

## **Quarterly Information (ITR)**

### **Banco do Nordeste do Brasil S.A.**

September 30, 2020  
with independent auditor's review report on Individual Interim  
Financial Information

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**Company Information / Capital Breakdown**

<b>Number of shares (thousand)</b>	<b>Current quarter 09/30/2020</b>
<b>Paid-in Capital</b>	
Common shares	86,371
Preferred shares	0
<b>Total</b>	<b>86,371</b>
<b>Treasury shares</b>	
Common shares	0
Preferred shares	0
<b>Total</b>	<b>0</b>

**Individual Interim Financial Statements / Balance sheet - Assets****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 09/30/2020</b>	<b>Prior year 12/31/2019</b>
1	Total Assets	57,668,881	58,630,771
1.01	Current Assets	15,859,334	13,326,453
1.01.01	Cash and cash equivalents	137,942	168,525
1.01.02	Interbank Investments	3,136,200	3,376,358
1.01.02.01	Open market investments	2,000,437	3,275,927
1.01.02.02	Interbank deposit investments	1,135,763	100,431
1.01.03	Securities	4,573,657	1,747,783
1.01.03.01	Own portfolio	2,456,078	1,362,688
1.01.03.02	Subject to buyback commitment	2,110,199	242,819
1.01.03.03	Subject to guarantees given	0	142,276
1.01.03.04	Derivative financial instruments	7,380	0
1.01.04	Interbank accounts	894,002	526,650
1.01.04.01	Receipts and payments pending settlement	61,319	508
1.01.04.02	Central Bank deposits	831,955	525,291
1.01.04.03	Correspondents	728	851
1.01.06	Loans	5,360,594	5,082,117
1.01.06.01	Public sector	42,102	75,318
1.01.06.02	Private sector	5,550,405	5,336,977
1.01.06.03	(Allowance for loan losses)	-231,913	-330,178
1.01.08	Other receivables	1,726,811	2,395,068
1.01.08.01	Foreign exchange portfolio	954,270	855,128
1.01.08.02	Income receivable	23,568	18,319
1.01.08.03	Securities Trading	140,580	20
1.01.08.04	Sundry	706,354	1,611,362
1.01.08.05	(Allowance for Losses on Other Credits)	-97,961	-89,761
1.01.09	Other Assets	30,128	29,952
1.01.09.01	Other Assets	16,072	15,412
1.01.09.02	(Valuation Allowances)	-634	-581
1.01.09.03	Prepaid expenses	14,690	15,121
1.02	Long-term receivables	41,577,726	45,071,845
1.02.02	Securities	33,637,334	37,942,241
1.02.02.01	Own portfolio	33,023,255	36,056,160
1.02.02.02	Linked to repurchase agreements	0	1,304,444
1.02.02.03	Subject to guarantees given	587,129	575,692
1.02.02.04	Securities under Repurchase Agreements with Free Movement	26,950	5,945
1.02.03	Interbank Accounts	78,037	74,903
1.02.03.01	National Treasury - Rural Credit Funds	0	152
1.02.03.02	National Housing System (SFH)	78,037	74,751
1.02.05	Loans	4,522,145	4,348,997
1.02.05.01	Public sector	499,726	370,603
1.02.05.02	Private sector	4,296,620	4,252,385
1.02.05.03	(Allowance for loan losses)	-274,201	-273,991
1.02.07	Other Credits	3,340,210	2,705,704
1.02.07.01	Sundry	3,367,452	2,733,058

**Individual Interim Financial Statements / Balance sheet - Assets****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 09/30/2020</b>	<b>Prior year 12/31/2019</b>
1.02.07.02	(Allowance for Losses on Other Credits)	-27,242	-27,354
1.03	Permanent assets	231,821	232,473
1.03.01	investments	1,410	1,592
1.03.01.04	Other investments	6,696	6,878
1.03.01.05	Provision for losses	-5,286	-5,286
1.03.02	Property and equipment in use	229,690	230,318
1.03.02.01	Properties in use	281,360	174,027
1.03.02.02	Other property and equipment in use	319,042	314,731
1.03.02.03	(Accumulated depreciation)	-370,712	-365,572
1.03.02.04	Revaluation of property and equipment in use	0	107,132
1.03.04	Intangible assets	721	563
1.03.04.01	Intangible assets	721	563

**Individual Interim Financial Statements / Balance Sheet - Liabilities****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 09/30/2020</b>	<b>Prior year 12/31/2019</b>
2	Total Liabilities	57,668,881	58,630,771
2.01	Current liabilities	16,881,214	13,619,087
2.01.01	Deposits	7,802,021	5,870,828
2.01.01.01	Demand Deposits	760,788	405,302
2.01.01.02	Savings Deposits	4,162,066	2,633,831
2.01.01.03	Interbank Deposits	1,335,731	1,165,021
2.01.01.04	Time Deposits	1,543,436	1,666,674
2.01.02	Open market funding	2,110,025	1,545,801
2.01.02.01	Own portfolio	2,110,025	1,545,801
2.01.03	Funds from Acceptance and Issue of Securities	6,004	46,107
2.01.03.01	Funds from Real Estate, Mortgage, Credit and Similar Notes	6,004	46,107
2.01.04	Interbank Accounts	55,596	429
2.01.04.01	Receipts and payments pending settlement	55,596	429
2.01.05	Interbranch accounts	15,059	3,493
2.01.05.01	Third-party funds in transit	15,054	3,381
2.01.05.02	Internal transfers of funds	5	112
2.01.06	Borrowings	962,032	881,557
2.01.06.01	Foreign Borrowings	962,032	881,557
2.01.07	Domestic Onlending	135,965	102,555
2.01.07.01	National Treasury	201	168
2.01.07.02	National Bank for Economic and Social Development (BNDES) Fund for Financing the Acquisition of Industrial Machinery and Equipment (FINAME)	116,030	88,080
2.01.07.03		19,734	14,307
2.01.08	Foreign onlending	209,035	57,504
2.01.09	Other liabilities	5,585,477	5,110,813
2.01.09.01	Collection of taxes and other contributions	48,777	1,699
2.01.09.02	Foreign exchange portfolio	10,702	1,354
2.01.09.03	Social and statutory	41,806	337,855
2.01.09.04	Tax and Social Security	722,421	951,086
2.01.09.05	Securities Trading	153	153
2.01.09.06	Financial and development funds	2,314,259	1,193,931
2.01.09.07	Debt instruments eligible to capital	0	250,000
2.01.09.08	Sundry	680,371	683,178
2.01.09.09	Income Received in Advance	10,000	0
2.01.09.10	Provision for financial guarantees provided	917,546	960,882
2.01.09.11	Actuarial liabilities	172,041	168,237
2.01.09.12	Provision for Contingencies	667,401	562,438
2.02	Long-Term Payables	34,578,201	39,584,279
2.02.01	Deposits	8,940,682	6,379,026
2.02.01.01	Time Deposits	8,940,682	6,379,026
2.02.02	Open market funding	27,063	5,924
2.02.02.01	Own portfolio	27,063	5,924
2.02.07	Domestic Onlending	1,027,409	1,065,182
2.02.07.01	National Treasury	363	337
2.02.07.02	National Bank for Economic and Social Development (BNDES) Fund for Financing the Acquisition of Industrial Machinery and Equipment (FINAME)	1,006,995	1,030,853
2.02.07.03		20,051	33,992

**Individual Interim Financial Statements / Balance Sheet - Liabilities****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 09/30/2020</b>	<b>Prior year 12/31/2019</b>
2.02.08	Foreign onlending	448,093	374,358
2.02.09	Other liabilities	24,134,954	31,759,789
2.02.09.01	Deferred tax liabilities	517,198	401,124
2.02.09.02	Financial and development funds	14,865,973	22,462,547
2.02.09.03	Subordinated Debts Eligible to Capital	2,636,040	2,545,199
2.02.09.04	Debt instruments eligible to capital	1,295,889	1,301,040
2.02.09.05	Provision for financial guarantees provided	1,839,113	1,787,943
2.02.09.06	Actuarial liabilities	2,794,639	3,261,936
2.02.09.07	Income Received in Advance	186,102	0
2.05	Equity	6,209,466	5,427,405
2.05.01	Paid-in capital	5,569,988	3,813,000
2.05.03	Revaluation Reserves	13,685	13,726
2.05.03.01	Own assets	13,685	13,726
2.05.04	Income reserves	1,297,178	2,651,514
2.05.04.01	Legal	411,152	394,525
2.05.04.02	Statutory	886,026	2,256,989
2.05.04.02.01	Special income reserve	151,328	0
2.05.04.02.02	Reserve for Operational Margin	197,807	1,494,389
2.05.04.02.03	Reserve for Complementary Dividend Equalization	536,891	762,600
2.05.05	Equity adjustments	-903,990	-1,050,835
2.05.05.01	Adjustments to securities	-903,990	-1,050,835
2.05.06	Retained earnings/accumulated losses	232,605	0

## Individual Interim Financial Statements / Income Statement

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2020 to 09/30/2020	SCE - 01/01/2020 to 09/30/2020	Same as quarter of prior year- 01/07/2019 to 09/30/2019	SCE - 01/01/2019 to 09/30/2019
3.01	Income from financial intermediation	1,028,201	3,076,271	1,483,115	4,340,245
3.01.01	Loans	602,391	1,740,362	671,671	1,990,963
3.01.02	Gain (loss) on securities transactions	185,491	746,978	693,857	2,102,061
3.01.03	Gain (loss) on derivative financial instruments	7,380	7,380	0	47,343
3.01.04	Foreign exchange gains (losses)	228,595	567,102	111,227	180,713
3.01.05	Compulsory investment gains (losses)	4,344	14,449	6,360	19,165
3.02	Expenses from financial intermediation	-390,806	-1,765,577	-850,919	-2,461,405
3.02.01	Open market funding transactions	-87,087	-324,878	-203,562	-693,216
3.02.02	Borrowings and onlending	-285,877	-1,228,533	-553,026	-1,457,359
3.02.03	(Allowance for loan losses)	-17,842	-212,166	-94,331	-310,830
3.03	Gross profit from financial intermediation	637,395	1,310,694	632,196	1,878,840
3.04	Other operating income/expenses	-38,318	-233,866	-103,274	-182,597
3.04.01	Service revenues	700,281	2,059,230	694,636	1,972,396
3.04.02	Personnel expenses	-595,934	-1,645,681	-498,009	-1,497,799
3.04.03	Other Administrative Expenses	-325,409	-985,294	-331,229	-952,718
3.04.04	Tax Expenses	-90,113	-252,232	-91,427	-269,462
3.04.05	Other operating income	628,212	1,611,388	472,773	1,513,049
3.04.06	Other operating expenses	-355,355	-1,021,277	-350,018	-948,063
3.05	Operating income (expenses)	599,077	1,076,828	528,922	1,696,243
3.06	Non-operating income (expenses)	1,072	28,900	-2,336	-5,655
3.06.01	Revenues	1,826	31,644	1,250	22,570
3.06.02	Expenses	-754	-2,744	-3,586	-28,225
3.07	Income before Taxes/Profit sharing	600,149	1,105,728	526,586	1,690,588
3.08	Provision for income tax and social contribution	-269,396	-584,905	-181,569	-433,175
3.09	Deferred income tax	-6,728	156,400	24,922	-96,367
3.10	Statutory contributions/profit sharing	-18,686	-39,347	-20,702	-67,032
3.10.01	Profit sharing	-18,686	-39,347	-20,702	-67,032
3.13	Income/loss for the period	305,339	637,876	349,237	1,094,014



## Individual Interim Financial Statements / Income Statement

(In thousands of reais)

Account code	Account description	Current quarter 07/01/2020 to 09/30/2020	SCE - 01/01/2020 to 09/30/2020	Same as quarter of prior year- 01/07/2019 to 09/30/2019	SCE - 01/01/2019 to 09/30/2019
3.99	Earnings per share (reais / share)	3.53520	7.38530	4.04346	12.66646

**Individual Interim Financial Statements / Statement of Comprehensive Income****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 07/01/2020 to 09/30/2020</b>	<b>SCE - 01/01/2020 to 09/30/2020</b>	<b>Same as quarter of prior year- 07/01/2019 to 09/30/2019</b>	<b>SCE - 01/01/2019 to 09/30/2019</b>
4.01	Net income for the period	305,339	637,876	349,237	1,094,014
4.02	Other comprehensive income	15,544	146,886	81,998	35,035
4.02.01	Equity adjustment to available-for-sale securities	-70,912	-299,827	137,388	666,922
4.02.02	Tax effect on Equity adjustment to available-for-sale securities	30,839	136,483	-54,953	-266,134
4.02.03	Realization of Revaluation Reserve	24	74	25	-3,903
4.02.04	Tax effect on realization of revaluation reserve	-11	-33	-10	1,561
4.02.05	Actuarial gains and losses	101,098	563,980	-754	-605,685
4.02.06	Tax Effect on Actuarial Gains or Losses	-45,494	-253,791	302	242,274
4.03	Comprehensive income for the period	320,883	784,762	431,235	1,129,049

## Individual Interim Financial Statements / Statement of Cash Flows - Indirect Method

(In thousands of reais)

Account code	Account description	SCE - 01/01/2020 to 09/30/2020	SCE - 01/01/2019 to 09/30/2019
6.01	Net cash - operating activities	-1,718,681	3,175,059
6.01.01	Cash from operations	1,960,874	2,358,164
6.01.01.01	Net income	637,876	1,094,014
6.01.01.02	Depreciation and amortization expense	9,275	8,597
6.01.01.03	Allowance for Loan Losses, net	199,063	268,772
6.01.01.04	Allowance for Losses on Other Credits, net	13,103	42,059
6.01.01.05	Provision for Financial Guarantees Provided, net (FNE risks)	432,807	207,066
6.01.01.06	Provision for Financial Guarantees Provided, net (FDNE risks)	632	38
6.01.01.07	Provision for contingencies, net	62,792	130,716
6.01.01.08	Provision for other contingencies, net	106,242	57,715
6.01.01.09	Actuarial liabilities - post-employment benefits	265,798	207,231
6.01.01.10	Provision for Debt Instrument Eligible to Capital	51,363	215,568
6.01.01.12	Monetary restatement of judicial deposits	8,141	13,398
6.01.01.13	Deferred Tax Assets	-156,400	96,367
6.01.01.14	Reversal of provision for losses on linked credits (National Housing System (SFH))	-76	-25
6.01.01.15	Restatement of Debt instruments eligible to capital	3,251	4,674
6.01.01.16	Provision for charges on issue of Financial Bills	21,174	16,607
6.01.01.17	Monetary restatement of Appeal Deposits	-8,358	-7,277
6.01.01.18	Provision for Impairment of Other Assets, net	66	2,644
6.01.01.19	Monetary restatement of dividends and Interest on Equity (IOE)	1,828	0
6.01.01.20	Provisions for impairment of assets	312,297	0
6.01.02	Changes in assets and liabilities	-3,679,555	816,129
6.01.02.01	Interbank Investments	-1,035,332	206,896
6.01.02.02	Interbranch and interbank accounts	-303,677	-6,687
6.01.02.03	Loans	-552,634	-188,646
6.01.02.04	Other Credits	393,001	205,091
6.01.02.05	Allowances for loan losses associated with credit risk	-89,855	87,897
6.01.02.06	Tax credit	165,351	-521,151
6.01.02.07	Other Assets	477	-5,978
6.01.02.08	Deposits	4,484,708	8,637
6.01.02.09	Open market funding	585,363	-18,794
6.01.02.10	Funds from Acceptance and Issue of Securities	-40,103	15,074
6.01.02.11	Borrowings and onlending	301,378	-66,011
6.01.02.12	Financial instruments and Derivatives	-7,380	564,072
6.01.02.13	Other liabilities	-513,416	-623,333
6.01.02.14	Provisions	-350,697	415,603
6.01.02.15	Income Received in Advance	196,102	0
6.01.02.16	Other financial instruments	-6,640,556	662,458
6.01.02.17	Deferred tax liabilities	116,074	237,255
6.01.02.18	Income tax and social contribution paid	-490,919	-184,266
6.01.02.19	Prior years' adjustments	-2,591	28,012

## Individual Interim Financial Statements / Statement of Cash Flows - Indirect Method

(In thousands of reais)

Account code	Account description	SCE - 01/01/2020 to 09/30/2020	SCE - 01/01/2019 to 09/30/2019
6.01.02.20	Other assets	105,151	0
6.01.03	Other	0	766
6.01.03.01	Reversal of Realization of Revaluation Reserve - CMN Resolution No. 4535	0	796
6.01.03.02	Realization of Revaluation Reserve of June 2019 - CMN Resolution No. 4535	0	-30
6.02	Net cash from investing activities	1,001,430	-3,004,100
6.02.01	Investments	-7	0
6.02.02	Investments in property and equipment in use	-9,864	-67,789
6.02.03	Investments in intangible assets	-158	-6,669
6.02.04	Investments in assets not for own use	-719	1,328
6.02.05	Divestiture of investments	189	19,385
6.02.06	Disposal of property and equipment in use	1,217	3,206
6.02.09	Securities available for sale	1,010,772	-2,953,561
6.03	Net cash from financing activities	-588,821	-1,518,276
6.03.01	Dividends, bonuses and Interest on Equity (IOE) paid	-95,582	-131,538
6.03.02	Amortization of Debt instruments eligible to Principal Capital	-250,000	0
6.03.03	Payment of Eurobonds	0	-1,208,582
6.03.04	Payment of Interest on Debt Instruments Eligible to Principal Capital	-243,239	-178,156
6.05	Increase (decrease) in cash and cash equivalents	-1,306,072	-1,347,317
6.05.01	Cash and cash equivalents at beginning of period	3,444,451	7,615,109
6.05.02	Cash and cash equivalents at end of period	2,138,379	6,267,792

**Individual Interim Financial Statements / Statement of Changes in Equity / SCE - 01/01/2020 to 09/30/2020****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Capital</b>	<b>Capital reserves</b>	<b>Revaluation Reserves</b>	<b>Income reserves</b>	<b>Retained earnings/accumulated losses</b>	<b>Equity adjustment</b>	<b>Total equity</b>
5.01	Opening balance	3,813,000	0	13,726	2,651,514	0	-1,050,835	5,427,405
5.02	Prior years' adjustments	0	0	0	0	-2,591	0	-2,591
5.03	Adjusted balance	3,813,000	0	13,726	2,651,514	-2,591	-1,050,835	5,424,814
5.04	Income/loss for the period	0	0	0	0	637,876	0	637,876
5.05	Allocations	0	0	0	402,652	-402,721	0	-69
5.05.03	Other allocations	0	0	0	402,652	-402,721	0	-69
5.05.03.01	Legal reserve	0	0	0	16,627	-16,627	0	0
5.05.03.02	Reserve for Operational Margin	0	0	0	176,075	-176,075	0	0
5.05.03.03	Reserve for Dividend Equalization	0	0	0	58,691	-58,691	0	0
5.05.03.04	Special income reserve	0	0	0	151,328	-151,328	0	0
5.05.03.05	Other (Transfer for payment of additional IOE for 2019)	0	0	0	-69	69	0	0
5.05.03.06	Provision for Dividends/IOE for 2019	0	0	0	0	-69	0	-69
5.07	Equity adjustments	0	0	-41	0	41	146,845	146,845
5.07.01	Adjustments to securities	0	0	0	0	0	-163,344	-163,344
5.07.04	Realization of reserve	0	0	-41	0	0	0	0
5.07.05	Actuarial gains and losses	0	0	0	0	0	310,189	310,189
5.08	Capital increase/reduction	1,756,988	0	0	-1,756,988	0	0	0
5.08.01	Transfer for capital increase	1,756,988	0	0	-1,756,988	0	0	0
5.13	Closing balance	5,569,988	0	13,685	1,297,178	232,605	-903,990	6,209,466

**Individual Interim Financial Statements / Statement of Changes in Equity / SCE - 01/01/2019 to 09/30/2019****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Capital</b>	<b>Capital reserves</b>	<b>Revaluation Reserves</b>	<b>Income reserves</b>	<b>Retained earnings/accumulated losses</b>	<b>Equity adjustments</b>	<b>Total equity</b>
5.01	Opening balance	2,844,000	0	13,979	2,277,391	28,471	-950,962	4,212,879
5.02	Prior years' adjustments	0	0	0	0	-488	0	-488
5.03	Adjusted balance	2,844,000	0	13,979	2,277,391	27,983	-950,962	4,212,391
5.04	Income/loss for the period	0	0	0	0	1,094,014	0	1,094,014
5.05	Allocations	0	0	0	588,010	-855,166	0	-267,156
5.05.01	Dividends	0	0	0	0	-17,596	0	-17,596
5.05.02	Interest on equity (IOE)	0	0	0	0	-249,560	0	-249,560
5.05.03	Other allocations	0	0	0	588,010	-588,010	0	0
5.05.03.01	Legal reserve	0	0	0	37,239	-37,239	0	0
5.05.03.02	Statutory Reserve	0	0	0	550,771	-550,771	0	0
5.07	Equity adjustments	0	0	-45	0	-1,546	37,377	35,786
5.07.01	Adjustments to securities	0	0	0	0	0	400,788	400,788
5.07.04	Realization of reserve	0	0	-45	0	-1,546	0	-1,591
5.07.05	Actuarial gains and losses	0	0	0	0	0	-363,411	-363,411
5.08	Capital increase/reduction	969,000	0	0	-969,000	0	0	0
5.08.01	Transfer for capital increase	969,000	0	0	-969,000	0	0	0
5.13	Closing balance	3,813,000	0	13,934	1,896,401	265,285	-913,585	5,075,035

**Individual Interim Financial Statements / Statement of Value Added****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>SCE - 01/01/2020 to 09/30/2020</b>	<b>SCE - 01/01/2019 to 09/30/2019</b>
7.01	Revenues	5,542,346	6,561,143
7.01.01	Financial intermediation	3,076,271	4,340,245
7.01.02	Rendering of services	2,059,230	1,972,396
7.01.03	(Reversal of) allowance for loan losses	-212,166	-310,830
7.01.04	Other	619,011	559,332
7.02	Expenses from financial intermediation	-1,553,411	-2,150,575
7.03	Inputs acquired from third parties	-946,251	-917,025
7.03.01	Materials, energy and other expenses	-67,293	-68,979
7.03.02	Third-party services	-554,578	-512,738
7.03.04	Other	-324,380	-335,308
7.04	Gross value added	3,042,684	3,493,543
7.05	Retentions	-9,275	-8,597
7.05.01	Depreciation, amortization and depletion	-9,275	-8,597
7.06	Net value added produced	3,033,409	3,484,946
7.08	Total value added to be distributed	3,033,409	3,484,946
7.09	Distribution of value added	3,033,409	3,484,946
7.09.01	Personnel	1,470,538	1,360,431
7.09.01.01	Direct compensation	996,551	948,624
7.09.01.02	Benefits	404,225	345,183
7.09.01.03	Unemployment Compensation Fund (FGTS)	69,762	66,624
7.09.02	Taxes, charges and contributions	895,227	1,003,405
7.09.02.01	Federal	861,701	972,511
7.09.02.02	State	52	63
7.09.02.03	Local	33,474	30,831
7.09.03	Debt remuneration	29,768	27,096
7.09.03.01	Rents	29,768	27,096
7.09.04	Equity remuneration	637,876	1,094,014
7.09.04.01	Interest on equity (IOE)	0	249,560
7.09.04.02	Dividends	0	17,596
7.09.04.03	Retained earnings (accumulated losses) for the period	637,876	826,858

## Comments on Performance

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### OPERATIONAL PERFORMANCE

BNB entered into 1,329,382 loan and financing transactions in the third quarter of 2020. These transactions totaled R\$11.2 billion - a 14.9% increase compared with the same period in 2019.

In the third quarter of 2020, funds from Fundo Constitucional de Financiamento do Nordeste (FNE) totaled R\$7.6 billion and 253,788 transactions, representing an increase of 20.3% in the amount taken out and of 62.5% in the number of transactions entered into, compared with the third quarter of 2019.

Through its urban production-oriented microloan program, denominated Crediamigo, BNB disbursed approximately R\$3.5 billion, with 1,124,737 transactions in the third quarter of 2019 to provide support to micro-entrepreneurs within the Bank's jurisdiction. BNB presented 33.9% and 0.2% increases in the amount taken out and in the number of transactions entered into, respectively, compared with the third quarter of 2019.

In relation to the National Family Farming Strengthening Program (Pronaf), BNB entered into 169,110 financing transactions, totaling R\$971.2 million in the period, which represents a 17.7% increase in the amount taken out and a 17.8% increase in the number of transactions, compared with the third quarter of 2019.

Under the Pronaf program, BNB operates the rural production-oriented microloan program denominated Agroamigo. In the third quarter of 2020, under this type, 165,144 transactions were entered into with family farmers, totaling R\$851.2 million (a 21.7% increase compared with the same period of 2019).

Under the urban production-oriented microloan program (Crediamigo) and the rural Agroamigo program, the total amount of R\$4.3 billion was taken out in the third quarter of 2020, with 1,289,881 transactions entered into to provide support to micro-entrepreneurs in the urban and rural areas within the Bank's jurisdiction. These results represented an 31.3% increase in the amount entered into and an 2.3% increase in the number of transactions, compared with the same period of 2019.

In relation to support to micro and small enterprises, BNB entered into 15,669 transactions, totaling R\$1,372.9 million through the third quarter of 2020, a 49.8% increase in the amount taken out and a 41.1% increase in the number of transactions.

Regarding finance income (costs), BNB recorded income of R\$305.3 million in the third quarter of 2020, a 12.6% reduction compared with the third quarter of 2019, when the Bank reached the amount of R\$349.2 million.

