



Annual Letter of **Public Policies** and **Corporate Governance**

2020

Base-Year 2019



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Board of Directors Message

The year of 2019 was marked by great results. Financially, we registered a record adjusted net profit of R\$ 17.8 billion, a growth of R\$ 4.3 billion (+32.1%) in comparison to the result of the previous year. The return on equity (Market ROE) reached 17.3%, up 341 bps in relation to 2018.

The adjusted return on assets (ROA) reached 1.24% in 2019, a growth of 27 bps in relation to the previous year. A driver for this process was risk rebalancing and credit portfolio returns, which led retail operations to gain more relevance in the total credit portfolio.

This process of financial mix change was accompanied by the control over defaults on payments. In 2019, the allowances for loan and lease losses (ALLL – Credit Risk) decreased 2.4% (-R\$ 481 million) in relation to 2018.

With **over 210 years of existence**, we work to promote social inclusion through the creation of jobs and generation income. We are, as defined on Law No. 4,595/64, **National Treasury's financial agent and main instrument for the execution of the Federal Government's (our controller) credit policy.**

As an executor of public policies, we received from the National Treasury **R\$4.5 billion to the costing of loans and financing disbursements granted by public funds and programs in 2019.** In the same year, we returned R\$3.7 billion to the National Treasury, value paid by our clients in installments, from a R\$49.6 billion portfolio.

The strategic goal of **providing the best experience for our customers** has been pursued through specialization and segmentation. With this strategy the fee income from the service network grew R\$1.8 billion in relation to 2018, reaching R\$29.2 billion. The optimization of the service network, combined with digital transformation, allowed for gains in operational efficiency, elevating to 36.1% the cost to income ratio, the best in our annual historical data.

We are on the right track to excellence in customer services and in digital transformation, with modern, safe and innovative solutions for our customers. The **App BB has the best score on Play Store (4.6) and on Apple Store (4.7)**, with more than 14 million recurring users.

We are focused on improving our financial and socio-environmental performances. We reached R\$1.1 trillion in assets over BB DTVM's management, with R\$177.3 billion in assets subjected to screening, considering socio-environmental and corporate governance aspects. The commitment on developing business solutions also reflects on the investment of R\$174.0 billion in green economy sectors

As a result of this performance, we were recognized, for the second consecutive year, as **one of the most sustainable financial companies in the world by the Corporate Knights' Global 100 ranking** – the announcement took place at the World Economic Forum in Davos, Switzerland. We also take part in national and international sustainability indexes, such as the New York Exchange's Dow Jones Sustainability Index (DJSI), the London's Stock Exchange's FTSE4 Good Index Series, and the B3's Corporate Sustainability Index (ISE). In 2019, **we were reintegrated in the DJSI's "World" portfolio, reaching second place in the "Banks" sector.**

Since 2006, we are the only bank with shares listed since 2006 in the "Novo Mercado" of B3, the most demanding segment of the Brazilian stock market in governance requirements. We are also a member, with BB Seguridade (publicly held company of our conglomerate), in the State Governance Highlight Program (Programa Destaque em Governança de Estatais - PDGE) of B3.

These achievements demonstrate that we are on the right track when it comes to social and environmental impacts associated to profitability in the management of activities and businesses that generate value to customers, investors, employees, and the society.

In 2019, **we generated a positive impact in society that amounts to R\$45.7 billion.** Of this total amount, R\$23.1 billion benefited more than 93 thousand employees, R\$6.7 billion were distributed among shareholders in the form of interests on equity, R\$534.6 million were paid in taxes and R\$11.2 billion were reinvested, reinforcing our capital.

We would also like to **thank all employees for their dedication and effort in achieving the excellent 2019 results.** We presented record results, achieved our shareholders' expectations and elevated our customers' satisfaction, operating in a sustainable manner.

In 2020, we want to maintain this delivery of consistent results. We will work tirelessly in the favor of our customers, shareholders, employees, and Brazilian society, in an innovative, efficient and sustainable manner. Thank you all for your trust in our work.

Hélio Lima Magalhães

Chairman of Banco do Brasil's Board of Directors

Rubem de Freitas Novaes

Banco do Brasil's CEO

General Identification

In accordance with article 8, items I and VIII, of Law 13303, of June 30, 2016; with article 13, items I and VIII, of Decree 8.945, of December 27, 2016; and with Article 18 of the Rules of Procedure of the Highlight Program on State Governance of B3 (Brasil, Bolsa, Balcão), the Board of Directors subscribes to this Annual Letter of Public Policies and Corporate Governance of Banco do Brasil S.A. for the fiscal year 2019.

