014
Correspondent banks		--	--	3
Loans	10	365,203,315	364,498,414	366,651,020
Public sector		76,664,828	74,100,972	72,105,086
Private sector		308,441,111	311,327,864	316,477,014
Loan operations linked to assignment		425,988	495,891	521,295
(Allowance for loan losses)		(20,328,612)	(21,426,313)	(22,452,375)
Leasing transactions	10	100,340	211,102	248,780
Private sector		103,660	214,956	253,935
(Allowance for leasing transactions losses)		(3,320)	(3,854)	(5,155)
Other receivables		70,004,537	79,255,412	66,897,913
Foreign exchange portfolio	11.a	194,052	--	--
Accrued income		61,050	69,228	47,683
Securities trading		670,824	473,626	483,541
Specific credits	12.a	387,866	416,269	408,177
Sundry	12.b	69,880,028	79,143,272	66,757,629
(Allowance for other losses)		(1,189,283)	(846,983)	(799,117)
Other assets	13	17,486	18,429	17,613
Prepaid expenses		17,486	18,429	17,613
PERMANENT ASSETS		31,631,037	31,831,765	30,893,426
Investments		18,374,338	17,489,734	16,853,215
Investments in subsidiaries and associates	14.a	18,154,933	17,262,707	16,704,248
Domestic		17,590,686	17,216,404	16,651,975
Abroad		564,247	46,303	52,273
Other investments	14.c	238,559	246,161	168,099
(Provision for losses)		(19,154)	(19,134)	(19,132)
Property and equipment	15	7,318,766	7,415,302	7,213,478
Land and buildings		8,099,417	7,722,889	7,531,520
Other property and equipment		9,094,121	10,182,774	10,076,499
(Accumulated depreciation)		(9,874,772)	(10,490,361)	(10,394,541)
Intangible	16	5,937,933	6,926,729	6,826,733
Intangible assets		14,182,205	19,055,527	20,037,113
(Accumulated amortization)		(8,244,272)	(12,128,798)	(13,210,380)
TOTAL ASSETS		1,471,117,157	1,369,201,171	1,399,890,755

LIABILITIES/SHAREHOLDERS' EQUITY	Note	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
CURRENT LIABILITIES		1,070,000,789	1,006,184,142	1,063,390,677
Deposits	17.a	448,042,324	405,168,767	389,195,573
Demand deposits		71,356,795	69,981,063	61,793,371
Savings deposits		172,753,844	160,289,875	154,516,749
Interbank deposits		33,157,662	21,382,405	16,774,296
Time deposits		170,575,531	153,338,582	155,987,466
Other deposits		198,492	176,842	123,691
Securities sold under repurchase agreements	17.c	425,923,572	365,536,950	404,980,454
Own portfolio		34,148,316	29,529,818	28,561,564
Third-party portfolio		391,775,256	336,007,132	376,418,890
Funds from acceptance and issuance of securities	18	22,208,730	67,394,565	87,988,766
Bonds backed by real estate, mortgage and other credits		18,397,234	58,716,935	79,279,585
Foreign securities		3,665,694	8,610,339	8,608,077
Certificates of structured operations		145,802	67,291	101,104
Interbank accounts		2,703,920	1,149	2,524,476
Receipts and payments pending settlement	9.a	2,703,920	1,149	2,524,476
Interdepartmental accounts		2,782,292	2,495,532	2,388,368
Third-party funds in transit		2,782,234	2,495,532	2,387,169
Internal transfers of funds		58	--	1,199
Borrowings	19.a	20,684,362	16,872,613	15,752,760
Foreign borrowing		20,684,362	16,872,613	15,752,760
Domestic onlending - official institutions	19.b	37,967,785	44,419,452	44,686,732
BNDES		4,849,419	6,091,846	6,911,213
Caixa Econômica Federal		28,911,193	26,558,065	25,858,655
Finame		4,162,574	4,549,264	4,644,776
Other institutions		44,599	7,220,277	7,272,088
Foreign onlending	19.b	95	95	95
Derivative financial instruments	8.d	947,127	577,070	1,483,927
Other liabilities		108,740,582	103,717,949	114,389,526
Billing and collection of taxes and contributions		6,163,061	493,167	4,902,252
Foreign exchange portfolio	11.a	10,297,851	8,134,346	7,740,131
Shareholders and statutory distributions		1,642,157	2,177,094	1,079,717
Taxes and social security	20.a	10,846,918	11,464,023	12,214,853
Securities trading		737,315	907,009	732,700
Financial and development funds	20.b	9,921,921	9,339,505	8,907,025
Subordinated debts	20.c	9,282,397	9,168,341	10,228,204
Equity and debt hybrid securities	20.d	147,062	283,071	727,108
Other liabilities	20.e	59,701,900	61,751,393	67,857,536