Non-recurring income is also broken down, which is determined considering the deduction of extraordinary items occurred in the period:



## Comments on Performance

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Amounts in millions of reais

	3Q2019	3Q2020	Var. R\$	Var. %
<b>Net income</b>	<b>349.2</b>	<b>305.3</b>	<b>(43.9)</b>	<b>-12.6%</b>
<b>(-) Extraordinary Income (Expenses) for the Period</b>				
Law No. 13340/13606 (including Prodecer III)	(118.0)	-	118.0	-100.0%
Impairment of Government Securities/Corporate Bonds	-	82.5	82.5	
Voluntary Dismissal Incentive Program (PID)	-	53.0	53.0	
Prudential Allowance	-	5.4	5.4	
Tax effect (IR + CSLL)	47.2	(64.0)	(111.2)	-235.6%
<b>Recurring Net Income</b>	<b>278.4</b>	<b>382.2</b>	<b>103.8</b>	<b>37.3%</b>

## Notes

## NOTES TO INDIVIDUAL INTERIM FINANCIAL STATEMENTS OF BANCO DO NORDESTE DO BRASIL S.A.

**Quarters and Periods ended September 30, 2020 and 2019 and year ended 2019**

**Amounts expressed in thousands of reais, unless otherwise stated**

The Individual Interim Financial Statements of Banco do Nordeste do Brasil S.A. as of September 30, 2020 and accompanying Explanatory Notes, prepared in accordance with Resolution No. 4720 of May 30, 2019, of the National Monetary Council (“CMN”) and Circular Letter No. 3959 of September 4, 2019, of the Central Bank of Brazil (BACEN), and in accordance with the accounting practices adopted in Brazil, applicable to Financial Institutions authorized to operate by the Central Bank of Brazil, are shown below:

<b>BALANCE SHEET</b>			
(In thousands of reais)			
<b>ASSETS</b>			
		<b>09.30.2020</b>	<b>12.31.2019</b>
<b>CURRENT ASSETS</b> .....		<b>15,859,334</b>	<b>12,766,795</b>
<b>CASH AND CASH EQUIVALENTS</b> .....	(Note 5)	<b>2,138,379</b>	<b>3,444,451</b>
<b>FINANCIAL INSTRUMENTS</b> .....		<b>13,450,830</b>	<b>8,736,284</b>
<b>INTERBANK INVESTMENTS</b> .....	(Note 6.a)	<b>1,135,763</b>	<b>100,431</b>
<b>MARKETABLE SECURITIES AND DERIVATIVE FINANCIAL INSTRUMENTS</b> .....	(Note 7)	<b>4,710,140</b>	<b>1,823,441</b>
Own portfolio.....		2,592,561	1,438,346
Linked to repurchase agreements.....		2,110,199	242,819
Derivative financial instruments.....		7,380	
Linked to guarantees given.....			142,276
<b>INTERBANK ACCOUNTS</b> .....		<b>894,002</b>	<b>526,650</b>
Receipts and payments pending settlement.....		61,319	508
Central Bank deposits.....	(Note 8.a)	831,955	525,291
Correspondents.....		728	851
<b>LOANS</b> .....	(Note 9.a)	<b>5,592,507</b>	<b>5,412,295</b>
Public sector.....		42,102	75,318
Private sector.....		5,550,405	5,336,977
<b>OTHER CREDITS</b> .....	(Note 10.d)	<b>1,118,418</b>	<b>873,467</b>
Foreign exchange portfolio.....	(Note 10.a.a)	954,270	855,128
Income receivable.....	(Note 10.a.b)	23,568	18,319
Securities Trading.....	(Note 10.a.c)	140,580	20
<b>OTHER ASSETS</b> .....		<b>706,354</b>	<b>1,051,705</b>
Sundry.....	(Note 10.b.a)	706,354	1,051,705
<b>ALLOWANCES FOR LOAN LOSSES ASSOCIATED WITH CREDIT RISK</b> .....	(Note 9.d)	<b>(329,874)</b>	<b>(419,939)</b>
Loans.....		(231,913)	(330,178)
Other Credits.....	(Note 9.a)	(97,961)	(89,761)
<b>OTHER ASSETS</b> .....		<b>30,128</b>	<b>29,952</b>
Other Assets.....		16,072	15,412
Valuation allowance.....		(634)	(581)
Prepaid expenses.....		14,690	15,121
<b>PROVISIONS FOR IMPAIRMENT OF ASSETS</b> .....	(Note 7.a.3)	<b>(136,483)</b>	<b>(75,658)</b>
<b>NONCURRENT ASSETS</b> .....		<b>41,809,547</b>	<b>45,863,976</b>
<b>FINANCIAL INSTRUMENTS</b> .....		<b>38,819,768</b>	<b>42,696,711</b>
<b>SECURITIES</b> .....	(Note 7)	<b>33,945,385</b>	<b>37,998,820</b>
Own portfolio.....		33,331,306	36,112,739
Linked to repurchase agreements.....			1,304,444
Linked to guarantees given.....		587,129	575,692
Securities under Repurchase Agreements with Free Movement.....		26,950	5,945
<b>INTERBANK ACCOUNTS</b> .....		<b>78,037</b>	<b>74,903</b>
National Treasury - Rural Credit Loans.....			152
National Housing System (SFH).....	(Note 8.a)	78,037	74,751
<b>LOANS</b> .....	(Note 9.a)	<b>4,796,346</b>	<b>4,622,988</b>
Public sector.....		499,726	370,603
Private sector.....		4,296,620	4,252,385
<b>OTHER ASSETS</b> .....	(Note 10.b)	<b>439,321</b>	<b>199,121</b>
Sundry.....	(Note 10.b.a)	466,563	226,475
Allowance for Losses on Other Credits Without Loan Features.....	(Note 10.b.b)	(27,242)	(27,354)
<b>ALLOWANCES FOR LOAN LOSSES ASSOCIATED WITH CREDIT RISK</b> .....	(Note 9.d)	<b>(274,201)</b>	<b>(273,991)</b>
Loans.....		(274,201)	(273,991)
<b>TAX CREDITS</b> .....	(Note 21.d)	<b>2,900,889</b>	<b>3,066,241</b>
<b>INVESTMENTS</b> .....	(Note 12.d)	<b>1,410</b>	<b>1,592</b>
Other investments.....		6,696	6,878
Provision for losses.....		(5,286)	(5,286)
<b>PROPERTY AND EQUIPMENT</b> .....	(Note 12.d)	<b>600,402</b>	<b>595,890</b>
Properties in use.....		388,492	174,027
Revaluation of property and equipment in use.....		0	107,132
Other property and equipment in use.....		319,042	314,731
<b>INTANGIBLE ASSETS</b> .....	(Note 12.d)	<b>721</b>	<b>563</b>
<b>DEPRECIATION AND AMORTIZATION</b> .....	(Note 12.d)	<b>(370,712)</b>	<b>(365,572)</b>
<b>PROVISIONS FOR IMPAIRMENT OF ASSETS</b> .....	(Note 7.a.3)	<b>(308,051)</b>	<b>(56,579)</b>
<b>TOTAL ASSETS</b> .....		<b>57,668,881</b>	<b>58,630,771</b>

## Notes

<b>BALANCE SHEET</b>			
(In thousands of reais)			
<b>LIABILITIES AND EQUITY</b>			
		<b>09.30.2020</b>	<b>12.31.2019</b>
<b>CURRENT LIABILITIES</b> .....		<b>16,881,214</b>	<b>13,619,087</b>
<b>DEPOSITS AND OTHER FINANCIAL INSTRUMENTS</b> .....		<b>13,610,149</b>	<b>9,952,358</b>
<b>DEPOSITS</b> .....	(Note 13.b)	<b>7,802,021</b>	<b>5,870,828</b>
Demand deposits.....		760,788	405,302
Savings Deposits.....		4,162,066	2,633,831
Interbank Deposits.....		1,335,731	1,165,021
Time Deposits.....		1,543,436	1,666,674
<b>OPEN MARKET FUNDING</b> .....	(Note 13.d)	<b>2,110,025</b>	<b>1,545,801</b>
<b>FUNDS FROM ACCEPTANCE AND ISSUE OF SECURITIES</b> .....	(Note 15)	<b>6,004</b>	<b>46,107</b>
<b>INTERBANK ACCOUNTS</b> .....		<b>55,596</b>	<b>429</b>
<b>INTERBRANCH ACCOUNTS</b> .....		<b>15,059</b>	<b>3,493</b>
Third-party funds in transit.....		15,054	3,381
Internal transfers of funds.....		5	112
<b>BORROWINGS</b> .....	(Note 14.c)	<b>962,032</b>	<b>881,557</b>
<b>DOMESTIC ONLENDING - OFFICIAL INSTITUTIONS</b> .....	(Note 14.d)	<b>135,965</b>	<b>102,555</b>
National Treasury.....		201	168
National Bank for Economic and Social Development (BNDES).....		116,030	88,080
Fund for Financing the Acquisition of Industrial Machinery and Equipment (FINAME).....		19,734	14,307
<b>FOREIGN ONLENDING</b> .....	(Note 14.d)	<b>209,035</b>	<b>57,504</b>
<b>OTHER FINANCIAL INSTRUMENTS</b> .....		<b>2,314,412</b>	<b>1,444,084</b>
Securities Trading.....		153	153
Financial and development funds.....		2,314,259	1,193,931
Debt instruments eligible to capital.....	(Note 17.a and Note 17.b)	-	250,000
<b>OTHER LIABILITIES</b> .....		<b>1,504,077</b>	<b>1,975,172</b>
Collection of taxes and other contributions.....	(Note 16.a)	48,777	1,699
Foreign exchange portfolio.....	(Note 16.b)	10,702	1,354
Social and statutory.....	(Note 16.c)	41,806	337,855
Tax and Social Security.....	(Note 16.d)	722,421	951,086
Sundry.....	(Note 16.e)	680,371	683,178
<b>PROVISIONS</b> .....		<b>1,756,988</b>	<b>1,691,557</b>
Provision for financial guarantees provided.....	(Note 9.f.1)	917,546	960,882
Actuarial liabilities.....	(Note 24.o and Note 28.a.2)	172,041	168,237
Provision for Contingencies.....	(Note 22.f)	667,401	562,438
<b>INCOME RECEIVED IN ADVANCE</b> .....	(Note 18)	<b>10,000</b>	<b>-</b>
<b>NONCURRENT LIABILITIES</b> .....		<b>34,578,201</b>	<b>39,584,279</b>
<b>DEPOSITS AND OTHER FINANCIAL INSTRUMENTS</b> .....		<b>29,241,149</b>	<b>34,133,276</b>
<b>DEPOSITS</b> .....	(Note 13.b)	<b>8,940,682</b>	<b>6,379,026</b>
Time Deposits.....		8,940,682	6,379,026
<b>OPEN MARKET FUNDING</b> .....	(Note 13.c)	<b>27,063</b>	<b>5,924</b>
<b>DOMESTIC ONLENDING - OFFICIAL INSTITUTIONS</b> .....	(Note 14.b)	<b>1,027,409</b>	<b>1,065,182</b>
National Treasury.....		363	337
National Bank for Economic and Social Development (BNDES).....		1,006,995	1,030,853
Fund for Financing the Acquisition of Industrial Machinery and Equipment (FINAME).....		20,051	33,992
<b>FOREIGN ON LENDING</b> .....	(Note 14.d)	<b>448,093</b>	<b>374,358</b>
<b>OTHER FINANCIAL INSTRUMENTS</b> .....		<b>18,797,902</b>	<b>26,308,786</b>
Financial and development funds.....		14,865,973	22,462,547
Subordinated Debts Eligible to Capital.....	(Note 17.c)	2,636,040	2,545,199
Debt instruments eligible to capital.....	(Note 17.a and Note 17.b)	1,295,889	1,301,040
<b>PROVISIONS</b> .....		<b>4,633,752</b>	<b>5,049,879</b>
Provision for financial guarantees provided.....	(Note 9.f.1) (Note 24.o and Note 28.a.2)	1,839,113	1,787,943
Actuarial liabilities.....		2,794,639	3,261,936
<b>DEFERRED TAX LIABILITIES</b> .....		<b>517,198</b>	<b>401,124</b>
<b>INCOME RECEIVED IN ADVANCE</b> .....	(Note 18)	<b>186,102</b>	<b>0</b>
<b>EQUITY</b> .....	(Note 19)	<b>6,209,466</b>	<b>5,427,405</b>
<b>CAPITAL</b> .....		<b>5,569,988</b>	<b>3,813,000</b>
<b>REVALUATION RESERVES</b> .....		<b>13,685</b>	<b>13,726</b>
<b>INCOME RESERVES</b> .....		<b>1,297,178</b>	<b>2,651,514</b>
<b>OTHER COMPREHENSIVE INCOME</b> .....		<b>(903,990)</b>	<b>(1,050,835)</b>
<b>RETAINED EARNINGS (ACCUMULATED LOSSES)</b> .....		<b>232,605</b>	<b>-</b>
<b>TOTAL LIABILITIES AND EQUITY</b> .....		<b>57,668,881</b>	<b>58,630,771</b>

## Notes

<b>INCOME STATEMENTS</b>			
(In thousands of reais)			
		01.01 to 09.30.2020	01.01 to 09.30.2019
<b>INCOME FROM FINANCIAL INTERMEDIATION.....</b>		<b>3,076,271</b>	<b>4,340,245</b>
Loans.....	(Note 9.a.2)	1,740,362	1,990,963
Gain (loss) on securities transactions .....	(Note 7.b)	746,978	2,102,061
Gain (loss) on derivative financial instruments .....		7,380	47,343
Foreign exchange gains (losses) .....	(Note 11.b)	567,102	180,713
Compulsory investment gains (losses) .....	(Note 8.b)	14,449	19,165
<b>EXPENSES FROM FINANCIAL INTERMEDIATION.....</b>		<b>(1,765,577)</b>	<b>(2,461,405)</b>
Open market funding .....	(Note 13.d)	(324,878)	(693,216)
Borrowings and onlending.....	(Note 14.e)	(1,228,533)	(1,457,359)
Allowance for Credit Risk .....	(Note 9.e)	(212,166)	(310,830)
<b>GROSS INCOME FROM FINANCIAL INTERMEDIATION.....</b>		<b>1,310,694</b>	<b>1,878,840</b>
<b>OTHER OPERATING INCOME .....</b>		<b>3,670,618</b>	<b>3,485,445</b>
Service revenues.....	(Note 20.a)	1,985,589	1,901,542
Income from Bank Fees.....	(Note 20.b)	73,641	70,854
FNE-Del credere.....	(Note 20.f)	1,410,828	1,176,226
Other operating income.....	(Note 20.g)	200,560	336,823
<b>OTHER OPERATING EXPENSES .....</b>		<b>(3,904,484)</b>	<b>(3,668,042)</b>
Personnel expenses.....	(Note 20.c)	(1,645,681)	(1,497,799)
Other Administrative Expenses.....	(Note 20.d)	(985,294)	(952,718)
Tax Expenses.....	(Note 20.e)	(252,232)	(269,462)
Provision for financial guarantees provided.....	(Note 20.h)	(443,169)	(214,059)
Provision for Contingent Liabilities.....	(Note 20.i)	(170,094)	(188,666)
Other Operating Expenses.....	(Note 20.j)	(408,014)	(545,338)
<b>OPERATING INCOME (EXPENSES).....</b>		<b>1,076,828</b>	<b>1,696,243</b>
<b>NON-OPERATING INCOME (EXPENSES).....</b>		<b>28,900</b>	<b>(5,655)</b>
<b>INCOME BEFORE INCOME TAXES AND PROFIT SHARING.....</b>		<b>1,105,728</b>	<b>1,690,588</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION .....</b>	(Note 21)	<b>(428,505)</b>	<b>(529,542)</b>
Provision for Income Tax.....		(324,891)	(267,581)
Provision for Social Contribution .....		(260,014)	(165,594)
Deferred Tax Assets.....		156,400	(96,367)
<b>STATUTORY PROFIT SHARING.....</b>	(Note 25)	<b>(39,347)</b>	<b>(67,032)</b>
<b>NET INCOME .....</b>		<b>637,876</b>	<b>1,094,014</b>
Number of shares (in thousands).....		86,371	86,371
Earnings per Share - Basic/Diluted - in R\$.....		7.39	12.67

**Notes**

<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
(In thousands of reais)		
	01.01 to 09.30.2020	01.01 to 09.30.2019
<b>NET INCOME</b>	<b>637,876</b>	<b>1,094,014</b>
<b>Items that may be reclassified to the Income Statement</b>	<b>(163,303)</b>	<b>398,446</b>
Equity adjustment to available-for-sale securities.....	(299,827)	666,922
Tax effect on Equity adjustment to available-for-sale securities.....	136,483	(266,134)
Realization of Revaluation Reserve.....	74	(3,903)
Tax effect on realization of revaluation reserve.....	(33)	1,561
<b>Items that may not be reclassified to the Income Statement</b>	<b>310,189</b>	<b>(363,411)</b>
Actuarial gains (losses).....	563,980	(605,685)
Tax Effect on Actuarial Gains or Losses.....	(253,791)	242,274
<b>COMPREHENSIVE INCOME.....</b>	<b>784,762</b>	<b>1,129,049</b>

**Notes**

<b>STATEMENTS OF CASH FLOWS</b> (In thousands of reais)		
	<b>09.30.2020</b>	<b>30.09.2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net income for the period</b> .....	<b>637,876</b>	<b>1,094,014</b>
<b>Adjustments to Net Income:</b>		
Depreciation and amortization expenses.....	9,275	8,597
Provision for Impairment of Other Assets, net .....	66	2,644
Allowance for Credit Risk on Bank Loans, net .....	199,063	268,772
Allowance for Credit Risk on Other Credits of the Bank, net .....	13,103	42,059
Provision for financial guarantees provided, net (FNE risks) .....	432,807	207,066
Provision for financial guarantees provided, net (FDNE risks) .....	632	38
Provision for contingencies, net.....	62,792	130,716
Provision for other contingencies, net.....	106,242	57,715
Actuarial Liabilities (Post-employment Benefits).....	265,798	207,231
Provision for Debt Instruments Eligible to Principal Capital.....	51,363	215,568
Monetary restatement of judicial deposits .....	8,141	13,398
Deferred Tax Assets.....	(156,400)	96,367
Provision for losses on credits linked to SFH, net.....	(76)	(25)
Restatement of Debt Instruments Eligible to Principal Capital.....	3,251	4,674
Provision for charges on issue of Financial Bills .....	21,174	16,607
Monetary restatement of Appeal Deposits.....	(8,358)	(7,277)
Monetary restatement of dividends and IOE.....	1,828	-
Provisions for Impairment of Assets.....	312,297	-
<b>Adjusted Net Income</b> .....	<b>1,960,874</b>	<b>2,358,164</b>
Interbank Investments.....	(1,035,332)	206,896
Interbank and interdepartmental accounts .....	(303,677)	(6,687)
Loans.....	(552,634)	(188,646)
Other Credits.....	393,001	205,091
Other assets.....	105,151	-
Allowance for Loan Losses Associated with Credit Risk.....	(89,855)	87,897
Tax credits.....	165,351	(521,151)
Other Assets.....	477	(5,978)
Deposits.....	4,484,708	8,637
Open market funding .....	585,363	(18,794)
Funds from Acceptance and Issue of Securities.....	(40,103)	15,074
Borrowings and onlending.....	301,378	(66,011)
Derivative financial instruments.....	(7,380)	564,072
Other obligations.....	(513,416)	(623,333)
Provisions.....	(350,697)	415,603
Income Received in Advance.....	196,102	-
Other Financial Instruments.....	(6,640,556)	662,458
Deferred Tax Liabilities.....	116,074	237,255
Reversal of Realization of Revaluation Reserve - CMN Resolution No. 4535.....	-	796
Realization of Revaluation Reserve of June 2019 - CMN Resolution No. 4535.....	-	(30)
Income tax and social contribution paid.....	(490,919)	(184,266)
Prior years' adjustments.....	(2,591)	28,012
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b> .....	<b>(1,718,681)</b>	<b>3,175,059</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments.....	(7)	-
Investments in property and equipment in use.....	(9,864)	(67,789)
Investments in intangible assets.....	(158)	(6,669)
Investments in assets not for own use.....	(719)	1,328
Divestiture of investments.....	189	19,385
Disposal (write-off) of property and equipment in use.....	1,217	3,206
Securities available for sale.....	1,010,772	(2,953,561)
<b>CASH USED IN INVESTING ACTIVITIES</b> .....	<b>1,001,430</b>	<b>(3,004,100)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of dividends as interest of equity and of Dividends.....	(95,582)	(131,538)
Payment of Interest on Debt Instruments Eligible to Principal Capital .....	(243,239)	(178,156)
Amortization of Debt Instruments Eligible to Principal Capital.....	(250,000)	-
Payment of Eurobonds.....	-	(1,208,582)
<b>CASH USED IN FINANCING ACTIVITIES</b> .....	<b>(588,821)</b>	<b>(1,518,276)</b>
<b>Increase/(decrease) in cash and cash equivalents</b> .....	<b>(1,306,072)</b>	<b>(1,347,317)</b>
<b>STATEMENT OF CHANGES IN CASH AND CASH EQUIVALENTS</b>		
At beginning of period .....	3,444,451	7,615,109
At end of period.....	2,138,379	6,267,792
<b>Increase/decrease in cash and cash equivalents</b> .....	<b>(1,306,072)</b>	<b>(1,347,317)</b>

Notes

<b>STATEMENT OF CHANGES IN EQUITY</b> (In thousands of reais)									
EVENTS	Paid-in capital	REVALUATION RESERVES	INCOME RESERVES				OTHER COMPREHENSIVE INCOME	RETAINED EARNINGS (ACCUMULATED LOSSES)	TOTAL
	CAPITAL	OWN ASSETS	LEGAL	RESERVE FOR OPERATIONAL MARGIN	RESERVE FOR COMPLEMENTARY DIVIDEND EQUALIZATION	SPECIAL INCOME RESERVE			
<b>BALANCES at 12.31.2019</b>	3,813,000	13,726	394,525	1,494,389	762,600		(1,050,835)		5,427,405
<b>PRIOR YEARS' ADJUSTMENTS</b>									
Creditors.....								218	218
Debtors.....								(2,809)	(2,809)
<b>EQUITY ADJUSTMENT:</b>									
Equity Adjustments to Securities (Net of Tax Effects).....							(163,344)		(163,344)
Actuarial Gains (Losses), net of Tax Effects .....							310,189		310,189
<b>CAPITAL INCREASE:</b>									
From reserves:									
Incorporation into Capital.....	1,756,988			(1,472,588)	(284,400)				
<b>OTHER EVENTS:</b>									
Revaluation of Assets:									
Establishment of Reserves (Net of Tax Effects) .....		(41)						41	
<b>OTHER (transfer to Retained Earnings (Accumulated Losses) - AGM held on 03.27.2020.....</b>				(69)				69	
<b>Provision for Complementary Dividends for 2019 - AGM held on 03.27.2020.....</b>								(69)	(69)
<b>NET INCOME FOR THE PERIOD - JAN TO SEPT/20.....</b>								637,876	637,876
<b>ALLOCATIONS OF INCOME FOR THE 1<sup>ST</sup> HALF:</b>									
Legal and Statutory Reserves.....			16,627	176,075	58,691			(251,393)	
Special Income Reserve.....						78,581		(78,581)	
<b>ALLOCATIONS OF INCOME FOR THE PERIOD - JUL TO SEPT/20:</b>									
Special Income Reserve.....						72,747		(72,747)	
<b>BALANCES at 09.30.2020</b>	5,569,988	13,685	411,152	197,807	536,891	151,328	(903,990)	232,605	6,209,466
<b>CHANGES FOR THE PERIOD</b>	1,756,988	(41)	16,627	(1,296,582)	(225,709)	151,328	146,845	(151,328)	398,128

Notes

STATEMENT OF CHANGES IN EQUITY									
(In thousands of reais)									
EVENTS	PAID-IN CAPITAL	REVALUATION RESERVES	INCOME RESERVES			OTHER COMPREHENSIVE INCOME	RETAINED EARNINGS (ACCUMULATED LOSSES)	TOTAL	
	CAPITAL	OWN ASSETS	LEGAL	RESERVE FOR OPERATIONAL MARGIN	RESERVE FOR COMPLEMENTARY DIVIDEND EQUALIZATION				SPECIAL INCOME RESERVE
<b>BALANCES at 12.31.2018</b>	2,844	13,979	307,691	1,400,900	568,800		(950,962)	28,471	4,212,879
<b>PRIOR YEARS' ADJUSTMENTS</b>									
Creditors.....								(488)	(488)
<b>EQUITY ADJUSTMENT:</b>									
Equity Adjustments to Securities (Net of Tax Effects .....							400,788		400,788
Actuarial Gains (Losses), net of Tax Effects .....							(363,411)		(363,411)
<b>CAPITAL INCREASE:</b>									
Incorporation into Capital.....	969			(969)					
<b>OTHER EVENTS:</b>									
Revaluation of Assets:									
Establishment of Reserves (Net of Tax Effects) .....		(45)						(1,546)	(1,591)
<b>NET INCOME FOR THE PERIOD - JAN TO SEPT/19.....</b>								1,094,014	1,094,014
<b>ALLOCATIONS OF INCOME FOR THE 1<sup>st</sup> HALF:</b>									
Legal and Statutory Reserves.....			37,239	550,771				(588,010)	
<b>ALLOCATIONS OF INCOME FOR THE PERIOD - JUL TO SEPT/19:</b>									
Interest on equity (IOE)								(17,596)	(17,596)
Dividends								(249,560)	(249,560)
<b>BALANCES at 09.30.2019</b>	3,813	13,934	344,930	982,671	568,800	0	(913,585)	265,285	5,075,035
<b>CHANGES FOR THE PERIOD</b>	969	(45)	37,239	(1,296,582)	0		37,377	236,814	862,156



## Notes

<b>STATEMENT OF VALUE ADDED</b>				
(In thousands of reais)				
	<b>09.30.2020</b>	<b>%</b>	<b>30.09.2019</b>	<b>%</b>
<b>REVENUES</b>	<b>5,542,346</b>		<b>6,561,143</b>	
Financial intermediation	3,076,271		4,340,245	
Services rendered and bank fees	2,059,230		1,972,396	
Allowance for Credit Risk	(212,166)		(310,830)	
Other revenues/expenses	619,011		559,332	
<b>EXPENSES FROM FINANCIAL INTERMEDIATION</b>	<b>(1,553,411)</b>		<b>(2,150,575)</b>	
<b>INPUTS ACQUIRED FROM THIRD PARTIES</b>	<b>(67,293)</b>		<b>(68,979)</b>	
Materials, Energy and Other	(554,578)		(512,738)	
Third-Party Services	<b>(324,380)</b>		<b>(335,308)</b>	
<b>Other</b>	<b>(188,260)</b>		<b>(200,172)</b>	
Data Processing and Telecommunications	(23,512)		(13,958)	
Advertising, Promotions and Publications	(20,195)		(20,204)	
Transportation	(46,439)		(48,320)	
Security	(5,770)		(11,946)	
Travel	(40,204)		(40,708)	
Other	<b>3,042,684</b>		<b>3,493,543</b>	
<b>GROSS VALUE ADDED</b>	<b>(9,275)</b>		<b>(8,597)</b>	
<b>RETENTIONS</b>	<b>(9,275)</b>		<b>(8,597)</b>	
Depreciation, amortization and depletion	<b>3,033,409</b>		<b>3,484,946</b>	
<b>NET VALUE ADDED PRODUCED BY THE ENTITY</b>	<b>3,033,409</b>		<b>3,484,946</b>	
<b>TOTAL VALUE ADDED TO BE DISTRIBUTED</b>	<b>3,033,409</b>		<b>3,484,946</b>	
<b>DISTRIBUTION OF VALUE ADDED</b>	<b>1,470,538</b>	<b>48.5%</b>	<b>1,360,431</b>	<b>39.0%</b>
<b>PERSONNEL</b>	<b>996,551</b>	<b>32.9%</b>	<b>948,624</b>	<b>27.2%</b>
<b>WORK COMPENSATION</b>	<b>957,204</b>		<b>881,592</b>	
Salaries	39,347		67,032	
Profit sharing	<b>404,225</b>	<b>13.3%</b>	<b>345,183</b>	<b>9.9%</b>
<b>BENEFITS</b>	<b>266,658</b>		<b>208,269</b>	
Provisions (post-employment benefits)	137,567		136,914	
Benefits - Other	<b>69,762</b>	<b>2.3%</b>	<b>66,624</b>	<b>1.9%</b>
<b>UNEMPLOYMENT COMPENSATION FUND (FGTS)</b>	<b>895,227</b>		<b>1,003,405</b>	
<b>TAXES, CHARGES AND CONTRIBUTIONS</b>	<b>52</b>		<b>63</b>	
Federal	33,474		30,831	
State	<b>29,768</b>	<b>1.0%</b>	<b>27,096</b>	<b>0.8%</b>
Local	29,768		27,096	
<b>DEBT REMUNERATION</b>	<b>637,876</b>	<b>21.0%</b>	<b>1,094,014</b>	<b>31.4%</b>
Rents	-	<b>0.0%</b>	<b>249,560</b>	<b>7.2%</b>
<b>EQUITY REMUNERATION</b>	-		138,391	
<b>INTEREST ON EQUITY (IOE)</b>	-		111,169	
Federal Government	-	<b>0.0%</b>	<b>17,596</b>	<b>0.5%</b>
Other	-		9,758	
<b>DIVIDENDS</b>	-		7,838	
Federal Government	<b>637,876</b>	<b>21.0%</b>	<b>826,858</b>	<b>23.7%</b>
Other	-		-	
<b>RETAINED PROFITS IN THE PERIOD</b>				

## Notes

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#### NOTE 1 - The Bank and its Characteristics

Banco do Nordeste do Brasil S.A. (Bank) is a mixed economy publicly-held financial institution established by Federal Law No. 1649 of 07.19.1952, with head office at Avenida Dr. Silas Munguba, nº 5700, Passaré, in the city of Fortaleza, Ceará State, Brazil, and its mission is: "To operate as the Development Bank for the Brazilian Northeast Region". Banco do Nordeste is authorized to operate all the portfolios permitted for multiple service banks. As an institution devoted to regional development, the Bank operates as the executive agent of public policies and is responsible for managing Fundo Constitucional de Financiamento do Nordeste (FNE) - the main source of funds used by the Bank for long-term financing - and the operation of the National Family Farming Strengthening Program (Programa Nacional de Fortalecimento da Agricultura Familiar - Pronaf) in its area of operation. The Bank is also the operator of the Northeast Investment Fund (Fundo de Investimentos do Nordeste - FINOR) and the Northeast Development Fund (Fundo de Desenvolvimento do Nordeste - FDNE). It has the largest micro-financing program in Latin America, consolidated under Crediamigo and Agroamigo, which facilitate access to loans to small entrepreneurs who engage in production-related, product sale, and service activities in urban and rural areas. In addition to federal funds, the Bank has access to other sources of financing in the domestic and foreign markets through funds raised directly, as well as partnerships with domestic and foreign institutions, including multilateral institutions such as the World Bank and the InterAmerican Development Bank (IDB).

#### NOTE 2 - Basis of Preparation and Presentation of Individual Interim Financial Statements

The financial statements were prepared in accordance with the provisions of the Brazilian Corporation Law (Law No. 6404 of 12.15.1976, as amended), and regulations of the National Monetary Council (Conselho Monetário Nacional - CMN), the Central Bank of Brazil (Banco Central do Brasil - BACEN), and the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM). CMN Resolution No. 4720 of 05.30.2019 and Bacen Circular Letter No. 3959 of 09.04.2019 changed, as of 01.01.2020, the general criteria for preparing and disclosing Financial Statements in effect until then, with emphasis on the segregation of Assets and Liabilities of the Balance Sheet into Current and Non-Current, change in the presentation of the Income Statement and the requirement to present the Statement of Comprehensive Income. It should be stressed that the adoption of these measures had no impact in relation to the criteria until then adopted by the Bank; however, for the purposes of comparison, the presentation formats of the Balance Sheet and of the Income Statement were changed from 2019 onwards to adapt to the new format, without any changes to the items and amounts of these Statements.

## Notes

The Individual Interim Financial Statements were prepared on a going-concern basis, since management considers that the Bank has sufficient resources to continue operating in order to fulfill its mission and business purpose. There are no material uncertainties that may cast significant doubts as to the Bank's ability to continue as a going concern.

The pronouncements issued by Brazil's Financial Accounting Standards Board - FASB (Comitê de Pronunciamentos Contábeis - CPC) in the process of convergence between the Brazilian accounting standards and the International Financial Reporting Standards (IFRS), adopted by the CMN by way of rules amended as well as those approved by the CVM that do not clash with CMN rules, are included in these individual interim financial statements, as follows:

- CPC 00 (R1) - Conceptual Framework for the Preparation and Presentation of Financial Statements (CMN Resolution No. 4144 of 09.27.2012);
- CPC 01 - Impairment of Assets (CMN Resolution No. 3566 of 05.29.2008);
- CPC 02 (R2) - Effects of Changes in Foreign Exchange Rates and Translation of Financial Statements (CVM Rule No. 640 of 10.07.2010);
- CPC 03 (R2) - Statement of Cash Flows (CMN Resolutions No. 3604 of 08.29.2008 and No. 4720 of 05.30.2019);
- CPC 05 - Related-Party Disclosures (CMN Resolution No. 3750 of 06.30.2009);
- CPC 09 - Statement of Value Added (CVM Rule No. 557 of 11.12.2008);
- CPC 12 - Present Value Adjustment (CVM Rule No. 564 of 12.17.2008);
- CPC 21 (R1) - Interim Financial Reporting (CVM Rule No. 673 of 10.20.2011);
- CPC 22 - Segment Reporting (CVM Rule No. 582 of 07.31.2009);
- CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors (CMN Resolution No. 4007 of 08.25.2011);
- CPC 24 - Subsequent Events (CMN Resolution No. 3973 of 05.26.2011);
- CPC 25 - Provisions, Contingent Liabilities and Contingent Assets (CMN Resolution No. 3823 of 12.16.2009);
- CPC 26 (R1) - Presentation of Financial Statements (CVM Rule No. 760 of 12.22.2016);
- CPC 27 - Property and Equipment (CMN Resolution No. 4535 of 11.24.2016);
- CPC 32 - Income Taxes (CVM Rule No. 599 of 09.15.2009);
- CPC 33 (R1) - Employee Benefits (CMN Resolution No. 4424 of 06.25.2015);
- CPC 41 - Earnings per Share (Bacen Circular Letter No.3959 of 09.04.2019); and
- CPC 46 - Fair Value Measurement (CMN Resolution No. 4748 of 08.29.2019).

