

Audited Financial Statements

Banco ABC Brasil S.A.

June 30, 2020 and December 31, 2019
with Independent Auditor's Report

Banco ABC Brasil S.A.

Financial Statements

June 30, 2020 and December 31, 2019

Contents

Independent auditor's report	1
Audited Financial Statements	
Balance sheets	9
Income statements.....	11
Statements of comprehensive income	12
Statements of changes in shareholders' equity	13
Statements of cash flows	14
Statements of value added	15
Notes to financial statements	16
Management report.....	55
Summary report of the Audit Committee	61

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

Independent auditor's report on individual and consolidated financial statements

The Shareholders and management of Banco ABC Brasil S.A.

Opinion

We have audited the individual and consolidated financial statements of Banco ABC Brasil S.A. (the "Bank"), identified as Bank and Consolidated, respectively, which comprise the balance sheet as of June 30, 2020, and the related statements of income, changes in equity and cash flows for the six-months period then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of Banco ABC Brasil S.A. as at June 30, 2020, and its individual and consolidated financial performance and respective cash flows for the six-months period then ended, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these key audit matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the Banks's financial statements.

Technological environment

The Bank's operations highly depend on its technology structure and systems, which undergo frequent changes, have a high level of integration among each other and with external sources of information, are subject to a high volume of transactions. Because of these reasons, we considered the technology environment as one of the key audit matters.

How our audit addressed this matter

In our audit procedures, we involved EY's experts in auditing technology environments to assist us in assessing the significant risks arising from the technology environment, as well as in performing audit procedures to assess the design and operational effectiveness of general IT controls for systems considered relevant in the context of our audit, with an emphasis on change management processes and granting access to Bank's users.

We also performed procedures to assess the effectiveness of automated controls considered relevant, which support significant business processes and the accounting records of operations. Finally, we performed tests of detail to assess the flow of information between systems for the accounting routines considered relevant.

Based on the result of the audit procedures performed on the technology environment, which is consistent with the assessment of the Bank's Management, we considered that the general IT on the relevant systems of the Bank and the accounting routines considered relevant operated in an acceptable manner, especially in the processing of accounting information considered to be relevant to the financial statements taken as a whole.

Credit operations and provision for losses associated with credit risk

As disclosed in the explanatory notes no. 7 and 8, as at June 30, 2020, the Bank and Consolidated have a credit portfolio in the amount of R\$ 18,218,731 thousand, with a provision for losses associated with credit risk in the amount of R\$ 528,832 thousand. In the six-months period then ended, for the Bank and the Consolidated, revenue from credit operations, as presented in the Income Statement, was R\$ 2,762,597 thousand and the expense for the provision for losses associated with credit risk was R\$ 146,178 thousand.

Due to the relevance to the financial statements taken as a whole, the subjectivities related to the Management's judgment when assessing the credit risk of the Bank's clients, as well as the operational complexity of the process of recognition of interest income from credit operations, we consider the credit operations and their provisions for losses associated with credit risk as one of the key audit matters.

How our audit addressed this matter

In our audit procedures, we understood the process established by the Bank's Management and we performed tests of controls related to: (i) origin of transactions; (ii) analysis and approval of credit transactions considering the established levels; (iii) rating granted per transactions; borrower or economic group; (iv) analysis of guarantees received; (v) timely update of borrower's information; (vi) recognition of revenue from interest on operations under ordinary conditions; and (vii) suspension of revenue recognition on loan transactions past due for over 59 days; among others.

Our audit procedures also included, for a sample of credit operations, tests related to analysis of documentation supporting the level of allowances determined for a sample of clients, recalculation of the provision for losses associated with credit risk based on the ratings evaluated by the Bank, sending letters of confirmation of balance to selected borrowers, recalculation of the outstanding balance, analytical tests in addition to reviewing the presentations and disclosures related to the topic.

Based on the result of the audit procedures performed on loan operations and provision for losses associated with credit risk, which is consistent with the Bank's Management assessment, we considered that the criteria and assumptions adopted by the Bank's Management, as well as the disclosures presented in the explanatory notes no. 7 and 8, are acceptable in the context of the financial statements taken as a whole.

Fair value of securities classified in the level 3

According to explanatory notes No. 5, as at June 30, 2020, the Bank and the Consolidated had securities classified in level 3 with regards to the hierarchical levels of fair value in the amount of R\$ 979.910 thousand. These securities do not have a price quoted in an active market and are measured based on valuation techniques that includes data not observed in the market.

Due to the relevance for the financial statements taken as a whole, the need for the Bank to develop an internal valuation methodology, using subjective assumptions and data not observed in the market, as well as the mathematical calculations that must be parameterized in systems, we considered the measurement of the fair value of securities classified in level 3 as one of the key audit matters.

How our audit addressed this matter

Our audit procedures included, among others, (i) understanding the process, methodology and assumptions established by the Bank's management for pricing securities; (ii) evaluation of the design and operational effectiveness of the key controls related to the registration and pricing process for securities.

In addition, based on sampling, we performed the following procedures for the selected operations: (i) confirmation of the existence of the item sampled, by verifying the extracts from the custodian bodies and / or contracts signed between the parties, including verification the main agreed terms and conditions; (ii) with the assistance of EY's specialists in financial risks, we independently recalculate the fair value of the items sampled and evaluate the methodologies and assumptions used by the Bank's management in determining the fair value.

Based on the result of the audit procedures performed on the measurement of the fair value of securities classified in the level 3, which is consistent with the Bank's management assessment, we considered that the assessment criteria and assumptions adopted by the Bank's management and the related disclosures in the explanatory note no. 5 are acceptable, in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the six-months period ended on June 30, 2020, prepared under the responsibility of Bank management, of which the presentation is required by law for listed companies and presented as supplementary information for purposes of BACEN's accounting practices, were submitted to audit procedures conducted together with the audit of individual and consolidated financial statements.

To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned technical pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

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

Management is responsible for such other information, which comprise the Management Report.

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

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

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

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

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

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

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

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

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

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and its subsidiaries' internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

Sao Paulo, August 6, 2020.

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

Eduardo Wellichen
Contador CRC-1SP184050/O-6

A free translation from Portuguese into English of financial statements prepared in Brazilian currency and in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Banco ABC Brasil S.A.

Balance sheets

June 30, 2020 and December 31, 2019

(In thousands of reais)

	Note	Bank		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current assets		34,093,441	24,715,597	34,107,249	24,930,003
Cash and Cash Equivalents	3	5,985,913	4,007,011	5,985,913	4,007,011
Fiencial Instruments		27,660,004	20,257,975	27,661,174	20,468,706
Interbank investments	4	1,543,596	1,606,517	1,543,596	1,606,517
Foreign exchange portfolio	9	8,467,938	4,292,758	8,467,938	4,292,758
Marketable securities	5.a	3,908,234	2,946,123	3,908,234	3,156,854
Derivative financial instruments	5.b	1,849,959	611,215	1,851,129	611,215
Loans	7	11,890,277	10,801,362	11,890,277	10,801,362
Other Assets		816,841	745,770	829,479	749,445
Interbank accounts	6	155,086	66,011	155,086	66,011
Trading and intermediation of securities	10.a	272,416	253,760	272,416	253,760
Receivables		14,096	20,713	14,096	20,713
Prepaid expenses		10,004	8,287	10,004	8,287
Others		261,576	248,298	261,576	248,298
Sundry	10.b	103,663	148,701	116,301	152,376
Allowance for loan losses	8	(369,317)	(295,159)	(369,317)	(295,159)
Non-current assets		15,802,402	12,329,716	15,761,324	12,119,206
Fiencial Instruments		13,747,862	11,683,610	13,960,389	11,683,610
Interbank investments	4	25,039	9,813	25,039	9,813
Foreign exchange portfolio	9	219,682	73,875	219,682	73,875
Marketable securities	5.a	4,924,518	4,763,605	5,135,875	4,763,605
Derivative financial instruments	5.b	2,250,169	438,346	2,251,339	438,346
Loans	7	6,328,454	6,397,971	6,328,454	6,397,971
Other Credits		108,322	14,983	118,303	14,983
Interbank accounts	6	34,493	-	34,493	-
Receivables		4,869	5,343	4,869	5,343
Prepaid expenses		309	1,261	309	1,261
Others	10.b	66,943	7,000	76,924	7,000
Others investments		1,708	1,379	1,708	1,379
Allowance for loan losses	8	(159,515)	(132,934)	(159,515)	(132,934)
Tax Credits	23	1,760,692	484,541	1,760,773	484,548
Investments in subsidiaries - Domestic	11	264,058	210,517	391	-
Fixed assets	12	63,886	61,650	63,886	61,650
Intangible	12	103,366	84,780	103,366	84,780
Depreciation and amortization	12	(86,269)	(77,431)	(86,269)	(77,431)
Fixed assets		(39,286)	(35,990)	(39,286)	(35,990)
Intangible assets		(46,983)	(41,441)	(46,983)	(41,441)
Total Assets		49,895,843	37,045,313	49,868,573	37,049,209

See accompanying notes.

Banco ABC Brasil S.A.

Balance sheets

June 30, 2020 and December 31, 2019

(In thousands of reais)

Liabilities and Shareholders' equity	Note	Bank		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current liabilities		35,201,615	24,566,934	35,173,253	24,570,823
Financial Instruments		34,500,741	24,110,028	34,470,914	24,109,823
Deposits	13	8,041,982	6,302,265	8,011,906	6,302,060
Funds from acceptance and issue of securities	14	5,753,774	4,690,917	5,753,774	4,690,917
Borrowings and Onlending	15	10,608,752	7,694,135	10,608,752	7,694,135
Derivative financial instruments	5.b	1,488,718	401,486	1,488,967	401,486
Foreign exchange portfolio	9	8,411,604	4,356,523	8,411,604	4,356,523
Subordinated debts	16	195,911	664,702	195,911	664,702
Provisions	17	124,615	124,719	124,631	124,756
Other liabilities		576,259	332,187	577,708	336,244
Interbank accounts		16,154	-	16,154	-
Interbranch accounts		114,913	47,732	114,913	47,732
Social and statutory		65,580	90,734	65,580	90,734
Taxes and social security	18.a	45,743	94,424	47,192	98,481
Trading and intermediation of securities	18.c	327,533	87,078	327,533	87,078
Sundry	18.b	6,336	12,219	6,336	12,219
Noncurrent liabilities		10,575,082	8,414,919	10,576,174	8,414,926
Financial Instruments		9,719,332	8,211,579	9,719,755	8,211,579
Deposits	13	488,593	484,092	488,593	484,092
Funds from acceptance and issue of securities	14	4,273,545	4,814,728	4,273,545	4,814,728
Borrowings and Onlending	15	854,739	752,534	854,739	752,534
Derivative financial instruments	5.b	2,169,503	360,138	2,169,926	360,138
Foreign exchange portfolio	9	213,725	69,949	213,725	69,949
Subordinated debts	16	1,719,227	1,708,194	1,719,227	1,708,194
Debts instruments eligible for capital		-	21,944	-	21,944
Provisions	17	17,777	20,227	17,777	20,227
Deferred tax liabilities	23	812,433	156,843	813,102	156,850
Other liabilities		25,540	26,270	25,540	26,270
Social and statutory		317	315	317	315
Taxes and social security	18.a	1,269	1,120	1,269	1,120
Sundry	18.b	23,954	24,835	23,954	24,835
Deferred income		25,847	22,727	25,847	22,727
Shareholders' equity		4,093,299	4,040,733	4,093,299	4,040,733
Capital	28.a	2,565,892	2,565,892	2,565,892	2,565,892
Brazilian residents		712,370	590,397	712,370	590,397
Foreign residents		1,853,522	1,975,495	1,853,522	1,975,495
Capital reserve		43,259	45,651	43,259	45,651
Profit reserve	28.d	1,505,287	1,498,156	1,505,287	1,498,156
Equity valuation adjustments		(11,874)	7,969	(11,874)	7,969
Treasury stock	28.e	(79,167)	(76,935)	(79,167)	(76,935)
Retained earnings		69,902	-	69,902	-
Total liabilities		49,895,843	37,045,313	49,868,573	37,049,209

See accompanying notes.

Banco ABC Brasil S.A.

Income statements

Six-month period ended June 30, 2020 and 2019

(In thousands of reais, except net income per share)

	Notes	Bank		Consolidated	
		06/30/2020	06/30/2019	06/30/2020	06/30/2019
Income from financial intermediation		5,159,247	1,061,395	5,164,900	1,067,593
Lending operations		2,762,597	560,064	2,762,597	560,064
Marketable securities		1,575,590	515,450	1,579,575	521,648
Gain or Losses on derivative financial instruments	5.b	275,224	13,874	276,892	13,874
Foreign exchange operations		545,836	(27,993)	545,836	(27,993)
Expenses from financial intermediation		(5,481,165)	(655,803)	(5,481,165)	(655,803)
Funding expenses		(577,508)	(548,285)	(577,508)	(548,285)
Borrowings and onlendings		(4,749,636)	(83,302)	(4,749,636)	(83,302)
Allowance for loan losses	8	(146,178)	(24,740)	(146,178)	(24,740)
Allowance for loan losses - Exchange rate variation on credit assignment operations		(7,843)	524	(7,843)	524
Gross income from financial intermediation		(321,918)	405,592	(316,265)	411,790
Other operating income (expenses)		(113,002)	(55,372)	(116,840)	(59,455)
Income from services rendered	19	113,424	167,968	113,424	167,968
Personnel expenses		(120,910)	(122,184)	(120,910)	(122,184)
Other administrative expenses	20	(76,761)	(74,808)	(76,869)	(74,898)
Taxes		(26,021)	(30,249)	(26,370)	(30,563)
Equity pick-up from subsidiaries	11	3,218	3,679	-	-
Other operating income	21	707	7,169	745	7,169
Other operating expenses	22	(6,659)	(6,947)	(6,860)	(6,947)
Operating income		(434,920)	350,220	(433,105)	352,335
Non-operating loss		(1,013)	(842)	(1,013)	(842)
Income before taxes and profit sharing		(435,933)	349,378	(434,118)	351,493
Income and social contribution taxes	23	643,077	(28,748)	641,262	(30,863)
Provision for income tax		(314,579)	(6,910)	(315,876)	(8,344)
Provision for social contribution tax		(298,290)	(14,999)	(298,869)	(15,693)
Deferred tax credits		1,255,946	(6,839)	1,256,007	(6,826)
Variable compensation	26	(64,531)	(68,351)	(64,531)	(68,351)
Net income for the six-month period / year		142,613	252,279	142,613	252,279
Earnings per share - Basic in R\$		0,67	1,20		
Earnings per share - Diluted in R\$		0,66	1,18		

See accompanying notes.

Banco ABC Brasil S.A.

Statements of comprehensive income
Six-month period ended June 30, 2020 and 2019
(In thousands of reais)

	Bank		Consolidated	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net income for the year	142,613	252,279	142,613	252,279
Other revenues (expenses) recognized	(19,843)	13,728	(19,843)	13,728
Other comprehensive income - Adjustment to market value	(19,843)	13,728	(19,843)	13,728
Total recognized revenues and expenses	122,770	266,007	122,770	266,007
Total of comprehensive income	122,770	266,007	122,770	266,007

Banco ABC Brasil S.A.