CNPJ	00.000.000/0001-91. NIRE 5330000063-8
Headquarters	Brasília/DF
Type	Mixed Capital
Controlling Shareholder	Union, through the Ministry of Economy
Corporate Type	Joint Stock
Type of Capital	Publicly Held
Scope	International
Sector	Financial/Banking industry
Investor Relations Director - DRI	Carlos Hamilton Vasconcelos Araújo e-mail: ribb@bb.com.br phone: (55 61) 3493-5601
Current Independent Auditors:	Deloitte Touche Tohmatsu Auditores Independentes Technical Manager: Luiz Carlos Oseliero Filho e-mail: luizoseliero@deloitte.com phone: (55 11) 5186-1224
Board of Directors underwriters of the Annual Letter	Hélio Lima Magalhães (CPF 344.224.557-53) Waldery Rodrigues Júnior (CPF 357.025.913-72) Débora Cristina Fonseca (352.314.628-37) Joaquim José Xavier da Silveira (CPF 263.346.317-72) José Guimarães Monforte (CPF 447.507.658-72) Luiz Serafim Spinola Santos (CPF 093.068.627-68) Paulo Roberto Evangelista de Lima (CPF 117.512.661-68) Rubem de Freitas Novaes (CPF 019.470.447-53)
Annual Letter Underwriting Administrators	Rubem de Freitas Novaes (CPF 019.470.447-53) Position: CEO Carlos Hamilton Vasconcelos Araújo (CPF 223.794.793-72) Position: Vice-President of Finance Management and Investor Relations (CFO)

Release Date: 06/26/2019



Corporate Governance and Public Policies

Law No. 13.303/16, in its article 8, items I, III and VIII, sets forth the explanation of the commitments for attainment of objectives of public policies by the mixed-capital company, in response to the collective interest which justified the authorization for its creation, with clear definition of the funds to be used for this purpose, as well as the disclosure of relevant information, in special those related to the activities performed, control structure, risk factors, economic and financial data, management comments on the performance, corporate governance policies and practices and description of the composition and compensation of management. This information is detailed below.

1. Public Interest Underlying the Corporate Activities

Law No. 4.595/64 introduced the Brazilian Financial System, composed of the National Monetary Council, Central Bank of Brazil (Bacen), Banco do Brasil (BB), National Bank for Economic and Social Development (BNDES) and other financial institutions. The same regulation defined Banco do Brasil as financial agent of the National Treasury and main instrument of execution of the loan policy of the Federal Government, being responsible for the financing of commercial, industrial and rural activities, disclosure and guideline of loan, performance of the foreign trade policy, among other assignments. With over 210 years, the Bank operates on responsible basis to promote social inclusion through the creation of jobs and generation of income.

Agribusiness is one of the principal sectors of the Brazilian economy, being fundamental for the growth and development of the country. Banco do Brasil finances the costing of production and the sale of farming products, foments rural investments such as storage, processing, manufacture of agricultural products and modernization of agricultural machines and implements, in addition to the compliance of rural properties to the environmental legislation. Accordingly, BB supports the Brazilian agribusiness sector in all the stages of the production chain.

BB offers to SME solutions of working capital, financing of investments and foreign trade, in addition to many other options related to cash flow, security, pension and services. The several segments of Companies, including Individual Microentrepreneurs (MEI), are offered from financial alternatives to business models that promote the transition to an inclusive economy. In this way, the Bank seeks to offer adequate solutions to support the development of this audience and encourage the entrepreneurial culture in the country.

In the financing to foreign trade, BB operates public policy instruments of production development, entrepreneurship, social and financial inclusion, including the Income Generation Program (Proger) and the Export Financing Program (Proex), in which the Bank is exclusive agent of the Federal Government.

Additional information on the history of Banco do Brasil and its main products and services is available at sections 6 and 7 of the [Reference Form](#) (available at bb.com.br/ir › Documents and Announcements › Reference Form).

2. Activities Developed

Founded on October 12, 1808, Banco do Brasil S.A. was the first banking institution to operate in the country and the first company to carry out a public offering of shares in the Brazilian capital market. Headquartered in Brasília, Banco do Brasil is a multiple bank, government-controlled company and its controlling shareholder is the Brazilian Government.

Banco do Brasil is one of the largest financial companies in the country in terms of assets with an 18.5% market share, according to the latest data released by the Central Bank. We are also the largest bank in asset management, with 22.4% market share, in loans to agribusiness with a market share of 55.4%; and in the payroll loan sector, with a 21.2% market share. With more than 210 years of history, our main strength is in retail banking. Through strategic partnerships, affiliated and controlled companies, we offer a wide range of services. In general, we group our business into six segments: **(i)** banking; **(ii)** investments; **(iii)** resource management; **(iv)** insurance, pension plan and premium bonds; **(v)** means of payment; and **(vi)** other segments.