### Note 3 - Summary of Significant Accounting Practices

#### a) Functional Currency

The Bank's functional and presentation currency is the Brazilian real.

Assets and liabilities denominated in foreign currency are recognized at the average currency rate in force on the transaction date, while nonmonetary assets are stated at historical cost.

At the end of each period, monetary assets and liabilities denominated in foreign currency are restated by the average exchange rate, and variations are recorded in P&L.

#### b) P&L recognition criteria

Revenues and expenses are recognized on a monthly basis, following the accrual method and considering the pro rata temporis criterion.

## Notes

### c) Current and noncurrent assets and liabilities

Assets and receivables are stated at realizable values, plus income earned and currency variations and currency fluctuation, less unearned income or allowance, if applicable. Liabilities are stated at original amounts plus, if applicable, charges and monetary and currency variations incurred, less deferred expenses. Funds available from FNE are classified in Current liabilities and Noncurrent liabilities according to the expected outflow of funds.

Receivables and payables are recorded in Current assets and noncurrent assets and in Current and noncurrent liabilities, respectively, according to maturity dates.

### d) Cash and cash equivalents

These correspond to the balances of cash and cash equivalents, interbank investments and securities immediately convertible into cash or with original maturity equal to or less than ninety days from the investment date, with an insignificant risk of change in their market value.

### e) Interbank Investments

Interbank investments are recorded at acquisition cost or investment value, plus income earned and adjusted by the provision for losses, when applicable.

### f) Securities

Securities are recorded at cost, plus brokerage and other fees, and are classified and evaluated as follows:

**Available-for-sale securities:** securities not classified as either trading securities or held-to-maturity securities and reported at marked value, net of taxes, matched against Equity; and

**Held-to-maturity securities:** securities that the Bank has the positive intent and ability to hold to maturity, stated at acquisition cost, plus income earned, matched against P&L for the period.

The classification of Available-for-sale securities and Held-to-maturity securities in current and noncurrent assets was determined according to their maturities, which does not mean unavailability of the securities, which are of the highest quality and highly liquid.

The methodology for calculating the fair value of securities was established in accordance with consistent and verifiable criteria, according to the following order of priority:

1st - market prices disclosed by the National Association of Financial Market Institutions (Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais - Anbima) and B3 S.A (Brasil Bolsa Balcão);

2nd - goodwill/negative goodwill on transactions occurred over the past 3 months in B3 S.A.; and

3rd - calculation of probable realizable value based on own pricing model. In this case, the present value is determined by the discounted cash flow at the market rate, net of the risk factor and of the discount for the low liquidity, such as the Financial Bills and Debentures.

Securities subject to fair value, either by collecting prices in the market or by an internal pricing model, are under the influence of various factors, among them: interest rates, exchange variation, rating and liquidity of securities, political, economic and health scenarios. All of these and other factors impact the opportunity cost of these Assets, affecting the values they are traded in the secondary market, or the discount rates at present value used in the internal pricing methodologies (pricing by discounted cash flow). Thus, it is understood that the securities' values may suffer significant variations due to changes in the factors mentioned above.

Gains on securities, irrespective of the category into which they are classified, are appropriated on a pro rata day basis and on an accrual basis, through maturity date or definitive sale of the security, according to the compound interest method or the straight-line method, based on remuneration clauses and acquisition rate distributed in the passage of time and recorded directly in P&L for the period.

Losses on available-for-sale and held-to-maturity securities that are not characterized as temporary losses are recognized directly in P&L for the period and begin to compose the new base of the asset cost.

## Notes

At the time of disposal, the difference between the sale price and the acquisition cost restated by income is considered as a result of the transaction and is recorded at the transaction date as gain or loss on securities.

### g) Loans, Advances on Exchange Contracts, Other Credits with Loan Features and Allowance for Loan Losses Associated with Credit Risk

These are classified in accordance with management's judgment on risk level, taking into consideration the economic scenario, past experience and specific risks related to the operation, debtors and guarantors, considering the standards established by CMN Resolution No. 2682 of 12.21.1999, which require the periodic analysis of the portfolio and its rating into nine risk levels, where "AA" is the minimum risk and "H" is the maximum risk, as well as the classification of operations in arrears for more than 15 days as past due operations.

Income from loans overdue for more than 59 days, regardless of the risk level, is only recognized as revenue when effectively received.

H-rated operations remain under this rating for 180 days, when they are then written off against the existing allowance and controlled for at least five years, no longer being included in the balance sheets.

Renegotiated operations remain, at least, at the same level as previously classified.

Renegotiated loans that have been written off against the allowance are rated as H, and any recoveries are recognized as income when received.

Considering the pandemic scenario due to COVID-19, loan transactions are considered susceptible to the impacts caused on all sectors of the economy, to a greater or lesser extent, in view of social and economic uncertainties. Accordingly, for the coming months, with regard to credit risk management, an increase in default levels is possible and, as a result, in the volumes of the allowance for loan losses. To mitigate these risks, the Bank recorded the prudential allowances/provisions as described in Notes 9.c, 25.d and 29.a.

### h) Prepaid expenses

These refer to funds used in prepayments, whose benefits or service rendering will occur in coming years. Prepaid expenses are recorded at cost and amortized as the services are rendered and benefits generated.

### i) Investments, property and equipment and intangible assets

**Investments:** these are stated at cost, net of Provision for Losses.

**Property and equipment in use:** stated at acquisition cost, less impairment losses and related depreciation, are calculated by the straight-line method, from the moment of availability of the asset for use, considering the estimated useful lives of the assets, as follows: Buildings and facilities

– 40 to 60 years; Furniture and Fixtures - 10 to 45 years; Machinery and Equipment - 15 to 35 years; Aircraft – 20 years; and Vehicles (cars, tractors and bicycles) - 10 to 30 years. Land and works of art are not depreciated. The depreciation method, useful life and residual values are reviewed every year.

**Intangible assets:** correspond to identifiable non-monetary assets, without physical substances, internally acquired or developed and intended for the maintenance of the Bank's activities.

### j) Taxes

Corporate Income Tax (IRPJ) is calculated at the rate of 15% plus a 10% surtax (on taxable profit exceeding R\$240 thousand for the year), and Social Contribution Tax on Net Profit (CSLL) is calculated at the rate of 15%, after adjustments in Corporate Profit defined in tax legislation. The Constitutional Amendment No. 103/2019 increased the CSLL rate to 20%, from 03.01.2020. The federal contribution taxes on gross revenue for Public Service Employee Savings Program (Pasep) and for Social Security Financing (Cofins) are calculated at the rates of 0.65% and 4%, respectively. The Service Tax (ISSQN) is calculated according to the legislation of each municipality, with rates ranging from 2% to 5%.

The total IRPJ and CSLL tax burden is comprised of the provision for these taxes (current expense + deferred tax liability) and of deferred tax asset. Current expense refers to the amount effectively paid to the federal treasury. Deferred tax assets and liabilities are deferred taxes arising from income tax and social contribution losses and temporary differences between accounting and tax base. Temporary differences arise, for example, from allowances for loan losses, provisions for post-employment benefits, other provisions for contingencies, market value adjustments, income from renegotiations - taxed on a cash basis (article 12, paragraph 2 of Law No. 9430 of 12.27.1996), depreciation, etc.

## Notes

The recognition of IRPJ/CSLL deferred tax assets and liabilities is based on their estimated realization, according to technical studies performed by management every six months, considering the tax rates in force in the realization period of these assets. These tax credits are recorded according to the expected generation of deferred income, in accordance with the criteria for recognition, maintenance and write-off established by CMN Resolution No. 3059/2002 and Bacen Circular Letter No. 3171/2002. In the case of Deferred Tax Liabilities, this legislation has not established limits for recognition and maintenance, since their realization does not require future profits.

Deferred Tax Credits and Liabilities are realizable according to their origin and are allocated to Noncurrent Assets and Liabilities, respectively. Those arising from temporary differences are realized through the use or reversal of the provisions that served as the basis for their recognition, and the main realization criteria are as follows:

- Allowance for loan losses associated with credit risk: a) credit reimbursement schedule; and b) classification under losses according to Law No. 9430/1996;
- Other Provisions: payment forecast (contribution flow, stock market prediction, etc.);
- Market Value Adjustment: contractual term;
- Revenues from renegotiations, taxed on a cash basis (article 12, paragraph 2 of Law No. 9430/1996) credit reimbursement schedule; and
- Depreciation: forecast for appropriation of depreciation expenses.

In turn, the tax credits on income tax and social contribution losses are realized upon generation of taxable profits, through offsetting in the tax base of referred to taxes, respecting the limit of 30% of referred to base.

Current and deferred taxes are recognized in the Income Statement, except when they result from a transaction recognized directly in Equity, case in which the tax effect is recognized in Equity (in Other Comprehensive Income).

### k) Employee benefits

The Bank grants its employees short-term and post-employment benefits. Short-term benefits are recognized and measured at their original amounts (excluding the effect of the discount to present value or actuarial calculation), on an accrual basis.

Post-employment benefits refer to “defined benefit” and “variable contribution” pension plans, as well as a defined benefit health care plan and defined benefit group life insurance.

For “defined benefit” plans and for the portion of unplanned benefits of the variable contribution plan, which has characteristics of defined benefit plan, the net current service cost and net interest on net actuarial liabilities, including interest on the defined benefit asset limit effect, as applicable, are recognized in P&L, whereas actuarial gains and losses and return on plan assets, less amounts considered in net interest, are recognized under “Other Comprehensive Income”, in Equity.

Contributions referring to the portion of defined contribution of the variable contribution plan are recognized in P&L.

To mitigate the uncertainties arising from actuarial calculations, the Bank counts on specialized advisory service firms that, on a quarterly basis, remeasure these calculations, which include sensitivity analysis, encompassing the simulation of scenarios of assumptions considered most significant, such as interest rate, mortality table and health care inflation.

### l) Deposits and open market funding

These are recognized at the amount of liabilities, and related charges, when applicable, are recorded on a pro rata day basis.

## Notes

### m) Impairment of assets

Impairment losses are recognized when the carrying amount of an asset exceeds its recoverable amount. Significant nonfinancial assets and financial assets classified as available-for-sale and held-to-maturity are reviewed at least at the end of each reporting period, to determine if there is any indication of impairment loss.

### n) Provisions, Contingent Assets, Contingent Liabilities and Legal Obligations

Provisions, contingent assets, contingent liabilities and legal obligations are recognized, measured and disclosed according to the criteria defined in CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Resolution No. 3823 of 12.16.2009, and BACEN Circular Letter No. 3429 of 02.11.2010.

Provisions for civil, tax, labor and other claims are recognized in the individual interim financial statements when, based on the opinion of legal advisors and management, the likelihood of loss in a given legal or administrative proceeding is assessed as probable, the settlement of which is likely to result in an outflow of economic benefits, and the amounts involved can be reliably measured upon court reference/notification, reviewed as required by procedural changes, and monetarily restated on a monthly basis.

The assessment of the provision and contingent liability, risk level of new lawsuits, and reassessment of already existing lawsuits are made case by case and classified according to the likelihood of loss, as probable, possible and remote, except for the proceedings under procedural steps in the Special Civil Courts and Regional Labor Offices, whose provision are assessed based on the historical average of losses.

Contingencies classified as probable losses are accounted for and represented by Civil proceedings (claiming compensation for pain and suffering and property damage, including, among others, protest of notes, return of checks, and provision of information to credit reporting agencies); Labor claims (claiming labor rights, in light of specific professional category legislation, such as overtime pay, salary equalization, job reinstatement, transfer allowance, severance pay, retirement supplementation, including enforcement notices issued by Regional Labor Offices and others); Tax and Social Security proceedings (represented by legal and administrative proceedings involving federal and municipal taxes); and Other proceedings (such as enforcement notices issued by Regional Councils that regulate the exercise of professions). For lawsuits unfavorable outcome of which is possible or remote, provisions are not set up, as provided for in legal and regulatory requirements, except for legal obligations.

Contingent assets are not recognized in the individual interim financial statements. Legal obligations derive from tax obligations and a provision in their full amount is recognized in the individual interim financial statements, regardless of the likelihood of success in ongoing lawsuits.

### o) Subordinated debts

These are recorded at the cost of acquisition, restated by reference to the extra-market rate disclosed by Bacen when the funds are available and, when invested, by reference to the charges agreed upon by the borrowers.

### p) Interest on Equity (IOE) and Dividends

The shareholders are entitled to receive, as mandatory minimum dividend for each year, 25% (twenty-five percent) of the net income for the year, pursuant to legislation, as established in the Bank's Charter. Interest on equity may be attributed on minimum dividends.

### q) Use of estimates

The preparation of the individual interim financial statements includes estimates and assumptions, such as in determining allowances for loan losses associated with credit risk, market value measurement of financial instruments, provision for contingencies, impairment losses and other provisions, e.g. provision for actuarial liabilities for health care and complementary pension plans, and life insurance, as well as for set up and realization of Deferred tax Assets/Liabilities. Actual results could differ from such estimates and assumptions.

### r) Earnings per share

The Bank's basic and diluted earnings per share were calculated by dividing net income attributable to shareholders by the weighted average number of total common shares. The Bank has no stock option, subscription bonus or any other right to acquire shares. Accordingly, basic and diluted earnings per share are the same.

## Notes

### NOTE 4 - Segment Reporting

For management purposes, the Bank is organized into two operating segments based on products and services:

- a) Own Portfolio - comprises own portfolio products and services such as: lending and market operations, fund management and provision of other banking services and collaterals; and
- b) FNE - comprises loans within the scope of FNE.

Bank management manages operating income separately in order to make decisions on the fund allocation and performance assessment. The performance of each segment is assessed based on the financial margin plus bank fees.

For the periods ended 09.30.2020 and 09.30.2019, no revenue from transactions with one single customer accounted for 10% or more of the Bank's total revenue.

The table below shows information on revenues, costs, expenses and financial margin of operating segments. Administrative expenses, as well as other expenses not directly allocated to each operating segment, are classified as corporate expenses and were included in column "Total":

Specification	01.01 to 09.30.2020			01.01 to 09.30.2019		
	Own portfolio	FNE	Total	Own portfolio	FNE	Total
<b>Revenues</b>	<b>2,756,477</b>	<b>1,960,082</b>	<b>4,716,559</b>	<b>3,441,815</b>	<b>2,405,825</b>	<b>5,847,639</b>
Income from Loans	1,740,362	-	1,740,362	1,990,963	-	1,990,963
Gain (loss) on securities transactions	207,441	539,537	746,978	879,414	1,222,647	2,102,061
Gains (losses) on derivative financial instruments	7,380	-	7,380	47,343	-	47,343
Foreign exchange gains (losses)	567,102	-	567,102	180,713	-	180,713
Compulsory investment gains (losses)	14,449	-	14,449	19,166	-	19,165
Other revenues	219,743	1,420,545	1,640,288	324,216	1,183,178	1,507,394
<b>Expenses</b>	<b>(1,198,655)</b>	<b>(1,009,446)</b>	<b>(2,208,101)</b>	<b>(1,223,465)</b>	<b>(1,451,958)</b>	<b>(2,675,423)</b>
Expenses with open market funding	(324,878)	-	(324,878)	(693,216)	-	(693,216)
Expenses on Borrowings and Onlending	(661,611)	(566,922)	(1,228,533)	(219,419)	(1,237,940)	(1,457,359)
Allowance for Credit Risk	(212,166)	(442,524)	(654,690)	(310,830)	(214,018)	(524,848)
<b>Financial Margin</b>	<b>1,557,822</b>	<b>950,636</b>	<b>2,508,458</b>	<b>2,218,350</b>	<b>953,867</b>	<b>3,172,216</b>
Service revenues	540,020	1,445,569	1,985,589	479,374	1,422,168	1,901,542
Income from fees, charges and commissions	73,641	-	73,641	70,854	-	70,854
<b>PASEP and COFINS</b>	<b>(64,949)</b>	<b>(152,667)</b>	<b>(217,616)</b>	<b>(67,700)</b>	<b>(169,750)</b>	<b>(237,450)</b>
<b>Income after fees and commissions</b>	<b>2,106,534</b>	<b>2,243,538</b>	<b>4,350,072</b>	<b>2,700,878</b>	<b>2,206,285</b>	<b>4,907,162</b>
<b>Administrative expenses</b>			<b>(2,630,975)</b>			<b>(2,450,517)</b>
Personnel expenses			(1,645,681)			(1,497,799)
Depreciation and amortization			(9,275)			(8,597)
Other Administrative Expenses			(976,019)			(944,121)
<b>Other expenses</b>			<b>(443,348)</b>			<b>(577,627)</b>
<b>Expenses with Provisions, Except Allowance for Loan Losses</b>			<b>(170,021)</b>			<b>(188,430)</b>
<b>Income Before Taxation and Profit Sharing</b>			<b>1,105,728</b>			<b>1,690,588</b>
Income and social contribution taxes			(428,505)			(529,542)
Profit Sharing			(39,347)			(67,032)
<b>Net income</b>			<b>637,876</b>			<b>1,094,014</b>



## Notes

### NOTE 5 - Cash and Cash Equivalents

Specification	09.30.2020	12.31.2019
Cash and cash equivalents in local currency	134,258	166,586
Cash and cash equivalents in foreign currency	3,684	1,939
<b>Total cash and cash equivalents</b>	<b>137,942</b>	<b>168,525</b>
Interbank investments <sup>(1)</sup>	2,000,437	3,275,926
<b>Total Cash and Cash Equivalents</b>	<b>2,138,379</b>	<b>3,444,451</b>

<sup>(1)</sup> Transactions whose maturity on the investment date is equal or within 90 days.

### NOTE 6 - Interbank Investments

#### a) Breakdown

Specification	09.30.2020	12.31.2019
<b>Interbank deposit investments</b>	<b>1,135,763</b>	<b>100,431</b>
Investments in foreign currencies	55,702	24,440
Interbank deposit investments	1,080,061	75,991
<b>Total</b>	<b>1,135,763</b>	<b>100,431</b>
Short-term	1,135,763	100,431

### NOTE 7 - Securities and derivative financial instruments

#### a) Marketable securities and derivative financial instruments

The restated cost (plus income earned) and the market value of securities are as follows:

##### a.1) a.1) Securities Portfolio and Derivative Financial Instruments

Specification	09.30.2020	12.31.2019
Available-for-sale securities <sup>(1)</sup> (Note 7.a.2)	37,922,702	39,423,052
Held-to-maturity securities (Note 7.a.5)	280,909	266,972
Differential Receivable - Swap (Note 7.c)	7,380	-
<b>Total <sup>(1)</sup></b>	<b>38,210,991</b>	<b>39,690,024</b>
Short-term	4,573,657	1,747,783
Long-term	33,637,334	37,942,241

<sup>(1)</sup> Net of Provisions for Impairment of Assets.

## Note

## a.2) Securities portfolio

Available-for-sale securities	09.30.2020										12.31.2019	
	Market value					Final maturity	Cost value	Market/book value	Market adjustment	Fair value measurement Level	Market/book value	Market adjustment
	No maturity	0 to 30 days	31 to 180 days	181 to 360 days	Over 360 days							
<b>Fixed Income Securities</b>	<b>13,000</b>	<b>7,327</b>	<b>235,648</b>	<b>4,266,454</b>	<b>32,769,296</b>		<b>37,208,247</b>	<b>37,291,725</b>	<b>83,478</b>		<b>38,650,858</b>	<b>371,940</b>
Financial Treasury Bills (LFT)	-	-	107,063	4,266,454	28,628,744	From 2021 to 2025	33,107,408	33,002,261	(105,147)	Level 1	34,367,391	9,960
National Treasury Notes (NTN)	-	-	-	-	3,000,019	From 2050 to 2055	2,555,940	3,000,019	444,079	Level 1	3,255,427	878,789
Financial Bills	-	7,327	128,561	-	1,058,977	From 2020 to 2023	1,227,760	1,194,865	(32,895)	Level 3	887,069	(33,827)
Debentures	13,000	-	-	-	78,871	2035	313,892	91,871	(222,021)	Level 3	137,935	(444,237)
Federal Government Securities - FCVS	-	-	-	-	2,629	2027	3,161	2,629	(532)	Level 2	2,959	(597)
Federal Government Securities - Other	-	-	-	-	-	1993	-	-	-		-	(38,141)
Agrarian Debt Bonds (TDAs)	-	-	24	-	56	From 2020 to 2022	86	80	(6)	Level 2	77	(7)
<b>Investment Fund Shares</b>	<b>505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>2,082</b>	<b>505</b>	<b>(1,577)</b>		<b>487</b>	<b>(1,602)</b>
Social Development Funds (FDS)	-	-	-	-	-	No maturity	1,577	-	(1,577)	Level 3	-	(1,602)
Investment Guarantee Fund (FGI)	462	-	-	-	-	No maturity	462	462	-	Level 2	445	-
Operation Guarantee Fund (FGO)	43	-	-	-	-	No maturity	43	43	-	Level 2	42	-
<b>Variable Income Securities</b>	<b>43,343</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>23,241</b>	<b>43,343</b>	<b>20,102</b>		<b>53,739</b>	<b>30,498</b>
Other Tax Incentives (FINOR)	218	-	-	-	-	No maturity	109	218	109	Level 1	171	62
Shares Issued by Publicly-Held Companies	43,125	-	-	-	-	No maturity	23,132	43,125	19,993	Level 1	53,568	30,436
<b>Security Deposits<sup>(1)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>587,129</b>		<b>588,215</b>	<b>587,129</b>	<b>(1,086)</b>		<b>717,968</b>	<b>(91)</b>
Financial Treasury Bills (LFT)	-	-	-	-	587,129	From 2022 to 2025	588,215	587,129	(1,086)	Level 1	717,968	875
Federal Government Securities - Other	-	-	-	-	-		-	-	-		-	(966)
<b>Total of Category</b>	<b>56,848</b>	<b>7,327</b>	<b>235,648</b>	<b>4,266,454</b>	<b>33,356,425</b>		<b>37,821,785</b>	<b>37,922,702</b>	<b>100,917</b>		<b>39,423,052</b>	<b>400,745</b>
Tax credit (Note 21.c.i)									163,468			231,429
Provision for Deferred Taxes and Contributions (Note 21.d.e)									(208,881)			(413,323)
<b>Total Market Value Adjustment</b>									<b>55,504</b>			<b>218,851</b>

<sup>(1)</sup> Breakdown: Guarantees on Stock Exchange Transactions R\$546,509 (R\$535,858 at 12.31.2019); Guarantees on Clearing House Association Transactions R\$3,330 (R\$3,265 at 12.31.2019); Guarantees on Legal Proceedings R\$7,242 (R\$149,288 at 12.31.2019); and Other Guarantees R\$30,048 (R\$29,557 at 12.31.2019).

In view of the classification of assets under “Available-for-sale securities”, the balance of R\$100,917 (R\$400,745 at 12.31.2019) are recorded in “Other Comprehensive Income” under “Market adjustments” account. Such adjustment, net of taxes, corresponds to R\$55,505 (R\$218,851 at 12.31.2019).

**Notes****a.3) Permanent Losses on Available-for-sale securities**

Specification	Cost	Provisions for impairment of assets <sup>(1)</sup>	Net cost of Provision	
			09.30.2020	12.31.2019
Financial Bills	1,227,760	-	1,227,760	920,896
Debentures	720,705	(404,710)	313,892	582,172
Federal government securities - other	39,824	(39,824)	-	39,107
<b>Total at 09.30.2020</b>	<b>1,988,289</b>	<b>(444,534)</b>	<b>1,541,652</b>	
Short-term		(136,483)		
Long-term		(308,051)		
<b>Total at 12.31.2019</b>	<b>1,674,412</b>	<b>(132,237)</b>		<b>1,542,175</b>
Short-term		(75,658)		
Long-term		(56,579)		

<sup>(1)</sup> As provided for in article 6 of Bacen Circular Letter No. 3068 of 11.08.2001, the amount of R\$312,297 was recognized as permanent loss, of which: (a) R\$39,825 that was recorded in "Federal Government Securities - Other", referring to the write-off of government securities denominated by the National Treasury as NUCL910801, from information obtained by the Bank, regarding difficulties for its recoverability; and (b) R\$272,472 of the Debentures portfolio. (In 2019, the amount of R\$126,781, in the Debentures portfolio, was recognized as permanent loss).

**a.4) Changes in Securities measured at fair value (Level 3)**

Specification	Financial Bills	Debentures	Blocked Financial Bills
<b>Balances at 12.31.2019</b>	<b>887,068</b>	<b>137,935</b>	-
Purchases / Court-ordered blocked amounts	380,846	-	6,054
Sales / Court-ordered blocked amounts	(103,516)	-	(6,154)
Amortization/Interest	-	(3,732)	-
Income	29,535	15,614	100
Depreciation for the period	-	(7,433)	-
Permanent Losses <sup>(1)</sup>	-	(272,729)	-
Market Adjustment <sup>(2)</sup>	932	222,216	-
<b>Balances at 09.30.2020</b>	<b>1,194,865</b>	<b>91,871</b>	-

<sup>(1)</sup> Recognized in P&L;

<sup>(2)</sup> Recognized in "Other Comprehensive Income".

**Notes****a.5) Held-to-maturity securities**

Held-to-maturity securities	09.30.2020							12.31.2019	
	Cost value				Final maturity	Cost (book) value	Market value <sup>(1)</sup>	Cost (book) value	Market value <sup>(1)</sup>
	0 to 30 days	31 to 180 days	181 to 360 days	Over 360 days					
<b>Fixed Income Securities</b>	-	-	-	<b>280,909</b>		<b>280,909</b>	<b>246,969</b>	<b>266,972</b>	<b>251,995</b>
National Treasury Notes (NTN) - P	-	-	-	196,271	2030	196,271	162,331	187,756	172,779
FIP Criatec	-	-	-	18,532	2021	18,532	18,532	22,040	22,040
FIP Criatec II	-	-	-	16,707	2023	16,707	16,707	14,963	14,963
FIP Criatec III	-	-	-	5,748	2026	5,748	5,748	3,829	3,829
FIP Brasil Agronegócios	-	-	-	9,915	2022	9,915	9,915	12,419	12,419
Nordeste III FIP	-	-	-	33,208	2023	33,208	33,208	25,965	25,965
FIP Anjo	-	-	-	528	2029	528	528	-	-
<b>Total of Category</b>	-	-	-	<b>280,909</b>		<b>280,909</b>	<b>246,969</b>	<b>266,972</b>	<b>251,995</b>

<sup>(1)</sup> The market values described above are for illustrative purposes only, and no accounting record has been made in this respect, as required by BACEN Circular Letter No. 3068 of 11.08.2001.

**a.5.i)** In the 3<sup>rd</sup> quarter of 2020, there were no reclassifications of securities into the categories above, and no held-to-maturity securities were sold.

## Notes

a.5.ii) Bank Management states that the institution has the financial capacity and the intention to keep these securities held under this category until maturity.

### b) Gain (loss) on securities

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
Open market investments	62,486	330,638
Interbank deposit investments	8,909	4,362
Fixed Income Securities	672,659	1,766,720
Variable Income Securities	2,924	341
<b>Total</b>	<b>746,978</b>	<b>2,102,061</b>

### c) Derivative financial instruments

The Bank operates under a conservative investment policy focused on investing strictly in compliance with the maturity terms and rates established by the respective sources of funds in order to avoid any mismatching among assets and liabilities in terms of maturities, interest rates and applicable indexes.

At 09.30.2020, the Bank had swap transactions registered with B3 S.A., and the nominal value of these transactions is recorded in memorandum accounts (notional value) while the related book value is recorded under the captions 'Differential Receivable', as shown below:

Breakdown at 09.30.2020 <sup>(1)</sup>							
Specification	Notional value	Market value		Curve yield		Market adjustment	Market adjustment, net
		Differential receivable	Differential payable	Differential receivable	Differential payable	Negative	
<b>Long position</b>							
Foreign currency (dollar)	124,972	7,380	-	7,380	-	-	-
<b>Short position</b>							
Rate (CDI)	-	-	-	-	-	-	-
<b>Total</b>	<b>124,972</b>	<b>7,380</b>	<b>-</b>	<b>7,380</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> At 12.31.2019, there was no balance of derivative financial instruments.

## Notes

Specification	09.30.2020 <sup>(1)</sup>	
	Differential receivable	Differential payable
Within 3 months	-	-
3 to 12 months	7,380	-
1 to 3 years	-	-
3 to 5 years	-	-
<b>Total</b>	<b>7,380</b>	<b>-</b>

(1) At 12.31.2019, there was no balance of derivative financial instruments.

## c.1) Derivative Financial Instruments Classified as Market Risk Hedge

Specification	09.30.2020 <sup>(1)</sup>				Market value adjustment
	Curve yield		Market value		
Hedging Instruments	Assets Dollar	Liabilities CDI	Assets Dollar	Liabilities CDI	
Swap - Foreign currency - Long position	132,383	125,004	132,383	125,004	-

(1) At 12.31.2019, there was no balance of derivative financial instruments.