Statements of changes in shareholders' equity
Six-month period ended June 30, 2020 and 2019
(In thousands of reais)

	Income reserves					Equity valuation adjustment	Retained earnings	Treasury shares	Total
	Capital	Capital reserve	Legal reserve	Dividends equalization	Share buyback				
Balances at December 31, 2018	2,470,313	45,466	184,373	955,642	55,000	(9,715)	-	(35,569)	3,665,510
Adjustment to market value - securities	-	-	-	-	-	13,728	-	-	13,728
Acquisition of treasury shares	-	-	-	-	-	-	-	(24,720)	(24,720)
Capital Increase	95,579	-	-	-	-	-	-	-	95,579
Net income for the period	-	-	-	-	-	-	252,279	-	252,279
Interest on equity	-	-	-	-	-	-	(120,161)	-	(120,161)
Allocation - Legal reserve	-	-	12,614	-	-	-	(12,614)	-	-
Allocations of reserves - Management	-	4	-	-	-	-	-	-	4
Balances at June 30, 2019	2,565,892	45,470	196,987	955,642	55,000	4,013	119,504	(60,289)	3,882,219
Balances at December 31, 2019	2,565,892	45,651	210,793	1,232,363	55,000	7,969	-	(76,935)	4,040,733
Adjustment to market value - securities	-	-	-	-	-	(10,843)	-	-	(10,843)
Acquisition of treasury shares	-	-	-	-	-	-	-	(2,232)	(2,232)
Net income for the period	-	-	-	-	-	-	142,613	-	142,613
Interest on equity	-	-	-	-	-	-	(65,580)	-	(65,580)
Allocation - Legal reserve	-	-	7,131	-	-	-	(7,131)	-	-
Allocations of reserves - Management	-	(2,392)	-	-	-	-	-	-	(2,392)
Balances at June 30, 2020	2,565,892	43,259	217,924	1,232,363	55,000	(11,874)	69,902	(79,167)	4,093,299

See accompanying notes.

Banco ABC Brasil S.A.

Statements of cash flows - Indirect method Six-month period ended June 30, 2020 and 2019 (In thousands of reais)

Notes	Bank		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Operating activities				
Adjusted net income of the six-month period / year	864,565	902,304	867,783	905,983
Net income of the six-month period / year	142,613	252,279	142,613	252,279
Adjustment to net income:	721,952	650,025	725,170	653,704
Depreciation and amortization	8,839	6,703	8,839	6,703
Equity pick-up from subsidiaries	(3,218)	(3,679)	-	-
Gain (loss) on disposal of assets not used in banking operations	915	858	915	858
Gain (loss) on disposal of fixed assets and intangible	(51)	(144)	(51)	(144)
Provision for impairment of assets not of own use	178	131	178	131
Allowance for loan losses	154,021	24,216	154,021	24,216
Provision for contingent liabilities and legal liabilities	(1,341)	(5,970)	(1,341)	(5,970)
Effects of Changes in Foreign Exchange Rates on Cash and Cash Equivalents	7,255	1,612	7,255	1,612
Effects of Changes in Foreign Exchange Rates on Assets and Liabilities	575,197	612,570	575,197	612,570
Mark-to-market - Adjustment marketable securities	(19,843)	13,728	(19,843)	13,728
Changes in assets and liabilities	1,726,961	735,703	1,673,811	732,024
Interbank investments	40,440	2,475,177	40,440	2,475,177
Marketable securities and derivative financial instruments	94,304	63,449	92,010	63,172
Lending operations	3,436,111	(289,277)	3,436,111	(289,276)
Other credits and other assets	(4,764,113)	(2,190,649)	(4,783,131)	(2,191,559)
Interbank accounts	(107,414)	(99,152)	(107,414)	(99,152)
Interbranch accounts	67,181	112,729	67,181	112,729
Other liabilities	5,024,733	2,355,959	5,022,766	2,353,516
Deposits	1,631,851	(1,591,330)	1,632,013	(1,591,379)
Money market funding	112,367	60,207	82,334	60,207
Borrowings and onlendings	(4,329,960)	(726,305)	(4,329,960)	(726,306)
Acceptance and issuance of securities	521,674	570,461	521,674	570,461
Tax Paid	(3,333)	(2,569)	(3,333)	(2,569)
Deferred income	3,120	(2,997)	3,120	(2,997)
Cash flow (used in) / provided by operating activities	2,591,526	1,638,007	2,541,594	1,638,007
Investments activities				
Acquisition of investments	(50,652)	(164)	(720)	(164)
Acquisition of fixed assets and intangible	(20,823)	(21,254)	(20,823)	(21,254)
Acquisition of assets not used in banking operations	(20,090)	(2,348)	(20,090)	(2,348)
Disposal of fixed assets for own use and intangible assets	-	3,211	-	3,211
Disposal of assets on own use	6,904	47,889	6,904	47,889
Allocations of reserves of capital	(2,392)	4	(2,392)	4
Cash (used in) / provided by investment activities	(87,053)	27,338	(37,121)	27,338
Financing activities				
Subordinated debts	(457,759)	336,679	(457,759)	336,679
Treasury shares	(2,232)	(24,720)	(2,232)	(24,720)
Capital Increase	-	95,579	-	95,579
Interest on equity provisioned	28.b (65,580)	(120,161)	(65,580)	(120,161)
Cash (used in) / provided by financing activities	(525,571)	287,377	(525,571)	287,377
Increase / (Decrease) in cash and cash equivalents	1,978,902	1,952,722	1,978,902	1,952,722
At beginning of the six-month period / year	4,007,011	4,278,928	4,007,011	4,278,928
At end of the six-month period / year	5,985,913	6,231,650	5,985,913	6,231,650
Change in cash and cash equivalents	1,978,902	1,952,722	1,978,902	1,952,722

See accompanying notes.

Banco ABC Brasil S.A.

Statements of value added
Six-month period ended June 30, 2020 and 2019
(In thousands of reais)

		Bank		Consolidated	
	Notes	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Determination of Value Added					
Income		5,119,357	1,212,316	5,125,048	1,218,514
Income from financial intermediation		5,159,247	1,061,395	5,164,900	1,067,593
Income from services rendered	19	113,424	167,968	113,424	167,968
Set-up of allowance for loan losses		(154,021)	(24,216)	(154,021)	(24,216)
Other operating income	21	707	7,169	745	7,169
Expenses from financial intermediation		(5,327,144)	(631,587)	(5,327,144)	(631,587)
Assets acquired from third parties		(68,005)	(68,682)	(68,314)	(68,772)
Telecommunications and data processing	20	(13,565)	(10,909)	(13,565)	(10,909)
Services provided by third parties	20	(3,022)	(5,166)	(3,023)	(5,171)
Financial services	20	(16,266)	(15,151)	(16,279)	(15,162)
Specialized technical services	20	(11,480)	(10,223)	(11,545)	(10,264)
Travel expenses	20	(2,246)	(3,709)	(2,246)	(3,709)
Promotions and public relations	20	(4,475)	(3,098)	(4,475)	(3,098)
Other operating expenses	22	(6,659)	(6,947)	(6,860)	(6,947)
Non-operating income		722	6,726	722	6,726
Non-operating expense		(1,735)	(7,568)	(1,735)	(7,568)
Other administrative expenses	20	(9,279)	(12,637)	(9,308)	(12,670)
Gross value added		(275,792)	512,047	(270,410)	518,155
Retained values		(8,839)	(6,703)	(8,839)	(6,703)
Depreciation and amortization	20	(8,839)	(6,703)	(8,839)	(6,703)
Net value added		(284,631)	505,344	(279,249)	511,452
Added value received in transfer		3,218	3,679	-	-
Equity pick-up from subsidiaries		3,218	3,679	-	-
Total value added to be distributed		(281,413)	509,023	(279,249)	511,452
Distribution of value added		(281,413)	509,023	(279,249)	511,452
Salaries and social charges		160,061	162,352	160,061	162,352
Direct compensation		72,643	72,806	72,643	72,806
Benefits		15,350	13,575	15,350	13,575
Social Charges - FGTS		6,053	6,853	6,053	6,853
Training		1,484	767	1,484	767
Profit sharing		64,531	68,351	64,531	68,351
Taxes, charges and compulsory contributions		(591,676)	87,180	(589,512)	89,609
Federal		(598,209)	77,793	(596,045)	80,221
State		-	1	-	1
Municipal		6,533	9,386	6,533	9,387
Compensation of third party capital		7,589	7,212	7,589	7,212
Rental	20	7,589	7,212	7,589	7,212
Compensation of shareholders		142,613	252,279	142,613	252,279
Interest on equity	28.b	65,580	120,161	65,580	120,161
Retained profit		77,033	132,118	77,033	132,118

See accompanying notes.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

1. Operations

The Bank is a publicly traded corporation and a subsidiary of the Bank ABC, based in Bahrain. In Brazil, the Bank is engaged in asset and liability operations inherent to multiple bank activities, being authorized to operate with commercial, foreign exchange, investment, credit and financing and housing financing portfolios.

The Bank's operations are conducted through branches in Brazil and abroad through an overseas branch located in Georgetown, Cayman Islands (Note 25).

2. Financial statements presentation, consolidation criteria and significant accounting practices

i) Financial statements presentation and consolidation criteria

The financial statements (individual and consolidated) were prepared and are presented in accordance with accounting practices adopted in Brazil, in light of accounting guidelines contained in Law No. 6,404/76 with amendments introduced by Law No. 11,638/07 and 11,941/09, and the standards and instructions of the Central Bank of Brazil (BACEN) and the Brazilian Securities and Exchange Commission (CVM). The consolidated financial statements include the financial statements of Banco ABC Brasil S.A. and those of the subsidiaries ABC Brasil Distribuidora de Títulos e Valores Mobiliários S.A., ABC Brasil Administração e Participações Ltda. and ABC Brasil Comercializadora de Energia Ltda., for which the direct and indirect ownership interest as of June 30, 2020 and December 31, 2019, is equivalent to approximately 100%.

In addition, as of January 2020, the changes arising from CMN Resolution No. 4,720/19 and Bacen Circular No. 3,959/19 were included in financial statements. The main objective of these standards is to bring similarity with the guidelines for the presentation of financial statements in accordance with International Financial Reporting Standards (IFRS). The main changes implemented were: statement of financial position accounts are presented in order of liquidity and enforceability; the statement of financial position balances for the period are presented in comparison with the end of the immediate previous fiscal year and the remaining statements are compared with the same periods of the previous fiscal year for which they were presented; and the inclusion of the Statement of Comprehensive Income. The changes implemented by the new standards did not impact Net Income or Shareholders' Equity.

The financial statements were approved by the Directors on August 06, 2020.

The accounting practices adopted to record operations and assess the Bank's assets, including operations conducted by the overseas branch and its consolidated subsidiaries were consistently applied and investments, rights, obligations and profit and loss (P&L) among consolidated companies were eliminated.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

ii) Functional currency and presentation currency

The consolidated financial statements are presented in Brazilian Reais (R\$), which is the functional and presentation currency of the Banco ABC Brasil S.A. and its subsidiaries, defined in accordance with Resolution No. 4,524/16 of the Central Bank of Brazil.

iii) Foreign currencies translation

The assets and liabilities of the subsidiaries are converted at the exchange rate of the Financial Statements date. The result is converted by the average monthly exchange rate.

iv) Significant accounting practices

The Accounting Pronouncements Committee (CPC) issues accounting pronouncements and interpretations in line with international accounting standards and approved by the CVM and by Bacen, in its turn, the Brazilian Central Bank adopted the following pronouncements: CPC 00 (R1) - Conceptual Framework for Preparation and Disclosure of Financial and Accounting Report; CPC 01 (R1) - Reduction in the Recoverable Value of Assets; CPC 03 (r3) - Statement of Cash Flows; CPC 05 (R1) - Disclosure about Parties; CPC 24 - Provisions, Contingent Liabilities and Contingent Liabilities; CPC 33 (R1) - CPC 10 (R1) - Share-Based Payment; CPC 23 - Accounting Policies, Change of Estimate and Error Correction, CPC 24 - Subsequent Event, Employee Benefits and CPC 46 - Measuring the fair value.

In addition, the Brazilian Central Bank has issued the following resolutions aimed at reducing asymmetries in relation to international standards:

Resolution nº 3,533/08 - Establishes procedures for classification, accounting registration and disclosure of sales or transfer of financial assets.

Resolution No. 4,512/16 - Provides for accounting procedures applicable to the evaluation and registration of a provision for financial guarantees provided.

Resolution nº 4,524/16 - Effects of changes in exchange rates and translation of financial statements and foreign exchange hedge operations of investments abroad.

Resolution No. 4,534/16 and 4,535/16- Provides for the criteria for accounting recognition and measurement of the components of intangible assets, deferred assets and fixed assets of use.

Resolution 4.636/18 - Establishes criteria and conditions for the disclosure, in explanatory notes, of information on related parties

Resolution nº 4,720/19 and Circular nº 3,959/19 - Provides for the general criteria for preparing and disclosing financial statements by financial institutions.

Resolution nº 4,747/19 - Establishes criteria for accounting recognition and measurement of non-financial assets held for sale. This resolution comes into force on January 1, 2021.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The preparation and presentation of the financial statements (individual and consolidated) in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, require that management use assumptions and professional judgment in determining amounts and in recording of accounting estimates, such as the allowance for loan losses, realization deferred income tax, provision for contingencies and valuation of derivative instruments receivable and payable. Settlement of these transactions involving these estimates may result in amounts different from those estimated, due to the uncertainties related to the determination process.

Significant accounting practices are summarized as follows:

a) Asset valuation criteria

Interbank investments, loans and other rights, except for marketable securities and derivative financial instruments, are stated at cost of acquisition, of investment or release, plus exchange rate variation, monetary restatement and contractual interest. Allowances are recognized for adjustment to realizable value when market value is lower.

Marketable securities and derivative financial instruments are classified in accordance with management's intention to hold them in the portfolio, or their availability for sale, and are recorded as follows:

Trading securities: are acquired for the purpose of being actively and frequently traded. They are adjusted to market value with the related gain or loss recognized directly in the statements of income for the period.

Held to maturity: marketable securities for which the Bank has the intent and ability to maintain in portfolio to maturity are stated at cost, plus earnings reflected in the statements of income for the period. Permanent losses are recognized in P&L for the period.

Available for sale: marketable securities which cannot be classified as either trading securities or as held to maturity are adjusted to market value. The difference between the amounts restated by the yield curve of the security and market value is recorded under a separate account in shareholders' equity, net of tax effects, and transferred to the statements of income for the period when effectively realized. Permanent losses are recognized in P&L for the period.

Derivative financial instruments: marked to market against P&L for the period.

Forward operations are recorded at final contracted value, less the difference between such value and cash value of the asset or right. This difference is recognized as income or expenses based on the agreement effective terms.

Option transactions are recorded at the value of premiums paid or received through effective exercise thereof reduction restated at market value. They are then written off as a decrease or increase in asset or right cost, for the effective exercise thereof, or as income or expenses if not exercised.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

Futures transactions are recorded at daily adjustment values, allocated as income or expenses.

Swap operations are recorded at the value of the receivables-payables difference, which is allocated as income or expenses.

Operations with other derivative financial instruments are recorded based on the agreement characteristics.