Banco do Brasil has a significant presence in all Brazilian states, in addition to developing activities in important global financial centers, actively contributing to the development of the country, through offering financial services, loans and production financing. We have 93.2 thousand employees, 64.5% of whom have worked for more than 10 years. We paid R\$21,320 million between salaries, benefits and profit sharing and invested more than R\$75 million in training and qualification, an increase of 4.1% compared to 2018.

Our focus is to conduct business with profitability compatible with the risks of the markets in which we operate. In order to offer differentiated solutions and strengthen the bond, Banco do Brasil segments its customers in five major segments: individuals retail, corporate retail, wholesale, private banking and government. The knowledge of the segments allows the development of value proposals appropriate to the customer profiles: service model, channels, portfolios of products and services, integrated communication approach and, when applicable, specific brand.

On December 31, 2019, Banco do Brasil had 70.2 million customers, 37.6 million checking accounts and one of the largest retail service networks in Brazil, with 65,806 points of service, including 4,356 own branches.

Additional information on the main products and services provided by Banco do Brasil can be found in sections 7.2 and 7.3 of the [Reference Form](#) (available at bb.com.br/ir > Documents and Announcements > Reference Form).

3. Statutory Duties

Aligned to its public interest, the Bank develops activities that meet public policies and its social purpose pursuant to articles 5 and 6 of BB's By-Laws:

Article 5. The Bank will contract, as stipulated by law or in the regulations, directly with the Federal Government or with its intervention:

- I. carry out the duties and services pertinent to the function of a financial agent of the National Treasury and other functions assigned to it by law;
- II. provide financing of government interest and carry out official programs by investing funds from the Federal Government or any nature; and,
- III. provide guarantee for the Federal Government.

Sole paragraph. The activities provided for by this article are conditioned, as the case may be, to the following:

- IV. the availability of corresponding funds to the Bank and the setting out of a corresponding interest payment;
- V. the prior and formal definition of the terms and proper interest payable in connection with the funds to be invested in case of equalization of financial charges;
- VI. to the prior and formal definition of the terms and assumption of risks and of remuneration, never lower than the costs of the services to be rendered; and,
- VII. to the prior and formal definition of the term to fulfill the obligations and the penalties for in compliance.

Article 6. The Bank may engage the performance of duties, services and transactions that are assigned to the Brazilian Central Bank, if the provisions of the sole Paragraph of article 5 of these bylaws are followed.

Besides important agent of the economic and social development of the country, the Bank seeks to foment the economy and growth, operating in support to the public management in the promotion of improvements in several sectors. To maintain the growth of its loan portfolio with stability in the quality of assets, it seeks to establish partnerships that assure the same values of integrity, reputation and respect to the community and environment.

The Bank operates with public policies through financial services available to its clients, also participates in programs, projects and initiatives of public management, offering customized solutions that assist in the coverage of social demands. Accordingly, the Bank carries out transactions with the Federal Government, controlling shareholder, which generate financial effects on its Equity and Result.

4. Public Policies

The Plurennial Plan (Plano Plurianual – PPA), set forth by Article 165 of the Brazilian Federal Constitution, is the planning tool that establishes the guidelines, objectives, and targets of the Federal Government. The PPA enables the implementation and management of public policies, direct the strategic reach of the governmental action, direct the establishment of priorities, and assist in the promotion of sustainable development.

The Ministry of Economy (ME), together with other bodies and entities of the Executive Branch, is responsible for coordinating the processes of preparation, monitoring, evaluation and review of the



applicable PPA, and the release of methodology, guidelines and technical support for its management (Law No. 13,249/16 ruled by Decree 8,759/16).

Banco do Brasil is inserted in the planning as executor agent of governmental public policies, through financing funds (governmental), other initiatives (own funds) and realization of fixed investments, aligned with the programs, objectives and goals previously defined by the ME and by Sector Bodies (Órgãos Setoriais – OS), which correspond to the executor ministries of the public policies.

It is worth mentioning that governmental initiatives under the PPA should maintain consistency with the targeting of the Corporate Strategy of Banco do Brasil (ECBB). Below are the results achieved on the initiatives under the Bank's management for PPA 2016-2019 and, after that, the planned initiatives for PPA 2020-2023, considering the four-year duration of the programs.

4.1. Governmental Initiatives

4.1.1. PPA 2016-2019

Sustainable Agribusiness

Banco do Brasil acts in the program with the purpose of (i) increasing the availability and access to rural credit resources and other financing sources, and (ii) strengthening cooperativism and rural associativism, aiming at improving quality of life, organization and sustainability of the productive base, creation of jobs and generation of income, social inclusion and reduction of regional inequalities, and (iii) promoting knowledge and adoption of Low Carbon Agriculture (Agricultura de Baixo Carbono – ABC).