## d) Gain (loss) on Derivative Financial Instruments

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
Swap	7,380	47,343
<b>Total</b>	<b>7,380</b>	<b>47,343</b>

## NOTE 8 - Interbank accounts - Linked credits

## a) Linked Credits

Specification	09.30.2020			12.31.2019		
	Gross amount	Provision	Net amount	Gross amount	Provision	Net amount
Mandatory Payments - Savings Accounts	780,560	-	780,560	518,222	-	518,222
Compulsory Reserves - Cash Funds	51,395	-	51,395	7,069	-	7,069
National Housing System (SFH)	86,488	(8,451)	78,037	83,126	(8,375)	74,751
National Treasury - Rural credit	-	-	-	152	-	152
<b>Total</b>	<b>918,443</b>	<b>(8,451)</b>	<b>909,992</b>	<b>608,569</b>	<b>(8,375)</b>	<b>600,194</b>
Current	831,955	-	831,955	525,291	-	525,291
Non-Current	86,488	(8,451)	78,037	83,278	(8,375)	74,903

## b) Compulsory investment gains (losses)

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
Income from Linked Credits - Central Bank of Brazil	11,163	16,061
Income from Linked Credits – SFH	3,361	3,178
Valuation (Devaluation) of Linked Credits	(75)	(74)
<b>Total</b>	<b>14,449</b>	<b>19,165</b>

## Notes

## NOTE 9 - Loan Portfolio and Allowance for Loan Losses Associated with Credit Risk

## a) Loan Portfolio and Allowance for Loan Losses Associated with Credit Risk

Specification	09.30.2020		12.31.2019	
	Gross amount	Allowance	Gross amount	Allowance
<b>Loans</b>	<b>10,388,853</b>	<b>(506,114)</b>	<b>10,035,283</b>	<b>(604,169)</b>
Current	5,592,507	(231,913)	5,412,295	(330,178)
Non-Current	4,796,346	(274,201)	4,622,988	(273,991)
<b>Other Accounts with Loan Features</b>	<b>869,006</b>	<b>(97,961)</b>	<b>903,400</b>	<b>(89,761)</b>
Current	852,105	(97,961)	886,812	(89,761)
Non-Current	16,901	-	16,588	-
<b>Total</b>	<b>11,257,859</b>	<b>(604,075)</b>	<b>10,938,683</b>	<b>(693,930)</b>

## a.1) Breakdown of Loan Portfolio

Specification	09.30.2020	12.31.2019
Advances to Depositors	27,888	283
Borrowings	5,567,114	5,371,883
Discounted Credit Notes	3,074	7,311
Financing	1,673,799	1,583,077
Financing in foreign currency	7,920	24,525
Agribusiness financing	3,728	5,273
Rural financing	1,348,607	1,162,224
Infrastructure and Development Financing	1,756,723	1,880,707
<b>Loans Subtotal</b>	<b>10,388,853</b>	<b>10,035,283</b>
Income Receivable from Advances Granted	19,507	13,602
Debtors for Purchase of Assets	15,350	15,894
Notes and credits receivable	46,618	51,174
Advances on Exchange Contracts (ACC) <sup>(1)</sup> (Note 11.a)	787,531	822,730
<b>Other Accounts with Loan Features Subtotal</b>	<b>869,006</b>	<b>903,400</b>
<b>Total</b>	<b>11,257,859</b>	<b>10,938,683</b>

(1) Accounts classified as "Other Liabilities/ Foreign Exchange Portfolio".

## a.2) Income from Loans

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
Loans and Discounted Credit Notes	997,293	827,742
Financing	433,797	354,462
Agribusiness financing	591	671
Rural financing	186,144	416,217
Recovery of Loans Written off as Losses	122,537	391,871
<b>Total</b>	<b>1,740,362</b>	<b>1,990,963</b>

## b) Operations broken down by maturity

b.1) Current Loans<sup>(1)</sup>

Type of Customer/Activity	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	Total at 09.30.2020	Total at 12.31.2019
Rural	14,428	3,723	65,791	8,858	197,078	981,441	1,271,319	1,140,390
Manufacturing	60,599	33,130	46,429	78,842	620,223	1,424,636	2,263,859	2,207,801
Government	5,433	18	19	36,331	301	499,726	541,828	445,918
Other Services	163,451	108,536	88,135	200,915	312,352	1,267,868	2,141,257	2,292,348
Trade	909,082	710,001	612,996	1,219,195	594,681	539,300	4,585,255	4,289,381
Financial Brokers	2	2	2	7	64	13,560	13,637	12,376
Individuals	19,152	9,236	6,232	10,007	9,152	9,793	63,572	75,437
<b>Total at 09.30.2020</b>	<b>1,172,147</b>	<b>864,646</b>	<b>819,604</b>	<b>1,554,155</b>	<b>1,733,851</b>	<b>4,736,324</b>	<b>10,880,727</b>	
<b>Total at 12.31.2019</b>	<b>1,085,381</b>	<b>963,577</b>	<b>896,079</b>	<b>1,545,567</b>	<b>1,512,388</b>	<b>4,460,659</b>		<b>10,463,651</b>

(1) Include loans overdue up to 14 days.

## Notes

## b.2) Past due loans

Type of Customer/Activity	Falling due installments						Total at 09.30.2020	Total at 12.31.2019
	01 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360 days		
Rural	176	-	75	86	2,853	49,481	52,671	628
Manufacturing	1,248	768	746	1,847	3,465	10,356	18,430	107,014
Other Services	6,322	1,848	1,568	3,803	4,861	9,071	27,473	67,656
Trade	34,674	6,450	4,732	8,809	6,807	7,141	68,613	117,487
Individuals	148	176	154	294	494	874	2,140	2,885
<b>Total at 09.30.2020</b>	<b>42,568</b>	<b>9,242</b>	<b>7,275</b>	<b>14,839</b>	<b>18,480</b>	<b>76,923</b>	<b>169,327</b>	
<b>Total at 12.31.2019</b>	<b>57,127</b>	<b>6,354</b>	<b>6,068</b>	<b>18,062</b>	<b>29,146</b>	<b>178,913</b>		<b>295,670</b>

Type of Customer/Activity	Past due installments							Total at 09.30.2020	Total at 12.31.2019
	01 to 14 days	15 to 30 days	31 to 60 days	61 to 90 days	91 to 180 days	181 to 360 days	Over 360 days <sup>(1)</sup>		
Rural	-	2,042	2,236	20	597	452	22,997	28,344	26,480
Manufacturing	450	3,634	24,858	650	48,786	2,113	15	80,506	19,052
Other Services	2,691	1,844	2,551	1,847	1,855	7,723	37	18,548	26,578
Trade	14,837	10,058	11,131	7,660	3,210	28,654	8	75,558	100,427
Individuals	11	400	447	247	933	2,810	1	4,849	6,825
<b>Total at 09.30.2020</b>	<b>17,989</b>	<b>17,978</b>	<b>41,223</b>	<b>10,424</b>	<b>55,381</b>	<b>41,752</b>	<b>23,058</b>	<b>207,805</b>	
<b>Total at 12.31.2019</b>	<b>101,658</b>	<b>5,417</b>	<b>8,487</b>	<b>6,809</b>	<b>17,576</b>	<b>13,950</b>	<b>25,465</b>		<b>179,362</b>

<sup>(1)</sup> These include amounts referring to loans taken out based on CMN Resolution No. 2471 of 02.26.1998 and classified under Current Assets in the Balance Sheet.

## c) Breakdown of Transactions by Risk Levels

Risk level	09.30.2020						12.31.2019			
	Current loan <sup>(1)</sup>	Past due loans	Total portfolio	Regular allowance	Prudential allowance <sup>(2)</sup>	Total allowance	Current loan <sup>(1)</sup>	Past due loan	Total portfolio	Allowance
AA	3,163,753	-	3,163,753	-	-	-	2,920,892	-	2,920,892	-
A	5,602,606	-	5,602,606	(28,012)	(7,284)	(35,296)	5,875,376	-	5,875,376	(29,377)
B	1,009,866	44,621	1,054,487	(10,545)	(5,272)	(15,817)	630,622	41,610	672,232	(6,722)
C	597,262	33,256	630,518	(18,916)	(11,034)	(29,950)	560,877	33,315	594,192	(17,826)
D	225,401	25,762	251,163	(25,116)	(12,558)	(37,674)	126,094	36,557	162,651	(16,265)
E	32,726	9,877	42,603	(12,781)	(2,130)	(14,911)	36,034	20,377	56,411	(16,923)
F	78,575	3,719	82,294	(41,147)	(4,115)	(45,262)	7,744	31,801	39,545	(19,772)
G	13,162	10,256	23,418	(16,392)	(1,756)	(18,148)	79,523	21,606	101,129	(70,790)
H	157,376	249,641	407,017	(407,017)	-	(407,017)	226,489	289,766	516,255	(516,255)
<b>Total</b>	<b>10,880,727</b>	<b>377,132</b>	<b>11,257,859</b>	<b>(559,926)</b>	<b>(44,149)</b>	<b>(604,075)</b>	<b>10,463,651</b>	<b>475,032</b>	<b>10,938,683</b>	<b>(693,930)</b>

<sup>(1)</sup> Include loans overdue up to 14 days.

<sup>(2)</sup> Recorded based on an internally established model of credit risk classification, to face the economic uncertainties arising from the COVID-19 pandemic.

## d) Changes in Allowance for Loan Losses Associated with Credit Risk

Specification	09.30.2020	12.31.2019
Opening Balance of the Allowance for Loan Losses Associated with Credit Risk	693,930	627,659
(+) Provision Recognized/(Reversed) for the Period	212,279	398,121
(-) Loans Written off as Loss for the Period	(302,134)	(331,850)
<b>(=) Allowance for Loan Losses Associated with Credit Risk, Net</b>	<b>604,075</b>	<b>693,930</b>
Opening Balance of Allowance for Losses on other Credits without Loan Features	27,354	27,848
(+) Allowance Recognized for the Period	112	153
(-) Reversal of Allowance for the Period	(224)	(647)
<b>(=) Net Allowance for Losses on Other Credits without Loan Features (Note 10.e)</b>	<b>27,242</b>	<b>27,354</b>
<b>(=) Balance of the Allowance for Loan Losses Associated with Credit Risk<sup>(1)</sup></b>	<b>631,317</b>	<b>721,284</b>

<sup>(1)</sup> At 09.30.2020, this includes a prudential allowance in percentages higher than the minimum required by CMN Resolution No. 2682 of 12.21.1999, recorded based on an internally established model for credit risk classification, to face the economic uncertainties arising from the COVID-19 pandemic.



## Notes

## e) Breakdown of the Balance of the Allowance for Loan Losses Associated with Credit Risk

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
(+) Expenses with Allowance for Loan Losses Associated with Credit Risk	214,595	268,772
(+) Expenses with Allowance for Losses on Other Credits	13,216	43,166
(-) Reversal of Operating Provisions	(15,532)	(1,164)
<b>(=) Balance of Expenses with Allowance for Losses on Other Credits with Loan Features</b>	<b>212,279</b>	<b>310,774</b>
(+) Expenses with Allowance for Losses on other Credits without Loan Features	18	112
(-) Reversals of Allowance for Losses on Other Receivables Without Loan Features	(131)	(56)
<b>(=) Net Allowance for Loan Losses Associated with Credit Risk<sup>(1)</sup></b>	<b>212,166</b>	<b>310,830</b>

(1) At 09.30.2020, this includes a prudential allowance in percentages higher than the minimum required by CMN Resolution No. 2682 of 12.21.1999, recorded based on an internally established model for credit risk classification, to face the economic uncertainties arising from the Covid-19 pandemic.

## f) Provision for financial guarantees provided

Specification	09.30.2020		12.31.2019	
	Balance	Provision	Balance	Provision
<b>Public sector</b>	<b>34,124,754</b>	<b>(2,756,659)<sup>(1)</sup></b>	<b>28,525,698</b>	<b>(2,748,825)</b>
FDNE	124,406	(1,867)	136,129	(1,234)
FNE	34,000,206	(2,754,792)	28,387,515	(2,747,591)
Proagro	142	-	2,054	-

(1) Including additional provision recorded based on an internally established model of credit risk classification, to face the economic uncertainties arising from the Covid-19 pandemic.

## f.1) Changes in Provision for Financial Guarantees Provided

Specification	09.30.2020	12.31.2019
Opening Balance of Provision for Financial Guarantees Provided	2,748,825	2,990,936
(+) Provision Recognized/(Reversed) for the Period	1,411,254	1,360,304
(-) Reversal/Use/Write-off	(1,403,420)	(1,602,415)
<b>(=) Provision for Financial Guarantees Provided <sup>(1)</sup></b>	<b>2,756,659</b>	<b>2,748,825</b>
Current	917,546	960,882
Non-Current	1,839,113	1,787,943

(1) At 09.30.2020, this includes a prudential provision in percentages higher than the minimum required by CMN Resolution No. 2682 of 12.21.1999, recorded based on an internally established model for credit risk classification, to face the economic uncertainties arising from the COVID-19 pandemic.

## f.2) Balance Breakdown of Expense with Provision for Financial Guarantees Provided

Specification	01.01 to 09.30.2020	01.01 to 09.30.2019
(+) Recognition of Expenses with Provision for Financial Guarantees Provided	(614,980)	(179,419)
(-) Reversals of Provisions for Financial Guarantees Provided	171,811	393,478
<b>(=) Net Expenses with Provision for Financial Guarantees Provided<sup>(1)</sup></b>	<b>(443,169)</b>	<b>(214,059)</b>

(1) At 09.30.2020, this includes a prudential provision in percentages higher than the minimum required by CMN Resolution No. 2682 of 12.21.1999, recorded based on an internally established model for credit risk classification, to face the economic uncertainties arising from the COVID-19 pandemic.

## g) Loan Concentration

Specification	09.30.2020		12.31.2019	
	Balance	% of portfolio	Balance	% of portfolio
10 Major debtors	1,971,346	17,51	1,983,570	18,13
50 Major debtors	3,802,899	33,78	4,003,785	36,60
100 Major debtors	4,458,848	39,61	4,576,639	41,84

h) By the 3rd quarter of 2020, receivables that had been written off as loss were recovered in the amount of R\$122,537 (R\$391,871 at 09.30.2019) and renegotiations amounted to R\$2,726,691 (R\$922,116 at 09.30.2019).

## Notes

### NOTE 10 - Other Credits

#### a) Other Credits

Specification	09.30.2020	12.31.2019
<b>a) Foreign Exchange Portfolio (Note 11.a)</b>	<b>954,270</b>	<b>855,128</b>
<b>b) Income receivable</b>	<b>23,568</b>	<b>18,319</b>
<b>c) Securities Trading</b>	<b>140,580</b>	<b>20</b>
<b>Total</b>	<b>1,118,418</b>	<b>873,467</b>
Current	1,118,418	873,467
Non-Current	-	-

#### b) Other assets

Specification	09.30.2020	12.31.2019
<b>a) Sundry</b>	<b>1,172,917</b>	<b>1,278,180</b>
Debtors for Escrow Deposits	422,914	513,595
Taxes and contributions to be offset	434,626	456,321
Tax incentive options	26,748	26,748
Notes and credits receivable	46,618	51,174
Advances and Early Salary Payments	39,468	2,981
Payments to be Refunded	1,302	3,587
Amounts receivable - bonus/rebates	52,281	62,396
Other Amounts	148,960	161,378
<b>b) Allowance for Losses on Other Credits Without Loan Features (Note 9.d)</b>	<b>(27,242)</b>	<b>(27,354)</b>
<b>Total</b>	<b>1,145,675</b>	<b>1,250,826</b>
Current	706,354	1,051,705
Non-Current	439,321	199,121

### NOTE 11 - Foreign Exchange Portfolio

#### a) Breakdown

Specification	09.30.2020	12.31.2019
<b>Assets - Other Credits (Note 10.a)</b>	<b>954,270</b>	<b>855,128</b>
Exchange Purchased to be Settled	927,902	841,527
Rights on Exchange Sales	7,771	629
Advances Received in Local Currency	(910)	(629)
Income Receivable from Advances Granted	19,507	13,601
<b>Current assets (Note 10.a)</b>	<b>954,270</b>	<b>855,128</b>
<b>Liabilities - Other obligations (Note 16.b)</b>	<b>10,702</b>	<b>1,354</b>
Exchange Purchase Obligations	790,473	823,454
Exchange Sold to be Settled	7,759	629
(Advances on Exchange Contracts - ACC) (Note 9.a.1)	(787,531)	(822,730)
Other Amounts	1	1
<b>Current Liabilities (Note 16.b)</b>	<b>10,702</b>	<b>1,354</b>

#### b) Foreign Exchange Gains (Losses)

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
Exchange Income	567,802	181,204
Exchange Expenses	(700)	(491)
<b>Total</b>	<b>567,102</b>	<b>180,713</b>

**Notes****NOTE 12 - Investments, property and equipment and intangible assets****a) Investments**

Represented by investments in Shares, Units of Interest, and Artworks and Valuables. Balance at 09.30.2020: R\$1,410 (R\$1,592 at 12.31.2019).

**b) Property and equipment**

Specification	12.31.2019	01.01.2020 to 09.30.2020			09.30.2020		
	Accounting balance	Changes			Cost	Accumulated depreciation	Accounting balance
		Additions	Write-offs	Depreciation			
Buildings	83,057	200	-	(1,266)	264,390	(182,399)	81,991
Data processing system	83,185	8,395	(709)	(5,592)	187,854	(102,575)	85,279
Furniture and equipment in use	34,209	1,196	(11,790)	(2,070)	79,151	(57,606)	21,545
Land	16,969	-	-	-	16,969	-	16,969
Facilities	5,634	-	(12)	(78)	19,072	(13,528)	5,544
Communication system	100	-	-	(8)	299	(207)	92
Security system	7,143	11,428	(61)	(261)	18,315	(66)	18,249
Transportation system	21	-	-	-	14,352	(14,331)	21
<b>Total</b>	<b>230,318</b>	<b>21,219</b>	<b>(12,572)</b>	<b>(9,275)</b>	<b>600,402</b>	<b>(370,712)</b>	<b>229,690</b>

**c) Intangible assets**

Represented by expenses with intangible assets in use. Balance at 09.30.2020: R\$721 (R\$563 at 12.31.2019).

**Notes****NOTE 13 - Deposits, Open Market Funding, Funds from Acceptance and Issue of Securities, Debt Instruments Eligible to Capital and Subordinated Debts****a) Breakdown of Deposits, Funds from Acceptance and Issue of Securities, Debt Instruments Eligible to Capital and Subordinated Debts by Maturity**

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total at 09.30.2020	Total at 12.31.2019
<b>Demand deposits</b>	<b>760,788</b>	-	-	-	-	-	<b>760,788</b>	<b>405,302</b>
<b>Savings Deposits</b>	<b>4,162,066</b>	-	-	-	-	-	<b>4,162,066</b>	<b>2,633,831</b>
<b>Interbank Deposits</b>	<b>1,152,459</b>	<b>183,272</b>	-	-	-	-	<b>1,335,731</b>	<b>1,165,021</b>
<b>Time Deposits</b>	<b>537,266</b>	<b>1,006,170</b>	<b>5,650,246</b>	<b>1,841,115</b>	<b>1,291,148</b>	<b>158,173</b>	<b>10,484,118</b>	<b>8,045,700</b>
Time Deposits	130,921	983,933	3,772,017	1,775,186	1,225,219	158,173	8,045,449	5,711,384
Interest-Yielding Judicial Deposits	361,676	-	-	-	-	-	361,676	329,858
Finor/Cash and cash Equivalents and Reinvestments - Law No. 8167	-	-	1,871,573	65,929	65,929	-	2,003,431	1,932,733
FAT - Funds Available	70	208	208	-	-	-	486	1,105
FAT - Funds Applied	2,209	6,448	6,448	-	-	-	15,105	17,718
Other	42,390	15,581	-	-	-	-	57,971	52,902
<b>Funds from Acceptance and Issue of Securities</b>	-	<b>6,004</b>	-	-	-	-	<b>6,004</b>	<b>46,107</b>
Agribusiness Credit Bills (LCA)	-	-	-	-	-	-	-	44,074
Financial Bills - charges	-	6,004	-	-	-	-	6,004	2,033
<b>Debt instruments eligible to capital</b>	-	-	-	-	-	<b>1,295,889</b>	<b>1,295,889</b>	<b>1,551,040</b>
<b>Subordinated Debts Eligible to Capital</b>	-	-	-	-	-	<b>2,636,040</b>	<b>2,636,040</b>	<b>2,545,199</b>
<b>Total at 09.30.2020</b>	<b>6,612,579</b>	<b>1,195,446</b>	<b>5,650,246</b>	<b>1,841,115</b>	<b>1,291,148</b>	<b>4,090,102</b>	<b>20,680,636</b>	
<b>Total at 12.31.2019</b>	<b>4,172,932</b>	<b>1,994,003</b>	<b>3,676,111</b>	<b>1,704,789</b>	<b>886,107</b>	<b>3,958,258</b>		<b>16,392,200</b>

**Notes****b) Deposits**

Specification	09.30.2020	12.31.2019
<b>Demand deposits</b>	<b>760,788</b>	<b>405,302</b>
Government deposits	9,439	6,527
Linked Deposits	236,437	175,616
Legal entities	425,215	173,543
Individuals	85,666	48,152
Other Amounts	4,031	1,464
<b>Savings Deposits</b>	<b>4,162,066</b>	<b>2,633,831</b>
Free savings deposits - Individuals	2,417,404	1,741,528
Free savings deposits - Legal entities	1,743,239	891,360
From related parties and Financial System Institutions	1,421	943
Other deposits	2	-
<b>Interbank Deposits</b>	<b>1,335,731</b>	<b>1,165,021</b>
<b>Time Deposits</b>	<b>10,484,118</b>	<b>8,045,700</b>
Time Deposits	8,045,449	5,711,384
Interest-Yielding Judicial Deposits	361,676	329,858
<b>Other time deposits</b>	<b>2,076,993</b>	<b>2,004,458</b>
<b>Interest-yielding special deposits/FAT (Note 26 and Note 28.a.1)</b>	<b>15,591</b>	<b>18,823</b>
<b>Funds Available (Note 26)</b>	<b>486</b>	<b>1,105</b>
Protrabalho	486	346
PNMPO	-	759
<b>Funds Applied (Note 26)</b>	<b>15,105</b>	<b>17,718</b>
Protrabalho	15,105	17,718
<b>Finor/Cash and cash equivalents and Reinvestments (Law No. 8167/91)</b>	<b>2,003,431</b>	<b>1,932,733</b>
<b>Other Amounts</b>	<b>57,971</b>	<b>52,902</b>
<b>Total</b>	<b>16,742,703</b>	<b>12,249,854</b>
Current	7,802,021	5,870,828
Non-Current	8,940,682	6,379,026

**c) Open market funding**

Specification	09.30.2020	12.31.2019
<b>Own portfolio</b>	<b>2,137,088</b>	<b>1,551,725</b>
Financial Treasury Bills (LFT)	2,137,088	1,551,725
<b>Total</b>	<b>2,137,088</b>	<b>1,551,725</b>
Current	2,110,025	1,545,801
Non-Current	27,063	5,924

**d) Expenses with Market Funding**

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
<b>Funding expenses</b>	<b>(262,099)</b>	<b>(606,444)</b>
Time Deposits	(129,042)	(273,849)
Savings Deposits	(49,554)	(62,742)
Judicial deposits	(8,141)	(13,399)
Interbank Deposits	(24,106)	(28,826)
Special deposits	(42,891)	(83,191)
Funds from acceptance and issue of securities	(139)	(136,492)
Other deposits	(8,226)	(7,945)
<b>Expenses with open market funding</b>	<b>(62,779)</b>	<b>(86,772)</b>
Third-party portfolio	-	(5,084)
Own portfolio	(41,604)	(65,081)
Financial Bills	(21,175)	(16,607)
<b>Total</b>	<b>(324,878)</b>	<b>(693,216)</b>

**Notes****NOTE 14 - Borrowings and Onlending****a) Breakdown of Borrowings and Onlending by Maturity**

Specification	0 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	5 to 15 years	Over 15 years	Total at 09.30.2020	Total at 12.31.2019
Foreign borrowings	278,570	683,462	-	-	-	-	962,032	881,557
Domestic onlending	21,624	114,341	304,642	306,188	385,107	31,472	1,163,374	1,167,737
Foreign onlending	-	209,035	151,172	148,671	148,250	-	657,128	431,862
<b>Total at 09.30.2020</b>	<b>300,194</b>	<b>1,006,838</b>	<b>455,814</b>	<b>454,859</b>	<b>533,357</b>	<b>31,472</b>	<b>2,782,534</b>	
<b>Total at 12.31.2019</b>	<b>194,151</b>	<b>847,465</b>	<b>491,331</b>	<b>451,005</b>	<b>459,362</b>	<b>37,842</b>		<b>2,481,156</b>
Current							1,307,032	1,041,616
Non-Current							1,475,502	1,439,540

**b) Domestic onlending - Official Institutions**

Specification	Annual restatement rate (%)	09.30.2020	12.31.2019
National Treasury	IGP - DI + 2.00	564	505
National Bank for Economic and Social Development (BNDES)	Fixed rate 1.5 to 11.10 TLP+1.30 TJLP + 0.00 to 4.00 IPCA + 9.41 Exc. Var. + 2.00 to 4.00 IGP -DI + 2.00	1,123,025	1,118,933
Fund for Financing the Acquisition of Industrial Machinery and Equipment (FINAME)	Fixed rate 1.5 to 7.00 TLP+1.30 TJLP + 0.00 to 4.00 Exc. var. + 2.00 to 4.00	39,785	48,299
<b>Total (Note 28.a.1)</b>		<b>1,163,374</b>	<b>1,167,737</b>
Current		135,965	102,555
Non-Current		1,027,409	1,065,182

**c) Borrowings**

Specification	Annual restatement rate (%)	09.30.2020	12.31.2019
Foreign borrowings/Foreign currency payables	USD	962,032	881,557
<b>Total</b>		<b>962,032</b>	<b>881,557</b>
Current		962,032	881,557

**d) Foreign Onlending**

Specification	Annual restatement rate (%)	09.30.2020	12.31.2019
BID - Prodetur	USD + 1.16	523,965	431,862
Corporação Andina de Fomento – CAF	USD + 1.17	133,163	-
<b>Total</b>		<b>657,128</b>	<b>431,862</b>
Current		209,035	57,504
Non-Current		448,093	374,358

## Notes

### e) Expenses with borrowings and onlending

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
<b>Expenses with Onlending</b>	<b>(315,851)</b>	<b>(169,037)</b>
<b>Domestic onlending - Official institutions</b>	<b>(103,967)</b>	<b>(75,002)</b>
National Treasury	(59)	(15)
National Bank for Economic and Social Development (BNDES)	(100,312)	(72,770)
Fund for Financing the Acquisition of Industrial Machinery and Equipment (FINAME)	(3,596)	(2,217)
<b>Foreign onlending expenses</b>	<b>(211,884)</b>	<b>(94,035)</b>
<b>Expenses on Onlending with Foreign Banks</b>	<b>(401,047)</b>	<b>(163,749)</b>
<b>Expenses with Financial and Development Funds</b>	<b>(511,635)</b>	<b>(1,124,573)</b>
<b>Total</b>	<b>(1,228,533)</b>	<b>(1,457,359)</b>

### NOTE 15 - Funds from Acceptance and Issue of Securities

#### a) Funds from Real Estate, Mortgage, Credit and Similar Notes

Specification	Remuneration	Nominal value	09.30.2020	12.31.2019
Agribusiness Credit Bills (LCA) <sup>(1)</sup>	-	-	-	44,074
Financial Bills - contractual charges	117% of Selic	795,889	6,004	2,033
<b>Total</b>			<b>6,004</b>	<b>46,107</b>
Current			6,004	46,107

<sup>(1)</sup> These matured on 03.23.2020.

### NOTE 16 - Other Liabilities

Specification	09.30.2020	12.31.2019
<b>a) Collection of taxes and other contributions</b>	<b>48,777</b>	<b>1,699</b>
Funds from Proagro	59	76
Federal taxes received	47,026	-
Tax on Financial Transactions (IOF) payable	59	832
Other taxes and levies	1,633	791
<b>b) Foreign exchange portfolio (Note 11.a)</b>	<b>10,702</b>	<b>1,354</b>
<b>c) Social and statutory</b>	<b>41,806</b>	<b>337,855</b>
Remuneration on Capital Payable	423	232,293
Profit Sharing	41,383	105,562
<b>d) Tax and social security</b>	<b>722,421</b>	<b>657,199</b>
<b>Provision for Income Tax and Social Contribution (Note 21.a.2)</b>	<b>582,270</b>	<b>543,083</b>
Income Tax	324,381	331,949
social Contribution	257,889	211,134
<b>Taxes and Contributions Payable</b>	<b>140,151</b>	<b>114,116</b>
<b>e) Other</b>	<b>680,371</b>	<b>683,178</b>
<b>Accrued Payments</b>	<b>507,469</b>	<b>519,213</b>
Personnel expenses	339,316	189,823
Other Amounts	116,790	89,402
Interest and charges on debt instruments eligible to capital	51,363	239,988
<b>Other Amounts</b>	<b>172,902</b>	<b>163,965</b>
<b>Total</b>	<b>1,504,077</b>	<b>1,681,285</b>
Current	1,504,077	1,681,285

### NOTE 17 - Debt Instruments Eligible to Capital (Note 27.g.ii)

#### a) Tier I Referential Equity - Principal Capital:

On 01.19.2016, the Bank and Federal Government entered into a loan agreement in the amount of R\$1,000,000 for purposes of classification as instrument eligible to principal capital, as provided for in article 16 of CMN Resolution No. 4192 of 03.01.2013, amended by CMN Resolution No. 4278 of 12.31.2013 and CMN Resolution No. 4311 of 02.20.2014.