The allowance for loan losses is recognized at an amount considered sufficient to cover potential losses on the Bank's loan portfolio, based on past experience, assessment of delinquent accounts and collateral risks, as well as specific terms and conditions of the operations, in conformity with BACEN Resolution No. 2,682/99.

The provision for guarantees provided is based on the assessment of the losses associated with the probability of future disbursements related to the guarantees, and specific characteristics of the operations performed according to the requirements of Central Bank of Brazil Resolution No. 4,512/16. It is recorded in an amount considered sufficient to cover probable losses during the entire term of the guarantee provided. The classification of operations are consistent with the requirements applied by Resolution No. 2,682/99 of the Central Bank of Brazil.

Investments in subsidiaries are stated by the equity method in proportion to the Bank's ownership interest; other investments are stated at cost of acquisition, less provision, where applicable, to cover permanent losses.

Assets and rights, classified under fixed assets in use are stated at cost of acquisition, less depreciation, where applicable, provided under the straight line method using rates that take the useful lives of the assets into consideration.

Intangible assets are stated at cost of acquisition, less amortization, where applicable, provided under the straight-line method over the estimated useful lives of the assets, as from the date these were made available for use.

b) *Cash and cash equivalents*

Cash and cash equivalents include cash, bank deposits, short-term highly liquid investments, with insignificant risks of changes in value, with maturity less or equal than 90 days.

c) *Liability valuation criteria*

Obligations, charges and measurable or known risks, including income taxes for the period are stated at the amounts updated through to the balance sheet date.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

Foreign-currency obligations are translated into local currency at the exchange rate in force on the balance sheet date as disclosed by the Central Bank of Brazil. Liabilities subject to monetary restatement based on contractual clauses are stated at amounts updated through to the balance sheet date.

d) *Hedge Accounting*

Considering the exposure to currency risk and the conditions of loan market abroad through long-term subordinated debt instruments, the Bank has selected some derivative financial instruments to total hedge (fair value hedge) the principal amounts of loans taken out and related interest due. In order to equalize the effects of mark to market of the derivative financial instruments selected for hedge purposes to market, the principal hedged amount, plus interest due, is stated at fair value and also mark to market.

The variation in the fair value of hedge derivatives is recognized in the income statement. However, the variation in the fair value of the hedged item attributed to the hedged risk is accounted for as part of its book value, also recognized in the statement of income for the year. When a hedge instrument matures or is sold, cancelled or exercised, or when it does not meet hedge accounting requirements, the hedge strategy ends.

The objectives of this operation and the hedging strategy for such risks during the entire operation are duly documented, together with the assessment, both at the beginning of the hedge transaction and on an ongoing basis, confirming that derivative financial instruments of the hedging operations are highly effective in the offset of variations in the fair value (mark to market) of the hedged item. A hedge instrument is considered highly effective when the variation in the fair value or cash flow of the coverage risk during the hedging period reduces 80% to 125% of the risk variation.

The fair value of the derivative financial instruments used as hedge, as well as the market value of the loan subject to hedge, are disclosed in Notes 5.b, 15.b and 16.b respectively.

Other financial instruments and exposures of trading books and banking books do not follow a specific hedge accounting policy. Risks from to which such portfolios are mitigated by diverse financial instruments (Note 5.b).

e) *Classification of current and noncurrent / long-term assets and liabilities*

Assets and liabilities realizable up to twelve months after the balance sheet are classified in current and those whose maturity or actual settlement occurs in the twelve months after the balance sheet date are classified in the long term. Deferred tax credits and tax liabilities are classified in their entirety in the long term regardless of the realization term in accordance with Bacen Circular No. 3,959 / 2019.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The trading securities are classified in current asset, regardless of their maturity date, according to the Bacen Circular nº 3,068/2001.

f) *Recognition of revenues and expenses*

Revenues and expenses, including income, charges, monetary or exchange variances of inflation indices or official exchange rates applicable to current and noncurrent / long-term assets and liabilities, are recognized on accrual basis. Income and expenses also include the effects of asset adjustments to market or realizable value. Interest on past-due loan installments outstanding for over 59 days is recognized only when the respective amount is received.

Deferred income and social contribution taxes on temporary differences arising from nontaxable or nondeductible income and expenses, the future additions or exclusions of which are authorized by tax legislation, are also determined on the accrual basis.

g) *Contingent assets and contingent liabilities*

The recognition, measurement and disclosure of contingent assets and liabilities, and legal liabilities take place according to the criteria described below:

- Contingent assets - are not recognized in the financial statements, except when there is evidence providing guarantee of their realization, on which further appeals can no longer be filed.
- Contingent liabilities - are recognized in the financial statements when, based on the opinion of legal advisors and the Bank's management, the risk of loss of a legal or administrative proceeding is regarded as probable, with a probable outflow of funds for settling the liabilities, and when the amounts involved may be measured with sufficient accuracy. Contingent liabilities classified by legal advisors as possible losses are only disclosed in notes, whereas those classified as remote losses do not require provision or disclosure.

h) *Impairment of non-financial assets*

An impairment provision is recognized when the book value of an asset, or its cash-generating unit, exceeds its recoverable amount. An impairment provision is recognized in profit and loss of the period.

i) *Income and Social Contribution Taxes*

Provisions for income tax and social contribution, when due, are based on accounting profit, adjusted for additions and exclusions provided for in tax legislation. Deferred income tax and social contribution are calculated on the amount of temporary differences, whenever the realization of these amounts is deemed probable.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The financial statements have been prepared and are presented considering the general criteria for the preparation and disclosure of financial statements established by Resolution No. 4,720 / 19 and Circular No. 3,959 / 19, effective as of January 1, 2020. The application of such general criteria is being prospective. The balances of the amounts corresponding to previous periods, presented for comparison purposes, are also now being restated considering these general criteria.

3. Cash and cash equivalents

Cash and cash equivalent components:

	Bank and Consolidated	
	June 2020	December 2019
Cash and banks	635,624	297,187
Interbank investments	5,350,289	3,709,824
Foreign investments	358,212	382,615
Other investments with maturity equal or less than 90 days (a)	4,992,077	3,327,209
Total cash and cash equivalents	5,985,913	4,007,011

(a) Related to operations whose maturity on the date of effective investment was equal to or less than 90 days and which have an insignificant risk of change in value.

4. Interbank investments

The balance of interbank investments, by maturity, are as follows:

	Bank and Consolidated						December 2019
	June 2020						
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Total	Total
Money market investments	139,166	20,285	710,212	99,821	-	969,484	943,850
Investments in interbank deposits	30,005	4,001	13,370	526,736	25,039	599,151	672,480
Total	169,171	24,286	723,582	626,557	25,039	1,568,635	1,616,330

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

5. Marketable securities and derivative financial instruments

a) Marketable securities

The classification of marketable securities at June 30, 2020 and December 31, 2019 are as follows:

	June 2020				December 2019	
	Bank		Consolidated		Bank	Consolidated
	Cost	Market/ Accounting	Cost	Market/ Accounting	Market/ Accounting	Market/ Accounting
Trading securities						
Financial Treasury Bills - "LFT"	31,325	31,320	31,325	31,320	31,107	241,838
Eurobonds	31,639	29,427	31,639	29,427	17,928	17,928
National Treasury Notes - "NTN - B"	201,057	203,727	201,057	203,727	139,761	139,761
National treasury bills - "LTN"	-	-	-	-	9	9
Bank Deposit Certificate - "CDB"	5,571	5,571	5,571	5,571	5,460	5,460
Debentures	99,833	108,800	99,833	108,800	157,419	157,419
Foreign government bonds	1,527,405	1,536,140	1,527,405	1,536,140	1,268,013	1,268,013
Public Company Shares	205,774	200,741	205,774	200,741	57,473	57,473
Certificate of Agribusiness Receivables - "CRA"	60,978	58,960	60,978	58,960	68,066	68,066
Global Bonds	12,265	12,154	12,265	12,154	-	-
Subtotal - Trading securities	2,175,847	2,186,840	2,175,847	2,186,840	1,745,236	1,955,967
Securities available for sale (b)						
Financial Treasury Bills - "LFT"	1,738,770	1,736,966	1,889,734	1,887,857	1,266,566	1,266,566
Eurobonds	198,361	191,368	198,361	191,368	14,269	14,269
National Treasury Notes - "NTN - B"	169	170	169	170	5,204	5,204
National Treasury Notes - "NTN - A"	133,795	143,673	133,795	143,673	103,135	103,135
National treasury bills - "LTN"	-	-	-	-	420,708	420,708
Bank Deposit Certificate - "CDB"	30,232	30,232	90,698	90,698	-	-
Certificate of Real State Receivables - "CRI"	10,023	10,113	10,023	10,113	10,033	10,033
Debentures	1,862,412	1,812,886	1,862,412	1,812,886	1,828,174	1,828,174
Promissory Notes - "NP"	229,711	227,320	229,711	227,320	201,596	201,596
Rural Product bills - "CPR"	874,891	903,223	874,891	903,223	1,062,717	1,062,717
Foreign government bonds	507,298	509,921	507,298	509,921	-	-
Financial Treasury - "LF"	66,212	64,978	66,212	64,978	83,529	83,529
Certificate of Agribusiness Receivables - "CRA"	81,723	80,256	81,723	80,256	102,483	102,483
Fixed Rate Notes - FRN	46,346	47,111	46,346	47,111	83,179	83,179
Subtotal - Securities available for sale	5,779,943	5,758,217	5,991,373	5,969,574	5,181,593	5,181,593
Held to maturity (a)						
National Treasury Notes - "NTN - B"	69,139	69,139	69,139	69,139	68,996	68,996
National treasury bills - "LTN"	818,556	818,556	818,556	818,556	713,903	713,903
Subtotal - held to maturity	887,695	887,695	887,695	887,695	782,899	782,899
Total	8,843,485	8,832,752	9,054,915	9,044,109	7,709,728	7,920,459

(a) Securities classified as held to maturity are valued at amortized cost. If they were valued at market value, on June 30, 2020, would have positive adjustment of R\$ 57,294 (positive adjustment of R\$ 27,259 on December 31, 2019).

(b) The market value submitted is net of the allowance for devaluation of securities in the amount of R\$ 27,491 on June 30, 2020 (R\$ 22,491 on December 31, 2019).

Banco ABC Brasil S.A.

Notes to the financial statements

June 30, 2020 and December 31, 2019

(In thousands of reais)

At June 30, 2020, unrealized income on securities classified as available for sale totaled a loss of R\$ 21,726 in the Bank and R\$ 21,799 in the Consolidated (gain of R\$ 12,373 at December 31, 2019), which is recorded in equity under the account "Equity valuation adjustment" net of tax effects, amounting a loss to R\$ 11,874 (gain of R\$ 7,969 at December 31, 2019).

The composition of the portfolio as of June 30, 2020 and December 31, 2019, considering the hierarchical levels of fair value measurement are shown as follows:

	Bank			
	June 2020			
	Level 1	Level 2	Level 3	Total
Trading securities	2,093,021	93,819	-	2,186,840
Securities available for sale	2,181,795	2,596,332	979,910	5,758,217
Held to maturity	887,695	-	-	887,695
Total – June 2020	5,162,691	2,690,151	979,910	8,832,752
Total – December 2019	4,408,931	2,154,901	1,145,896	7,709,728

	Consolidated			
	December de 2020			
	Level 1	Level 2	Level 3	Total
Trading securities	2,093,021	93,819	-	2,186,840
Securities available for sale	2,332,866	2,656,798	979,910	5,969,574
Held to maturity	887,695	-	-	887,695
Total – June 2020	5,313,582	2,750,67	979,910	9,044,109
Total – December 2019	4,619,661	2,154,901	1,145,896	7,920,458

Measurement of fair value - level 1 is based on quoted prices (not adjusted) in active markets for identical assets or liabilities.

Measurement of fair value - level 2 is based on other variables in addition to observable quoted prices included in level 1 for asset or liability, whether directly (i.e., as prices) or indirectly (i.e., based on prices).

Measurement of fair value - level 3 is based are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The Bank's portfolios at June 30, 2020, classified by maturity, are as follows:

	Bank						
	June 2020						
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Trading securities							
Financial Treasury Bills - "LFT"	-	-	-	-	-	31,320	31,320
Eurobonds	3,093	-	-	-	-	26,334	29,427
National Treasury Notes - "NTN - B"	-	-	-	110,744	6,001	86,982	203,727
Bank Deposit Certificate - "CDB"	-	5,571	-	-	-	-	5,571
Debentures	-	-	-	-	-	108,800	108,800
Foreign government bonds	296,116	-	1,240,024	-	-	-	1,536,140
Public Company Shares	-	-	-	200,741	-	-	200,741
Certificate of Agribusiness Receivables - "CRA"	-	-	-	-	58,960	-	58,960
Global Bonds	-	-	-	-	-	12,154	12,154
Subtotal - Trading securities	299,209	5,571	1,240,024	311,485	64,961	265,590	2,186,840
Securities available for sale							
Financial Treasury Bills - "LFT"	-	-	-	-	-	1,736,966	1,736,966
Eurobonds	-	-	75,112	-	83,515	32,741	191,368
National Treasury Notes - "NTN - B"	-	170	-	-	-	-	170
National Treasury Notes - "NTN - A"	-	-	-	-	-	143,673	143,673
Bank Deposit Certificate - "CDB"	-	-	-	-	30,232	-	30,232
Certificate of Real State Receivables – "CRI"	-	-	-	-	10,113	-	10,113
Debentures	13,333	-	71,927	450,823	480,538	796,265	1,812,886
Promissory Notes - "NP"	1,518	31,415	10,795	106,283	77,309	-	227,320
Rural Product bills - "CPR"	67,793	64,047	52,616	83,569	387,961	247,237	903,223
Foreign government bonds	-	-	509,921	-	-	-	509,921
Financial Treasury - "LF"	-	-	35,110	19,476	10,392	-	64,978
Certificate of Agribusiness Receivables - "CRA"	-	-	5,670	-	74,586	-	80,256
Fixed Rate Notes - FRN	-	-	25,732	-	21,379	-	47,111
Subtotal - Securities available for sale	82,644	95,632	786,883	660,151	1,176,025	2,956,882	5,758,217
Held to maturity							
National Treasury Notes - "NTN - B"	-	-	-	-	-	69,139	69,139
National Treasury Bills - "LTN"	-	-	-	96,084	314,603	407,869	818,556
Subtotal - held to maturity	-	-	-	96,084	314,603	477,008	887,695
Total - June 2020	381,853	101,203	2,026,907	1,067,720	1,555,589	3,699,480	8,832,752
Total - December 2019	330,349	469,857	307,527	1,487,209	1,906,292	3,208,494	7,709,728