Granting Loan to Rural Producers

Rural credit covers resources for maintenance, commercialization, industrialization and investment. Its rules, purposes and conditions are defined in the Rural Credit Code (MCR), prepared by the Brazilian Central Bank (Bacen). These codes are followed by all agents from the National Rural Credit System (SNCR) such as banks and credit unions.

Banco do Brasil is historically the principal financial agent of the Brazilian agribusiness, supporting all the production phases, and financing the production costing, the trading and investments, including storage, processing and manufacture of agricultural products.

The Bank will continue to provide strategic support and encourage rural credit in all its purposes, with an emphasis on digital solutions to simplify the credit process, stimulating the simplification and completeness of service to rural producers and their cooperatives, reinforcing its historic partnership with Brazilian agribusiness.

Governmental Initiative	Granting Loan to Rural Producers
i. description	Granting loan to rural producers by the Bank, except deals with cooperatives, BB ABC Program, BNDES/FINAME lines, operations with resources from the Federal Government, Pronaf, Pronamp and agro-industrial credit.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	<p>2017 Projections: R\$39.9 billions 2017 Performance: R\$44.5 billion (111.5% of the goal)</p> <p>2018 Projections: R\$41.9 billion 2018 Performance: R\$53.8 billion (128.3% of the goal)</p> <p>2019 Projections: R\$44.0 billion 2019 Performance: R\$51.4 billion (116.8% of the goal)</p>
iv. investments made	Amount disbursed in 2019 by the Bank: R\$51.4 billion.
v. costs incurred	Funding, administrative and tax costs.
vi. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Rural Savings; - Demand Deposits.

- vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer Managerial result was R\$3.7 billion in 2019.

Granting Loan to Medium Rural Producers

The purpose of the National Program of Support to Medium Rural Producers (Pronamp) is to promote the development of rural activities of medium producers and to enable the increase of income and creation of jobs in rural areas.

The financing conditions are established in line with the objectives of Pronamp and are differentiated, mainly in concern to interest rates lower than those available to other rural producers.

The Bank carries out actions for the strengthening of Pronamp, mainly:

- i. Mandatory targeting to cover the costing needs of medium rural producers for the lines of Pronamp;
- ii. Expansion of the operating model through resales of agricultural machines contracted as Commercial Correspondents —Agribusiness Segment, which enhances the offer of the investment lines from Pronamp and facilitates the origination of financing proposals at purchase of machines and equipment by medium rural producers.

Strategic support to the rural producers supported by the Pronamp shows positive results and reinforces the partnership of the Bank with the Brazilian agribusiness.

Governmental Initiative	Granting Loan to Medium Rural Producers (Pronamp)
i. description	Granting credit to rural producers under Pronamp (National Support Program for the Middle Rural Producer, from Resolution CMN No. 3,987/11) by the Bank, except deals with cooperatives, BNDES/FINAME lines and operations with resources from the Federal Government, including resources from saving accounts, free resources, constitutional funds and Hybrid Capital and Debt Instruments (HCDI).
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	<p>2017 Projections: R\$13.2 billion 2017 Performance: R\$11.7 billion (88.4% of the goal)</p> <p>2018 Projections: R\$7.5 billion 2018 Performance: R\$11.6 billion (154.1% of the goal)</p> <p>2019 Projections: R\$7.5 billion 2019 Performance: R\$12.4 billion (164.9% of the goal)</p>
iv. investments made	Amount disbursed in 2019 by the Bank: R\$12.4 billion.
v. costs incurred	Funding, administrative and tax costs.
vi. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Rural Savings; - Demand Deposits.
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$691 million in 2019.

Granting Loan to Cooperatives and Associations

We have a specialized team dedicated to expanding business with cooperatives, especially in the agriculture, livestock and rural credit segment. This structure provides specialized guidance to the branch and customer network, adequate credit (directed to the characteristics and needs of cooperatives), upgrading and specialization of assistance provided to cooperatives, besides the increase of volumes traded and contracted by cooperatives due to partnerships and processes' improvements.

We maintain partnerships with agriculture, livestock and rural credit cooperatives, which makes it possible to increase the access of rural producers to credit, through agribusiness correspondent agreements. This partnership, in addition to allowing greater agility, is an important tool to increase the



capacity of contracting rural credit operations by the Bank, thus contributing that resources, especially those of Pronaf, can reach a greater number of families.

Such initiatives, in addition to increasing the rural credit resources application, promote the development of the interior of the country, contributing to the increase of production, productivity, exports and investments in new technologies in rural properties.