Interest will be settled in an annual lump-sum payment, restated by the Selic rate up to the effective payment date, within 30 days from the payment of dividends referring to P&L determined in the closing balance sheet of the fiscal year.

## Notes

In case the balances of retained earnings, of income reserves, including legal reserve and capital reserves of the Bank, are not sufficient to absorb its losses calculated upon closing of the balance sheet of the fiscal year, the Bank will be relieved from the remuneration and will use the amounts due as interest overdue and the principal balance, in that order, up to the amount required to offset losses, being considered duly settled, for all purposes, the debt to which the agreement refers up to the amount offset.

Any unpaid charges will not accrue. In the event the payment or dividend credit is not performed (including as interest on equity) until December 31 of the subsequent fiscal year, the financial charges unpaid will no longer be enforceable definitely.

The obligation has no maturity date and it may only be redeemed or repurchased by the issuer upon prior authorization by BACEN.

Specification	Amount issued	Remuneration	Funding date	09.30.2020	12.31.2019
Debt instruments eligible to Principal capital (Note 28.a.1)	1,000,000	Profitability on Equity	19,01,2016	500,000	750,000
Current				-	250,000
Non-Current				500,000	500,000

### b) Tier I Referential Equity - Complementary Capital:

In June 2019, the Bank issued 2,667 (two thousand six hundred sixty-seven) Subordinated Financial Bills, without maturity date. Bacen authorized to compose the Tier I Referential Equity, as Complementary Capital, by the funding amount (R\$801,040).

Specification	Amount issued	Remuneration	Funding date	09.30.2020 <sup>(2)</sup>	12.31.2019
Financial Bills <sup>(1)</sup>	801,040	117% of Selic	June 2019	795,889	801,040
Current				-	-
Non-Current				795,889	801,040

<sup>(1)</sup> Interest paid every six months.

<sup>(2)</sup> In 2020, Financial Bills amounting to R\$5,151 were repurchased.

### c) Tier II Referential Equity

Subordinated Debts comprise two funding operations with FNE in the original amounts of R\$600,000 and R\$400,000, maturing on 07.20.2009 and 03.01.2010, respectively.

Specification	09.30.2020	12.31.2019
Fundo Constitucional de Financiamento do Nordeste (FNE)	2,636,040	2,545,199
Funds available	2,061,355	1,629,532
Funds Applied	574,685	915,667
<b>Total (Note 28.a.1)</b>	<b>2,636,040</b>	<b>2,545,199</b>

## NOTE 18 - Income Received in Advance

Income from the strategic commercial partnership agreement entered into with IcatuSeguros, exclusively for the development and sale of Insurance services relating to Life Insurance, Credit Life Insurance and Private Pension Products insurance lines, in the Bank's distribution network. Income was originally recognized in an Income statement account; however, after a more detailed analysis and, in line with accounting practices, a conclusion was reached for the deferral for a 20-year period, which corresponds to the contract period. The amount corresponding to 1/240th is monthly recognized in an Income statement account.

Specification	09.30.2020	12.31.2019
Opening Balance of Income Received in Advance	200,000	-
(-) Recognition for the period	(3,898)	-
<b>(=) Closing Balance to be Recognized</b>	<b>196,102</b>	<b>-</b>
Current	10,000	-
Non-Current	186,102	-



## Notes

### NOTE 19 - Equity

#### a) Capital

The Bank's capital in the amount of R\$5,569,988 (R\$3,813,000 at 12.31.2019) is represented by 86,371,464 common, book-entry, paid-in shares, with no par value, held as follows:

Specification	09.30.2020		12.31.2019	
	Number of shares	% of Capital	Number of shares	% of Capital
Federal Government	47,896,415	55,45	47,896,415	55,45
FI CAIXA FGEDUC MULTIMERCADO	30,205,568	34,97	30,205,568	34,97
BB FGO Investment Fund Shares	6,206,000	7,19	6,206,000	7,19
Other	2,063,481	2,39	2,063,481	2,39
<b>Total</b>	<b>86,371,464</b>	<b>100,00</b>	<b>86,371,464</b>	<b>100,00</b>

At the Extraordinary General Meeting held on 03.27.2020, shareholders approved the capital increase by R\$1,756,988, arising from the incorporation of Statutory Reserves - Reserve for Operational Margin amounting to R\$1,472,588 and Reserve for Complementary Dividend Equalization amounting to R\$284,400, without issuing new shares. Capital was changed from R\$3,813,000 to R\$5,569,988, represented by 86,371,464 common, book-entry, paid-in shares, with no par value. The capital increase was approved by the Central Bank.

#### b) Revaluation reserve

The amount of R\$13,685 (R\$13,726 at 12.31.2019) refers to revaluation of property and equipment in use, recognized on 02.26.1993. This reserve will be maintained through its effective realization date either as a result of depreciation, write-off or disposal, pursuant to CMN Resolution No. 3565 of 05.29.2008. In the period, the amount of R\$41 (R\$253 at 12.31.2019) was transferred to Retained Earnings (Accumulated Losses).

#### c) Payment of Complementary IOE and dividends for 2019

Through the Annual General Meeting held on 03.27.2020, the payment of complementary Interest on Equity (IOE) and Dividends for the year ended 12.31.2019 was approved in the amount of de R\$231,960. This payment was made on 04.08.2020.

#### d) Statement of calculation of Dividends/IOE:

Specification	09.30.2020	12.31.2019
<b>1. Net income for the period</b>	<b>637,876</b>	<b>1,736,685</b>
2. Legal reserve calculated	(31,893)	(86,834)
3. Debt adjustments to Retained Earnings (Accumulated Losses)	(2,809)	(18,840)
4. Revaluation reserve transferred to retained earnings (accumulated losses)	41	(3,908)
5. Credit adjustments to Retained Earnings (Accumulated Losses)	218	48,778
<b>6. Dividend and IOE calculation basis</b>	<b>603,433</b>	<b>1,675,881</b>
7. Dividends	-	84,218
8. Interest on equity attributable to dividends <sup>(1)</sup>	151,328	420,013
9. Withholding Income Tax on IOE	(470)	(1,043)
10. Net IOE (item 8 - item 9)	150,858	418,970

<sup>(1)</sup> At 09.30.2020, amount recorded in Special Income Reserves, according to Note 19.f.iii.

#### e) Legal reserve

The purpose of the Legal Reserve is to ensure the integrity of the Capital and it is set up based on 5% of the net income. In the first half, the amount recorded was R\$16,627 (R\$86,834 at 12.31.2019).

#### f) Statutory reserves

- i) Operational Margin: aims at ensuring resources compatible with the development of the Bank's operations. In the first half, the amount recorded was R\$176,075 (R\$1,062,489 at 12.31.2019).
- ii) Equalization for Complementary Dividends: aims at ensuring resources for payment of dividends complementary to the mandatory minimum dividend. In the first half, the amount recorded was R\$58,691 (R\$193,800 at 12.31.2019); and
- iii) Special Income Reserve: aims at recording the undistributed remuneration of capital, mandatory or proposed, which does not constitute a present obligation as of the balance sheet date, according to Bacen Circular Letter No. 3935 of 02.25.2019. By the third quarter, the amount recorded was R\$151,328 (R\$0 at 12.31.2019).

## Notes

## NOTE 20 - Other Operating Income/Expenses

Specification	01.01 to 09.30.2020	01.01 to 09.30.2019
<b>a) Service revenue</b>	<b>1,985,589</b>	<b>1,901,542</b>
Investment fund management	49,344	41,013
Fund and program management	1,464,093	1,439,693
Rendering of services	472,152	420,836
<b>b) Income from bank fees</b>	<b>73,641</b>	<b>70,854</b>
<b>c) Personnel expenses</b>	<b>(1,645,681)</b>	<b>(1,497,799)</b>
Salaries	(894,652)	(870,847)
Social charges	(314,627)	(300,457)
Voluntary Dismissal Incentive Program (PID) (Note 29.b)	(53,007)	-
Retirement and Pension Plan - DB and VC I Capef Plans	(101,671)	(85,848)
Health care plan - Camed Natural Plan	(144,795)	(113,237)
Life insurance - Post-employment benefit	(20,192)	(9,184)
Benefits, training sessions, fees and compensation of interns	(116,737)	(118,226)
<b>d) Other administrative expenses</b>	<b>(985,294)</b>	<b>(952,718)</b>
Data processing	(174,384)	(181,784)
Advertising and publicity	(18,781)	(6,629)
Third-party services <sup>(1)</sup>	(494,555)	(454,407)
Rents, material and public utilities	(59,388)	(59,425)
Travel	(5,770)	(11,946)
Communications	(13,876)	(18,387)
Depreciation and amortization	(9,275)	(8,597)
Asset maintenance and upkeep	(37,673)	(36,650)
Surveillance, security and transportation	(66,634)	(68,524)
Promotions, public relations and publications	(4,731)	(7,329)
Financial system services	(33,962)	(28,620)
Specialized technical services	(26,061)	(29,711)
Insurance	(4,390)	(2,884)
Court, notary and attorney's fees	(23,255)	(24,797)
Worker' union dues and Associations	(2,346)	(1,771)
Condominium fees, catering, kitchen and meals	(4,079)	(4,266)
Other Amounts	(6,134)	(6,991)
<b>e) Tax expenses (Note 21.e)</b>	<b>(252,232)</b>	<b>(269,462)</b>
COFINS and PIS/PASEP	(217,653)	(237,470)
ISS and IPTU/Improvement tax	(32,287)	(29,587)
Other Amounts	(2,292)	(2,405)
<b>f) FNE Del Credere Commission</b>	<b>1,410,828</b>	<b>1,176,226</b>
<b>g) Other Operating Income</b>	<b>200,560</b>	<b>336,823</b>
Del credere commission on Managed Funds	6,156	6,506
Exchange Losses on Borrowings	88,878	109,637
Exchange losses on funding expenses	-	66,870
Exchange loss on reclassification of Development Financial Fund obligation expenses	3,121	3,883
Reversal of Operating Provisions/Risks on FNE transactions	9,716	6,951
Recovery of charges and expenses	4,347	4,242
Reversal of operational provisions	8,841	15,548
Interest and commissions	3,280	2,492
Monetary restatement	1,823	611
Exchange gains (losses)	238	-
FNE - Recovery of amounts settled by the Bank	56,071	102,920
Other Amounts	18,089	17,163
<b>h) Provision for Financial Guarantees Provided</b>	<b>(443,169)</b>	<b>(214,059)</b>
<b>i) Provision for Contingent Liabilities</b>	<b>(170,094)</b>	<b>(188,666)</b>
<b>j) Other Operating Expenses</b>	<b>(408,014)</b>	<b>(545,338)</b>
Exchange losses on exchange area	(5,359)	(2,983)
Exchange loss on loans granted	(224,094)	(109,349)
Negative monetary restatement of loans	(240)	(3,364)
Discounts granted in Renegotiations	(18,922)	(50,746)
Loan Charges	(6,256)	(6,925)
Debt Instruments Eligible to Capital	(51,364)	(215,568)
FNE Remuneration - Available Funds - article 9-A of Law No. 7827	(39,185)	(63,856)
FNE Remuneration - Funds Applied - article 9-A, Law No. 7827	(51,656)	(70,327)
Monetary restatement of debt instruments eligible to capital	(3,251)	(4,674)
Other Amounts	(7,687)	(17,546)
<b>Total</b>	<b>(233,866)</b>	<b>(182,597)</b>

<sup>(1)</sup> These comprise expenses for the 3rd half of 2020 amounting to R\$418,698 (R\$383,998 at 09.30.2019) on behalf of Instituto NordesteCidadania (INEC); this refers to a Civil Society Organization of Public Interest ("Oscip") substantially to the Bank, through the Partnership Terms for the operation of the urban and rural production-oriented microloan programs, in accordance with the provisions of Law No. 9790 of 03.23.1999.

## Notes

## NOTE 21 - Taxes and contributions

## a) Income Tax and Social Contribution

The Bank is subject to the taxable profit regime whereby taxes are computed based on the Bank's accounting records, and income tax and social contribution are paid monthly on an estimated basis. Income tax and social contribution expenses are as follows:

a.1) Specification of the Provision for Income Tax and Social Contribution Expense	Income Tax		Social Contribution	
	01.01. to 09.30.2020	01.01. to 09.30.2019	01.01. to 09.30.2020	01.01. to 09.30.2019
Income Before Income Taxes and Profit Sharing	1,105,728	1,690,588	1,105,728	1,690,588
Statutory profit sharing	(39,347)	(67,032)	(39,347)	(67,032)
<b>Income before income taxes, less profit sharing Statutory / IOE</b>	<b>1,066,381</b>	<b>1,623,556</b>	<b>1,066,381</b>	<b>1,623,556</b>
Permanent additions/exclusions	(27,203)	(281,451)	(28,828)	(281,787)
Temporary additions/exclusions	267,189	(362,181)	267,189	(362,182)
<b>Taxable income</b>	<b>1,306,367</b>	<b>979,924</b>	<b>1,304,742</b>	<b>979,587</b>
Expenses with provision for IRPJ and CSLL – before tax incentives and Tax and revaluation reserve	(326,574)	(244,963)	(251,978)	(146,938)
Deductions (tax incentives)	9,799	8,477	-	-
Provision for IRPJ/CSLL on realization of revaluation reserve	19	18	14	11
Current IRPJ/CSLL expenses - after tax incentives, revaluation reserve and adjustments to Retained Earnings (Accumulated Losses) <sup>(1)</sup>	(316,756)	(236,468)	(251,964)	(146,927)
Provision for Deferred Taxes and Contributions - arising from tax Credits Recovered and Depreciation	(14,415)	(31,113)	(12,247)	(18,667)
<b>Provision for Income Tax and Social Contribution</b>	<b>(331,171)</b>	<b>(267,581)</b>	<b>(264,211)</b>	<b>(165,594)</b>
IRPJ/CSLL tax credits - Provisions	85,617	(60,227)	70,783	(36,140)
<b>Total IRPJ/CSLL</b>	<b>(245,554)</b>	<b>(327,808)</b>	<b>(193,428)</b>	<b>(201,734)</b>
Effective Rate (%)	23,03	20,19	18,14	12,43
<b>a.2) Specification of the provision for IRPJ and CSLL</b>				
Provision for Income Tax and Social Contribution	316,756	321,272	251,964	202,732
Provision for taxes on realization of revaluation reserve	19	24	14	15
<b>Provision for Income Tax and Social Contribution<sup>(2)</sup></b>	<b>316,775</b>	<b>321,296</b>	<b>251,978</b>	<b>202,747</b>
Taxes recoverable on prepayments, including withholding taxes	(184,653)	(229,544)	(109,325)	(113,492)
<b>Taxes Payable (Recoverable) for the Period</b>	<b>132,122</b>	<b>91,752</b>	<b>142,653</b>	<b>89,255</b>

<sup>(1)</sup> The balances of current IRPJ and CSLL expenses include a reduction of R\$11,068 accounted for in 2020, relating to deduction of expenses for technological innovation incentives in the period of 2019 and recording of expense of R\$555 arising from adjustment to tax incentives for 2019, as well as complementary adjustments of R\$35 arising from expenses with the Safra Plan, in the period of 2018.

<sup>(2)</sup> The balance of the provision for IRPJ and CSLL includes the amount of reversal of Pasep/Cofins expenses and of interest on the amount payable to the Brazilian Internal Revenue Service (RFB), accounted for in 2019, of R\$19,040, referring to the period from 2014 to 2018, whose remaining balance, after initial payments in 2020, amounts to R\$13,517 at 09.30.2020.

## b) Reconciliation of IRPJ and CSLL Charges

Specification	09.30.2020	09.30.2019
<b>Income before taxes and profit sharing</b>	<b>1,105,728</b>	<b>1,690,588</b>
<b>Charge of 40% - IRPJ (25%) and CSLL (20%)</b>	<b>(497,578)</b>	<b>(676,235)</b>
<b>Statement of tax levy:</b>		
<b>Income Tax and Social Contribution for the Period</b>	<b>(428,505)</b>	<b>(529,542)</b>
<b>Increase/Decrease in Income Tax and Social Contribution arising from:</b>	<b>(69,073)</b>	<b>(146,693)</b>
Profit sharing/IOE	(17,706)	(126,636)
Other Income/FNE/Del Credere/Onlending Operations - Article 9-A of Law No. 7827	(14,245)	(17,312)
Temporary Differences - Other Provisions (Labor, Civil, Tax and Other Proceedings)	(85)	1,106
Temporary Differences - Transactions with Reimbursement Longer than 10 Years	(7,866)	1,271
Rate difference - CSLL <sup>(1)</sup>	(10,898)	-
Other (Tax Incentives, Permanent Additions/Exclusions)	(18,273)	(5,122)
<b>Total Reconciled Tax Levy</b>	<b>(497,578)</b>	<b>(676,235)</b>

<sup>(1)</sup> In 2019 and until February 2020, the 15% rate was in force and, from March 2020 onwards, the CSLL rate returned to 20%, as provided for in Constitutional Amendment No. 105 of 11.13.2019.

## Notes

## c) Deferred Tax Assets and Liabilities

Specification	09.30.2020		12.31.2019		09.30.2020	12.31.2019
	IRPJ	CSLL	IRPJ	CSLL	Total	
<b>Effect on P&amp;L</b>						
<b>a) Allowances (ALL)</b>						
Opening balance	576,129	459,764	711,030	426,632	1,035,893	1,137,662
Set up	196,466	146,918	261,288	270,845	343,384	532,133
Realization/Reversal	(175,530)	(129,015)	(396,189)	(237,713)	(304,545)	(633,902)
Closing balance	597,065	477,667	576,129	459,764	1,074,732	1,035,893
<b>b) Unearned Income - Operations not Related to Legal Proceedings</b>						
Opening balance	2,115	1,661	2,101	1,261	3,776	3,362
Set up	692	586	1,059	1,027	1,278	2,086
Realization/Reversal	(863)	(691)	(1,045)	(627)	(1,554)	(1,672)
Closing balance	1,944	1,556	2,115	1,661	3,500	3,776
<b>c) Provisions - Extended Transactions</b>						
Opening balance	1,004	798	-	-	1,802	-
Set up	17	16	1,004	798	33	1,802
Realization/Reversal	(19)	(12)	-	-	(31)	-
Closing balance	1,002	802	1,004	798	1,804	1,802
<b>d) Actuarial provisions</b>						
Opening balance	280,414	223,378	269,396	161,638	503,792	431,034
Set up	54,479	43,255	51,657	86,124	97,734	137,781
Realization/Reversal	(29,357)	(22,204)	(40,639)	(24,384)	(51,561)	(65,023)
Closing balance	305,536	244,429	280,414	223,378	549,965	503,792
<b>e) Provision for the Voluntary Dismissal Program ("PID")</b>						
Opening balance	-	-	14,667	8,800	-	23,467
Set up	13,252	10,601	99	60	23,853	159
Realization/Reversal	-	-	(14,766)	(8,860)	-	(23,626)
Closing balance	13,252	10,601	-	-	23,853	-
<b>f) Provisions for contingencies</b>						
Opening balance	139,368	111,349	98,781	59,268	250,717	158,049
Set up	54,606	43,223	76,646	73,716	97,829	150,362
Realization/Reversal	(28,126)	(21,894)	(36,059)	(21,635)	(50,020)	(57,694)
Closing balance	165,848	132,678	139,368	111,349	298,526	250,717
<b>g) Derivative financial instruments</b>						
Opening balance	-	-	5,398	3,239	-	8,637
Set up	-	-	308	185	-	493
Realization/Reversal	-	-	(5,706)	(3,424)	-	(9,130)
Closing balance	-	-	-	-	-	-
<b>h) Hedged Item</b>						
Opening balance	-	-	-	-	-	-
Set up	-	-	876	526	-	1,402
Realization/Reversal	-	-	(876)	(526)	-	(1,402)
Closing balance	-	-	-	-	-	-
<b>Effect on Equity</b>						
<b>i) Securities</b>						
Opening balance	130,285	101,144	173,455	106,009	231,429	279,464
Set up	261,695	213,571	204,978	129,706	475,266	334,684
Realization/Reversal	(301,164)	(242,063)	(248,148)	(134,571)	(543,227)	(382,719)
Closing Balance (Note 7.a.2)	90,816	72,652	130,285	101,144	163,468	231,429
<b>j) Actuarial valuation adjustments</b>						
Opening balance	577,129	461,703	287,504	172,502	1,038,832	460,006
Set up	454	363	289,625	289,201	817	578,826
Realization/Reversal	(141,449)	(113,159)	-	-	(254,608)	-
Closing balance	436,134	348,907	577,129	461,703	785,041	1,038,832

## Notes

Income tax and social contribution credits recognized and not recognized in assets are broken down as follows:

Specification	Income Tax		Social Contribution	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
1. Total Temporary Differences	6,594,069	6,991,153	6,594,069	6,991,153
2. Tax Credits on Temporary Differences	1,648,517	1,747,788	1,318,814	1,392,996
3. Tax Credits Recognized in Assets on Provisions	1,520,781	1,576,160	1,216,640	1,258,652
4. Tax credits recognized in assets due to mark-to-market of securities	90,816	130,285	72,652	101,144
5. Total Tax Credits Recognized in Assets (item 3 + item 4) <sup>(1)</sup>	1,611,597	1,706,445	1,289,292	1,359,796
6. Tax credits not Recognized in Assets (item 2 - item 5) <sup>(2)</sup>	36,920	41,343	29,522	33,200

<sup>(1)</sup> Recorded in "Tax Credits", in Noncurrent Assets.

<sup>(2)</sup> Not recognized in assets as they do not meet the realization requirements provided for in CMN Resolution No. 3355 of 03.31.2006, and considering a technical study on recognition of deferred tax assets and liabilities prepared every six months.

Total estimated realization of tax credits at 09.30.2020 is as follows:

Period	IRPJ		CSLL		Total	
	Carrying amount	Present value <sup>(1)</sup>	Carrying amount	Present value <sup>(1)</sup>	Carrying amount	Present value <sup>(1)</sup>
2020	64,262	63,579	51,410	50,863	115,672	114,442
2021	196,997	191,721	157,598	153,377	354,595	345,098
2022	141,026	136,058	112,821	108,847	253,847	244,905
2023	105,341	98,211	84,273	78,569	189,614	176,780
2024	177,860	156,657	142,287	125,325	320,147	281,982
2025	163,210	143,171	130,568	114,537	293,778	257,708
2026	66,616	59,108	53,293	47,286	119,909	106,394
2027	59,610	51,835	47,688	41,468	107,298	93,303
2028	64,852	57,763	51,882	46,211	116,734	103,974
2029	47,583	40,471	38,066	32,376	85,649	72,847
From 2029 onwards	524,240	518,949	419,406	415,168	943,646	934,117
<b>Total</b>	<b>1,611,597</b>	<b>1,517,523</b>	<b>1,289,292</b>	<b>1,214,027</b>	<b>2,900,889</b>	<b>2,731,550</b>

<sup>(1)</sup> For present value calculation purposes, the goal for average Over - Selic rates was considered, projected by Bacen at 09.30.2020.

### d) Provisions for Deferred Taxes and Contributions

Specification	09.30.2020		12.31.2019		09.30.2020	12.31.2019
	IRPJ	CSLL	IRPJ	CSLL		
<b>Effect on P&amp;L</b>						
<b>a) Derivative Financial derivatives</b>						
Opening balance	-	-	-	-	-	-
Set up	-	-	876	526	-	1,402
Realization/Reversal	-	-	(876)	(526)	-	(1,402)
Closing Balance (Note 7.c)	-	-	-	-	-	-
<b>b) Arising from Credits Recovered<sup>(1)</sup></b>						
Opening balance	139,742	111,099	103,935	62,359	250,841	166,294
Set up	11,500	9,708	35,930	48,813	21,208	84,743
Realization/Reversal	(286)	(43)	(123)	(73)	(329)	(196)
Closing balance	150,956	120,764	139,742	111,099	271,720	250,841
<b>c) Hedged Item</b>						
Opening balance	-	-	5,615	3,369	-	8,984
Set up	-	-	308	185	-	493
Realization/Reversal	-	-	(5,923)	(3,554)	-	(9,477)
Closing balance	-	-	-	-	-	-
<b>d) Deferred Depreciation</b>						
Opening balance	16,179	12,923	11,200	6,720	29,102	17,920
Set up	3,639	2,916	5,301	6,395	6,555	11,696
Realization/Reversal	(438)	(334)	(322)	(192)	(772)	(514)
Closing balance	19,380	15,505	16,179	12,923	34,885	29,102
<b>Effect on Equity</b>						
<b>d) Revaluation Reserve</b>						
Opening balance	971	774	994	597	1,745	1,591
Set up	-	-	-	193	-	193
Realization/Reversal	(19)	(14)	(24)	(15)	(33)	(39)
Closing balance	952	760	970	775	1,712	1,745
<b>e) Securities</b>						
Opening balance	230,471	182,852	64,156	39,065	413,323	103,221
Set up	663,237	531,044	888,277	578,499	1,194,281	1,466,776
Realization/Reversal	(777,663)	(621,060)	(721,962)	(434,712)	(1,398,723)	(1,156,674)
Closing Balance (Note 7.a.2)	116,045	92,836	230,471	182,852	208,881	413,323

<sup>(1)</sup> Pursuant to article 12 of Law No. 9430 of 12.27.1996.

## Notes

Total amounts of provisions for Tax Liabilities, expected to be written off, at 09.30.2020, are as follows:

Period	Realization of IRPJ credit		Realization of CSLL		Total	
	Carrying amount	Present value <sup>(1)</sup>	Carrying amount	Present value <sup>(1)</sup>	Carrying amount	Present value <sup>(1)</sup>
2020	16,475	16,308	13,180	13,047	29,655	29,355
2021	23,951	22,995	19,161	18,396	43,112	41,391
2022	24,662	22,674	19,729	18,140	44,391	40,814
2023	28,053	24,448	22,442	19,558	50,495	44,006
2024	24,225	19,956	19,380	15,965	43,605	35,921
2025	17,347	13,508	13,877	10,806	31,224	24,314
2026	12,083	8,894	9,666	7,115	21,749	16,009
2027	10,328	7,186	8,263	5,749	18,591	12,935
2028	4,005	2,634	3,204	2,107	7,209	4,741
2029	2,568	1,596	2,054	1,277	4,622	2,873
From 2029 onwards	123,636	118,434	98,909	94,747	222,545	213,181
<b>Total</b>	<b>287,333</b>	<b>258,633</b>	<b>229,865</b>	<b>206,907</b>	<b>517,198</b>	<b>465,540</b>

<sup>(1)</sup> For present value calculation purposes, the goal for average over - Selic rates was considered, projected by BACEN at 09.30.2020.

### e) Tax Expenses

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
Cofins and Pis/Pasep <sup>(1)</sup>	(217,653)	(237,470)
ISS and IPTU/Improvement tax	(32,287)	(29,587)
Other Amounts	(2,292)	(2,405)
<b>Total (Note 20.e)</b>	<b>(252,232)</b>	<b>(269,462)</b>

## NOTE 22 - Provisions, Contingent Assets, Contingent Liabilities and Legal Obligations - Tax and Social Security

- a) The Bank is a party to various ongoing administrative and legal proceedings involving civil, tax, labor and other matters. Bank management understands that the provisions set up are sufficient to cover the likelihood of losses arising from the respective legal and administrative proceedings, as follows:

Specification	09.30.2020		12.31.2019	
	Base value	Provision	Base value	Provision
<b>a) Provision for contingencies</b>				
<b>a.1) Tax Proceedings (Note 22 f.i)</b>	<b>3,401,867</b>	<b>20,257</b>	<b>3,762,943</b>	<b>17,815</b>
<b>i) Legal Obligation</b>	11,368	11,368	11,062	11,062
<b>ii) Other Obligations - Sundry</b>	<b>3,390,499</b>	<b>8,889</b>	<b>3,751,881</b>	<b>6,753</b>
Probable	8,889	8,889	6,753	6,753
Possible	3,341,451	-	3,577,567	-
Remote <sup>(1)</sup>	40,159	-	167,561	-
<b>a.2) Labor Claims</b>	<b>614,704</b>	<b>345,292</b>	<b>602,533</b>	<b>334,025</b>
Probable (Note 22 f.ii)	345,292	345,292	334,025	334,025
Possible	122,396	-	123,996	-
Remote	147,016	-	144,512	-
<b>a.3) Civil Proceedings</b>	<b>8,534,240</b>	<b>210,570</b>	<b>7,716,331</b>	<b>176,738</b>
Probable (Note 22 f.iii)	210,570	210,570	176,738	176,738
Possible	2,015,830	-	1,865,136	-
Remote <sup>(2)</sup>	6,307,840	-	5,674,457	-
<b>a.4) Other Contingencies (Note 22 f.iv)</b>	<b>1,245,222</b>	<b>91,282</b>	<b>1,088,651</b>	<b>33,860</b>
<b>i) Securitized Transactions</b>	<b>4,010</b>	<b>4,010</b>	<b>4,015</b>	<b>4,015</b>
<b>ii) Other Proceedings</b>	<b>1,241,212</b>	<b>87,272</b>	<b>1,084,636</b>	<b>29,845</b>
Probable	87,272	87,272	29,845	29,845
Possible	1,103,152	-	2,537	-
Remote	50,788	-	1,052,254	-

<sup>(1)</sup> The contingent liability relating to tax proceedings assessed as remote loss refers to one (1) proceeding, with balance of R\$130,762 at 12.31.2019, whose contingency was fully reversed at 03.31.2020.