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

	Consolidated						
	June 2020						
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total
Trading securities							
Financial Treasury Bills - "LFT"	-	-	-	-	-	31,320	31,320
Eurobonds	3,093	-	-	-	-	26,334	29,427
National Treasury Notes - "NTN - B"	-	-	-	110,744	6,001	86,982	203,727
Bank Deposit Certificate - "CDB"	-	5,571	-	-	-	-	5,571
Debentures	-	-	-	-	-	108,800	108,800
Foreign government bonds	296,116	-	1,240,024	-	-	-	1,536,140
Public Company Shares	-	-	-	200,741	-	-	200,741
Certificate of Agribusiness Receivables - "CRA"	-	-	-	-	58,960	-	58,960
Global Bonds	-	-	-	-	-	12,154	12,154
Subtotal - Trading securities	299,209	5,571	1,240,024	311,485	64,961	265,590	2,186,840
Securities available for sale							
Financial Treasury Bills - "LFT"	-	-	-	-	-	1,887,857	1,887,857
Eurobonds	-	-	75,112	-	83,515	32,741	191,368
National Treasury Notes - "NTN - B"	-	170	-	-	-	-	170
National Treasury Notes - "NTN - A"	-	-	-	-	-	143,673	143,673
Bank Deposit Certificate - "CDB"	-	-	-	-	90,698	-	90,698
Certificate of Real State Receivables – "CRI"	-	-	-	-	10,113	-	10,113
Debentures	13,333	-	71,927	450,823	480,538	796,265	1,812,886
Promissory Notes - "NP"	1,518	31,415	10,795	106,283	77,309	-	227,320
Rural Product bills - "CPR"	67,793	64,047	52,616	83,569	387,961	247,237	903,223
Foreign government bonds	-	-	509,921	-	-	-	509,921
Financial Treasury - "LF"	-	-	35,110	19,476	10,392	-	64,978
Certificate of Agribusiness Receivables - "CRA"	-	-	5,670	-	74,586	-	80,256
Fixed Rate Notes - FRN	-	-	25,732	-	21,379	-	47,111
Subtotal - Securities available for sale	82,644	95,632	786,883	660,151	1,236,491	3,107,773	5,969,574
Held to maturity							
National Treasury Notes - "NTN - B"	-	-	-	-	-	69,139	69,139
National Treasury Bills - "LTN"	-	-	-	96,084	314,603	407,869	818,556
Subtotal - held to maturity	-	-	-	96,084	314,603	477,008	887,695
Total - June 2020	381,853	101,203	2,026,907	1,067,720	1,616,055	3,850,371	9,044,109
Total - December 2019	330,349	680,588	307,527	1,487,209	1,906,292	3,208,494	7,920,459

The Bank has securities linked as guarantees of its operations as follows:

Operation type	Linked securities	Bank and Consolidated	
		Market value	
		June 2020	December 2019
Derivatives - B3 S.A. - Brasil, Bolsa, Balcão e CBLC	LTN / NTN/ CDB/ LFT	277,091	178,415
Exchange - B3 S.A. - Brasil, Bolsa, Balcão	LTN	296,767	103,837
Agribusiness credit bills funding	Rural product bills	755,048	471,207
Total		1,328,906	753,459

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

b) Derivative financial instruments

The Bank operates in the derivatives market mainly to hedge against market price variances and to reduce currency and exchange rate risks of its assets and liabilities and cash flows contracted under compatible terms, rates and amounts.

Derivatives are used as a risk transfer tool aimed to cover Banking Book and Trading Book portfolio positions. In addition, highly liquid derivatives traded on stock exchanges are used, within strict limits and with regular review, in order to manage Trading Book portfolio exposures.

In order to manage risks arising therefrom, internal limits for global exposure and by portfolio have been set, which are monitored on a daily basis. Considering the likelihood of existing limits that have been exceeded due to not anticipated issues, management has defined internal policies that require that realigning conditions be immediately defined. These risks are monitored by an independent function from the operating functions and are reported to management on a daily basis.

Risk exposure is based on the Value at Risk (VaR) calculation over a time horizon of one year through historical simulation with a confidence level of 99% and retention periods from one-day to trading portfolio and twenty-one days for non trading portfolio. Besides the exposure controls and VaR, the Bank also conducts tests of sensitivity analysis to assess the impact of changes in interest rates on the portfolio.

Derivatives operations have a counterparty credit limit set according to the customer's profile and are reviewed periodically by credit committees with participation from senior management. The operations are under the custody of the B3 S.A. - Brasil, Bolsa, Balcão as well as the Chicago Stock Exchange.

The market values of these derivative financial instruments are determined based on quotations disclosed by specialized stock exchanges and, in certain cases, when there is no liquidity or market quotation, estimates of present values and other pricing techniques are used.

The bases adopted for determining market prices are as follows:

- Futures: stock exchange quotations;
- Options: determined based on the criteria set forth in the contracts, calculated according to known models used by the market;
- Swaps: cash flows for each contract are discounted to present value, in accordance with the respective interest rate curves, obtained based on B3 S.A. - Brasil, Bolsa, Balcão prices adjusted to the credit risk of the counterparties; and
- Forward: the future value of the transaction discounted to present value as rates obtained at B3 S.A. - Brasil, Bolsa, Balcão grants or reference stock exchange market adjusted to the credit risk of the counterparties.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

Differentials and adjustments to derivative financial instruments are recorded in the respective balance sheet accounts, and matched against the result of operations. They are adjusted to market value and the notional value of financial instruments are recorded in memorandum accounts, as follows:

	June 2020				December 2019	
	Bank				Bank and Consolidated	
	Notional value	Cost - receivable / (payable)	Marked to Market adjustment	Market value	Notional value	Market value
Future contracts	13,268,002	-	-	-	12,205,270	-
Purchase commitments	6,295,970	-	-	-	4,180,067	-
Interbank market	5,131,269	-	-	-	3,026,762	-
Foreign currency	1,060,975	-	-	-	1,153,305	-
Others	103,726	-	-	-	-	-
Sales commitments	6,972,032	-	-	-	8,025,203	-
Interbank market	3,614,344	-	-	-	6,199,102	-
Foreign currency	3,094,293	-	-	-	1,826,101	-
Others	263,395	-	-	-	-	-
Asset position	39,023,199	3,357,276	714,419	4,071,695	19,330,741	1,002,331
Swap contracts	1,918,570	96,872	54,572	151,444	2,854,803	130,411
Interbank market	234,255	8,847	819	9,666	1,114,584	25,882
Foreign currency	202,112	36,785	1,661	38,446	382,112	64,746
Fixed rates	1,033,828	18,582	39,173	57,755	1,149,709	30,817
Others	448,375	32,658	12,919	45,577	208,398	8,966
Options contracts	31,481,459	2,566,918	698,104	3,265,022	13,610,277	818,265
Purchase commitments	9,740,366	1,666,577	1,388,884	3,055,461	6,624,383	353,319
Foreign currency	9,685,866	1,659,812	1,388,449	3,048,261	6,591,453	351,303
Shares	54,500	6,765	435	7,200	32,930	2,016
Sales commitments	21,741,093	900,341	(690,780)	209,561	6,985,894	464,946
Foreign currency	21,630,321	852,698	(688,992)	163,706	6,799,060	461,169
Others financial assets	106,022	47,436	(1,795)	45,641	178,194	3,762
Shares	4,750	207	7	214	8,640	15
Others financial instruments(a)	5,623,170	693,486	(38,257)	655,229	2,865,661	53,655
Foreign currency	2,895,276	507,924	(26,846)	481,078	902,726	25,750
Others financial assets	2,727,894	185,562	(11,411)	174,151	1,962,935	27,905

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

	June 2020				December 2019	
	Bank				Bank and Consolidated(a)	
	Notional value	Cost - receivable / (payable)	Marked to Market adjustment	Market value	Notional value	Market value
Liability position	44,518,712	(1,707,775)	(1,950,446)	(3,658,221)	24,207,109	(761,624)
Swap contracts	2,393,580	(431,093)	(37,798)	(468,891)	3,870,230	(91,185)
Interbank market	9,750	(3,555)	23	(3,532)	127,721	(3,416)
Foreign currency	1,585,216	(407,331)	(7,866)	(415,197)	2,848,813	(38,682)
Fixed rates	732,406	(15,871)	(28,326)	(44,197)	827,466	(38,757)
Others	66,208	(4,336)	(1,629)	(5,965)	66,230	(10,330)
Options contracts	32,550,590	(944,174)	(1,937,805)	(2,881,979)	14,418,963	(565,651)
Purchase commitments	10,727,772	(677,574)	(2,047,092)	(2,724,666)	7,354,294	(241,557)
Foreign currency	10,630,245	(669,830)	(2,051,716)	(2,721,546)	7,227,458	(226,647)
Others financial assets	93,327	(7,506)	4,786	(2,720)	118,856	(14,679)
Shares	4,200	(238)	(162)	(400)	7,980	(231)
Sales commitments	21,822,818	(266,600)	109,287	(157,313)	7,064,669	(324,094)
Foreign currency	21,685,099	(258,879)	116,846	(142,033)	6,974,620	(323,093)
Others financial assets	78,869	(1,190)	(7,513)	(8,703)	90,049	(1,001)
Shares	58,850	(6,531)	(46)	(6,577)		
Others financial instruments(a)	9,574,542	(332,508)	25,157	(307,351)	5,917,916	(104,788)
Foreign currency	2,409,796	(141,217)	11,791	(129,426)	2,456,490	(74,784)
Others financial assets	7,164,746	(191,291)	13,366	(177,925)	3,461,426	(30,004)

(a) The consolidated financial statements as of June 30, 2020 include, in addition to the amounts shown in the previous table, the amount of R\$ 22,255 (asset position) and R\$ 19,999 (liability position) in notional value and R\$ 2,340 (asset position) and R\$ 672 (liability position) in market value, referring to the sale of energy of the subsidiary ABC Brasil Comercializadora de Energia Ltda. in Others financial instruments - Others financial assets.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

To mitigate the risks of changes in the fair value of the operation to Foreign Onlendings in the amount US\$ 15,4 million (US\$ 18,5 on December 31, 2019) (Note 15.b), the management decided to designate financial instruments shown below to hedge a portion of the principal amount and value of the a portion contractual interest.

		Bank and Consolidated		
		June 2020		
Derivatives designated as fair value hedge instruments	Notional value	Curve Yield	Market value	MTM
Hedge instruments				
Swap contracts	59,317	25,215	28,433	3,218
Liabilities due to transfers abroad	59,317	25,215	28,433	3,218
Foreign currency - US dollar - Assets position (1)	59,317	25,215	28,433	3,218
Subject to hedge	84,726	(84,726)	(87,944)	(3,218)
Liabilities due to transfers abroad (Note 15.b)	84,726	(84,726)	(87,944)	(3,218)

(1) Amounts updated through the balance sheet date.

		Bank and Consolidated		
		December 2019		
Derivatives designated as fair value hedge instruments	Notional value	Curve Yield	Market value	MTM
Hedge instruments				
Swap contracts	309,343	44,734	47,231	2,497
Subordinate loan	238,163	41,505	41,939	434
Foreign currency - US dollar - Liabilities position (1)	238,163	41,505	41,939	434
Liabilities due to transfers abroad	71,180	3,229	5,292	2,063
Foreign currency - US dollar - Assets position (1)	71,180	3,229	5,292	2,063
Subject to hedge	359,082	(359,082)	(361,579)	(2,497)
Subordinated debt (Note 16)	284,248	(284,248)	(284,682)	(434)
Liabilities due to transfers abroad (Note 15.b)	74,834	(74,834)	(76,897)	(2,063)

(1) Amounts updated through the balance sheet date.

Considering that cash flow (principal and interests) of the hedged item (subordinated debt and Foreign Onlendings) and cash flows of designated swaps are identical, effectiveness already incurred an expected from the time such hedge instruments were designated and during the transaction is in conformity with the provisions set forth by the Central Bank of Brazil.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

Derivative financial instruments by maturity, as of June 30, 2020 and December 31, 2019, are as follows:

	June 2020							December 2019
	Bank							Bank and Consolidated
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Total	Total
Off Balance Book								
Futures contracts	2,200,470	3,525,530	2,182,372	3,077,168	1,770,658	511,804	13,268,002	12,205,270
Option contracts	35,904,980	119,721	159,690	1,253,204	26,589,095	5,359	64,032,049	28,029,240
Swap contracts	150,691	477,560	376,635	850,959	2,094,240	421,382	4,371,467	7,034,376
Others financial instruments	2,499,264	8,626,947	1,618,110	1,608,126	806,933	38,332	15,197,712	8,783,577
Total - June 2020	40,755,405	12,749,758	4,336,807	6,789,457	31,260,926	976,877	96,869,230	-
Total - December 2019	4,378,082	9,701,630	7,331,568	16,137,508	17,450,826	1,052,849	-	56,052,463
Asset position								
Option contracts	1,147,861	23,545	30,407	10,138	2,051,951	1,120	3,265,022	818,265
Swap contracts	475	22,019	8,333	20,912	105,715	22,423	179,877	177,641
Others financial instruments	117,513	176,727	149,533	142,496	66,232	2,728	655,229	53,655
Total - June 2020	1,265,849	222,291	188,273	173,546	2,223,898	26,271	4,100,128	-
Total - December 2019	17,274	30,859	138,771	424,311	428,467	9,879	-	1,049,561
Liability position								
Option contracts	(980,201)	(4,877)	(9,547)	(42,566)	(1,843,665)	(1,123)	(2,881,979)	(565,651)
Swap contracts	(13,098)	(61,717)	(34,056)	(85,867)	(217,830)	(56,323)	(468,891)	(91,185)
Others financial instruments	(68,615)	(81,097)	(51,741)	(55,336)	(50,562)	-	(307,351)	(104,788)
Total - June 2020	(1,061,914)	(147,691)	(95,344)	(183,769)	(2,112,057)	(57,446)	(3,658,221)	-
Total - December 2019	(16,367)	(64,594)	(56,555)	(263,970)	(348,626)	(11,512)	-	(761,624)

The consolidated financial statements as of June 30, 2020 include, in addition to the amounts shown in the previous table, the amount of R\$ 20,953 (off balance book) and R\$ 1,170 (asset position) and R\$ 249 (liability position) from 6 to 12 months and R\$ 21,301 (off balance book) and R\$ 1,170 (asset position) and R\$ 423 (liability position) from 1 to 3 years, related to the sale of energy of the subsidiary ABC Brasil Comercializadora de Energia Ltda. in Other financial instruments.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The composition of the portfolio as of June 30, 2020 and December 31, 2019, considering the hierarchical levels of fair value measurement are shown as follows:

	Bank		Total
	Level 1	Level 2	
Asset Position - June 2020	3,255,505	844,622	4,100,128
Posição Ativa – Dezembro 2019	792,973	256,589	1,049,561
Liabilities Position - June 2020	2,916,393	741,828	3,658,221
Liabilities Position - December 2019	535,535	226,089	761,624

	Consolidated		Total
	Level 1	Level 2	
Asset Position - June 2020	3,255,505	846,962	4,102,468
Asset Position - June 2019	792,973	256,589	1,049,561
Liabilities Position - June 2020	2,916,393	742,500	3,658,893
Liabilities Position - December 2019	535,535	226,089	761,624

Gains (losses) on derivative financial instruments for the six-month period ended June 30, 2020 and 2019 are as follows:

	June 2020			June 2019
	Bank			Bank and Consolidated
	Gains	Losses	Net	Net
Swaps	1,175,921	(1,458,233)	(282,312)	37,754
Futures	11,744,989	(12,063,545)	(318,556)	12,264
Options	2,992,388	(3,032,931)	(40,543)	8,077
Others financial instruments	1,531,741	(615,106)	916,635	(44,221)
Total	17,445,039	(17,169,815)	275,224	13,874

The consolidated amount includes revenue of R\$ 1,668 in Other financial instruments of the subsidiary ABC Brasil Comercializadora de Energia Ltda., In the semester ended June 30, 2020.