Governmental Initiative	Granting Loan to Cooperatives and Associations
i. description	Granting credit to cooperatives and associations, funded by saving accounts resources, free resources, constitutional funds, agribusiness letters of credit and Hybrid Capital and Debt Instruments (HCDI), except resources from BNDES, General Budget of the Federal Government (OGU) and Agro-industrial.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2017 Projections: R\$ 5.8 billion 2017 Performance: R\$ 6.9 billion (119.4% of the goal) 2018 Projections: R\$6.1 billion 2018 Performance: R\$4.4 billion (72.7% of the goal) 2019 Projections: R\$6.4 billion 2019 Performance: R\$2.5 billion (39.4% of the goal)
iv. investments made	Amount disbursed in 2019 by the Bank: R\$2.5 billion.
v. costs incurred	Funding, administrative and tax costs.
vi. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Rural Savings; - Demand Deposits.
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$31.0 million in 2019.

Granting Loan to Low Carbon Emission in Agriculture (ABC)

The objective of the ABC program is to finance sustainable agriculture and livestock production systems with recognized capacity to reduce (or absorb) greenhouse gas emissions (GEE), as well as to promote the production of biomass, food production and the preservation of the environment.

To disclose the credit line, its purposes, benefits, and conditions, and encourage its contracting, we have historically implemented actions such as:

- i. Internal dissemination of the credit line through our main communication channels, events and technical lectures;
- ii. Credit line offer considering own resources as well as BNDES's, according to budget availability;
- iii. Partnerships with farmer's support organizations to disseminate the ABC program;
- iv. Simplification and automation of contracting processes;
- v. Articulation of Technical Assistance at Portfolio Level (Articulação do Assessoramento Técnico em Nível de Carteira – ATNC) with companies that provide technical assistance to rural producers, to identify the technologies and standardization of investment projects under the ABC program;

In addition, the Bank reinforces its commitment to sustainability through the continuation of priority actions and strategic support to the ABC program, stimulating service to rural producers and implementing the strategic measures offered by the economic environment, legislation and good market practices.

Governmental Initiative	Loan Facilities to Financing of Agriculture of Low Carbon Emission (ABC)
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i. description	The purpose of the program is to finance sustainable systems of agricultural production with capacity to reduce/sequester emissions of Greenhouse Gases (GEE), in addition to promote the production of vegetation/biomass, the production of food and preservation of environment.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2017 Projections: R\$ 915.9 million 2017 Performance: R\$ 788.0 million (86.0% of the goal) 2018 Projections: R\$961.7 million 2018 Performance: R\$1.6 billion (169.7% of the goal) 2019 Projections: R\$1.0 billion 2019 Performance: R\$1.4 billion (140.7% of the goal)
iv. investments made	Amount disbursed in 2019 by the Bank: R\$1.4 billion.
v. costs incurred	Funding, administrative and tax costs.
vi. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Rural Savings; - Demand Deposits.
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$130 million in 2019.

Strengthening and Enhancement of Family Farming

The purpose of the Program is to expand the access to and qualify the loan instruments, protection of production, guarantee of minimum prices and guarantee of income for Family Farming.

Granting Loan to Family Farmers

The National Program for the Strengthening of Family Farming (Pronaf) aims to foment the generation of income and prize the use of family labor in rural properties as long as the prerogatives of the MCR have been complied with.

The financing conditions are established in line with the objectives of Pronaf and are differentiated, especially about interest rates lower than those applied to other rural audiences.

We develop actions focused on strengthening the Pronaf, mainly the following:

- i. Guideline to the branches on the possibility of covering the loan needs of family farmers;
- ii. Adoption of the model of operation through partners and special agreements contracted as Commercial Correspondents –Agribusiness Segment, which includes the lines of working capital for input purchase and investment and facilitates the origination of financing proposals from digital channels;
- iii. Simplification, de-bureaucracy and digitization of the contracting and renewal processes for the costing and investment lines.

The ongoing performance portrays the scenario and the commitment of the Bank to expand the service to the Brazilian agriculture in a sustainable way, of which it is the largest financier, in consonance with the Federal Government policies for the segment.

We promote actions of strategic support to the Family Farming, with emphasis on digital solutions to streamline the process, thus fomenting the service to this public and reinforcing its historical partnership with the agribusiness.

Governmental Initiative	Granting Loan to Family Farmers (Pronaf)
i. description	The National Program of Family Agriculture (Pronaf) aims to stimulate income generation and value the use of family labor in rural properties, according to prerogatives of the Rural Credit Handbook (MCR), including cooperatives categorized as Pronaf's target audience.