<sup>(2)</sup> Contingent liabilities relating to civil proceedings assessed as remote loss are concentrated in four (4) proceedings, with balance of R\$3,629,353 at 09.30.2020. These proceedings refer to the following matters: i) extraordinary contribution of post-employment benefit and payment of attorney fees - R\$2,618,299 at 09.30.2020 (R\$2,338,498 at 12.31.2019); ii) loss of profit and payment of administrative fee - R\$448,206 at 09.30.2020 (R\$400,309 at 12.31.2019); iii) reassessment (soluioindebiti), loss of profits and compensation for pain and suffering - R\$309,596 at 09.30.2020 (R\$276,512 at 12.31.2019); iv) compensation for pain and suffering, loss of profits and payment of attorney fees - R\$253,252 at 09.30.2020 (R\$226,189 at 12.31.2019).

## Notes

- b) The Bank is involved in lawsuits handled by outside attorneys, most of which relate to loan collection actions, whose assessment of the provision for contingent liabilities is performed by its Legal Department.
- c) Tax proceedings classified as Legal Obligation pursuant to the terms of Bacen Circular Letter No. 3429 of 02.11.2010, whose amounts were presented in the table above, challenge federal and municipal taxes.
- d) Below is a brief description of proceedings to which the Bank is party, involving significant contingent liabilities assessed as possible risk of loss:

### Tax

Five tax proceedings challenging the tax deficiency notice. At 09.30.2020, estimated financial losses amount to R\$2,971,701 (R\$3,266,787 at 12.31.2019).

### Other proceedings

The contingent liability amount relating to other proceedings refers to one (1) proceeding relating to accountability and return of amounts unduly paid, the balance of which at 09.30.2020 amounts to R\$1,184,756, of which R\$1,099,827 is assessed as possible risk of loss and R\$84,929 are assessed as probable risk of loss (R\$1,033,432 at 12.31.2019, of which R\$1,005,615 is assessed as remote risk of loss and R\$27,817 are assessed as probable risk of loss).

### Civil

Civil proceeding claiming compensation for pain and suffering. At 09.30.2020, estimated losses amount to R\$565,666, of which R\$565,498 are assessed as possible risk of loss and R\$168 are assessed as probable risk of loss (R\$505,217, of which R\$505,067 are assessed as possible risk of loss and R\$150 are assessed as probable risk of loss, at 12.31.2019).

Civil proceeding challenging compensation for pain and suffering and payment of fees. At 09.30.2020, estimated loss amounts to R\$185,217 (R\$165,424 at 12.31.2019).

Civil proceeding claiming payment of fine and compensation for pain and suffering. At 09.30.2020, estimated loss amounts to R\$109,379 (R\$97,960 at 12.31.2019).

Civil proceeding claiming compensation for pain and suffering and consequential damages. At 09.30.2020, estimated loss amounts to R\$89,315 (R\$79,770 at 12.31.2019).

Civil proceeding challenging payment of attorney's fees. At 09.30.2020, estimated loss amounts to R\$88,372 (R\$78,928 at 12.31.2019).

Civil proceeding challenging reassessment (solução indebiti), payment of fine, funds pending drawdown and attorney fees. At 09.30.2020, estimated losses amount to R\$61,800, of which R\$59,725 are assessed as possible risk of loss and R\$2,075 are assessed as remote risk of loss (R\$55,195, of which R\$53,343 are assessed as possible risk of loss and R\$1,852 is assessed as remote risk of loss, at 12.31.2019).

Civil proceeding filed in 2014 related to post-employment benefits. At 09.30.2020, estimated loss amounts to R\$52,780 (R\$55,238 at 12.31.2019).

- e) Judicial and appeal deposits made to guarantee legal and administrative proceedings are as follows:

Specification	09.30.2020	12.31.2019
Labor Claims	194,700	205,621
Tax Proceedings	47,822	145,530
Civil Proceedings	137,955	127,544
Other claims	47	46
Counter-guarantees - IDB Onlending	42,390	34,854
<b>Total</b>	<b>422,914</b>	<b>513,595</b>

## Notes

### Changes in Provisions

#### f) Tax, Labor, Civil and Other Contingencies

Specification	09.30.2020					12.31.2019				
	Opening balance	Set up	Reversal	Payment	Closing balance	Opening balance	Set up	Reversal	Payment	Closing balance
i) Tax proceedings (Notes 16.e and 22.a.1)	17,815	3,719	(1,275)	(1)	20,257	15,769	2,763	(655)	(62)	17,815
ii) Labor claims (Notes 16.g and 22.a.2)	334,025	75,934	(15,586)	(49,081)	345,292	206,531	172,883	(20,160)	(25,229)	334,025
iii) Civil (Notes 16.e and 22.a.3)	176,738	78,152	(29,332)	(14,988)	210,570	146,964	92,294	(34,395)	(28,125)	176,738
iv) Other (Notes 16.e and 22.a.4)	33,860	57,612	(190)	-	91,282	32,466	44,557	(43,163)	-	33,860
<b>Total</b>	<b>562,438</b>	<b>215,418</b>	<b>(46,389)</b>	<b>(64,066)</b>	<b>667,401</b>	<b>401,730</b>	<b>312,497</b>	<b>(98,373)</b>	<b>(53,416)</b>	<b>562,438</b>

#### NOTE 23 - Employee and officer compensation (in Brazilian reais)

##### a) Monthly Employee Compensation

Gross Compensation <sup>(1)</sup>	09.30.2020	12.31.2019
Maximum	44,733,88	44,349,57
Minimum	1,892,32	1,864,51
Average	12,108,79	11,690,10

<sup>(1)</sup> Includes overtime (including night shift premium), when actually incurred.

##### b) Compensation paid to the Executive Board, Board of Directors and Supervisory Board for the period

Specification	01.01. to 09.30.2020	01.01. to 12.31.2019	01.01. to 09.30.2020	01.01. to 12.31.2019	01.01. to 09.30.2020	01.01. to 12.31.2019
Gross Compensation <sup>(1)</sup>	Executive Board		Board of Directors		Supervisory Board	
Highest individual compensation <sup>(2)</sup>	721,507,95	1,107,062,84	53,126,28	70,835,04	49,869,54	66,492,72
Lowest individual compensation <sup>(3)</sup>	560,620,81	734,481,75	40,709,88	54,279,84	40,709,88	54,279,84
Average individual compensation <sup>(4)</sup>	734,443,63	927,343,84	50,178,84	60,346,98	44,373,74	57,219,53
Number of members <sup>(5)</sup>	7,67	6,25	5,33	5,33	5,00	5,17

<sup>(1)</sup> Amounts approved at the General Meeting.

<sup>(2)</sup> Amount computed without any exclusion, considering all compensation amounts recognized for the period.

<sup>(3)</sup> Amount reached after excluding all those who have not served in their position during the entire period.

<sup>(4)</sup> This corresponds to the total compensation for the period paid by each board divided by the number of members.

<sup>(5)</sup> The number of members corresponds to the annual average number of members of each board calculated on a monthly basis.

At 09.30.2020, the Bank had 6,812 employees (6,802 at 12.31.2019), a headcount increase of 0.001%.

#### NOTE 24 - Post-Employment Benefits

Pursuant to CMN Resolution No. 4424, which approved Accounting Pronouncement CPC 33 (R1) - Employee Benefits, the accounting practices and procedures adopted by the Bank regarding post-employment benefit are presented below.

##### a) Description of the Plan Benefits

###### a.1) Private Pension Plans

The Bank sponsors two complementary pension plans, a Defined Benefit (DB) plan and a Variable Contribution (DB + VC) plan both managed by Caixa de Previdência dos Funcionários do Banco do Nordeste do Brasil (Capef), a closed-ended private pension plan entity that provides complementary retirement benefits.

###### a.1.1) Defined Benefit Plan

The DB plan, which is closed to new participants since 11.26.1999, offers to its participants supplementary retirement benefits based on the contribution period, age and disability, as well as supplementary pension and savings plans to their dependents. In general terms, to the current participants, the DB plan benefits are calculated based on the difference between the employees' contribution salary and the INSS retirement benefit, weighted by the number of contributions paid to the plan, limited to 360, including any working hours extension, weighted by the number of contributions paid thereon, all effective since July 1997 and projected in accordance with the plan regulation up to the date of the participant's retirement.



## Notes

### a.1.2) Variable Contribution I Plan

The VC I plan, classified as a variable contribution, combines the characteristics of the Defined Contribution (DC) plan and of the Defined Benefit (DB) plan. This plan offers to its participants supplementary retirement benefits based on the contribution period, age and disability, as well as supplementary pension and savings plans to their dependents.

The scheduled retirement benefits of the VC I plan are calculated based on the balance of the individual account for each participant on the date of retirement and are paid in two phases, as follows: the first phase as annuity within the deadline established under the Defined Contribution (DC) plan and the second phase as life annuity under the Defined Benefit (DB) plan.

The VC I Plan may only present actuarial deficit or surplus after the beginning of the concession of unplanned benefits, disability and death, or planned benefits in the life annuity phase. The VC I plan is supported by the Actuarial Solvency Fund that will be used to cover any future actuarial insufficiency of mutual pension plan portfolios, as well as supported by the Mutual Fund for Risk Benefits, in order to supply the payment of complementary capital in case of disability or death of the participant, referring to the insurance coverage of the benefits resulting from these events.

### a.2) Health care plan

The Bank is the sponsor of a health care plan managed by Caixa de Assistência dos Funcionários do Banco do Nordeste do Brasil (Camed), whose primary purpose is to provide health care to its associate participants and their dependents, through granting of subsidies to cover or reimburse expenses incurred in connection with health promotion, protection and recovery.

The Natural Plan is funded primarily by contributions made by the associate participants, contributions related to the enrollment of natural dependents, financial protection and emergency service fees, financial co-payment made by each associate participant for services utilized and matched contributions from the Bank.

### a.3) Group life insurance

The Bank's benefits policy to its employees comprises collective policy agreement of group life insurance intended for its employees and retired former employees. Such policy provides basic coverage for death by natural and accidental causes and additional coverage for disability caused by accident and disease. Insurance premiums are determined by applying rates defined in contract. The employees contribute with 50% of this premium amount and the Bank with the remaining 50%. Retirees are responsible for full payment of the premium. Every quarter, the Bank actuarially assesses the benefit that consists of indirect subsidy to current retirees.

### a.4) Governance

The following statutory boards are responsible for the management and oversight of Capef: Decision-Making Board, Executive Board and Supervisory Board. The Decision-Making Board is a board for top-tier decision and guidance and shall primarily define the Capef's management policy and benefit plans. The Executive Board is the Capef's management board responsible for the execution, by itself or other, of the general guidelines and standards set by the Decision-Making Board and other provisions contained in the relevant legislation, in Capef's charter, benefit plan regulations, covenants and adhesion terms. The Supervisory Board is the internal control board and shall mainly monitor and oversee CAPEF activities.

Camed statutory boards are: Social Board, Decision-Making Board, Executive Board and Supervisory Board. The Social Board composed of associate participants is the supreme decision-making board empowered to resolve all matters and business related to the full operation and development of Camed. The Camed's Decision-Making Board is a board for monitoring and top-tier administrative decision. The Executive Board is responsible for the execution, by itself or other, of the general guidelines and standards set by the Decision-Making Board and other provisions contained in the relevant legislation, in Camed's charter and internal regulations. The Supervisory Board is the supervisory board of Camed's management acts and shall essentially monitor and direct the company's activities.

The members of the statutory boards of the two Entities are chosen in order to confer representativeness to the Participants, Vested Beneficiaries and to the Sponsors, based on the criteria established in their Charters.

## Notes

### a.5) Strategies for Crosschecking Assets and Liabilities

Capef counts on specific areas for investment management in addition to management advisory services that strengthens the monitoring of investment risks. Investments are monitored in order to check issues focused on classification, returns on assets and follow-up of the evolution of the plan's actuarial goal. Studies are conducted aiming to assist the plan's administrators in choosing the most suitable portfolio to their goals, taking into consideration the characteristics and peculiarities of the assets and the plan's financial position, allowing long-term investments, without compromising the obligations or the achievement of the actuarial goal. Camed has financial instruments to fund its activities or invest its funds available. The risks associated with these instruments are managed through conservative strategies, intended to ensure liquidity, profitability and safety. Risk management monitors the changes in exposure scenarios to which CAMED is subject.

### b) Past due Obligations and Contributions Due

At 09.30.2020, the Bank has no past due obligations or contributions due referring to the pension plans, DB and VCI, health care plan, Natural plan, and the group life insurance, neither informal practices that originate constructive obligations that may give rise to constructive obligations to be included in the measurement of the defined benefit obligation.

### c) Contribution Ratio (Participants/Sponsor)

At 09.30.2020, the ratio of participants' contributions to Bank contributions meets the parity set by Resolution No. 9 of 10.08.1996 of the Department for Coordination and Control of State-Owned Entities (CCE), with a contribution ratio of 1:1 (1:1 at 12.31.2019).

### d) Risk exposure

The Bank's Actuarial Liability, which records the obligations on Defined Benefit, Variable Contribution I, Natural and Group Life Insurance plans is mainly exposed to the following risks:

Plan	Type of Risk	Risk Description
DB/ VC I Natural/Group life insurance	Actuarial Risk	This is the risk of the final cost of the benefits acquired to be greater than the expected benefits. The Bank has no alternative but to increase its contributions or persuade participants to accept a reduction in benefits.
DB/ VC I/ Natural	Investment risk	This is related to changes in interest rates and asset prices that impact the economic and financial performance of the benefit plan. If the plans' actual investment earnings are lower than the expected return, this may lead to an increase in the actuarial liability.
DB/ VC I Natural/Group life insurance	Actuarial assumptions risks	This is related to the adoption of actuarial assumptions inappropriate to the plans, upon calculating the present value of the defined benefit obligation, resulting in a material impact on the actuarial liability.
DB/ VC I Natural/Group life insurance	Discount rate	The actuarial liability is calculated by adopting a discount rate defined based on government securities earnings (NTN-B), according to item 83 of CVM Rule No. 695. Decrease in these securities earnings results in an increase in the actuarial liability.
DB/ VC I Natural/Group life insurance	Life expectation risks	Post-employment benefit plans offer life annuity benefits, therefore, an increase in life expectancy results in an increase in actuarial liabilities for the DB, VC I and Natural plans, and a decrease in actuarial liabilities for the Group Life Insurance.

## Notes

### e) Remeasurement of Actuarial Calculations

For 09.30.2020, remeasurements were made using calculations and an actuarial report issued by an Actuarial Advisory Firm, for the DB and Natural plans as well as for the Group Life Insurance. For VC I Plan, which does not record Actuarial Liabilities, there was no remeasurement, so that the information presented at 09.30.2020 corresponds to the data from the remeasurement that took place in June 2020, plus the monthly changes, by accrual period, from July to September 2020.

### f) Number of Participants of the Post-Employment Benefit Plan

Specification	DB	VC I	CAMED	Insurance
Participants	1,239	5,417	6,260	4,803
Vested participants (retirees and pensioners)	5,059	311	5,141	3,588
<b>TOTAL</b>	<b>6,298</b>	<b>5,728</b>	<b>11,401</b>	<b>8,391</b>

### g) Assumptions used

#### g.1) Demographic assumptions

Demographic assumptions used in the calculation of plan obligation are based on those adopted in actuarial valuations in the scope of Capef, based on statistical studies and adequacy of hypotheses, prepared by specialized advisory firms engaged by that entity. For the Natural plan, the demographic assumptions of the DB plan are used, while for the Group Life Insurance the demographic assumptions used are those of the VC I plan, considering the population characteristics.

Specification	DB (Capef) and Natural (Camed) Plans	
	09.30.2020	12.31.2019
<b>Mortality tables</b>		
Active/Retirees	RP2000 M&F Proj 2018 - downrated by 10%, segregated by gender	RP2000 M&F Proj 2018 - downrated by 10%, segregated by gender
Disabled people	RP2000 Disable F	RP2000 Disable F
<b>Disability table</b>	Álvaro Vindas	Álvaro Vindas

Specification	VC I (Capef) plan and Life Insurance	
	09.30.2020	12.31.2019
<b>Mortality tables</b>		
Active/Retirees	RP 2000 Proj.2018, segregated by gender (downrated by 20%)	RP 2000 Proj.2018, segregated by gender (downrated by 20%)
Disabled people	IAPC experience (downrated by 50%)	IAPC experience (downrated by 50%)
<b>Disability table</b>	Muller (downrated by 85%)	Muller (downrated by 85%)

#### g.2) Financial assumptions

Specification	Capef (% p.a.)			
	DB Plan		VC I Plan	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
Nominal discount rate for the actuarial obligation	7,08	6,60	7,43	7,22
Effective discount rate for the actuarial obligation	3,82	2,87	4,21	3,46
Average annual inflation rate	3,13	3,63	3,09	3,63
Nominal rate of salary increase <sup>(1) (2)</sup>	4,16	4,67	-	-
Nominal rate of benefit increases	3,13	3,63	3,09	3,63

<sup>(1)</sup> DB Plan: the actual rate of salary increase of 1% is applied until the participant reaches the expected date for retirement (360 contributions).

<sup>(2)</sup> VC I Plan: the actual salary increase projection of each participant follows the rules of the Bank's positions and salary plan.

## Notes

Specification	Camed (% p.a.)		Life insurance	
	Natural Plan		09.30.2020	12.31.2019
	09.30.2020	12.31.2019		
Nominal discount rate for the actuarial obligation	7,58	7,22	7,58	7,22
Effective discount rate for the actuarial obligation	4,31	3,46	4,31	3,46
Average annual inflation rate	3,13	3,63	3,13	3,63
Nominal rate of salary increase <sup>(1)</sup>	4,16	4,67	4,16	3,63
Nominal rate of benefit average increase <sup>(1)(2)</sup>	1,93 <sup>(2)</sup>	2,45 <sup>(2)</sup>	4,16	3,63
Rate of increase in health care costs due to aging (aging factor)	4,00	3,47	Not applicable	Not applicable

<sup>(1)</sup> For the case of life insurance, this refers to a projection of increase in insured capital of assets.

<sup>(2)</sup> In the case of the Natural plan, this refers to the projection of increased medical costs (HCCTR). At 09.30.2020, a health care inflation rate was calculated for the Natural plan, considering the plan experience in the last ten (10) years. The rate found was 1.93% (2.45% at 12.31.2019), above the aging factor and price overall inflation and decreases gradually in four (4) years, remaining at 1% p.a. from the 5th (fifth) year.

**g.3)** The future inflation rate is used in the Present Value Calculation of the Actuarial Obligation, intended for measurement of the inflation floating arising from the freeze, in annual cycles, of future contributions and benefits. This calculation allows the occurrence of inflation process of equal charge for all salary, union, social security and economic variables of the plan.

**g.4)** The Projected Unit Credit Method is used as the actuarial valuation method in order to determine the obligation present value, the current service cost and, when necessary, the past service cost.

**g.5)** The discount rate is equivalent to the expected return of the National Treasury Notes (NTN-B), for the duration of the plans, in accordance with the methodology provided in item 33 of Accounting Pronouncement CPC 33 (R1), approved by CMN Resolution No. 4424. At 09.30.2020, the following duration of the plans was determined: for Capef DB plans: 9.50 years (6.73 years at 12.31.2019); for CAPEF VC I Plan: 18.67 years (25.64 years at 12.31.2019); for Natural Plan: 16.50 years (21.26 years at 12.31.2019); and for Life Insurance: 17.09 years (19.58 years at 12.31.2019).

## h) Liability Recognized in the Balance Sheet

### h.1) Private Pension Plans

Specification	Capef - Private pension plans			
	DB Plan		VC I Plan	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
1. Present Value of Actuarial Obligation <sup>(1)</sup>	(5,060,630)	(5,647,446)	(36,469)	(32,359)
1.1. Obligation relating to vested participants	(4,259,629)	(4,807,909)	(31,955)	(30,177)
1.2. Obligation relating to active participants	(801,001)	(839,537)	(4,514)	(2,182)
2. Fair value of plan assets	4,283,090	4,715,575	80,042	88,627
3. Asset Ceiling Effect	-	-	(43,573)	(56,268)
<b>4. Liability Recognized in the Balance Sheet</b>	<b>(777,540)</b>	<b>(931,871)</b>	-	-

<sup>(1)</sup> For the VC I plan, the amounts refer to unplanned benefits (DB Portion), which have characteristics of a defined benefit plan.

### h.2) Health care plan and group life insurance

Specification	CAME D		Life insurance	
	Natural Plan		09.30.2020	12.31.2019
	09.30.2020	12.31.2019		
<b>1. Present value of actuarial obligation</b>	<b>(2,067,899)</b>	<b>(2,293,236)</b>	<b>(327,411)</b>	<b>(363,829)</b>
1.1. Obligation relating to vested participants	(1,463,584)	(1,517,652)	(249,882)	(277,826)
1.2. Obligation relating to active participants	(604,315)	(775,584)	(83,635)	(100,999)
1.3. Cross-subsidy	-	-	6,106	14,996
2. Fair value of plan assets	206,170	158,763	-	-
<b>3. Liability Recognized in the Balance Sheet</b>	<b>(1,861,729)</b>	<b>(2,134,473)</b>	<b>(327,411)</b>	<b>(363,829)</b>

**Notes****i) Reconciliation of Opening and Closing Balances of the Present Value of Obligation**

Specification	Capef			
	DB Plan		VC I Plan	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
1. Present value of actuarial obligation at the beginning of the period	(5,647,446)	(4,545,981)	(32,359)	(14,538)
2. Interest cost	(265,532)	(392,997)	(1,744)	(1,311)
3. Current service cost	(8,992)	(2,989)	(99)	(119)
4. Benefits paid by the plan	348,278	448,414	411	610
5. Vested participant contributions (retirees and pensioners)	(55,352)	(78,919)	-	-
6. Reversal of the contribution balance from DC portion to DB portion of the plan	-	-	(1,132)	(7,345)
<b>7. Remeasurements of actuarial gains (losses)</b>	<b>568,414</b>	<b>(1,074,974)</b>	<b>(1,546)</b>	<b>(9,656)</b>
7.1. From experience adjustments	76,002	174,051	(3,732)	426
7.2. From changes in financial assumptions	492,412	(965,365)	2,186	(10,082)
7.3. From changes in the costing plan	-	(106,590)	-	-
7.4. From application of the benefit readjustments	-	(177,070)	-	-
<b>8. Present value of actuarial obligation at the end of the period</b>	<b>(5,060,630)</b>	<b>(5,647,446)</b>	<b>(36,469)</b>	<b>(32,359)</b>

Specification	CAME D		Life insurance	
	Natural Plan		09.30.2020	12.31.2019
	09.30.2020	12.31.2019		
Present value of actuarial obligation at the beginning of the period	(2,293,236)	(1,621,151)	(363,829)	(147,161)
Interest cost	(121,867)	(145,446)	(19,565)	(13,158)
Current service cost	(31,867)	(9,626)	(2,853)	(1,976)
Benefits paid by the plan <sup>(1)</sup>	52,119	101,120	7,792	10,197
Vested participant contributions (retirees and pensioners)	(20,477)	(26,484)	(2,454)	(3,167)
Administrative expenses paid by the plan	8,279	12,351	-	-
<b>Remeasurements of actuarial gains (losses)</b>	<b>339,150</b>	<b>(604,000)</b>	<b>53,498</b>	<b>(208,564)</b>
.1. Experience adjustments	43,483	(28,351)	2,703	43,187
.2. Changes in Financial Assumptions	298,659	(484,613)	50,795	(85,548)
.3. Changes arising from the increase in health care costs	(2,992)	(196,814)	-	-
.4. Changes resulting from the reduction of the administrative expense rate	-	60,846	-	-
.5. Changes resulting from the reduction of the health care inflation rate (HCCTR)	-	44,932	-	-
.6. Changes in Other Assumptions	-	-	-	(166,203)
<b>Present value of actuarial obligation at the end of the period</b>	<b>(2,067,899)</b>	<b>(2,293,236)</b>	<b>(327,411)</b>	<b>(363,829)</b>

<sup>(1)</sup>Camed: Natural Plan - net of co-payments made by associate participants.

## Notes

## j) Reconciliation between opening and closing balances of the fair value of plan assets

Specification	Capef			
	DB Plan		VC I Plan	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
1. Fair value of plan assets at the beginning of the period	4,715,575	3,939,911	88,627	54,740
2. Interest income	221,573	342,700	4,867	5,128
3. Employer contributions <sup>(1)</sup>	55,473	79,129	956	1,520
4. Active participants' contributions	66	178	958	1,531
5. Vested participants' contributions	55,352	78,919	-	-
6. Reversal of the contribution balance from DC portion to DB portion of the plan	-	-	1,132	7,345
7. Benefits paid by the plan	(348,278)	(448,414)	(411)	(610)
8. Gains/(losses) on assets <sup>(2)</sup>	(416,671)	723,152	(16,087)	18,973
<b>9. Fair value of plan assets at the end of the period</b>	<b>4,283,090</b>	<b>4,715,575</b>	<b>80,042</b>	<b>88,627</b>

<sup>(1)</sup> Capef – DB Plan: contributions related to active and vested participants;

<sup>(2)</sup> Return on plan assets, less amounts included in net interest on the net amount of liabilities (assets) of the defined benefit.

Specification	CAME D		Life insurance	
	Natural Plan		09.30.2020	12.31.2019
	09.30.2020	12.31.2019		
1. Fair value of plan assets at the beginning of the period	158,763	146,781	-	-
2. Interest income	8,325	13,412	-	-
3. Employer contributions <sup>(1)</sup>	61,390	81,979	3,117	4,103
4. Return of Sponsor's contributions	(4,371)	(5,587)	-	-
5. Active participants' contributions	571	345	2,221	2,927
6. Vested participants' contributions	20,477	26,484	2,454	3,167
7. Administrative expenses paid by the plan	(8,279)	(12,351)	-	-
8. Benefits paid by the plan <sup>(2)</sup>	(52,119)	(101,120)	(7,792)	(10,197)
9. Gains/(losses) on assets <sup>(3)</sup>	21,413	8,820	-	-
<b>10. Fair value of plan assets at the end of the period</b>	<b>206,170</b>	<b>158,763</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> Camed - Natural Plan: contributions related to associate participants and retirees/pensioners;

<sup>(2)</sup> Camed – Natural Plan: net of co-participations paid by associate participants; and

<sup>(3)</sup> Return on plan assets, less amounts included in net interest on the net amount of liabilities (assets) of the defined benefit.

## k) Reconciliation Between Opening and Closing Balances of the Asset Ceiling Effect

Specification	Capef	
	VC I Plan	
	09.30.2020	12.31.2019
1. Asset ceiling effect at the beginning of the period	(56,268)	(40,202)
2. Interest on asset ceiling effect	(3,123)	(3,817)
3. Remeasurement of asset ceiling effect	15,818	(12,249)
<b>4. Asset ceiling effect at the end of the period</b>	<b>(43,573)</b>	<b>(56,268)</b>

## l) Reconciliation of the Present Value of Obligation and of the Plan Assets Value with Assets and Liabilities Recognized in the Balance Sheet

Specification	Capef			
	DB Plan		VC I Plan	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
1. Present value of actuarial obligation at the end of the period	(5,060,630)	(5,647,446)	(36,469)	(32,359)
2. Fair value of plan assets at the end of the period	4,283,090	4,715,575	80,042	88,627
3. Surplus (deficit) of the plan (item 1 - item 2)	(777,540)	(931,871)	43,573	56,268
4. Asset ceiling effect at the end of the period	-	-	(43,573)	(56,268)
<b>5. Liability Recognized in the Balance Sheet at the end of the Period</b>	<b>(777,540)</b>	<b>(931,871)</b>	<b>-</b>	<b>-</b>

**Notes**

Specification	CAME D		Life insurance	
	Natural Plan			
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
1. Present value of actuarial obligation at the end of the period	(2,067,899)	(2,293,236)	(327,411)	(363,829)
2. Fair value of plan assets at the end of the period	206,170	158,763	-	-
3. Surplus (deficit) of the plan (item 1 - item 2)	(1,861,729)	(2,134,473)	(327,411)	(363,829)
<b>4. Liability recognized in the balance sheet at the end of the period</b>	<b>(1,861,729)</b>	<b>(2,134,473)</b>	<b>(327,411)</b>	<b>(363,829)</b>

**m) Amounts recognized in P&L for the period**

Specification	Capef			
	DB Plan		VC I Plan	
	01.01. to 09.30.2020	01.01. to 09.30.2019	01.01. to 09.30.2020	01.01. to 09.30.2019
<b>1. Current service cost, net</b>	<b>(8,926)</b>	<b>(2,086)</b>	<b>859</b>	<b>1,038</b>
1.1. Service cost	(8,992)	(2,241)	(99)	(89)
1.2. Active participants' contributions	66	155	958	1,127
<b>2. Net interest</b>	<b>(43,959)</b>	<b>(37,723)</b>	-	-
2.1. Interest expense	(265,532)	(294,748)	(1,744)	(983)
2.2. Interest income	221,573	257,025	4,867	3,846
2.3. Interest on ceiling effect	-	-	(3,123)	(2,863)
<b>3. Amounts recognized in P&amp;L for the year (item 1 + item 2)</b>	<b>(52,885)</b>	<b>(39,809)</b>	<b>859</b>	<b>1,038<sup>(1)</sup></b>

<sup>(1)</sup> Amounts recorded under "Reversal of operating provisions".