Risk sensitivity analysis in financial instrument operations

In accordance with CVM Rule No. 475/08, the Bank discloses a sensitivity analysis to all types of market risk stemming from financial instruments considered significant by management. The table below sets out the most probable scenario in management's assessment and two additional scenarios. The probable scenario considers contractual prices and, where applicable, indicators from various external sources or pricing models adopted to calculate the fair value of financial instruments at the balance sheet date. Scenario II considers a 25% deterioration in risk variables in view of the nature of financial instrument risk. Scenario III considers a 50% deterioration in the same variables.

	Exposure		
	Probable Scenario	Scenario II	Scenario III
i) Interest rate			
Net exposure to fixed interest rates (RWAjur1)	9,634	42,757	75,880
Net exposure of currency coupons (RWAjur2)	41,466	41,515	41,564
Net exposure of index coupons (RWAjur3)	17,710	18,021	18,333
Total interest rate exposure (Note 26)	68,810	102,293	135,777
ii) Foreign exchange rate			
Total exposure purchased at exchange rates	13,041	39,128	65,215
iii) Index, shares and commodities			
Total exposure to index, shares and commodities	61,274	61,883	62,492

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

i) Interest rates:

According to criteria established by the Central Bank of Brazil through Resolution No. 4,557/17 and Circular No. 3,354/07 financial instruments classified under trading books represent exposure that would have an impact on the organization's income by mark to market or when realized or settled. Financial instruments indexed to interest rates pose potential risk from market fluctuations. These risks are managed through a methodology set out by the Central Bank of Brazil and the result of this analysis is considered when determining the minimum regulatory capital required of financial institutions.

In order to comply with CVM Rule No. 475/08, regarding risk sensitivity, it was utilized, in the scenario analysis required in this regulation, the amount of the minimum capital requirement for interest rate exposure as of June 30, 2020.

ii) Foreign exchange rate:

Net exposure to exchange rates is regulated by the Central Bank of Brazil through Resolution No. 4,193/13, Resolution No. 3,488/07 and Circular No. 3,641/13, these procedures set the maximum level of exposure at 30% of regulatory capital.

The risk exposure calculation criteria as set out by the Central Bank of Brazil and in accordance with CVM Rule No. 475/08 were taken into account in the scenario analysis of net exposure at June 30, 2020.

iii) Banking Book:

These refer to operations that are not classified in the trading book, resulting from Bank business lines and their possible hedge instruments. Measurement and valuation of interest rate risk of banking book operations are regulated by the Central Bank of Brazil through Circular No. 3,365/07 that sets criteria and assumptions to gauge the degree of risk including stress tests whose results could indicate how much regulatory capital is required to cover such risks. Results of these procedures have no relevance on accounting practices regarding the recording and valuation of banking book operations are reported to the Central Bank of Brazil and at June 30, 2020 an exposure of R\$ 151,927 was stated, which also takes into account interest rate risk of the aforementioned banking book in alternative scenarios according to methodologies set out by the regulatory body.

In order to carry out a risk sensitivity analysis, foreign exchange mismatch risk in the banking book is considered in the foreign exchange rate position as set out in item II.

6. Interbank accounts

The breakdown of interbank accounts represents the amount of R\$ 189,579 as of June 30, 2020 (R\$ 66,011 at December 31, 2019), represented by Interbank onlendings, in the amount of R\$ 154,862 (R\$ 65,332 at December 31, 2019), reserve requirements - Central Bank deposits, in the amount of R\$ 953 (R\$ 679 at December 31, 2019) and Others - Payments and receivables to settle, in the amount of R\$ 33,761.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

7. Loans, other credits and financial guarantees provided

The amounts of loans, other credits and financial guarantees provided are as follows:

Loans portfolio by modality:

	Bank and Consolidated	
	June 2020	December 2019
Loans		
Loans	7,445,896	5,922,087
Financing	6,904,107	6,353,310
Financing - Rural and agribusiness	1,028,987	1,260,788
Advances on export contracts and interest	756,568	780,635
Notes and loans receivable	1,943,981	2,732,046
Honored bills	139,192	150,467
Subtotal - Loans	18,218,731	17,199,333
Subtotal - Financial guarantees provided (a)	10,014,726	9,256,126
Total	28,233,457	26,455,459

(a) The guarantees provided on behalf of clients are subject to charges and counter-guarantees by its beneficiaries.
On June 30, 2020, the balance of provisions for guarantees and responsibilities is R\$ 56,784 (R\$ 53,269 at December 31, 2019) - Note 16.c.

Loans portfolio by sector activity:

	Bank and Consolidated					
	June 2020			December 2019		
	Loans	Guarantees and responsibilities	Total	Loans	Guarantees and responsibilities	Total
Private Sector						
Financial intermediaries	325,842	1,984,651	2,310,493	332,732	1,610,402	1,943,134
Industry	5,162,228	1,349,484	6,511,712	5,302,976	1,533,198	6,836,174
Commercial	4,222,668	830,745	5,053,413	3,589,218	1,027,911	4,617,129
Services	7,893,921	4,602,569	12,496,490	7,663,312	4,004,565	11,667,877
Individuals	340,279	67,959	408,238	270,447	67,097	337,544
Subtotal - Private sector	17,944,938	8,835,408	26,780,346	17,158,685	8,243,173	25,401,858
Public Sector	273,793	1,179,318	1,453,111	40,648	1,012,953	1,053,601
Total	18,218,731	10,014,726	28,233,457	17,199,333	9,256,126	26,455,459

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

Loans, financial guarantees and responsibilities, by maturity, are as follows:

	Bank and Consolidated						
	June 2020						
	Maturities						Overdue after 15 days
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	
Loans	1,507,213	2,813,587	3,076,391	4,297,075	5,095,883	1,232,571	196,011
Subtotal - Loans	1,507,213	2,813,587	3,076,391	4,297,075	5,095,883	1,232,571	196,011
Financial guarantees and responsibilities	599,697	933,672	2,023,248	2,887,440	3,543,254	27,415	-
Total - June 2020	2,106,910	3,747,259	5,099,639	7,184,515	8,639,137	1,259,986	196,011
Total - December 2019	2,197,417	4,105,669	3,922,746	6,326,227	8,250,631	1,447,776	204,993

In the six-month period ended June 30, 2020, in the Bank and Consolidated, assignments were made with substantial transfer of risks and benefits, in accordance with CMN Resolution 3,533/08, in the amount of R \$ 117,401 (R\$ 2,925 at December 31, 2019), the effect of these operations on the income was gain on six-month ended June 30, 2020 of R\$ 965 (R\$ 2,323 of gain at June 30, 2019).

Credit risk concentration are as follows:

	Bank and Consolidated			
	June 2020		December 2019	
	Balance	% of portfolio (1)	Balance	% of portfolio (1)
Main debtor	853,400	3.02	694,520	2.63
10 main debtors	4,318,238	15.29	4,060,693	15.35
20 main debtors	6,593,100	23.35	6,317,994	23.88

(1) Total portfolio includes the balances of financial guarantees and responsibilities into consideration.

Restricted operations on assets

The balances of the restricted operations and the obligations related to restricted operations are in accordance with Resolution No. 2,921/02 and are presented as follows:

	Bank and Consolidated					December
	June 2020					2019
	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Total	Total
Restricted operations on assets						
Loan operations	714	13,556	29,006	40,382	83,658	83,223
Liabilities - restricted operations on assets						
Loan operations	786	14,921	31,928	44,450	92,085	90,431

The net result from these operations at June 30, 2020 was R\$ 258 (R\$ 228 at June 30, 2019).

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

8. Allowance for loan and other credit losses

The portfolio of loans and other assets, and the allowance for loan and other credit losses, at June 30, 2020 and December 31, 2019, are as follows:

		Bank and Consolidated			
		June 2020			
Risk rating	Minimum Level of allowance	Total operations			Allowance
		Normal course	Past due	Total	Res. 2682
AA	-	2,389,661	-	2,389,661	-
A	0.5%	5,659,021	-	5,659,021	28,296
B	1.0%	7,105,196	4,698	7,109,894	71,099
C	3.0%	2,073,099	8,518	2,081,617	67,309
D	10.0%	501,797	1,048	502,845	60,018
E	30.0%	99,095	16,446	115,541	38,714
F	50.0%	51,743	47,275	99,018	49,509
G	70.0%	72,723	104,514	177,237	129,990
H	100.0%	70,385	13,512	83,897	83,897
Total		18,022,720	196,011	18,218,731	528,832

		Bank and Consolidated			
		December 2019			
Risk rating	Minimum Level of allowance	Total operations			Allowance
		Normal course	Past due	Total	Res. 2,682/99
AA	-	3,152,806	-	3,152,806	-
A	0.5%	5,262,502	-	5,262,502	26,313
B	1.0%	6,426,777	58	6,426,835	64,268
C	3.0%	1,631,122	992	1,632,114	48,963
D	10.0%	273,945	6,990	280,935	33,287
E	30.0%	132,959	49,639	182,598	58,589
F	50.0%	11,645	95,804	107,449	63,215
G	70.0%	62,598	7,196	69,794	49,158
H	100.0%	39,986	44,314	84,300	84,300
Total		16,994,340	204,993	17,199,333	428,093

Changes in the allowances for loan losses for the six-month period ended June 30, 2020 and 2019 were as follows:

	Bank and Consolidated	
	June 2020	June 2019
Balances at the beginning of the six-month period	428,093	379,357
Constitution / (Reversal)	146,178	49,740
(Reversal) Additional of provision	-	(25,000)
Foreign exchange variation	9,537	(215)
Classified as future year P&L	1,001	431
Loans written off as losses	(54,464)	(12,434)
Write-off of credit assignment	(1,513)	-
Balances at the end of the six-month period	528,832	391,879

At June 30, 2020, balance of renegotiated loans amounted to R\$ 301,150 (R\$ 163,287 at December 31, 2019), being total loan transactions renegotiated over the six-month period ended June 30, 2020 amounted to R\$ 181,474 (R\$ 4,351 at June 30, 2019).

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The amount of loans recovered for the six-month period ended June 30, 2020, previously offset against the provision, was R\$ 9,820 (R\$ 5,484 at June 30, 2019).

9. Foreign exchange portfolio

The balance of the foreign exchange portfolio is as under:

	Bank and Consolidated	
	June 2020	December 2019
Other credits		
Foreign exchange purchased to be settled - CCL	5,853,975	2,319,779
Provision for Exchange variation of CCL	(9,953)	(2,110)
Rights on foreign Exchange sales	2,895,651	2,072,203
Advances received	(52,053)	(23,239)
Total	8,687,620	4,366,633
Other liabilities		
Foreign exchange sold to settle	3,355,459	2,222,693
Foreign exchange purchase liabilities	5,269,642	2,203,779
Unearned income from advances granted	228	-
Total	8,625,329	4,426,472

10. Other credits

- Trading and intermediation of securities account is substantially represented by receivables from the settlement of operations with financial assets recorded on stock exchanges.
- The breakdown of other sundry credits are as follows:

	Bank		Consolidated	
	June 2020	December 2019	June 2020	December 2019
Debtors for the purchase of assets	8,673	14,133	8,673	14,133
Guarantee deposit debtors	22,769	20,498	22,769	20,498
Taxes and contributions to be offset	130,967	117,817	133,787	121,492
Securities and credits receivable	-	-	19,799	-
Other	8,197	3,253	8,197	3,253
Total	170,606	155,701	193,225	159,376

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

11. Investments

	Bank					
	ABC Brasil Distribuidora de Títulos e Valores Mobiliários S.A.		ABC Brasil Administração e Participações Ltda.		ABC Brasil Comercializadora de Energia Ltda.	
	June 2020	December 2019	June 2020	December 2019	June 2020	Total June 2020 June 2019
Capital	88,516	88,516	55,632	55,632	50,000	
Equity	103,688	102,670	109,077	107,847	51,293	
Net income for the six-month period	1,040	3,281	1,267	3,827	911	
Number of common shares owned	24,980,054	24,980,054	-	-	-	
Number of preferred shares owned	24,980,055	24,980,055	-	-	-	
Number of fund shares owned	-	-	55,631,814	55,631,814	50,000,000	
Ownership interest (%)	100.00	100.00	99.99	99.99	100.00	
Book value	103,688	102,670	109,077	107,847	51,293	264,058 207,088
Equity pickup	1,040	3,281	1,267	3,827	911	3,218 3,679

12. Fixed, deferred and intangible assets

Fixed assets are depreciated using the straight-line method at the following annual rates: installations, furniture, communication and security systems - 10%; such rates represent fairly the economic useful life of assets.

Intangible assets correspond to acquisition and development of computer software and operating systems, amortized under the straight-line method at annual rate of 20%.

13. Deposits and open market funding

The interbank deposits, time deposits and open market funding are carried out at normal market rates. Their maturities are distributed as follows:

	Bank						Consolidated	
	June 2020					December 2019	June 2020	December 2019
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	Total	Total
Demand deposits	317,942	-	-	-	-	317,942	232,719	317,899
Interbank deposits	-	300,441	78,953	-	-	379,394	302,480	379,394
Time deposits	-	1,758,248	4,381,548	396,387	92,206	6,628,389	5,158,675	6,628,389
Open market funding	-	1,201,584	3,266	-	-	1,204,850	1,092,483	1,174,817
Total - June 2020	317,942	3,260,273	4,463,767	396,387	92,206	8,530,575	-	8,500,499
Total - December 2019	232,719	2,539,712	3,529,834	393,547	90,545	-	6,786,357	-

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

14. Acceptance and issuance of securities

Funds from acceptances and issuance of securities are traded at market interest rates and have the following distribution by maturity date:

	Bank and Consolidated					December 2019
	June 2020					
	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	Total
Real estate credit bill	101,976	291,302	173,044	-	566,322	1,054,755
Agribusiness credit bills	705,153	1,201,160	755,875	31,342	2,693,530	2,658,812
Financial bills	364,781	3,074,539	3,191,075	114,227	6,744,622	5,760,929
Certificates of structured finance	4,529	10,335	7,981	-	22,845	31,149
Total - June 2020	1,176,439	4,577,336	4,127,975	145,569	10,027,319	-
Total - December 2019	1,499,415	3,191,502	4,663,143	151,585	-	9,505,645

15. Borrowings and onlendings

a) Borrowings and onlendings by maturity are as follows:

	Bank and Consolidated					December 2019 Total
	June 2020					
	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	
Borrowings:						
Foreign	3,827,934	4,854,469	48,217	-	8,730,620	6,128,468
Onlendings – government agencies:						
BNDES	29,120	95,710	241,897	186,876	553,603	371,281
FINAME	25,163	93,218	196,330	109,333	424,044	463,319
Other institutions	84,515	55,439	18,326	-	158,280	332,832
Onlendings - Foreign	330,765	1,212,419	53,760	-	1,596,944	1,150,769
Total - June 2020	4,297,497	6,311,255	558,530	296,209	11,463,491	-
Total - December 2019	2,905,645	4,788,490	430,053	322,481	-	8,446,669

Foreign borrowings represent funds obtained on the international market for use in commercial foreign exchange operations related to import and export financing as well as onlendings and financing in foreign currencies.