LIABILITIES/SHAREHOLDERS' EQUITY	Note	Sep 30, 2018	Dec 31, 2017	Sep 30, 2017
NON-CURRENT LIABILITIES		297,296,517	264,293,627	242,935,881
LONG-TERM LIABILITIES		296,870,124	263,864,254	242,520,220
Deposits	17.a	43,495,300	45,060,595	47,927,416
Interbank deposits		3,666,386	2,770,354	2,874,617
Time deposits		39,828,914	42,290,241	45,052,799
Securities sold under repurchase agreements	17.c	8,561,034	10,705,745	12,889,830
Own portfolio		8,561,028	10,705,734	12,889,812
Third-party portfolio		6	11	18
Funds from acceptance and issuance of securities	18	108,386,300	66,371,232	49,143,458
Bonds backed by real estate, mortgage and other credits		88,019,891	50,941,594	37,444,068
Foreign securities		20,346,146	15,394,376	11,671,852
Certificates of structured operations		20,263	35,262	27,538
Borrowings	19.a	2,868,028	2,699,881	2,615,598
Foreign borrowing		2,868,028	2,699,881	2,615,598
Domestic onlending - official institutions	19.b	30,311,061	36,465,287	37,986,931
National Treasury		162,373	145,264	158,557
BNDES		18,054,163	20,844,346	21,092,151
Finame		12,094,525	15,225,834	16,486,379
Other institutions		--	249,843	249,844
Foreign onlending	19.b	382	382	382
Derivative financial instruments	8.d	337,832	212,817	235,699
Other liabilities		102,910,187	102,348,315	91,720,906
Foreign exchange portfolio	11.a	4,244,599	1,605,681	4,363,969
Shareholders and statutory distributions		675	726	454
Taxes and social security	20.a	2,064,635	911,945	496,494
Securities trading		345,568	298,639	350,146
Financial and development funds	20.b	5,248,774	7,455,245	5,934,842
Special operations		2,216	2,216	2,216
Subordinated debts	20.c	41,334,062	46,513,485	45,211,963
Equity and debt hybrid securities	20.d	4,737,881	5,324,708	5,080,977
Debt instruments eligible as capital	20.c and 20.d	29,631,206	25,771,771	24,848,035
Other liabilities	20.e	15,300,571	14,463,899	5,431,810
DEFERRED INCOME		426,393	429,373	415,661
SHAREHOLDERS' EQUITY	23	103,819,851	98,723,402	93,564,197
Capital		67,000,000	67,000,000	67,000,000
Local residents		51,884,387	52,954,778	52,261,049
Domiciled abroad		15,115,613	14,045,222	14,738,951
Instruments qualifying as common equity tier 1 capital	23.c	8,100,000	8,100,000	8,100,000
Capital reserves		14,692	12,436	12,436
Revaluation reserves		2,318	2,371	2,389
Profit reserves		39,188,657	35,280,691	31,124,786
Accumulated other comprehensive income		(13,644,111)	(13,219,725)	(16,481,629)
Retained earnings/accumulated losses		1,697,309	--	1,977,009
(Treasury shares)		(1,833,431)	(1,850,043)	(1,850,043)
Non-controlling interests		3,294,417	3,397,672	3,679,249
TOTAL LIABILITIES		1,471,117,157	1,369,201,171	1,399,890,755