Specification	Camed Natural Plan		Life insurance	
	01.01. to 09.30.2020	01.01. to 09.30.2019	01.01. to 09.30.2020	01.01. to 09.30.2019
<b>1. Current service cost, net</b>	<b>(31,296)</b>	<b>(14,266)</b>	<b>(632)</b>	<b>679</b>
1.1. Service cost	(31,867)	(14,439)	(2,853)	(1,482)
1.2. Active participants' contributions	571	173	2,221	2,161
<b>2. Net interest</b>	<b>(113,542)</b>	<b>(99,025)</b>	<b>(19,565)</b>	<b>(9,868)</b>
2.1. Interest expense	(121,867)	(109,084)	(19,565)	(9,868)
2.2. Interest income	8,325	10,059	-	-
<b>3. Amounts recognized in P&amp;L for the year (item 1 + item 2)<sup>(1)</sup></b>	<b>(144,838)</b>	<b>(113,291)</b>	<b>(20,197)</b>	<b>(9,189)</b>

<sup>(1)</sup> Including transferred employees' contribution refunded to the Bank - Natural Plan: 01.01. to 09.30.2020: R\$441; 01.01. to 09.30.2019: R\$54; and Life Insurance: 01.01. to 09.30.2020: R\$4; 01.01. to 09.30.2019: R\$5.

The contributions referring to the DC portion of the VC I plan were accounted for under "Post-employment benefit expenses", as follows:

Specification	01.01 to 09.30.2020	01.01 to 09.30.2019
1. Contributions (DC portion) <sup>(1)</sup>	(44,771)	(41,387)

<sup>(1)</sup> Including transferred employees' contribution: 01.01 to 09.30.2020: R\$87 and 01.01 to 09.30.2019: R\$117.

The administrative expenses of the Defined Benefit (DB) plan are accounted for under "Post-employment benefit expenses", as stated below:

Specification	01.01 to 09.30.2020	01.01 to 09.30.2019
1. Administrative expenses	(4,102)	(4,769)

**n) Amounts for the Period Recognized in Equity**

The actuarial gains deriving from financial assumptions, at 09.30.2020, refer to the increases in the actual discount rates in relation to 12.31.2019, which increased from 2.87% (12.31.2019) to 3.82% (09.30.2020) in the DB plan; from 3.46% (12.31.2019) to 4.21% (09.30.2020) in the VC I plan; and from 3.46% (12.31.2019) to 4.31% (09.30.2020) in the Natural and Life Insurance plans.

## Notes

Specification	Capef			
	DB Plan		VC I Plan	
	01.01 to 09.30.2020	01.01 to 12.31.2019	01.01 to 09.30.2020	01.01 to 12.31.2019
1. Gains/(losses) on assets <sup>(1)</sup>	(416,671)	723,152	(16,087)	18,973
<b>2. Actuarial gains (losses) on obligation</b>	<b>568,414</b>	<b>(1,074,974)</b>	<b>(1,546)</b>	<b>(9,656)</b>
2.1. From experience adjustments	76,002	174,051	(3,732)	426
2.2. From changes in financial assumptions	492,412	(965,365)	2,186	(10,082)
2.3. From changes in the costing plan	-	(106,590)	-	-
2.4. From application of the benefit readjustments	-	(177,070)	-	-
3. Asset ceiling effect	-	-	15,818	(12,249)
<b>4. Amounts recognized in equity at the end of the period (item 1 + item 2 + item 3)</b>	<b>151,743</b>	<b>(351,822)</b>	<b>(1,815)</b>	<b>(2,932)</b>

<sup>(1)</sup> Return on plan assets, less amounts included in net interest on the net amount of liabilities (assets) of the defined benefit.

Specification	Camed		Life insurance	
	Natural Plan		01.01. to 09.30.2020	01.01. to 12.31.2019
	01.01. to 09.30.2020	01.01. to 12.31.2019		
1. Gains/(losses) on assets <sup>(1)</sup>	21,413	8,820	-	-
<b>2. Actuarial gains (losses) on obligation</b>	<b>339,150</b>	<b>(604,000)</b>	<b>53,498</b>	<b>(208,564)</b>
2.1. Experience adjustments	43,483	(28,351)	2,703	43,187
2.2. Changes in financial assumptions	298,659	(484,613)	50,795	(85,548)
2.3. Changes arising from the increase in health care costs, net of gain arising from the readjustment to the dependent's contribution table	-	(196,814)	-	-
2.4. Changes resulting from the reduction of the administrative expense rate	-	60,846	-	-
2.5. Changes resulting from the reduction of the health care inflation rate (HCCTR)	(2,992)	44,932	-	-
2.6. From changes in the Contract	-	-	-	(166,203)
<b>3. Amounts recognized in equity at the end of the period (item 1 + item 2)<sup>(2)</sup></b>	<b>360,563</b>	<b>(595,180)</b>	<b>53,498</b>	<b>(208,564)</b>

<sup>(1)</sup> Return on plan assets, less amounts included in net interest on the net amount of liabilities (assets) of the defined benefit.

<sup>(2)</sup> Including estimated contribution difference in the Natural Plan actuarial calculation: 01.01 to 09.30.2020: (R\$1); and in the Group Life Insurance actuarial calculation: 01.01 to 09.30.2020: (R\$6); 01.01 to 12.31.2019: (R\$1).

## o) Reconciliation of changes in net (liabilities)/assets recognized in the period

Specification	Capef			
	DB Plan		VC I Plan	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
1. (Liabilities)/assets recognized at the beginning of the period	(931,871)	(606,070)	-	-
2. Employer contributions	55,473	79,129	956	1,520
3. Amounts recognized in P&L	(52,885)	(53,108)	859	1,412
4. Amounts recognized in equity for the period	151,743	(351,822)	(1,815)	(2,932)
<b>5. (Liabilities)/assets recognized at the end of the period (Note 28 a.2)</b>	<b>(777,540)</b>	<b>(931,871)</b>	<b>-</b>	<b>-</b>

Specification	Camed		Life insurance	
	Natural Plan		09.30.2020	12.31.2019
	09.30.2020	12.31.2019		
1. (Liabilities)/assets recognized at the beginning of the period	(2,134,473)	(1,474,370)	(363,829)	(147,161)
2. Employer contributions	61,390	81,979	3,117	4,103
3. Return of Sponsor's contributions	(4,371)	(5,587)	-	-
4. Amounts recognized in P&L	(144,838)	(141,315)	(20,197)	(12,207)
5. Amounts recognized in equity	360,563	(595,180)	53,498	(208,564)
<b>6. (Liabilities)/assets recognized at the end of the period (Note 28 a.2)</b>	<b>(1,861,729)</b>	<b>(2,134,473)</b>	<b>(327,411)</b>	<b>(363,829)</b>



**Notes****p) Investment policy and allocation of plan fair values**

The investment policies for DB and VC I plans are annually prepared for a 5-year period, subject to approval from the Capef's Decision-Making Board and are mainly intended for defining guidance procedures for management of assets compared to benefit expenses, aiming at the actuarial balancing of each plan. The DB plan goal to be reached in its investments is represented by INPC + 5.50% p.a., and VC I plan represented by IPCA +5.00% p.a. For allocation of funds and limits per segment of application, the guidelines of CMN Resolution No. 3792 dated 09.24.2009 and amendments are taken into consideration, in addition to safety, liquidity, profitability and maturity criteria of the plan. The proposal of fund allocation is reviewed at any time, due to any significant event that may substantially change the macroeconomic assumptions regarded.

Deliberations on natural plan investments are approved by the Executive Board and submitted to the Decision-Making Board of Camed. For investments associated with financial guarantees with the Brazilian Agency for Supplementary Health (ANS), the limits and conditions set forth by this agency are observed.

Specification	Capef				Camed	
	DB Plan (%)		VC I Plan (%)		Natural Plan (%)	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019	09.30.2020	12.31.2019
Fixed income	89,41	89,17	73,89	79,11	90,44	94,44
Variable income	3,02	2,68	12,84	7,30	7,49	2,88
Real Estate	-	6,34	5,03	6,02	2,07	2,68
Multimarket (Foreign and Structured Funds)	5,65	-	3,76	3,40	-	-
Operations with Participants	1,92	1,81	4,50	4,17	-	-
Other	-	-	-	-	-	-

**q) Sensitivity analysis of main assumptions**

The sensitivity analysis shows how the defined benefit obligation, as of 09.30.2020, would be affected by changes in the following significant assumptions: (i) the increase or decrease by 0.25% p.a. in interest rate; (ii) the increase or decrease by 10% in the mortality table of active participants; and the increase or decrease by 0.25% p.a. in health care inflation (HCCTR) in the Natural plan.

Capef - DB Plan	Current parameters	Interest rate		Biometric Tables	
	09.30.2020	+0,25%	-0,25%	Aggrav (-10%)	Smoot (+10%)
Present value of actuarial obligation	(5,060,630)	(4,944,324)	(5,181,912)	(4,927,281)	(5,208,711)
Fair value of assets	4,283,090	4,283,090	4,283,090	4,283,090	4,283,090
<b>Technical surplus (deficit)</b>	<b>(777,540)</b>	<b>(661,234)</b>	<b>(898,822)</b>	<b>(644,191)</b>	<b>(925,621)</b>
<b>Variations:</b>					
Increase/decrease in actuarial obligation (%)		(2,3%)	2,4%	(2,6%)	2,9%
Increase/decrease in technical surplus (deficit) - (%)		(15,0%)	15,6%	(17,2%)	19,0%

Capef - VC I Plan	Current parameters	Interest rate		Biometric Tables	
	09.30.2020	+0,25%	-0,25%	Aggrav (-10%)	Smoot (+10%)
Present value of actuarial obligation	(36,469)	(35,800)	(37,167)	(34,673)	(38,524)
Fair value of assets	80,042	80,042	80,042	80,042	80,042
<b>Technical surplus (deficit) <sup>(1)</sup></b>	<b>45,573</b>	<b>44,242</b>	<b>42,875</b>	<b>45,369</b>	<b>41,518</b>
<b>Variations:</b>					
Increase/decrease in actuarial obligation (%)		(1,8%)	1,9%	-4,9%	5,6%
Increase/decrease in technical surplus (deficit) - (%)		1,5%	(1,6%)	4,1%	-4,7%

<sup>(1)</sup> Amount not recognized in view of the asset ceiling effect.

## Notes

Camed - Natural Plan	Current parameter	Interest rate		HCCTR		Biometric Tables	
	09.30.2020	+ 0,25%	- 0,25%	+ 0,25%	- 0,25%	Aggrav (-10%)	Smoot(+10%)
Present value of actuarial obligation	(2,067,899)	(1,991,542)	(2,149,238)	(2,166,981)	(1,974,520)	(1,964,237)	(2,186,482)
Fair value of assets	206,170	206,170	206,170	206,170	206,170	206,170	206,170
<b>Technical surplus (deficit)</b>	<b>(1,861,729)</b>	<b>(1,785,372)</b>	<b>(1,943,068)</b>	<b>(1,960,811)</b>	<b>(1,768,350)</b>	<b>(1,758,067)</b>	<b>(1,980,312)</b>
<b>Variations:</b>							
Increase/decrease in actuarial obligation (%)		(3,7%)	3,9%	4,8%	(4,5%)	(5,0%)	5,7%
Increase/decrease in technical surplus (deficit) - (%)		(4,1%)	4,4%	5,3%	(5,0%)	(5,6%)	6,4%

Life insurance	Current (losses)	Interest rate		Biometric Tables	
	09.30.2020	+ 0,25%	-0,25%	Aggrav (-10%)	Smoot (+10%)
Present value of actuarial obligation	(327,411)	(314,412)	(341,251)	(343,835)	(309,135)
<b>Technical surplus (deficit)</b>	<b>(327,411)</b>	<b>(314,412)</b>	<b>(341,251)</b>	<b>(343,835)</b>	<b>(309,135)</b>
<b>Variations:</b>					
Increase/decrease in actuarial obligation (%)		(4,0%)	4,2%	5,0%	(5,6%)
Increase/decrease in technical surplus (deficit) - (%)		(4,0%)	4,2%	5,0%	(5,6%)

## r) Impacts on Future Cash Flows

r.1) Expected contributions for the 4<sup>th</sup> quarter of 2020

Specification	Capef		Camed	Life insurance
	DB Plan <sup>(1)</sup>	VC I Plan <sup>(2)</sup>	Natural Plan <sup>(3)</sup>	
1. Employer contributions	26,083	380	8,217	885
2. Active Employees' contributions	17	378	-	517
3. Former Vested Employees' contributions	26,066	-	9,092	952

<sup>(1)</sup> Except for contributions intended for administrative costing: 01.01 to 09.30.2020: Employer:R\$1,963 and Employees/Vested participants: R\$1,963;

<sup>(2)</sup> Except for contributions intended for part of the DC plan: 01.01 to 09.30.2020: Employer:R\$30,514 and Employees:R\$30,517;

<sup>(3)</sup> Except for co-payments.

## r.2) Expected Payments of Benefits

Specification	Capef <sup>(1)</sup>		Camed <sup>(1)(2)</sup>	Life insurance <sup>(1)</sup>
	DB Plan	VC I Plan	Natural Plan	
Up to 1 year	390,831	1,961	78,263	8,822
From 1 to 2 years	385,178	1,766	79,398	9,415
From 2 to 3 years	363,800	1,435	80,424	9,951
From 3 to 4 years	341,386	1,166	80,792	10,431
Over 4 years	3,579,435	30,141	1,749,022	288,792
<b>Total</b>	<b>5,060,630</b>	<b>36,469</b>	<b>2,067,899</b>	<b>327,411</b>

<sup>(1)</sup> The amounts of expected benefits were calculated without present value discount.

<sup>(2)</sup> Net of co-payment of vested participants.

s) Estimated Expenses for the 4<sup>th</sup> quarter of 2020

Specification	Capef		Camed	Life insurance
	DB Plan	VC I Plan	Natural Plan	
1. Current service cost, net	(2,980)	299	(8,924)	(434)
2. Net interest	(14,653)	-	(37,848)	(6,522)
<b>3. Total unrecognized (expenses)/revenues</b>	<b>(17,633)</b>	<b>299</b>	<b>(46,772)</b>	<b>(6,956)</b>

## NOTE 25 - Fundo Constitucional de Financiamento do Nordeste (FNE)

- a) Net assets of FNE, amounting to R\$93,67,470 (R\$89,289,553 at 12.31.2019) are recorded in the Bank's memorandum accounts named "Assets of Managed Public Funds/FNE".

## Notes

- b) Cash and cash equivalents and funds committed to loans, which represent cash and cash equivalents of FNE in the amount of R\$16,247,892 (R\$22,691,198 at 12.31.2019), recorded under “Other Financial Instruments/Financial and Development Funds” bear interest at the extra-market rate. In the period, the interest expense on cash and cash equivalents totaled R\$476,081 (R\$1,103,757 at 09.30.2019).
- c) The provision to cover the risk on FNE transactions is recognized pursuant to the following criteria:
- c.1) in transactions entered into until 11.30.1998, the Bank is risk-free;
- c.2) for transactions entered into beginning 12.01.1998, excluding transactions under PRONAF (groups A, A/Microcredit, B, A/C, Forest, Semi-arid Region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012-Funding), the Bank’s risk is 50% of the amount calculated pursuant to CMN Resolution No. 2682 of 12.21.1999; and
- c.3) the Bank assumes all the risks on renegotiated and reclassified FNE loans, as set forth by Law No. 11775 of 09.17.2008, and transactions recognized in “Onlending debtors”, as prescribed by Ministry of Integration Administrative Ruling No. 147 of 04.05.2018. Loans funded by FNE, under Law No. 12716 of 09.21.2012 and Law No. 12844 of 07.19.2013, for the purpose of settling BNB transactions with other sources of funds, will maintain the same risk position of the transaction to be settled.
- d) The balances of financing whose risk is assumed by the Bank and of provisions recorded under “Provision for financial guarantees provided” of the Bank are broken down as follows:

Risk level	Balances at 09.30.2020	Regular provision at 09.30.2020 <sup>(1) (2)</sup>	Prudential provision at 09.30.2020 <sup>(3)</sup>	Total provision at 09.30.2020	Balances at 12.31.2019	Provision at 12.31.2019 <sup>(1) (2)</sup>
AA	29,821,359	-	-	-	23,744,405	-
A	23,532,904	59,079	15,360	74,442	18,297,029	45,788
B	5,815,322	29,301	14,651	43,952	5,699,923	28,786
C	1,837,558	27,473	16,026	43,498	1,714,095	25,646
D	1,075,258	53,775	26,887	80,662	886,581	44,349
E	635,917	95,857	15,976	111,833	938,294	141,085
F	380,769	95,668	9,567	105,234	370,768	92,668
G	224,075	78,492	8,410	86,901	357,882	125,306
H	4,437,542	2,208,270	-	2,208,270	4,506,150	2,243,963
<b>Total</b>	<b>67,760,704</b>	<b>2,647,915</b>	<b>106,877</b>	<b>2,754,792</b>	<b>56,515,127</b>	<b>2,747,591</b>

<sup>(1)</sup> At 09.30.2020, this balance includes provision to cover the Bank risk on loans with indication of irregularities in the amount of R\$43,386 (R\$44,715 at 12.31.2019).

<sup>(2)</sup> Includes effects of renegotiations of loans, based on Law No. 13340 of 09.28. 2016, which authorized granting of rebates and renegotiation of debts from rural loans entered into up to 12.31.2011, with FNE funds and mixed funds from FNE and other sources.

<sup>(3)</sup> Recorded based on an internally established model of credit risk classification, to face the economic uncertainties arising from the COVID-19 pandemic.

- e) For transactions entered into after 11.30.1998, del credere commission is 3% p.a., when the risk is 50%, and 6% p.a. when the Bank is a direct party to the transaction backed by onlending based on article 9, item A of Law No. 7827 of 09.27.1989. In transactions reclassified for FNE based on Law No. 11775 of 09.17.2008, del credere commission is 3% p.a. or 6% p.a., as regulated by Interministerial Ruling No. 245 of 10.14.2008, of the Ministry of Finance and Ministry of National Integration. Income from *del credere* commission totaled R\$1,410,827 (R\$1,176,226 at 09.30.2019).
- f) In the period, the administration fee was R\$1,057,458 (R\$1,041,751 at 09.30.2019), calculated at 2.4% p.a. on Net Assets and appropriated on a monthly basis.
- g) The Provisional Executive Order No. 812, signed into Law No. 13682 of 06.19.2018, determined the following changes, from 2018 onwards:
- annual reduction in administration fee at 0.3%, from 3% in 2018 to 1.5% from 2023 onwards;
  - the calculation basis is the Equity of FNE, deducted from the balance of cash and cash equivalents referred to in article 4 of Law No. 9126 of 11.10.1995, of the amounts transferred to the Bank based on article 9-A of Law No. 7827 of 09.27.1989 and of the balances of investments under Pronaf addressed by article 6 of Law No. 10177 of 01.12.2001, and the Program regulation (MCR-10) (groups A/Microcredit, Forest, Semi-arid region, Emergency, Flood, Drought/1998, Semi-arid Region-Drought 2012 and Drought-2012/Funding);
  - the Bank will be entitled to the percentage of 0.35% (thirty-five hundredths percent) p.a. on the balances of cash and cash equivalents addressed by article 4 of Law No. 9126 of 11.10.1995;

## Notes

- iv) the amount to be received by the Bank as administration fee, after deducting the amount of the remuneration on cash and cash equivalents, may be increased up to 20% (twenty percent) based on the timely-payment factor for loans with operational risk fully assumed by FNE or with risk shared between the Bank and the Fund, calculated in accordance with the methodology for calculating the allowance for loan losses applicable to bank loan; and
- v) the administration fee plus remuneration on cash and cash equivalents is limited, every month, to 20% (twenty percent) of the accumulated amount, up to the reference month, of transfers addressed by letter c of item I of the main section of article 159 of Federal Constitutions, carried out by Government.

### h) Measures taken to mitigate the economic impacts of the COVID-19 pandemic

CMN Resolution No. 4782 of 03.16.2020, which, for risk management purposes, the restructuring of loan transactions carried out up to 12.31.2020 is to be considered as indications for purposes of paragraph 1 of article 24 of Resolution No. 4557 of February 23, 2017, and in paragraph 1 of article 27 of Resolution No. 4606 of October 19, 2017, with a view to characterizing the respective exposure as a troubled asset.

CMN Resolution No. 4798 of 04.06.2020 suspended for up to twelve (12) months the amounts overdue and falling due for the period comprised between 01.08.2020 and 12.31.2020, with a possible increase at the end of the operation, for non-rural operations, non-defaulting or those in delay up to 90 days at 04.07.2020, of responsibility of FNE's beneficiaries impacted due to the state of public calamity related to the new Covid-19, recognized in an act of the Executive Branch.

CMN Resolution No. 4801 of 04.09.2020, as amended by CMN Resolution No. 4840 of 07.30.2020, authorized the extension until December 15, 2020 of the overdue loan amounts from 01.01 to 12.14.2020 of costing and investment rural credit operations entered into by rural producers, including family farmers and their cooperatives, whose sale of production has been harmed as a result of the social distancing measures adopted to mitigate the impacts caused by the COVID-19 pandemic.

The amount of loan transactions whose installments were suspended based on these Resolutions is shown below:

Specification	Number	Amount
CMN Resolution No. 4798 of 04.06.2020	83,031	42,295,120
CMN Resolution No. 4798 of 04.09.2020	81,164	295,444
<b>Total</b>	<b>164,195</b>	<b>42,590,564</b>

### NOTE 26 - Workers' Assistance Fund (Fundo de Amparo ao Trabalhador - FAT)

The Workers' Assistance Fund (FAT) is a special financial-accounting fund under the Ministry of Labor and Employment (Ministério do Trabalho e Emprego - MTE), whose purpose is to finance the Unemployment Insurance, Salary Bonus and Economic Development Programs. The main actions financed by the Bank with FAT funds are as follows:

Specification	Tade <sup>(1)</sup>	09.30.2020	12.31.2019
Protrabalho - Investment	004/2007	116,025	105,039
<b>Total</b>		<b>116,025</b>	<b>105,039</b>

Obligations derived from the Workers' Assistance Fund (FAT), recorded under 'Interest-yielding special deposits', totaling R\$15,591 (R\$18,823 at 12.31.2019), are subject to average SELIC rate while they are not used in loan transactions, and subject to the Long-Term Rate (TLP) when released. Available funds totaled R\$486 (R\$1,105 at 12.31.2019).

Remuneration of funds allocated in the Bank shall be paid to FAT on a monthly basis, as established in Codefat Resolutions No. 439/2005, 489/2006 and 801/2017, with a minimum amount equivalent to 2% calculated on the total balance of each Special Deposit Allocation Statement (TADE)), plus cash and cash equivalents that fall under the following conditions, in terms of remaining in the Bank's cash:

- after 2 months, with respect to the reimbursements of the final borrowers, not reused in new financing; and
- after 3 months, with respect to the new deposits made by FAT and not released to final borrowers.

## Notes

Specification	Tade <sup>(1)</sup>	Return of FAT funds			09.30.2020		
		Form <sup>(2)</sup>	RA	SELIC remuneration	Available TMS <sup>(3)</sup>	TJPL or TLP <sup>(4)</sup> applied	Total
Protrabalho - Investment	04/2007	RA	4,197	30	486	15,105	15,591
PNMPO	01/2010	RA	2,179	22	-	-	-
<b>Total (Note 13.b and Note 28.a.1)</b>			<b>6,376</b>	<b>52</b>	<b>486</b>	<b>15,105</b>	<b>15,591</b>

Specification	Tade <sup>(1)</sup>	Return of FAT funds			12.31.2019		
		Form <sup>(2)</sup>	RA	SELIC remuneration	Available TMS <sup>(3)</sup>	TJPL or TLP <sup>(4)</sup> applied	Total
Proger – Urban- Investment	17/2006	RA	9,575	68	-	-	-
FAT - Infrastructure <sup>(5)</sup>	18/2006	RA	1,288	11	-	-	-
Protrabalho - Investment	04/2007	RA	7,157	119	346	17,718	18,064
PNMPO	01/2010	RA	31,138	407	759	-	759
<b>Total (Note 13.b and Note 28.a.1)</b>			<b>49,158</b>	<b>605</b>	<b>1,105</b>	<b>17,718</b>	<b>18,823</b>

<sup>(1)</sup> Tade: Special Deposit Allocation Statement;

<sup>(2)</sup> RA - Automatic Return (Monthly, 2% on total balance);

<sup>(3)</sup> Funds yielding by Average SELIC Rate (TMS);

<sup>(4)</sup> Funds yielding by: Long-term Interest Rate (TJLP) for transactions entered into up to 12.31.2017 and Long-term Rate (TLP) for transactions entered into from 01.01.2018 onwards.

<sup>(5)</sup> Regarding FAT - Infrastructure, RA is 1% on the balance and deductible reimbursements refer to the last 4 months.

### NOTE 27 - Risk management and Basel Index

#### a) Risk and Capital Management

The Bank's corporate governance instruments include an internal control structure so that the operational, credit, market, liquidity and social and environmental risks as well as Interest Rate Risk in the Banking Book (IRRBB) may be adequately monitored. The risk management methodology observes the guidance set forth by the Basel Committee, with priority to identification of possible risks existing in the different Bank processes, and implementation and monitoring of key indicators and of mechanisms to mitigate any risks.

#### Risk Management Structure

The risk management structure is unified at the strategic level and specific at its business and support units' levels, observing the principle of segregation of activities. The units and their basic responsibilities regarding risk management are defined, formally standardized and disclosed in the institution's policies and standards website. The performance of this structure takes into consideration the Bank's financial balance and is based on the institution's integrity and ethics policy and on the principles of social and environmental responsibility, in relationships with its customers, partners, employees, shareholders, service providers and with the society. In this context, the Integrated Risk Management of the Bank includes, as an essential principle, sustaining a structured risk management system that is integrated to its management activities. It provides information that supports the Bank's various decision-making levels in assessing the risks involved and is designed to guide the management of risks that threaten the achievement of business objectives, establishing rules based on principles and good corporate governance practices, implemented under the guidance of the Bank's senior management and supervisory boards.

#### Capital Management Structure

The Executive Board is responsible for approving the capital management structure of the Bank, including the Capital Plan for the period from 2020 to 2024, which was also approved by the Board of Directors on 12.02.2019. The Control and Risk Executive Board is responsible for Capital Management, and a specific administrative unit has been structured for this purpose, as required by CMN Resolution No. 4557 of 02.23.2017. The Capital Management Structure information is available at [www.bnb.gov.br](http://www.bnb.gov.br).

The Bank's capital adequacy is managed taking into consideration the regulatory requirements plus a Capital target of 1.0 percentage point above the minimum requirements, considering the Referential Equity (RE), Tier I, of Principal Capital and Additional Principal Capital requirements.

## Notes

The Bank prepares its Capital Plan in line with the Strategic Planning, in order to reflect the results planned therein and, at the same time, comply with the provisions of CMN Resolution No. 4557. In this sense, in order to increase the adherence of the Capital Plan to business planning, it was decided to extend its threshold to five years, based on the version prepared in 2018, exceeding the minimum defined in the referred to Resolution by two years.

In the plan prepared for the period from 2020 to 2024, there was neither evidence of non-compliance with the minimum regulatory capital requirements, nor of the minimum limit established for the activation of the contingency plan (minimum plus capital target), in any of the scenarios used.

### Corporate Risk Management Policy

The corporate risk management policy sets forth guidelines and standards that integrate the Bank's activities, for management of credit, operational, market and liquidity risks, Interest Rate Risk for instruments classified in the Banking Book (IRRBB), as well as concentration and social and environmental risks. The Risk Management Committee analyzes and forwards for approval by the Executive Board and Board of Directors proposals for creation of and adjustments in strategies, policies, models and procedures for risk management. The Control and Risk Executive Board coordinates the implementation thereof and the Bank's performance, through a specific unit that manages risks, in an integrated manner, at corporate level, defining management methodologies and models, as well as promoting the dissemination of the risk management culture.

Further information relating to risk management focused on matters related to Referential Equity (RE) and the amount of Risk-Weighted Assets (RWA), in accordance with BACEN Circular No. 3930 of 02.14.2019, can be found at [www.bnb.gov.br](http://www.bnb.gov.br).

### b) Credit risk

Credit risk is defined as the risk of incurring losses associated with default by the counterparty to its obligations under the terms agreed; devaluation and reduction of expected remunerations and gains on financial instruments deriving from deterioration of the creditworthiness of counterparty, intervening party or mitigating instrument; restructuring of financial instruments or costs of recovering exposures characterized as troubled assets.

Specification	Exposure	
	09.30.2020	12.31.2019
<b>Loans, co-payments and guarantees given</b>	<b>52,022,070</b>	<b>45,232,910</b>
<b>Public sector</b>	<b>1,205,857</b>	<b>1,080,003</b>
<b>Private sector</b>	<b>50,816,213</b>	<b>44,152,907</b>
Trade	6,202,248	4,170,917
Foreign trade	738,280	776,651
Manufacturing	8,365,460	7,427,931
Infrastructure	15,813,844	13,628,564
Urban micro-financing	4,327,771	4,327,132
Individuals	22,524	128,248
Rural	9,439,874	8,758,702
Other Services	5,906,212	4,934,762
<b>Market transactions</b>	<b>45,317,758</b>	<b>46,250,525</b>
<b>Federal Government securities</b>	<b>40,926,087</b>	<b>43,360,635</b>
Repurchase agreements	6,274,847	6,382,342
Other	34,651,240	36,978,293
<b>Interbank Deposits</b>	<b>1,080,061</b>	<b>75,991</b>
<b>Other securities</b>	<b>1,286,736</b>	<b>1,025,081</b>
<b>Other transactions</b>	<b>2,024,874</b>	<b>1,788,818</b>
<b>Other assets</b>	<b>5,584,124</b>	<b>4,892,986</b>
<b>Total</b>	<b>102,923,952</b>	<b>96,376,421</b>

The Bank uses the constant information flow to identify, measure, monitor, assess, report, control and mitigate risks, thus ensuring that credit risk exposure is in accordance with the parameters defined in the Risk Appetite Statement (RAS). Accordingly, various instruments are used, such as: credit policies, risk assessment models and methodologies, methodology for segregation of credit assets in troubled and non-troubled, managerial reports, and system for risk rating and for calculation of expenses related to allowance for loan losses.