These liabilities are subject to exchange rate variance as well as interest rates on the international market and are restated by exchange rate variation plus financial charges incurred through to the balance sheet date.

Domestic onlending liabilities are represented by funds and special programs managed by government institutions which are passed onto final borrowers and are adjusted based on official indices and financial charges up to the balance sheet date.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

Foreign onlending are represented mainly by funds raised by the Bank with multilateral agencies (IFC - International Finance Corporation, IDB - Inter-American Development Bank and PROPARCO - Societe de Promotion et de Participation pour la Cooperation Economique SA), which are passed onto final borrowers and are adjusted by the exchange rate variation and financial charges incurred through to the balance sheet date.

- b) The compositions of the balance of foreign onlendings at June 30, 2020 and December 31, 2019 are composed as follows:

	Bank and Consolidated	
	June 2020	December 2019
Borrowings and onlendings		
Foreign Onlendings subject to “Hedge accounting” – Note 5.b		
Principal amount US\$ 15,4million (US\$ 18,5 million on December 31, 2019)	84,237	74,402
Accrued interest	489	432
Subtotal	84,726	74,834
Adjustment to market value (“Hedge Accounting”) - Notes 2.II.d and 5.b	3,218	2,063
Total	87,944	76,897
Other foreign onlendings	1,509,000	1,073,872
Total	1,596,944	1,150,769

Foreign onlendings, subject to hedge accounting of US\$ 15,4 million (US\$ 18,5 million at December 31, 2019) maturing in November 2022 with annual interest rate of 4.6%, paid on a semiannual basis.

16. Subordinated debts

The composition of the balance of subordinated debt at June 30, 2020 and December 31, 2019 are composed as follows:

	Bank and Consolidated	
	June 2020	December 2019
Subordinated debts subject to “Hedge accounting” – Note 5.b		
Subordinated Notes (US\$ 69,3 million on December 31, 2019)	-	284,544
Subtotal	-	284,544
Others Subordinated debts		
Financial bills	1,402,215	1,375,488
Perpetual Financial Bills	512,923	480,067
Subordinated Notes (US\$ 57,0 million on December 31, 2019)	-	232,797
Subtotal	1,915,138	2,088,352
Total Subordinated debts	1,915,138	2,372,896

On April 8, 2020, the subordinated debt resulting from the issuing of subordinated notes abroad was fully settled according to contractual terms.

The balance of R\$ 1,402,215, related to capital through the issuance of financial bills with subordination clause, with maturity until August 2028.

The balance of R\$ 512,923, related to capital through the issuance of perpetual financial bills.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

17. Provisions

The compositions of provisions June 30, 2020 and December 31, 2019 are composed as follows:

	Bank		Consolidated	
	June 2020	December 2019	June 2020	December 2019
Allowance for payments to be settled	71,476	78,886	71,492	78,923
Provision for contingent liabilities (Note 27.d)	14,132	12,791	14,132	12,791
Provision for financial guarantees provided (Note 7)	56,784	53,269	56,784	53,269
Total	142,392	144,946	142,408	144,983

The financial guarantees provided are subject to charges and counter-guarantees and recorded in off balance accounts. As of June 30, 2020 and December 31, 2019, the balances of the financial guarantees provided composed as follows:

Type of guarantee	Bank e Consolidated			
	June 2020		December 2019	
	Amount	Provision	Amount	Provision
Guarantees given to customers	9,927,623	56,402	9,202,915	53,189
Import credit facilities	87,103	382	53,211	80
Total (Note 7)	10,014,726	56,784	9,256,126	53,269

The balances of the provided guarantees and responsibilities are shown as follows:

Risks rating	Bank and consolidated			
	June 2020		December 2019	
	Amount	Provision	Amount	Provision
AA	5,379,482	-	4,759,003	-
A	2,020,929	10,105	2,019,160	10,096
B	2,169,092	21,690	2,080,742	20,807
C	287,400	8,622	247,938	7,438
D	154,898	15,490	149,283	14,928
E	2,925	877	-	-
Total	10,014,726	56,784	9,256,126	53,269

18. Other liabilities

a) Tax and social security balances are as follows:

	Bank		Consolidated	
	June 2020	December 2019	June 2020	December 2019
Provision for income and social contribution taxes on income	-	22,772	1,370	26,792
Taxes and contributions payable	47,012	72,772	47,091	72,809
Total	47,012	95,544	48,461	99,601

b) The balance of other sundry liabilities are as follow liabilities:

	Bank and consolidated	
	June 2020	December 2019
Collection of taxes	162	4,181
Discount on acquired credits	24,003	24,865
Sundry domestic creditors	6,125	8,008
Total	30,290	37,054

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

- c) Trading and intermediation of securities account is substantially represented by amounts payable from the settlement of operations with financial assets recorded on stock exchanges.

19. Income from services rendered

Income from services rendered, for the six-month period ended June 30, 2020 and 2019, are composed as follows:

	Bank and consolidated	
	June 2020	June 2019
Income from guarantees given to customers	80,716	101,059
Fees related to credit operations	5,466	7,333
Collection fees	8,301	10,278
Bank fees	1,298	1,026
Income from commissioning and security placement	15,906	45,414
Income from other services	1,737	2,858
Total	113,424	167,968

20. Other administrative expenses

Other administrative expenses in the six-month period ended June 30, 2020 and 2019 are composed as follows:

	Bank		Consolidated	
	June 2020	June 2019	June 2020	June 2019
Third party services	3,022	5,166	3,023	5,171
Financial system services	16,266	15,151	16,279	15,162
Rentals	7,589	7,212	7,589	7,212
Specialized technical services	11,480	10,223	11,545	10,264
Data processing	11,273	8,625	11,273	8,625
Communication	2,292	2,284	2,292	2,284
Travel expenses	2,246	3,709	2,246	3,709
Depreciation and amortization	8,839	6,703	8,839	6,703
Promotions and public relations	1,129	1,077	1,129	1,077
Publications	127	256	144	278
Philanthropic contributions	1,799	25	1,799	25
Transportation	791	956	791	956
Asset maintenance and conservation	860	960	860	960
Water, electricity and gas	459	616	459	616
Materials	118	225	118	225
Insurance	320	328	320	328
Advertising and Publicity	3,346	2,021	3,346	2,021
Condominium	1,337	1,380	1,337	1,380
Legal Fees	1,141	1,322	1,141	1,322
Others	2,327	6,569	2,339	6,580
Total	76,761	74,808	76,869	74,898

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

21. Other operating income

The breakdown of other operating income, for the six-month period ended June 30, 2020 and 2019 are as follows:

	Bank		Consolidated	
	June 2020	June 2019	June 2020	June 2019
Reversal of provision	-	5,970	-	5,970
Interests and monetary correction of assets	233	667	271	667
Recovery of charges and expenses	188	468	188	468
Other	286	64	286	64
Total	707	7,169	745	7,169

22. Other operating expenses

Other operating expenses for the six-month period ended June 30, 2020 and 2019 are as follows:

	Bank		Consolidated	
	June 2020	June 2019	June 2020	June 2019
Provision for financial guarantees provided to costumers	3,515	1,256	3,515	1,256
Constitution of other provisions	2,835	5,392	2,835	5,392
Prepayment provision	-	-	200	-
Other expenses	309	299	310	299
Total	6,659	6,947	6,860	6,947

23. Income and social contributions taxes

The nature and origin of deferred tax assets deferred tax liabilities, as well as the changes occurred therein at June 30, 2020 and December 31, 2019 are stated as follows:

	December 2019	Additions	Write-offs	December 2019
Deferred tax assets				
Temporary differences:				
Allowance for loan losses and others	184,921	163,828	(105,714)	243,035
Provision for financial guarantees provided to costumers	33,506	6,607	-	40,112
Provision for assets not for own use - BNDU	19,087	101	(21)	19,167
Adjustment to market value - securities and derivatives	195,352	1,279,869	(147,967)	1,327,253
Unrealized gains (losses) on futures market	10,438	21,119	(3,323)	28,234
Tax loss - negative social contribution base	-	35,825	-	35,825
Other	27,872	18,025	(12,404)	33,496
Adjustment to market value - available for sale securities	13,365	20,310	(104)	33,570
Total	484,541	1,545,684	(269,533)	1,760,692
Deferred tax liabilities				
Temporary differences:				
Adjustments to market value - securities and derivatives	(132,982)	(771,389)	125,604	(778,767)
Unrealized gains (losses) on futures market	(5,681)	(8,667)	4,301	(10,047)
Adjustment to market value - available for sale securities	(18,146)	(15,669)	10,196	(23,619)
Adjustment resulting from the transition tax regime - RTT	(34)	(2)	36	-
Total	(156,843)	(795,727)	140,137	(812,433)
Net balance	327,698	749,957	(129,396)	948,259

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The consolidated financial statements include, further to the amounts presented in the table above, adjustment to market value of securities available for sale and financial instruments derivatives in amount of R\$ 434 at June 30, 2020 (on December 31, 2019 do not differ from the information shown in the foregoing table) in deferred tax assets.

The net balance of deferred tax assets and tax liabilities at June 30, 2020 and December 31, 2019, are stated as follows:

	Bank		Consolidated	
	June 2020	December 2019	June 2020	December 2019
Other credits - Sundry - Tax credits	1,760,692	484,541	1,760,773	484,548
Other liabilities - Provision for deferred taxes and contributions	(812,433)	(156,843)	(812,948)	(156,850)
Total	948,259	327,698	947,825	327,698

The realization of deferred tax assets and liabilities at June 30, 2020 based on the history of profitability and estimated realization are stated as follows:

Year	Bank			Consolidated
	Assets	Liabilities	Net	Net
2020	1,592,090	(812,433)	779,657	779,670
2021	68,591	-	68,591	68,144
2022	58,042	-	58,042	58,042
2023	20,618	-	20,618	20,618
2024	11,973	-	11,973	11,973
2025	6,208	-	6,208	6,208
Over 5 years	3,170	-	3,170	3,170
Total	1,760,692	(812,433)	948,259	947,825
Present Value - Selic	1,735,022	(803,838)	931,184	930,765

For income tax, the rate used is 15% plus an additional 10% of annual taxable income exceeding R\$ 240 thousand and a 15% to social contribution to financial companies.

The social contribution rate was increased from 15% to 20% effective as of March 1, 2020, pursuant to Article 32 of Constitutional Amendment 103, published on November 13, 2019.

Expenses with income and social contribution taxes for the six-month period ended June 30, 2020 and 2019 are calculated as follows:

	Bank		Consolidated	
	June 2020	June 2019	June 2020	June 2019
Income before taxation less profit sharing	(500,464)	281,027	(498,649)	283,141
Total income and social contributions taxes	(219,855)	112,411	(218,041)	114,549
Net income from write-offs and write-ups of deferred liabilities net of tax credits	567,032	(46,029)	566,585	(46,017)
Nontaxable revenues / expenses net of nondeductible expenses	(317,933)	(16,845)	(319,303)	(18,317)
Equity pick up in subsidiaries	(1,402)	(1,472)	-	-
Interest on equity capital	(27,842)	(48,064)	(27,842)	(48,064)
Other amounts	(37,250)	(17,281)	(37,280)	(17,305)
Total income and social contribution taxes - Current	(37,250)	(17,280)	(35,881)	(15,154)
Deferred taxes and contributions				
Tax liabilities recognized in the period	780,058	74,044	780,573	74,044
Tax liabilities realized in the period	(129,940)	(34,853)	(129,947)	(34,853)
Tax credits recognized in the period	(1,525,374)	(204,234)	(1,525,442)	(204,246)
Tax credits realized in the period	269,429	211,072	269,435	211,072
Total deferred taxes and contributions	(605,827)	46,029	(605,381)	46,017
Total income and social contribution taxes	(643,077)	28,749	(641,262)	30,863

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

24. Related parties

a) Subsidiaries and related companies

The amounts below refer to the Bank's transactions with subsidiaries and related companies. These operations were carried out under normal market conditions and rates of the dates of the respective transactions. For the six-month period ended June 30, 2020 and December 31, 2019, transactions between related parties are as follows:

Transactions / Related parties	Maturity	Remuneration	June 2020	Income /	December 2019	Income /
			Assets / (Liabilities)	(Expenses) Period	Assets / (Liabilities)	(Expenses) Period
Cash and cash equivalents						
Arab Banking Corporation - New York (4)	No maturity	Without remuneration	552	-	406	-
ABC International Bank – Milan (4)	No maturity	Without remuneration	10	-	7	-
Demand deposits						
ABC Brasil Adm. e Participações Ltda. (3)	No maturity	Without remuneration	(23)	-	(69)	-
ABC Brasil DTVM S.A. (3)	No maturity	Without remuneration	(13)	-	(136)	-
ABC Brasil Com. de Energia Ltda. (3)	No maturity	Without remuneration	(7)	-	-	-
Marsau Comercial Exp. e Importadora Ltda. (4)	No maturity	Without remuneration	(53)	-	(22)	-
Time deposits and funds from acceptance and issue of securities						
Marsau Comercial Exp. e Importadora Ltda. (4)	07/31/2020	0.16% y.y	(179)	-	(115)	-
Marsau Uruguay Holdings Sociedad Anonima (1)	07/31/2020	0.16% y.y	(1,495)	-	(1.124)	-
Key members of management (4)	(a)	(a)	(32,750)	(1,964)	(35.215)	(2.390)
Money market funding						
ABC Brasil Com. de Energia Ltda. (3)	06/22/2023	CDI	(30,033)	(6)	-	-
Borrowings						
Arab Banking Corporation - Bahrain (2)	10/13/2020	1,20% y.y	(664,010)	(373)	(408,232)	(37)
Arab Banking Corporation - Tunisie (4)	06/16/2021	1,88% y.y	(297,405)	(397)	(219,740)	(1,115)
Arab Banking Corporation - New York (4)	06/09/2021	1,96% y.y	(109,639)	(119)	(80,780)	(166)
Arab Banking Corporation - Egypt (4)	07/01/2020	0,49% y.y	(21,908)	(4)	(16,123)	(1)

(1) Direct controlling shareholder, (2) Indirect controlling shareholder, (3) Subsidiary, (4) Related party.

(a) CDB - Rate of 98.50 % up to 105.00% of CDI - Lowest starting date: 10/26/2018, largest date of maturity: 05/27/2022.
LCA / LCI - Rate of 90.00 % up to 109.00 of CDI - Lowest starting date: 08/23/2017, largest date of maturity: 02/27/2023.
LCA - Fixed interest rate of 6.22% up to 10.60% - Lowest starting date: 05/18/2018, largest date of maturity: 01/06/2023.
LCA - Fixed interest rate of 7.00% up to 7.00% + IPCA - Lowest starting date: 09/25/2015, largest date of maturity: 09/25/2020.

b) Fees of key members of management

In compliance with Resolution CMN No. 3.921/10, Banco ABC Brasil has implemented a Management Remuneration Policy applicable to the members of the Board of Directors, to the Executive Committee and to the Officers with no specific title (employees).