Banco do Brasil S/A

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ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
	2017 Projections: R\$13.0 billion 2017 Performance: R\$13.1 billion (101.0% of the goal)
iii. goals (planned/realized)	2018 Projections: R\$10.5 billion 2018 Performance: R\$13.5 billion (128.2% of the goal)
	2019 Projections: R\$10.5 billion 2019 Performance: R\$12.7 billion (120.5% of the goal)
iv. investments made	Amount disbursed in 2019 by the Bank: R\$12.7 billion.
v. costs incurred	Funding, administrative and tax costs.
vi. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings through the Pronaf are: - Rural Savings; - Demand Deposits; - HCDI; - FCO; - National Treasury.
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$729 million in 2019.

Fishing and Fish Farming

The purpose of the program is to foster the fishing and fish farming production on sustainable and competitive basis.

Granting Loan to Fishermen and Fish Farmers

Banco do Brasil is the largest agribusiness partner and supports the fishing sector, from the small, medium to the large producer, also including the processing companies, providing full support to the entire production chain.

Fishermen and fish farmers have credit support in the Bank to, in an inclusive and sustainable way, expand their production and promote the activity in the country, aiming to increase the financing granted to the segment, observing the demand of producers, market conditions and the rules and regulations of the National Monetary Council (CMN) and the Central Bank of Brazil (Bacen).

Aiming to integrating the chain and granting credit to producers, the Bank has specialized assistance in agribusiness and specific guidelines for the fishing sector, with accessible credit lines and adequate maturity, according to each need, whether costing, investing or marketing.

Governmental Initiative	Granting Loan to Fishermen and Fish Farmers
i. description	Granting credit to fishermen and fish farmers by the Bank, except resources from BNDES, General Budget of the Federal Government (OGU) and agro-industrial.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
	2017 Projections: R\$220.5 million 2017 Performance: R\$107.8 million (48.9% of the goal)
iii. goals (planned/realized)	2018 Projections: R\$160.0 million 2018 Performance: R\$206.6 million (129.1% of the goal)
	2019 Projections: R\$243.1 million 2019 Performance: R\$96.2 million (39.6% of the goal)
iv. investments made	Amount disbursed in 2019 by the Bank: R\$96.2 million.

v. costs incurred	Funding, administrative and tax costs.
vi. origin of funds involved, including sources of funds and conditions	The main sources of funds for financings are: - Rural Savings; - Demand Deposits.
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$174 thousand in 2019.

Regional and Territorial Development

Banco do Brasil acts in the program with the purpose of (i) promoting the regional development and the organization of the Brazilian territory through the planning of the occupation and the use of the space in a sustainable way and with territorial approach, besides (ii) to promote the structuring of productive activities, productive arrangements and integration routes for regional and territorial development.

Midwest Constitutional Fund (FCO) – Rural

Law No. 7,827/1989 introduced the FCO, in view of article 159 of the Federal Constitution. The accounting nature fund has purpose to contribute to the economic and social development of the Midwest region through the performance of financing programs to the productive sectors.

The Bank, in accordance with Article 13 of Law no. 7.827 / 1989, is a director of the FCO jointly with the Ministry of Regional Development (MDR) and the Deliberative Council for the Development of the Midwest Development Authority (Condel/Sudeco). The FCO Rural is available to the finance of fixed and semifixed investments, and costs associated to investment projects, agriculture and livestock.

In order to disclose the credit line, its purposes, benefits and conditions, in addition to encouraging its hiring, BB has historically implemented actions such as:

- i. Internal dissemination of the credit line through our main communication channels, events and technical lectures;
- ii. Availability of the line according to the budget of the fund;
- iii. Holding of partnerships with entities to support farmers to disseminate the program;
- iv. Simplification and automation of operations contracting processes;
- v. *Articulação do Assessoramento Técnico em Nível de Carteira* (Articulation of Technical Assistance at Portfolio Level), or ATNC, with companies that provide technical assistance to rural producers, to identify the technologies and standardization of investment projects under the program.

In the first half of 2017, the Caravan FCO was developed, an event to mobilize and disseminate credit lines, which covered more than 20 municipalities in all the states of the Midwest. The Caravan was designed to reinforce Banco do Brasil's role as administrator and main investor of FCO resources, to disclose the importance of the Fund as a source of relevant resources for the development of the Midwest.

In 2018 and 2019, Banco do Brasil kept disseminating agro/rural solutions to customers and employees, through the "Circuito Agro BB", broader in content and locations.

Governmental Initiative	Midwest Constitutional Fund (FCO) – Rural
i. description	The Midwest Constitutional Fund (FCO) was introduced by Law No. 7.827/89 and has the purpose to contribute to the economic and social development of the Center-Western region, through the performance of financing programs to the production sectors. In rural credit, with FCO Rural funds, fixed and semifixed investments are financed, associated with investment project, agricultural and livestock costing.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2017 Projections: R\$4.5 billion 2017 Performance: R\$6.3 billion (140.6% of the goal) 2018 Projections: R\$4.3 billion



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	2018 Performance: R\$7.3 billion (169.7% of the goal)
	2019 Projections: R\$3.2 billion 2019 Performance: R\$4.1 billion (130.3% of the goal)
iv. investments made	Amount disbursed in 2019 by the Bank: R\$4.1 billion.
v. costs incurred	Funding, administrative and tax costs.
vi. origin of funds involved, including sources of funds and conditions	Funds from the Midwest Constitutional Fund (FCO).
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$1.0 billion in 2019.