STATEMENT OF INCOME

	Note	3rd quarter/2018	3rd quarter/2017	Jan 1 to Sep 30, 2018	Jan 1 to Sep 30, 2017
INCOME FROM FINANCIAL INTERMEDIATION		34,256,278	32,145,400	106,168,179	107,965,381
Loans	10.b	21,904,185	18,953,291	67,482,015	61,624,738
Leasing transactions	10.i	44,958	61,990	151,792	199,701
Securities	8.b	10,472,618	12,312,201	32,512,238	41,851,581
Derivative financial instruments	8.e	138,965	(659,509)	1,031,247	(854,783)
Foreign exchange results	11.b	854,472	138,544	2,285,029	588,569
Reserve requirement	9.c	627,639	958,804	2,009,991	3,283,310
Operations of sale and transfer of financial assets		213,441	380,079	695,867	1,272,265
EXPENSES FROM FINANCIAL INTERMEDIATION		(25,630,265)	(24,043,745)	(83,133,529)	(84,705,294)
Deposits and securities sold under repurchase agreements	17.d	(16,133,837)	(18,604,042)	(47,549,925)	(61,516,862)
Borrowings and onlendings	19.c	(4,642,340)	955,921	(19,858,097)	(3,303,689)
Leasing transactions	10.i	(29,219)	(36,698)	(98,052)	(114,703)
Operations of sale and transfer of financial assets		(287,845)	(44,706)	(308,894)	(74,257)
Allowance for loan losses	10.f and 10.g	(4,537,024)	(6,314,220)	(15,318,561)	(19,695,783)
INCOME FROM FINANCIAL INTERMEDIATION		8,626,013	8,101,655	23,034,650	23,260,087
OTHER OPERATING INCOME/EXPENSES		(3,465,784)	(3,784,440)	(9,590,248)	(10,570,593)
Service fee income and bank fee income	21.a	6,870,769	6,562,093	20,216,520	19,206,871
Service fee income		4,197,819	4,103,630	12,449,550	12,157,904
Bank fee income		2,672,950	2,458,463	7,766,970	7,048,967
Personnel expenses	21.b	(5,210,703)	(5,137,752)	(15,444,965)	(15,420,584)
Other administrative expenses	21.c	(3,560,771)	(4,002,427)	(10,440,118)	(11,695,050)
Tax expenses	24.c	(1,224,475)	(1,402,514)	(3,747,435)	(4,125,561)
Equity in earnings (losses) in associates and joint ventures	14	1,070,762	1,004,652	3,162,953	3,019,446
Other operating income	21.d	1,993,343	1,871,970	5,854,019	5,948,438
Other operating expenses	21.e	(3,404,709)	(2,680,462)	(9,191,222)	(7,504,153)
OPERATING INCOME		5,160,229	4,317,215	13,444,402	12,689,494
NON-OPERATING INCOME	22	62,798	389,876	327,855	494,466
Incomes		114,406	527,808	465,737	678,691
Expenses		(51,608)	(137,932)	(137,882)	(184,225)
PROFIT BEFORE TAXATION AND PROFIT SHARING		5,223,027	4,707,091	13,772,257	13,183,960
INCOME TAX AND SOCIAL CONTRIBUTION	24.a	(1,291,628)	(1,036,591)	(2,444,310)	(3,011,775)
Income tax and social contribution current		(663,068)	(838,035)	(2,207,644)	(2,829,487)
Income tax and social contribution deferred		(628,560)	(198,556)	(236,666)	(182,288)
EMPLOYEE AND DIRECTORS PROFIT SHARING		(406,950)	(368,108)	(1,154,606)	(1,018,469)
NON-CONTROLLING INTERESTS		(349,037)	(461,508)	(1,114,110)	(1,251,129)
NET INCOME		3,175,412	2,840,884	9,059,231	7,902,587
EARNINGS PER SHARE	23.f				
Weighted average number of shares - basic and diluted		2,785,405,557	2,784,953,544	2,785,209,225	2,784,888,989
Basic and diluted earnings per share (R\$)		1.11	1.01	3.21	2.81



ブラジル銀行

bb.com.br/japan