In brief, the policy has as main objectives: (i) complying with the regulations of the National Monetary Council and the Central Bank of Brazil (BACEN), which establish special rules for financial institutions such as Banco ABC; (ii) fixing the remuneration of those considered Managers of Banco ABC in compliance with the regulations referred to in item (i) above and, in particular, of those assuming this position according to the Bank's governance; (iii) aligning the remuneration of the Managers of Banco ABC with the Bank's risk management policy; (iv) avoiding behaviors that would raise risk exposure above the levels considered prudent in the short, medium and long-term strategies adopted by Banco ABC; and (v) creating a tool for attracting and retaining talents in key positions at Banco ABC.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The remuneration defined in the policy takes into account: (i) current and potential risks faced by Banco ABC; (ii) the overall results of Banco ABC, in particular recurring income (net book profit for the period adjusted for unrealized income and ignoring the effects of non-recurring events which are within the control of Banco ABC); (iii) Banco ABC's capacity for generating cash flow; (iv) the economic environment in which Banco ABC operates, and its trends; (v) long-term sustainable financial bases and adjustments to future payments as a result of the risks assumed, changes in the cost of capital and liquidity forecasts; (vi) the individual performance of the Managers based on the target agreement celebrated by each Officer, as provided for in the profit sharing agreement filed at the headquarters of Banco ABC; (vii) the performance of the business unit; and (viii) the relationship between the individual performance of the Managers, the performance of the business unit, the performance of Banco ABC as a whole and the risks assumed.

Variable remuneration shall be calculated as follows:

I - To Officers without specific designation:

- a) Up to 50% (fifty percent) of the amount determined in variable remuneration is immediately paid in cash on payment of profit sharing; and
- b) A minimum of 50% (fifty percent) of the amount determined for variable remuneration shall be deferred and paid in preferred shares of the Bank observing that the number of shares to be allocated to the managers will be determined by dividing the amount corresponding to deferred variable remuneration, net of withholding tax, by the unit share price, calculated by the average closing price of the preferred shares issued by Banco ABC Brasil, at the trading sessions of B3 S.A. - Brasil, Bolsa, Balcão on June (for the payment of variable remuneration for the first half) and December (for payment of the variable remuneration for the second half of the year), as applicable, except in cases where there are closed periods in those months, at which time the average will be calculated using the subsequent trading sessions.

II - To the members of the Executive Committee:

- a) 100% (one hundred percent) of the amount fixed for variable remuneration shall be paid in shares;
- b) 60% (sixty percent) of the variable remuneration shall be subject to sale restriction (lock up) for 6 months; and
- c) 40% of the variable remuneration shall be paid on a deferred basis, as provided for by Resolution CMN No. 3.921/10.

The delivery of shares relating to deferred variable remuneration allocated to managers shall only take place if, in the applicable period of deferment there is no (i) significant reduction in recurring profit realized, or (ii) losses posted by the institution or business unit, or (iii) evidence of errors in accounting and / or management practices that affect the income calculated in the variable remuneration rights acquisition period.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The total compensation of key members of management for the six-month period ended June 30, 2020 and 2019 are composed as follows:

	June 2020	June 2019
Fixed remuneration	11,597	10,109
Variable remuneration	5,660	7,915
Total short-term benefits	17,257	18,024
Share-based compensation	38,076	37,857
Total long-term benefits	38,076	37,857
Total	55,333	55,881

c) Summary of changes in the compensation plan:

To meet the resolution of compensation plan of the Bank was authorized by CVM, privately, transfer shares of its own shares held in treasury for its executives.

In according to the compensation plan actions cited in Note 24.b, shares were granted to executives eligible, for settlement at the end of the vesting period, as shown below in number of shares:

	June 2020	June 2019
At the beginning of the six-month period	4,008,581	4,161,003
Amounts recognized	1,504,544	1,761,305
Shares granted	(1,614,282)	(1,729,874)
At end of the six-month period	3,898,843	4,192,434

25. Overseas branch

The transactions with third parties carried out by the overseas branch at June 30, 2020 and December 31, 2019 are as follows:

	June 2020	December 2019
Assets		
Cash and banks	541,627	213,905
Interbank investments	244,323	314,709
Marketable securities and derivative financial instruments	296,586	186,029
Lending operations - Net	2,437,012	2,287,725
Other receivables, amounts and assets	2,382,717	921,853
Total	5,902,265	3,924,221
Liabilities		
Demand deposits	294	218
Time deposits	233,810	108,724
Third-party assets in transit	1,139	145
Foreign borrowings	7,855,511	5,390,203
Derivative financial instruments	43,583	35,994
Other liabilities	2,577,552	806,841
Total	10,711,889	6,342,125

The balances of assets, liabilities and results are converted according to Note 2) iii

The effects of exchange rate variations resulting from the translation transactions of foreign currency of assets and liabilities were recognized in income statement for the period in the negative amount of R\$ 705,931 (R\$ 17,021 positive at June 30, 2019), according the Brazilian Central Bank resolution No. 4,524/16.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

26. Profit sharing

An allowance for profit sharing was established based on the Variable Compensation Program set up by Banco ABC Brasil S.A. and its employees, that takes into consideration activities developed by the Bank in various areas, the degree of responsibility, the degree of influence on earnings, as well as qualitative and quantitative targets set with individual Bank employees. In the six-month period ended June 30, 2020, the balance of the profit sharing amounted to R\$ 64,531 (R\$ 68,351 on June 30, 2019).

27. Assets and liabilities contingents, fiscal and social security obligations

The Bank and its subsidiaries are involved in judicial and administrative proceedings of tax, labor and civil nature, both as plaintiff or claimer. Note 2.II.g) explains the criteria for recognizing and measuring these suits and proceedings.

a) Fiscal contingents

The bank is responsible for actions and processes whose losses are being considered with possible prognoses by our directors in the amount of R\$ 337,250 (R\$ 328,920 on December 31, 2019) and have not been provisioned, see below the main lawsuits whose probability of unfavorable outcome was assessed as possible:

Fine - Service Tax ("ISS") - 2008 a 2011

This is an administrative proceeding in which the Bank discusses the release of 50% of fine, the assessment notices issued by the municipality of São Paulo, referring to the service tax on guarantees of income on the period from 2008 to 2011. The fine was launched on values whose enforceability was suspended as linked to the injunction where challenging the levy of this tax. The amount involved is R\$ 16,466 (R\$ 15,718 on December 31, 2019).

Social Security's Charges ("INSS")

The Bank is currently a defendant in a lawsuit related to payment of pension charges, mainly on profit sharing related to 2006 to 2014 exercises, amounting to R\$ 218,008 (R\$ 211,718 on December 31, 2019).

Unauthorized payment - COFINS

Refers to payment of COFINS without fines, as established in article 63 of Law No, 9,430/96. Awaiting appeal decision. Amount demanded totals R\$ 3,892 (R\$ 3,859 on December 31, 2019).

Income Tax (IRPJ) and Social Contribution Tax (CSLL) related to the deduction of income for the period of 2010 on loans operations

Collection of income tax and social contribution related deduction of losses on loans operations in result of 2010. The Bank has estimated the losses as effective, however, the Receita Federal considers that occurred anticipation of the deduction period provided for in Law 9,430/96. The value of the requirement amounts to R\$ 5,735 (R\$ 5,671 on December 31, 2019).

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

IRPJ / CSLL - Deductibility PLR of the Board on the period from 2010 to 2014

It is collection of income tax and social contribution of PLR on deductibility paid to the board of directors for the period of 2010 to 2014. Awaiting judgment of challenging the tax assessment notice. The amount of requirement is R\$ 87,419 (R\$ 86,295 on December 31, 2019).

IOF - Tax on Financial Transactions in credit assignment operations

Collection of Tax on Financial Transactions on credit assignment operations with co-obligation carried out in 2015, due to the lack of payment of the Tax on Financial Transactions in these operations, which are characterized by the tax authorities as "securities discount" and subject to tax collection. Awaiting judgment at the administrative level. The requirement amounts to R\$ 1,088 (R\$ 1,073 on December 31, 2019).

PIS - ABC Brasil Distribuidora de Títulos e Valores Mobiliários S.A.

This is an action filed by the Federal Government in the face of a final decision that recognized the claim of the Distribuidora to non-payment of the PIS contribution from July 1997 to December 1999 pursuant to EC 17/1997. The estimated amount of the contingency corresponds to R\$ 1,937 (R\$ 1,927 on December 31, 2019).

b) Labor

On June 30, 2020, labor lawsuits in progress classified by our legal counsel as probable loss totaled R\$ 10,077 (Note 27.d). The labor lawsuits classified as possible loss totaled R\$ 21,816 and were not provisioned.

c) Civil

On June 30, 2020, civil claims in progress classified by our legal counsel as probable loss totaled R\$ 2,549 (Note 27.d). The civil lawsuits classified as possible loss totaled R\$ 5,138 and were not provisioned.

d) Changes in provisions

	Bank and Consolidated			Total
	Tax	Labor	Civil	
At the beginning of the six-month period	1,506	8,960	2,325	12,791
Constitution / (Reversal)	-	1,117	224	1,341
Write-off	-	-	-	-
At end of the six-month period	1,506	10,077	(b) 2,549	(a) 14,132

(a) Note 27.c e (b) Note 27.b.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

28. Equity

a) Capital

On June 30, 2020 capital comprises 218,359,057 registered and uncertified shares (218,359,057 on December 31, 2019), without par value, of which 109,496,432 common shares (109,496,432 on December 31, 2019) and 108,862,625 preferred shares (108,862,625 on December 31, 2019).

b) Dividends and interest on equity

As established in the Bank's articles of incorporation, shareholders are entitled to an annual dividend of not less than 25% of net income adjusted as provided for in applicable law. Such dividend can, alternatively, be distributed in the form of interest on equity.

On June 30, 2020 and 2019, was provisioned the amounts shown in the table below were accrued as interest on equity, calculated in accordance with the provisions of Law No. 9,249/95.

<u>Resolution approval date</u>	<u>Interest on equity</u>	<u>Reduction in expenses with income and social contributions taxes</u>
06/30/2020	65,580	27,842
06/28/2019	120,161	48,064

Interest on equity is calculated on net equity accounts and limited to the long-term interest rate, conditioned to the existence of profit calculated before deduction or retained subscription earnings and income reserves in amount equal or two times higher its amount.

c) Capital increase

On March 13, 2019 was deliberate by the Board of Directors a capital increase of R\$ 95,579, corresponding to the issuance of 7,226,107 new shares, being 3,693,611 new common shares and 3,532,496 new preferred shares through the use of interest on shareholders' equity or cash payment, approved by the Central Bank of Brazil on April 12, 2019.

d) Destination of earnings

i) *Income reserve - Legal reserve*

The establishment of compulsory legal reserve of 5% of net income on June 30, 2020 amounted of R\$ 7,131 (R\$ 26,420 on December 30, 2019).

ii) *Income reserve - Dividend equalization*

At the Annual and Special Shareholders' Meetings held on April 30, 2008, the shareholders approved the creation of the account Income Reserve for Dividend Equalization, to which the retained earnings account balance is allocated, limited to 80% of capital, the latter of which is set up to maintain the shareholder payment flow.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

iii) *Income reserve - Repurchase of shares*

The reserve for repurchase of shares is set up to support the possible opening, after approval by the Board of Directors, of the program for repurchase of the Institution's shares, should market conditions indicate such possibility.

e) Treasury shares

For the six-month period ended June 30, 2020, based on authorization of the Board of Directors to acquire shares of Company for holding in treasury, 2,221,619 preferred shares were repurchased.

On June 30, 2020, the total value of shares repurchased in treasury is R\$ 79,167 equivalent to 4,919,798 preferred shares (R\$ 76,935 equivalent to 4,312,461 on December 31, 2019). The average cost per share repurchased treasury is R\$ 16,09.

Changes in treasury shares

	June 2020	2019
At the beginning of the six-month period / year	4,312,461	2,514,535
Shares acquired	2,221,619	5,033,592
Shares delivered	(1,614,282)	(3,235,666)
At the end of the six-month period / year	4,919,798	4,312,461

f) Earnings per share

i) Basic earnings per share:

The basic earnings is calculate by dividing the profit attributable to shareholders of the Company by the weighted average number of shares outstanding during the period, excluding shares purchased by the Company and held as treasury shares (Note 28 e).

	June 2020	June 2019
Net profit attributable to the Parent	142,613	252,279
Weighted average shares outstanding	213,944,604	210,958,276
Basic earning per share (Brazilian reais)	0.67	1.20

ii) Diluted earnings per share

The diluted earnings per share is computed similar to basic earnings per share, but with the adjustment made by assuming the conversion of potentially dilutive shares in the denominator.

	June 2020	June 2019
Net profit attributable to the Parent	142,613	252,279
Weighted average shares outstanding	216,200,383	213,386,130
Diluted earning per share (Brazilian reais)	0.66	1.18

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

29. Operational limits - The Basel Accord

The Central Bank of Brazil, through Resolution No. 4,192/13 and 4,278/13, instituted the determination of the reference equity on a consolidated basis for the financial conglomerate and by Resolution No. 4,193/13 instituted calculating the minimum equity required for reference the Risk Weighted Assets (RWA), both with effect from October 2013. The capital adequacy ratio for June 30, 2020 calculated based on the prudential conglomerate is 15.72% (16.89% at December 31, 2019). The table below shows the calculation of the minimum equity required for the reference risk weighted assets (RWA) which is 8.00% since 2019.

	June 2020	December 2019
Credit risk	2,413,709	2,166,739
Interest Rate	68,810	61,805
Commodities	61,079	121,645
Actions	196	5,205
Operating risk	175,623	167,918
Exchange risk	13,103	28,195
Required capital base (PRE)	2,732,520	2,551,507
Reference equity (PR)	5,370,266	5,387,009
Excess of equity in relation to limit	2,637,746	2,835,502
Conciliation shareholders' equity		
Shareholders' equity	4,093,299	4,040,733
Subordinated financial bills - Level II	820,819	905,779
Perpetual Subordinated financial bills - Level I	512,923	480,067
Others adjustments	(56,775)	(39,570)
Total reference equity x shareholders' equity	5,370,266	5,387,009

30. Other information

Offset and settlement of liabilities agreement - the Bank has an agreement on the offset and settlement of liabilities under the Brazilian National Financial System, in accordance with CMN Resolution No. 3,263/05, resulting in added guarantees of settlement of their assets with financial institutions that are party to the agreement. The total assets included in this agreement as of June 30, 2020 amount to R\$ 77,889 (the Bank does not have compensation mitigation services as of December 31, 2019).

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

31. Reconciliation of Equity and Net Income, under BRGAAP and IFRS

We present below the major adjustments (net of taxes) identified between the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil ("BRGAAP") and the International Financial Reporting Standards IFRS for the six-month period ended June 30, 2020 and 2019.

	June 2020	June 2019
Equity under BRGAAP	4,093,299	3,882,219
Allowance for losses on loans and advances to clients	(a) 27,706	34,332
Guarantees and responsibilities	(a) 11,609	10,213
Others	9,998	1,142
Equity under IFRS	4,142,612	3,927,906
Net income under BRGAAP	142,613	252,279
Allowance for losses on loans and advances to clients	(a) 10,507	(10,616)
Guarantees and responsibilities	(a) (852)	(6,907)
Others	3,882	4,140
Net income under IFRS	156,150	238,896

a) Allowance for losses on loans and advances to clients

In the adoption of IFRS 9, there was a change in the calculation model of incurred loss (IAS 39) to expected loss, considering forward-looking information. On BRGAAP, the concept of expected loss is used, pursuant to BACEN Resolution No. 2,682/99.