Midwest Constitutional Fund (FCO) - Corporate

In the scope of business credit, with FCO resources, investment projects located in the Midwest region are financed, in businesses dedicated to the productive activity in the sectors: agro-industrial, industrial, economic, mineral infrastructure, trade and services, and tourism.

The priority objective of financing is to promote projects for individual microentrepreneurs (MEI) and micro and small companies (MPE), as established in Law No. 7,827 / 89, as well as that contained in Complementary Law No. 123/06, which established the Statute National Microenterprise and Small Business.

Line showed growth in the use of funds in recent years, with a significant increase in 2019 (+ 68.2%) and 2017 (+ 32.0%), both in relation to its previous years. In 2018, performance remained at the same levels as in 2017, even with the adjustments that were necessary to meet changes in legislation regarding the method of calculating charges.

In 2019, several actions were taken to optimize the internal flow of the deals, as well as business-inducing campaigns, resulting in reaching 99.7% of the target set by the PPA for the year.

Governmental Initiative	Midwest Constitutional Fund (FCO) - Corporate
i. description	Financing of production chains prioritized by the Bank territorial development policy, with resources from the FCO (Midwest Constitutional Fund), in the case denominated FCO Corporate.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2017 Projections: R\$2.9 billion 2017 Performance: R\$1.9 billion (66.5% of the goal) 2018 Projections: R\$3.1 billion 2018 Performance: R\$1.9 billion (61.2% of the goal) 2019 Projections: R\$3.2 billion 2019 Performance: R\$3.2 billion (99.7% of the goal)
iv. investments made	Amount of R\$3.2 billion disbursed in 2019.
v. costs incurred	Interest rate of the constitutional funds (TFC) and other administrative costs.
vi. origin of funds involved, including sources of funds and conditions	Funds from the Midwest Constitutional Fund (FCO).
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$343.1 million in 2019.

Foreign Trade

The purpose of the program is to improve the instruments of official loan support to exports.

Financing to Export of Goods and Services (Proger Export)

Proger Export is a loan facility to finance Brazilian Micro and Small Enterprises (MPE) created under the Employment and Income Generation Program (Proger) by the Deliberative Council of FAT (Codefat), through Resolution No. 330/03.

Proger resources are lent to official federal banks with authorization from Codefat, which approves yearly a resolution containing the Annual Program for the Application of Special Deposits of the FAT (PDE). The effective contribution of funds is made according to the schedule defined in the FAT Special Deposit Allocation Term (Tade), signed between the executive secretary of the board and each financial agent, for each special program or credit line.

In 2019 Codefat did not guide the PDE in assembly, so that the official federal banks did not receive new transfers from the FAT reserved for the Proger. However, Banco do Brasil maintained the active line, making new contracts only with the resources from the return of previously contracted operations.

Thus, the total disbursed in 2019 was R\$6.4 million, 21.5% of the target set by the PPA for the period.

Governmental Initiative	Export Financing of Goods and Services (Proger Export)
i. description	The Proger (Income Generation Program) Export is a credit line designed to promote the increase of exports for SME, with the creation of jobs and income.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
	2017 Projections: R\$20.0 million 2017 Performance: R\$21.7 million (108.3% of the goal)
iii. goals (planned/realized)	2018 Projections: R\$25.0 million 2018 Performance: R\$12.9 million (51.6% of the goal)
	2019 Projections: R\$30.0 million 2019 Performance: R\$6.5 million (21.5% of the goal)
iv. investments made	Amount of R\$6.5 million disbursed in 2019.
v. costs incurred	Cost of the line: TLP (long-term rate) + compensation of the financial agent.
vi. origin of funds involved, including sources of funds and conditions	Funds from the FAT (Fund for Workers' Assistance) to finance Brazilian Micro and Small Companies through Resolution No. 330/03, in the scope of the Income Generation Program (Proger).
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial contribution margin (without ALLL) for the initiative was R\$997.0 thousand in 2019.

Promotion of the Rights of the Disabled

The purpose of the program is to promote accessibility and equalization of opportunities to the disabled, through the promotion of their autonomy, independence and security.

Financing of Goods and Services of Assisted Technology to the Disabled

BB Crédito Acessibilidade, launched in 2012, is Banco do Brasil's exclusive microcredit line, aimed at financing assistive technology goods and services for people with disabilities.