Furthermore, any approval in terms of risk limits is based on the level of authority by board. In accordance with their characteristics and amount, the limits may be automatically calculated or analyzed and defined by the branches' credit assessment committees, or by the Operational Supporting Centers' risk limit approval committees, or also be decided by the customer risk limit approval committee of the General Executive Board or Executive Board.

## Notes

All loans with risk exposure to the Bank are subject to risk rating, based on the customer's risk rating and loan grade, in accordance with their value, term, nature and purpose characteristics and conditions of collaterals as to their sufficiency and liquidity.

### Collaterals for loans above R\$5,000 with full risk for the Bank

The collaterals for loans are determined based on their quality, capacity to be removed and sufficiency. Balances exposed to risk of loans above R\$5,000 amount to R\$3,296,009 (R\$3,283,834 at 12.31.2019). These transactions are backed by collaterals totaling R\$4,052,012 (R\$4,703,071 at 12.31.2019).

### c) Liquidity risk

Liquidity risk is the possibility of mismatches between tradable assets and liabilities that could affect the Bank's ability to pay, as well as the possibility of the institution being unable to negotiate a position at market price due to its volume being greater than the volume normally traded in the market or due to any discontinuity thereof.

The Bank adopts projection models to estimate changes in cash and manage its capacity to honor future commitments, communicating the company's liquidity position to management through daily reports.

The daily market and liquidity risk management report includes, among other, the Bank's liquidity ratio, represented by the ratio between available funds and commitments estimated for the next 90 days. Available funds comprising the liquidity ratio calculation base include banking reserves, highly liquid portion of interbank deposits, repurchase agreements and own securities portfolio.

Specification		09.30.2020(%)	12.31.2019(%)
Liquidity ratio	At reporting date	264.42	931.37
	Average for the last 12 months	585.46	854.15
	Maximum for the last 12 months	1.008.05	1.114.25
	Minimum for the last 12 months	241.95	493.14

### d) Market risk

Market risk is the possibility of impairment of assets and/or increase in liability, as well as reduction in finance income and increase in finance costs arising from changes in interest rates, exchange rates, and stock and commodity prices.

In managing market risks, the Bank considers market-approved methodologies and instruments, such as:

- a) VaR (value at risk) of asset and liability transactions in trading portfolio;
- b) change in in the economic value of financial instruments ( $\Delta$ EVE) of the banking portfolio;
- c) change in gain (loss) from financial intermediation ( $\Delta$ NII) of the banking portfolio;
- d) mapping of Minimum Required Capital (MRC);
- e) foreign exchange exposure report;
- f) sensitivity analysis;
- g) stress testing;
- h) backtesting; and
- i) reports on monitoring of limits established for portions exposed to market risk.

The preparation of daily, quarterly and annual managerial reports for management and supervisory and control boards is critical to market risk management. Such reports include, among others, detailed information on and analysis of exposure levels of trading and banking portfolios, currency exposure levels and liquidity levels.

In addition to these reports, the monitoring of market and liquidity risk exposure limits includes a warning system implemented in order to expedite the preparation of managerial information necessary for the decision-making process by the proper levels of authority, based on the following procedures:

## Notes

Risk exposure limits	Control procedure
<ul style="list-style-type: none"> <li>• 1% (one percent) of the Tier I Referential Equity (RE) – maximum limit of loss on the Trading Portfolio;</li> <li>• 10% (ten percent) of the amount of Referential Equity (RE), Tier I - the maximum limit for the result of the change in the economic value (<math>\Delta</math>EVE) of financial instruments of banking portfolio, used to measure the interest rate risk (IRRBB);</li> <li>• 10% (ten percent) of the amount of Referential Equity (RE), Tier I - the maximum limit for the change in the result of financial intermediation (<math>\Delta</math>NII) of financial instruments of banking portfolio, used to measure the interest rate risk (IRRBB);</li> <li>• 4% (four percent) of the amount of Referential Equity (RE), Tier I - the maximum limit of exposures in foreign currency.</li> </ul>	<p>If the exposure level exceeds 80% of the limit, the Risk Management Area will issue a warning to the Executive Board, the Risk Management Corporate Committee and to managing areas of the products/processes responsible for the exposure;</p> <p>If the exposure level exceeds the established limit, the Risk Management Area will issue a formal communication (warning) to the Risk Management Committee, the Executive Board, the Risk and Capital Committee and the Board of Directors for assessment and decision-making process, aiming at correcting directions and adequacy to the tolerance parameter established in the Bank's Risk Appetite Statement (RAS).</p>

### Trading Portfolio Risks

The Bank monitors the composition of the Trading Portfolio on a daily basis, which should consist of: i) self-funded repurchase agreements with a resale commitment; ii) securities classified in the category of trading securities, when applicable, as defined by Bacen Circular No. 3068 of 11.08.2001; iii) operations designed to hedge against the risks of other operations in the Trading Portfolio.

The interest rate risk of the Trading Portfolio is measured using the Value at Risk (VaR), based on the standard model created by Bacen.

At 09.30.2020, Banco do Nordeste's Trading Portfolio was comprised of repurchase agreements, backed by federal government securities, carried out at fixed rates, with a marked-to-market exposure amounting to R\$109,576 and a VaR of R\$411.

### Interest Rate Risk for the Banking Book (IRRBB)

The Interest Rate Risk of transactions classified in the Banking Portfolio (IRRBB) corresponds to the risk of negative impacts on capital and on the results of the Financial Institution, arising from adverse changes in interest rates, for instruments classified in the banking portfolio. This risk is identified, measured and controlled according to the criteria provided for in Bacen Circular No. 3876 of 01.31.2018, using the following two metrics:

- a)  $\Delta$ EVE (Delta Economic Value of Equity) is defined as the difference between the present value of the sum of repricing flows of instruments subject to IRRBB in a base scenario, and the present value of the sum of repricing flows of the same instruments in an interest-rate shocked scenario;
- b)  $\Delta$ NII (Delta Net Interest Income) is defined as the difference between the result of financial intermediation of instruments subject to IRRBB in a base scenario, and the result of financial intermediation of the same instruments in an interest-rate shocked scenario; The result of financial intermediation of the banking portfolio should not include the allowance for loan losses.

The IRRBB measure is calculated on a monthly basis, using standardized internal models (there is an internal model only for  $\Delta$ NII) mostly based on the parameters, hypotheses and assumptions established in Bacen Circular No. 3876 of 01.31.2018.

At 09.30.2020, Banco do Nordeste's Banking Portfolio had marked-to-market exposure (sum of the absolute value of the net exposures of each risk factor) of R\$9,617,000, presenting  $\Delta$ EVE and  $\Delta$ NII in the amounts of R\$114,401 and (R\$1,477), respectively.



## Notes

### Stress testing

The stress testing allows foreseeing potential gains or losses in the trading portfolio due to changes in interest rates, foreign exchange coupon or price indexes, which may be practiced in the market in extreme situations. This tool complements other risk management approaches used for normal times, such as Economic Value (EVE), Results from financial intermediation (NII) and Value at Risk (VaR) used by the Bank.

Banco do Nordeste carries out two types of stress tests on a monthly basis, in accordance with Bacen Circular No. 3365 of 09.14.2007, aiming at:

- estimating the percentage of the variation of the marked-to-market value of the operations in relation to the Referential Equity (RE), using a shock compatible with the 1<sup>st</sup> and 99<sup>th</sup> percentiles of a historical distribution of variations in interest rates, considering the 1-year holding period and the 5-year observation period;
- estimate the number of base points of parallel interest rate shocks required to bring about a reduction in the market value of the asset (or an increase in the liability amount) of the transactions in the Trading and Banking Portfolios corresponding to 5% (five percent), 10% (ten percent) and 20% (twenty percent) of the Referential Equity (RE).

The results of the stress tests are communicated, through quarterly reports, to the Bank's Management, as well as used by the risk management area to systematically monitor the Bank's level of exposure to interest rate shocks, with a view to the necessary feedbacks to the respective business areas.

### Sensitivity analysis

As set forth in CVM Ruling No. 475 of 12.17.2008, the sensitivity analysis was conducted in order to identify significant risks capable of generating losses to the Bank, considering alternative scenarios for the behavior of various risk factors in Trading and Banking portfolio transactions, and its results are as follows:

Portfolio/risk factor	Type of Risk	Scenario 1 (probable)	Scenario 2 (variation of 25%)		Scenario 3 (variation of 50%)	
		Balance	Balance	Loss	Balance	Loss
<b>Trading portfolio</b>						
Fixed interest rate	Increase in interest rate	(163,702)	(166,731)	(3,029)	(170,030)	(6,328)
<b>Banking portfolio</b>						
Dollar coupon	Reduction in coupon	(123,312)	(123,634)	(322)	(123,951)	(639)
Euro coupon	Reduction in coupon	(2,672)	(2,673)	(1)	(2,673)	(1)
IGP coupon	Increase in coupon	151,853	149,186	(2,667)	146,870	(4,983)
IPCA coupon	Increase in coupon	351,384	330,971	(20,413)	340,697	(10,687)
TJLP coupon	Increase in coupon	75,069	73,290	(1,779)	71,638	(3,431)
TR coupon	Increase in coupon	(3,121,548)	(3,177,873)	(56,325)	(3,216,935)	(95,387)
Fixed interest rate	Increase in interest rate	5,791,504	5,711,775	(79,729)	5,641,923	(149,581)

<sup>(1)</sup> There were no loss estimates for this portfolio in Scenario 3.

For purposes of abovementioned calculations, scenario 1, which presents the most probable situation, considered the net balances of portfolios, at marked-to-market values - considering the rates used at B3 - Brasil, Bolsa, Balcão S.A. As regards scenarios 2 and 3, changes of 25% and 50% were applied, respectively, to the market risk factors considered, and new net balances were estimated for the portfolios. Losses correspond to the differences between the balances under scenario 1 and the balances under scenarios 2 and 3.

The sensitivity analysis was also conducted for swap transactions and their related hedged items as follows:

Nature of transaction	Type of Risk	Financial instrument	Scenario 1 (probable)	Scenario 2 (variation of 25%)	Scenario 3 (variation of 50%)
Hedging derivatives	Increase in referential rate - B3 S.A. DI vs. Dollar	Dollar vs. DI Swap	131,072	131,396	131,723

## Notes

Market value losses were considered in the net exposure of scenarios 2 and 3 and, as regards scenario 1, arising from a possible stressed increase in exchange coupon in foreign-currency denominated transactions.

The method used in the sensitivity analysis of hedging transactions consisted in the measurement of changes in net exposure marked to market between the dollar-indexed foreign exchange payable and the dollar-denominated foreign exchange receivable of swap transactions. The net exposure was calculated for three scenarios, allowing their comparison. Scenario 1 uses market rates, representing the current situation for risk exposure factors, based on the rates disclosed by B3. Scenarios 2 and 3 are obtained by applying shocks to the foreign exchange coupon used in Scenario 1, as described below:

Scenario 1 - 100% of the DI vs. Dollar swap rate is applied.

Scenario 2 - 125% of the DI vs. Dollar swap rate is applied.

Scenario 3 - 150% of the DI vs. Dollar swap rate is applied.

### e) Operational risk

The operational risk is the possibility of losses arising from external events, or failures, deficiencies or inadequacies of internal processes, people or systems, including those related to legal issues.

Operational risk management requires continuous commitment and involvement of all managers, employees and collaborators, whose main purpose is to mitigate the possibility and impact of operating losses.

The corporate operating risk management system aims at ensuring compliance with the corporate policy in accordance with governance principles and the policies set by the National Monetary Council (CMN), based on the timetable defined by the banking supervisory board.

The Bank's corporate operational risk is managed through a process view and a specific organizational structure designed to support assessment activities in all supporting and business processes of the Institution, mainly based on the Resolutions issued by the Central Bank. The qualitative approach comprises process risk assessment methodologies, follow-up of mitigating measures and managerial reports. Another methodology used is the RCSA (Risk and Control Self-Assessment) that allows simulating risks inherent to activities and procedures, as well as defining their impact. Further allows building a Risk Matrix and defining indicators, aiming at reaching an expanded vision of the processes and improved management.

### f) Foreign exchange exposure

Transactions under agreements that provide for currency adjustment clause presented net balance of foreign exchange exposure sold, in the amount of R\$25,966 (R\$47,271 at 12.31.2019 - short position), as follows:

Specification	09.30.2020	12.31.2019	Specification	09.30.2020	12.31.2019
Cash and cash equivalents	3,684	1,939	Deposits	-	-
Interbank Investments	55,702	24,441	Interbranch accounts	15,054	3,381
Loans	541,180	423,461	Borrowings and onlending - In Brazil	72,270	59,338
Other Credits	955,329	879,654	Borrowings and onlending Foreing	657,128	431,861
			Other obligations	969,792	882,186
<b>Total assets in foreign currencies, including derivatives</b>	<b>1,555,895</b>	<b>1,329,495</b>	<b>Total liabilities in foreign currencies</b>	<b>1,714,244</b>	<b>1,376,766</b>
Swap transactions	132,383	-			
<b>Total long position in foreign currencies</b>	<b>1,688,278</b>	<b>1,329,495</b>	<b>Total short position in foreign currencies</b>	<b>1,714,244</b>	<b>1,376,766</b>

Foreign exchange exposure is maintained below the limits established in the Corporate Risk Management Policy (5% of the Referential Equity - RE).

**Notes****g) Operational limits - Basel Accord**

At 09.30.2020, the Bank had a wide Basel rate (including capital to cover IRRB) of 13.83% (14.35% at 12.31.2019). Tier I rate was 10.65% (10.44% at 12.31.2019) while Principal Capital rate was 9.41% (9.04% at 12.31.2019). Referential Equity computed was R\$8,919,132 (R\$8,265,588 at 12.31.2019), Tier I was R\$6,864,787 (R\$5,982,984 at 12.31.2019) and Principal Capital was R\$6,068,898 (R\$5,181,944 at 12.31.2019), while risk weighted assets (RWA amount) totaled R\$64,481,034 (R\$57,311,851 at 12.31.2019). In the period under review, the possibility of non-compliance with the capital requirements provided for in the current regulation was not detected.

**i. Minimum Required Capital - MRC (Basel III)**

Specification	09.30.2020	12.31.2019
<b>Referential Equity (RE)</b>	<b>8,919,131</b>	<b>8,265,588</b>
<b>. Tier I</b>	<b>6,864,787</b>	<b>5,982,984</b>
. Principal Capital	6,068,898	5,181,944
. Complementary Capital	795,889	801,040
<b>. Tier II</b>	<b>2,054,344</b>	<b>2,282,604</b>
<b>Risk-Weighted Assets (RWA)</b>	<b>64,481,034</b>	<b>57,311,851</b>
. RWACPAD	52,961,394	46,532,628
. RWACAM	169,162	59,350
. RWAJUR	2,962	42,050
. RWACOM	4,475	4,375
. RWAOPAD	11,343,041	10,673,448
<b>Margin on Required Referential Equity</b>	<b>3,760,649</b>	<b>3,680,640</b>
<b>Capital to Interest Rate Risk for instruments classified in the Banking Book (IRRBB)</b>	<b>114,401</b>	<b>21,535</b>
<b>Margin on Required Referential Equity considering IRRBB</b>	<b>3,646,248</b>	<b>3,659,105</b>
<b>Margin on Tier I Required Referential Equity</b>	<b>2,995,926</b>	<b>2,544,273</b>
<b>Margin on Required Principal Capital</b>	<b>3,167,252</b>	<b>2,602,911</b>
<b>Required Additional Capital - ACP (1.25%)<sup>(1)</sup></b>	<b>806,013</b>	<b>1,432,796</b>
<b>Margin on Required Additional Capital</b>	<b>2,189,913</b>	<b>1,111,477</b>
<b>Basel Indexes:</b>		
. Principal Capital Index (minimum requirement of 4.5%)	9.41%	9.04%
. Tier I index (minimum requirement of 6.0%)	10.65%	10.44%
. Referential Equity index (minimum requirement of 8.0%)	13.83%	14.42%
. Referential Equity index including IRRBB	13.83%	14.35%

<sup>(1)</sup> 2.5% until December 2019 and 1.25% from April 2020.

**Meanings:**

- . RWACPAD: amount related to credit risk exposures.
- . RWACAM: amount related to exposure to gold, foreign currency and assets subject to foreign exchange variation.
- . RWAJUR: amount related to exposures subject to change in interest rates.
- . RWACOM: amount related to exposures subject to change in commodity prices.
- . RWAOPAD: amount related to operational risk.
- . RBAN: capital to cover risk in transactions subject to change in interest rates not classified in the trading portfolio.

**ii. Breakdown of Referential Equity (Basel III)**

Specification	09.30.2020	12.31.2019
<b>Referential Equity (RE)</b>	<b>8,919,131</b>	<b>8,265,588</b>
<b>TIER I REFERENTIAL EQUITY</b>	<b>6,864,787</b>	<b>5,982,984</b>
<b>Principal Capital</b>	<b>6,068,898</b>	<b>5,181,944</b>
Capital	5,569,988	3,813,000
Income reserves	1,297,178	2,651,514
Capital and revaluation reserve	13,685	13,726
Credit P&L accounts	2,461,160	-
Debt P&L accounts	(2,155,822)	-
Other comprehensive income (loss)	(903,990)	(1,050,835)
Retained earnings (accumulated losses)	(72,733)	-
Debt instruments eligible to Principal Capital	500,000	500,000
<b>Prudential Adjustments</b>	<b>(640,568)</b>	<b>(745,461)</b>
Intangible assets	(721)	(563)
Tax Credits on Temporary Differences	(636,605)	(741,219)
Difference to less - Adjustments of CMN Resolution No. 4277	(3,242)	(3,679)
<b>Complementary Capital</b>	<b>795,889</b>	<b>801,040</b>
Instruments Eligible to Complementary Capital	795,889	801,040
<b>TIER II REFERENTIAL EQUITY</b>	<b>2,054,344</b>	<b>2,282,604</b>
Instruments Eligible to Tier II	2,054,344	2,282,604

The Debt Instrument Eligible to Principal Capital entered into with the Federal Government comprises Tier I RE, as Principal Capital of the Bank, as authorized by BACEN. As provided for in CMN Resolution No. 4192 of 03.01.2013, this instrument has a repurchase clause that was used by the Bank to amortize the total amount of R\$500,000, into two installments of R\$250,000, duly authorized by Bacen.

## Notes

The Subordinated Financial Bills, taken out in June 2019 in the amount of R\$801,040, were authorized by Bacen to compose the Tier I Referential Equity, as the Bank's Complementary Capital. These bills comply with the provisions of article 10 of CMN Resolution No. 4733 of 06.27.2019, which allows the repurchase of up to 3% of its book value. By the third quarter, Financial Bills amounting to R\$5,151 were repurchased.

The aforementioned Debt Instrument and Subordinated Financial Bills have perpetuity character and no maturity, as required by CMN Resolution No. 4192 so that they may be eligible for Tier I Referential Equity.

The Subordinated Debt Instruments entered into with FNE, authorized to comprise Tier II RE before the entry into force of CMN Resolution No. 4192 of 03.01.2013, according to paragraph 2 of its article 23, shall remain eligible up to their amortization. With the publication of CMN Resolution No. 4679 of 07.31.2018, the balances of these contracts were frozen at 06.30.2018 and will be excluded from Tier II Referential Equity at a rate of 10% p.a. from 2020 onwards. These two contracts, although not required by CMN Resolution No. 4192, are also perpetual.

### iii. Leverage Ratio (LR)

The Leverage Ratio (LR), according to the methodology approved by Bacen Circular Letter No. 3748 of 02.27.2015, corresponds to the division of Tier I RE by Total Exposure. The Bank's Leverage Ratio is as follows:

Specification	09.30.2020	12.31.2019
Tier I Referential Equity	6,864,787	5,982,984
Total exposure	100,986,722	96,438,083
Leverage Ratio (%)	6.80	6.20

### iv. Fixed asset to equity ratio

The Bank's fixed asset to equity ratio, calculated in accordance with the provisions of CMN Resolution No. 2669 of 11.25.1999, is as follows:

Specification	09.30.2020	12.31.2019
Referential Equity - fixed asset to equity limit	8,919,131	8,265,588
Fixed asset to equity limit (50% of adjusted RE)	4,459,566	4,132,794
Situation	231,100	231,910
Margin	4,228,466	3,900,884
Fixed asset to equity ratio	2.59%	2.81%

## NOTE 28 - Related Parties

### a) Transactions with related parties

The Bank's policy of transactions with related parties provides that the conditions and rates compatible with market practices are applied, in addition to establishing guidelines to be observed in potential conflicts of interest.

In the period, the Bank carried out banking transactions with related parties, such as current account deposits (non-interest bearing), short-term investments and loan transactions.

**a.1) Significant transactions with state-owned companies, autonomous government agencies, programs and funds controlled by the Federal Government are broken down as follows:**

## Notes

Specification	09.30.2020	12.31.2019
<b>Liabilities</b>		
<b>Time deposits - FAT (Note 13.b. and Note 26)</b>	<b>15,591</b>	<b>18,823</b>
<b>Domestic onlending - Official institutions (Note 14.b.)</b>	<b>1,163,374</b>	<b>1,167,737</b>
National Treasury	564	505
National Bank for Economic and Social Development (BNDES)	1,123,025	1,118,933
Fund for Financing the Acquisition of Industrial Machinery and Equipment (FINAME)	39,785	48,299
<b>Other liabilities</b>	<b>20,144,968</b>	<b>26,756,657</b>
FNE	16,254,941	22,702,557
FDNE	647,176	662,590
Merchant Marine Fund (FMM)	106,811	96,311
Debt Instruments Eligible to Capital (Note 17.a and Note 17.b)	500,000	750,000
Subordinated Debts Eligible to Capital (Note 17.c)	2,636,040	2,545,199
<b>Total</b>	<b>21,323,933</b>	<b>27,943,217</b>

a.2) The balances of obligations with Post-employment Benefit Plans are as follows:

Specification	09.30.2020	12.31.2019
Retirement and DB pension plan (Note 24.o)	777,540	931,871
Health care plan (Note 24.o)	1,861,729	2,134,473
Life insurance - Post-employment benefit (Note 24.o)	327,411	363,829
<b>Total</b>	<b>2,966,680</b>	<b>3,430,173</b>

a.3) Significant revenues and expenses with related parties are as follows:

Specification	01.01. to 09.30.2020	01.01. to 09.30.2019
Time deposits - FAT	(42,891)	(83,191)
National Treasury	(59)	(16)
National Bank for Economic and Social Development (BNDES)	(100,313)	(72,770)
Fund for Financing the Acquisition of Industrial Machinery and Equipment (FINAME)	(3,597)	(2,217)
FMM	(23,885)	(9,956)
FNE	912,641	251,996
FDNE	17,958	19,719
Debt Instruments Eligible to Principal Capital	(51,363)	(215,568)
Subordinated Debts Eligible to Capital	(90,841)	(134,183)
Retirement and DB pension plan	(56,986)	(44,577)
Retirement and VC I pension plan	(43,826)	(40,233)
Health insurance plan	(141,260)	(113,236)
Life insurance - Post-employment benefit	(20,191)	(9,183)

### b) Managing officers compensation

The compensation of the Board of Directors, Statutory Executive Board and Supervisory Board is shown below:

Specification	01.01 to 09.30.2020	01.01 to 09.30.2019
<b>Fees</b>	<b>3,178</b>	<b>2,600</b>
Executive Board	2,762	2,190
Board of Directors	212	207
Supervisory Board	204	203
<b>Other</b>	<b>1,796</b>	<b>916</b>
<b>Variable compensation (RVA)</b>	<b>936</b>	<b>1,054</b>
<b>Total short-term benefits</b>	<b>5,910</b>	<b>4,570</b>
<b>Post-employment benefits</b>	<b>214</b>	<b>179</b>
<b>Total</b>	<b>6,124</b>	<b>4,749</b>

## Notes

The Bank offers to its officers, as post-employment benefits, Pension and Health Care Plans under the same conditions offered to employees.

The Bank does not grant loans or advances to key management personnel, in accordance with current regulations.

### NOTE 29 - Other Information

#### a) Preventive actions aimed at minimizing the effects of the COVID-19 pandemic

In the period, the Bank informed, in the notice to the market, about the adoption of preventive actions aimed at minimizing the effects of the COVID-19 pandemic, in line with the measures recommended by the Federal Government, continuing the mission of operating as the Development Bank for the Brazilian Northeast Region. The measures consist of: extension of terms, renegotiation, extension of grace periods, reduction of tariffs and increase of limits, on the types of loans and financing, including Microloan, Working Capital and Direct Consumer Credit.

In fact, the Bank recorded a prudential allowance, in the amount of R\$151,026, to cover the credit risk of the loan portfolio, with an increase in the allowance percentage for each risk level, in relation to the minimum percentages established by CMN Resolution No. 2682, using an internally developed model. Of that amount, R\$44,149 refer to operations of the Bank itself (Note 9.c) and R\$106,877 to operations of Funds, the risk of which lies with the Bank, being R\$106,255 from FNE (Note 25.d) and R\$622 from FDNE (Note 9.f).

The Bank's Management decided not to prepay dividends relating to mandatory minimum dividend for the year, on income calculated in the 1st half of the year, in compliance with the temporary prudential requirements established by the CMN, through Resolution No. 4820 of 05.29.2020.

#### b) Voluntary Dismissal Incentive Program (PID)

During the period, the Bank established a Voluntary Dismissal Incentive Program (PID) for employees who took office before 2000, whose retirement benefit by the Official Pension has occurred until 11.12.2019 and who are under the age of 75 until 12.31.2020. An expense limit of R\$53,007 was set for referred to Program, already recognized in the Individual Interim Financial Statements.

#### c) Statement of compliance

The Bank confirms that all significant information of the Individual Interim Financial Statements themselves, and only such information, is being disclosed and corresponds to that used in the management of Banco do Nordeste.

#### d) Approval of the Individual Interim Financial Statements

These Individual Interim Financial Statements were approved at an Executive Board meeting held on November 3, 2020.

### NOTE 30 - Subsequent Events

By November 3, 2020, the Voluntary Dismissal Incentive Program (PID) referred to in Note 29.b was adhered to by 121 employees, with a disbursement forecast of R\$27,093.

Fortaleza (CE), November 3, 2020.

**The Executive Board**

**Note: The Notes are an integral part of the Individual Interim Financial Statements of Banco do Nordeste do Brasil S.A.**



A free translation from Portuguese into English of Independent Auditor's Review Report on individual interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

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## **Independent auditor's review report on individual interim financial information**

To the Board of Directors, Shareholders and Officers of  
**Banco do Nordeste do Brasil S.A.**

### **Introduction**

We have reviewed the individual interim financial information of Banco do Nordeste do Brasil S.A. ("Bank"), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2020, which comprise the balance sheet as at September 30, 2020, and the related statements of income and of comprehensive income for the three and nine-month periods then ended, and the statements of changes in equity and of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation and fair presentation of this individual interim financial information in accordance with NBC TG 21 - Interim Financial Reporting and with the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

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

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

Based on our review, nothing has come to our attention that causes us to believe that the individual interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil, and with NBC TG 21 applicable to the preparation of Quarterly Information (ITR).



## **Other matters**

### *Statement of value added*

The quarterly information referred to above includes the individual statement of value added (SVA) for the nine-month period ended September 30, 2020, prepared under the responsibility of Bank management and presented as supplementary information under the accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil. This statement was submitted to review procedures performed together with the review of quarterly information, in order to determine whether it is reconciled with the individual interim financial information and accounting records, as applicable, and whether its form and content are in accordance with the criteria provided for in NBC TG 9 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that this statement of value added was not prepared, in all material respects, in accordance with the criteria defined in referred to Standard and consistently with the individual interim financial information taken as a whole.

São Paulo, November 13, 2020.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP034519/O-6

Renata Zanotta Calçada  
Accountant CRC-1RS062793/O-8



## **REPRESENTATION**

The Officers of Banco do Nordeste do Brasil S.A., for the purposes of complying with the provisions of article 25, paragraph 1, item V, of CVM Ruling No. 480 of December 7, 2009, represent that learned, reviewed, discussed and agreed with the entire content of the Report issued on November 13, 2020 by Ernst & Young Auditores Independentes S.S. on the interim financial statements of Banco do Nordeste do Brasil S.A. as at September 30, 2020.

Fortaleza, November 13, 2020.

Romildo Carneiro Rolim (Chairman); Anderson Aorivan da Cunha Possa (Chief Business Officer); Bruno Ricardo Pena de Sousa (Chief Planning Officer); Cornélio Farias Pimentel (Chief Risk and Control Officer); Hailton José Fortes (Chief Financial and Credit Officer); and Haroldo Maia Júnior (Chief Management Officer).

## **REPRESENTATION**

The Officers of Banco do Nordeste do Brasil S.A., for the purposes of complying with the provisions of article 25, paragraph 1, item VI, of CVM Ruling No. 480 of December 7, 2009, represent that learned, reviewed, discussed and agreed with the entire content of the financial statements of Banco do Nordeste do Brasil S.A. as at September 30, 2020.

Fortaleza, November 3, 2020.

**EXECUTIVE BOARD:** Romildo Carneiro Rolim (Chairman); Anderson Aorivan da Cunha Possa (Chief Business Officer); Bruno Ricardo Pena de Sousa (Chief Planning Officer); Cornélio Farias Pimentel (Chief Risk and Control Officer); Hailton José Fortes (Chief Financial and Credit Officer); and Haroldo Maia Júnior (Chief Management Officer).