32. Other matters

The Administration has been following developments related to COVID-19, observing with due attention the government guidelines, World Health Organization and specialized advice. The Bank has been adopting several preventive measures to preserve the safety and health of its employees, as well as maintaining the operation. Due to the uncertainties and economic effects that the pandemic may cause, the Bank suspended its projections for the expanded credit portfolio and expenses.

In compliance with CVM requirements, the Bank prepared and, on August 7, 2020, published individual and consolidated interim financial information of the Bank, contained in the Quarterly Information Form - ITR, referring to the quarter ended on June 30, 2020. This accounting information was prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, however, they were presented in a manner consistent with the rules issued by the CVM, applicable to the preparation of the Quarterly Information. Such rules issued by the CVM do not consider certain general presentation and disclosure criteria established by Resolution No. 4,720 / 19 and Circular No. 3,959 / 19, effective as of January 1, 2020, which are being observed in these financial statements, as mentioned in explanatory note no. 2.

Banco ABC Brasil S.A.

Notes to the financial statements
June 30, 2020 and December 31, 2019
(In thousands of reais)

The Directors

Executive Comitee

Anis Chacur Neto
Antonio José Nicolini
Antonio Sanchez Junior
José Eduardo Cintra Laloni
Marco Antonio Ascoli Mastroeni
Renato Pasqualin Sobrinho
Sergio Lulia Jacob
Sergio Ricardo Borejo

Directors

Alexandre Yoshiaki Sinzato
Carlos Augusto Del Monaco De Paula Santos e Silva
César Valdez Mindof
Daniel Credidio Brandão Barbosa de Oliveira
Dieter Klemz
Edgard de Souza Toledo Neto
Everthon Novaes Vieira
Felipe Sene Tamburus
Fernando Vazquez Fernandez
Gustavo Henrique Tavares Silva Bellon
Gustavo Machado Vieira de Almeida
Leila Maria de Carvalho Rocha
Livia Sousa Sant'ana
Luiz Antonio de Assumpção Neto
Paulo Romagnoli
Renato Otranto
Ricardo Gentile Rocha
Rodrigo Andreos Cordeiro
Rodrigo Montemor
Rodrigo Sotero Galvão
Waldecir dos Santos Junior

Banco ABC Brasil S.A.

Management report

Performance in the first half of 2020

We submit to your consideration the individual and consolidated accounting information of Banco ABC BRASIL S.A. for the first semester of 2020.

Banco ABC BRASIL S.A.

Banco ABC Brasil S.A. is a commercial bank specialized in lending and providing services for large and mid-sized companies. Nonetheless, it is one of the few Brazilian banks featuring international control and local autonomy.

The bank is managed by a highly qualified team of senior executives, who are also shareholders of the bank, holding vast experience in financial markets and having broad autonomy for decision taking, in addition to the capability to foresee and explore sectorial and cyclical opportunities in the Brazilian economy.

Banco ABC Brasil S.A. is present in Brazil since 1989, and from this date on has been building a solid Corporate Clients portfolio by offering wide high-value added financial products. Nevertheless, the Bank is recognized by its robust expertise on credit risk assessment and concession.

Banco ABC Brasil S.A. is listed in the Level 2 of Corporate Governance of São Paulo Stock Exchange (B3 S.A - Brasil, Bolsa, Balcão).

Shareholding Structure

As of June 30, 2020 the shareholding structure of Banco ABC Brasil S.A. was the following: Bank ABC: 59.9%; Free-float: 33.0%; Management and Board members: 4.8%; and Stocks in Treasury: 2.3%.

Business Profitability

During the first half of 2020, Brazil was impacted by the COVID-19 pandemic. In order to adapt to this new scenario, Banco ABC Brasil S.A. implemented series of initiatives, including: (i) the introduction of a home-office policy, with 95% of its employees working remotely, (ii) the substitution of face-to-face interactions with clients for remote relationships, and (iii) the review of Banco ABC Brasil S.A. credit portfolio, aiming at identifying potential impacts resulted from the pandemic. Banco ABC Brasil S.A. believes that, in addition to preserving the well-being of its clients and employees, these initiatives will contribute to develop relevant capabilities to the future of the organization.

Banco ABC Brasil S.A.

Management report

Considering this scenario, Banco ABC BRASIL S.A. reported a consolidated accounting net income of BRL 142.6 million in the first half of 2020 (BRL 252.3 million in the first half of 2019), reaching an annualized return on average equity of 7.0% in the period (13.3% pa in the same period of 2019).

The reduction of the Bank's Net Income, compared to the same period in the last year, is explained mainly due to an increase in the expenses of loan loss provisions and the reduction in the basic interest rate (SELIC), reducing the remuneration on shareholders' equity, partially offset by the increase in the Financial Margin with Clients.

Credit Portfolio

The credit portfolio (including loans and guarantees issued) totaled BRL 28.2 billion as of June 30, 2020 (BRL 23.8 billion as of the end of June, 2019). Regarding the credit portfolio quality, 94.6% of the loan transactions and 98.4% of the guarantees issued transactions were rated between AA and C at the end of June, 2020, in accordance with Brazilian Central Bank Resolution No. 2682. Considering both portfolios, the ratio was 96.0%. The loan loss provision balance represented 2.9% of the loan portfolio as of the end of June, 2020 (2.9% as of the end of June, 2019).

IN CVM 381/03

In compliance with CVM Ruling No. 381 of January 14, 2003, which provides for the need to disclose, by audited entities, information on service performance by the Independent Auditor, Banco ABC BRASIL S.A., informs that independent audit services of the financial statements of the Bank and its controlled companies are provided by Ernst & Young Auditores Independentes S.S.

No additional audit-related services representing amounts above the overall remuneration of five percent (5%) of the remuneration paid by the external audit services in the period.

The policy adopted meets the principles that preserve Auditor's independence, in accordance with criteria internationally accepted. These principles are as follows: 1) the auditor must not audit his/her own work; 2) the auditor must not perform managerial activities in his/her customer; 3) the auditor must not promote his/her customer's interests.

Securities Portfolio

At the end of the period, Banco ABC BRASIL S.A. accounted to BRL 887.7 million in securities classified as "held to maturity", in accordance with Circular No. 3,068/01 of November 8, 2001 of the Central Bank of Brazil. The Bank has the financial capability and intention to hold these securities to maturity.

Banco ABC Brasil S.A.

Management report

Arbitration Clause

Banco ABC BRASIL S.A. is subject to arbitration in the Market Arbitration Chamber, in accordance with the Arbitration Clause contained in its Articles of Association.

Risk Management

1) Corporate Risk

To Banco ABC Brasil the risk management is a process aimed at creating and preserving the institution's value, providing reasonable assurance that events that may affect the institution are identified and continuously managed according to its risk appetite. Therefore, to meet Resolutions Nos. 4,557/17 and 4,327/14 of the Central Bank of Brazil, the bank maintains specific structures to deal with risk management, capital management, and environmental and social responsibility, respectively. To meet the aforementioned resolutions and Circular No. 3,678/13 of the Central Bank of Brazil, the information related to the risk management process of Banco ABC Brasil is available in its website on internet, available through the following URL: www.abcbrazil.com.br > Relações com Investidores > Serviços RI > Fatores de risco > Estrutura de gestão de risco - Banco ABC Brasil.

Corporate Risk Management is responsibility of all areas and employees. They must perform their activities and timely identify risks, failures and deficiencies and inform to areas better positioned to deal with them. Despite being responsibility of all areas and employees, it is managed in a centralized manner by Vice-Presidency of Credit and Risk Management.

The Bank's governance structure considers that the company must be managed with main focus on value creation for shareholders, without injuring the rights of interested parties and complying the laws that regulate the markets, according to accepted and recommended ethical standards. Such structure is based on the regulations of B3 S.A. - Brasil, Bolsa, Balcão, the Brazilian Securities and Exchange Commission (CVM) and the Central Bank of Brazil, counting on. It is based on bodies defined by the current regulation, such as the Board of Directors and Audit Committee, and supported by internal ones, such as the Board Risk Committee and the Executive Committee, as well as other operating committees, such as the Credit Committee, the Financial Committee and the Operational Risk and Compliance Committee.

The Board of Directors is responsible for defining the risk appetite of the institution, the approval of business strategies and the maintenance of high governance standards. It should ensure the effectiveness of the risk management framework, providing independence and resources for its proper functioning. Accordingly, it is supported by bodies and committees created for this purpose.

The Executive Committee is responsible for executing the definitions set by the Board of Directors and for managing the activities of the institution.

Banco ABC Brasil S.A.

Management report

2) Operational risk

The Bank acknowledges that Operational Risk is a specific risk category and should be managed as such. It should cover the institution as a whole, involving all its employees, including third-party service providers and considering its processes, activities, systems, products and physical structure. Operating risk management also includes legal risks.

Operational risk management is organized in three defense lines: 1) managers of several areas; 2) Risk Management area and Operational Risk and Compliance Committee and 3) Internal Audit.

Management is based on ongoing identification, assessment, monitoring, control and mitigation of risks through specific tools. The effectiveness of actions is reinforced by timely communication to management, involvement of people, and the efforts to spread a risk management culture. The Operational Risk, Compliance and Information Security Committee is the internal body that discusses operational risk, business continuity management, compliance, information security and internal control matters.

3) Market and liquidity risks

The market and liquidity risks are managed through internal information and tools operated by the Risk Management area, which centralizes the control activities, monitoring the portfolio exposures, as well as current and future acceptable liquidity levels.

Treasury executes the decisions taken by the Financial Committee and manages proprietary positions within the limits determined. It also manages the funding as well the inflow and outflow gap. The Financial Committee formally discusses such exposures in its weekly meetings and designs a strategy for the subsequent period.

The Risk Management area provides daily information to the Management, Treasury, and members of the Financial Committee. It also prepares periodic specific reports to the Board of Directors and the Audit Committee. Furthermore, it has to disclose the Bank's risk appetite to the areas involved in the liquidity and market risk management and in the design of new products or activities.

4) Credit risk

Credit risk management covers the bank's activities of authorization, execution, control and monitoring. This also includes not only individual outlook for economic groups, clients and operations, but also the aggregate risk factors of the portfolio, such as concentration in a sector, product or region.

Banco ABC Brasil S.A.

Management report

The approval of client relationships and of the concession of credit lines is the responsibility of the Credit Committee, up to the limits under Administrative jurisdiction. Beyond that limit, the Board Risk Committee has exclusive rights of approval.

The process of management is dynamic and shared, notably in the areas of Credit Risk Analysis, Administration, and Management, which are parts of the structure of the Vice-Presidency of Credit and Risk Management. This seeks to assure that risks are within defined limits and that the coverage of required collaterals are at required levels, with the expected quality and accessible to the Bank in case of default.

The Credit Risk Management area is also responsible for monitoring the credit portfolio. This includes portfolios quality monitoring and execution of stress tests, as well as the development and performance of models for attributing counterparty and transaction risk classification. The area also monitors risk concentration and evaluates the impacts of adverse scenarios.

5) Environmental and Social Responsibility

The environmental and social responsibility policy defines the guidelines for the identification, assessment, monitoring, mitigation and control of environmental and social risks, in compliance with Resolution 4,327/14 of the Central Bank of Brazil.

The Bank has research tools, internal analysis processes and governance structure that allow the management of such risks. The Bank also applies environmental and social questionnaires to its clients, according to internal eligibility criteria.

6) Capital management

The Executive Committee conducts the capital management jointly with the Board of Directors, based on activities coordinated by the Finance area, which is also responsible for structuring the annual strategic plan and monitoring the budget. The Risk Management area are fully integrated in the process. In compliance with Resolution No. 4,557/17 of the Central Bank of Brazil, the information relating to capital management Brasil is available in its website on internet, available through the following URL: www.abcbrasil.com.br > Relações com Investidores > Serviços RI > Fatores de Risco > Estrutura de gestão de capital - Banco ABC Brasil).

Banco ABC Brasil S.A.

Management report

7) Compensation Committee

The Bank has a Compensation Committee established in the first General Shareholder's Meeting of 2012 that shall be responsible for (i) proposing to the Board of Directors the various forms of fixed and variable compensation, the benefits as well as the bespoke recruitment and severance programs; (ii) supervising the implementation and operation of the compensation policy for the institution's managers; (iii) reviewing on an annual basis the institution's management compensation policy and recommending to the Board of Directors any correction or improvement; (iv) proposing to the Board of Directors the sum of overall compensation for managers to be submitted to the General Shareholders Meeting in accordance with article 152 of Corporation Law; (v) assessing future internal or external scenarios and their possible impacts on management compensation; (vi) analyzing the institution's management compensation policy in relation to market practices in order to identify significant discrepancies in relation to similar companies and proposing adjustments when necessary; (vii) ensuring that the management compensation policy is always compatible with the risk management policy, with the institution's current and projected objectives and financial position as well the provisions of that resolution; and (viii) preparing on an annual basis in a ninety day period as from December 31, each year a document known as the Compensation Committee Report as provided in Resolution No. 3,921 of Brazil's National Monetary Council.

8) Compliance risk

Banco ABC Brazil through its Compliance department seeks to ensure the existence of corporate policies, processes, controls and continuous monitoring of meeting regulatory requirements of regulatory agencies and professional associations, as well as prevent and combat money laundering and terrorism financing. Acting on the orientation and awareness, aimed at curbing activities and conduct that could cause damage to the institution's image and use its best efforts in the dissemination and practices of Law N° 12,846 of Anti-Corruption and Bribery Law. In addition, the Compliance area, in conjunction with the Information Security area, are responsible for defining policies to ensure the confidentiality, integrity and availability of information.

Sao Paulo, August 6, 2020.

The management



Summary report of the Audit Committee

The Audit Committee, based on its assessments and activities, is of the opinion that the internal control and risk management framework are adequate to support the quality of the processes for the preparation of the financial statements and explanatory notes (on consolidated basis). It includes adherence to accounting practices adopted in Brazil and requirements set by the Central Bank of Brazil (BACEN) and CVM (Brazilian Securities Exchange Commission).

The Audit Committee, acting within its responsibilities and mandate, recommends to the Board of Directors the approval of the Financial Statements of the Banco ABC Brasil S/A (solely and consolidated) for the periods H1 ended in 30 June 2020.

The Audit Committee full report, including details of the scope, work carried out and assessments will be available in the Banco ABC Brasil website – section Corporate Governance (<https://ri.abcbrasil.com.br/en/corporate-governance/audit-committee/>).

São Paulo, 5 August 2020

The Audit Committee



Abiding by CVM Rule No. 480, dated December 7, 2009, the undersigned parties, Executive Board members of Banco ABC Brasil S.A., listed at Corporate Governance Level 2 (Code ABCB4), REPRESENT hereby that they:

a) Reviewed, discussed and agreed with the financial statements for the six-month period ended June 30, 2020.

b) Reviewed, discussed and agreed with the opinion expressed in the independent auditor's report of Ernst & Young Auditores Independentes S.S., on the Bank's financial statements for the six-month period ended June 30, 2020.

Sao Paulo, August 6, 2020.

Anis Chacur Neto
Director President

Sérgio Ricardo Borejo
Director Vice - President of Administrative

Leila Maria de Carvalho Rocha
Director