The line is intended for individuals with a gross monthly income of up to 10 minimum wages, with a credit limit approved and updated at Banco do Brasil. The list of financeable assets is regulated by means of Interministerial Ordinance No. 604, of 12/24/2013, covering more than 300 items.

In the 2016-2019 period, there was a slight drop in the number of operations contracted until 2018, when compared to the maximum that occurred in 2015, in which R\$89 million had been released. The reduction can be understood as a result of the economic conjuncture of the period, where it was observed a decrease in family expenses and a postponement of indebtedness. As of 2018, the volume returned and R\$75.1 million was disbursed, representing an increase of 8.84% in relation to the previous year.

The volume growth on contracts reflected in the grant revenues, which registered a growth of 3.2% in relation to 2017. The difference between the growth in disbursement (8.8%) and in grant revenues



(3.2%) is explained by calculation methodology. While the grant is calculated based on the average of the daily balances in the portfolio, recorded monthly, growth is calculated by comparing the total amounts disbursed in the period.

In 2019, there was a significant growth in the volume of the line, due to greater disclosure and the maturation of the product in the market. Although last year the percentage of the program's execution has not yet covered the total amount provided for in the PPA's financial target, the disbursement reached a record of more than R\$100.7 million, with a total of 10,429 operations, up 34.1% in relation to the previous year, and 14.0% in relation to the amounts received as economic subsidies.

Governmental Initiative	Financing of Goods and/or Services of Assisted Technology to the Disabled (BB Accessibility Loan)
i. description	The credit line BB Accessibility Loan was created in 2012, based on the National Plan for the Rights of Persons with Disabilities - Living without Limit (Decree No. 7,612). It is an exclusive credit line for the financing of goods and services of assistive technology aimed at people with disabilities.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	<p>2017 Projections: R\$6.5 million 2017 Performance: R\$6.5 million (100.4% of the goal)</p> <p>2018 Projections: R\$7.5 million 2018 Performance: R\$6.7 million (89.8% of the goal)</p> <p>2019 Projections: R\$8.5 million 2019 Performance: R\$7.7 million (90.4% of the goal)</p>
iv. investments made	From 2012 to 2019 R\$568.9 million were disbursed and 76,196 operations were contracted.
v. costs incurred	Unit Fixed Cost: Contracting R\$28.69 / Maintenance: R\$4.09.
vi. origin of funds involved, including sources of funds and conditions	Demand deposits raised by financial institutions, pursuant to CMN Resolution No. 4,000/11.
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$9.5 million in 2019.

Promotion of the Decent Work and Solidary Economy

The Bank operates in the program with the purpose of (i) promoting work, employment and income opportunities, through the granting of loan directed to entrepreneurial activities and to Oriented Productive Microloan (MPO), as well as assisting (ii) in the financing of new vehicles of national manufacture, destined to the renewal of the taxi fleet or to new permission holders, favoring the generation and maintenance of employment and income.

Granting of Oriented Productive Microloan (MPO)

The MPO is the credit granted to meet the financial needs of individuals and legal entities, entrepreneurs of small productive activities. It uses a model of service to the entrepreneur with emphasis on the orientation and follow-up of the enterprise, aiming at the sustainable development of the business with the consequent raising of standard of living and job creation, besides contributing to the bankarization of about 60 million micro entrepreneurs, many of them in the informal economy.

In partnership with Movera, Banco do Brasil expanded the access to credit by microentrepreneurs registered in the Federal Government's Single Registry (CadÚnico). In 2019, the Bank closed more than 116 thousand new contracts, serving 102,544 customers through the investment of R\$235.8 million.

In the same year, the process of onboarding credit operations was updated in order to expand Movera's range, allowing the partner to carry out cadastral and credit analysis in real time, during the visit to microentrepreneurs. Innovation, a pioneer in this type of service, has ensured greater speed in hiring credit operations.

Governmental Initiative	Granting Oriented Productive Microloan (MPO)
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i. description	Granting of financing to microcredit institutions, aimed at directly serving microbusinesses and microentrepreneurs.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2016-2019 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
	2017 Projections: R\$500 million 2017 Performance: R\$412.9 million (82.6% of the goal)
iii. goals (planned/realized)	2018 Projections: R\$550.0 million 2018 Performance: R\$337.3 million (61.3% of the goal)
	2019 Projections: R\$700.0 million 2019 Performance: R\$235.8 million (33.7% of the goal)
iv. investments made	Amount disbursed in 2019 by the Bank: R\$235.8 million
v. costs incurred	Funding, administrative and tax costs.
vi. origin of funds involved, including sources of funds and conditions	Funds from the demandability of microloan (2% of compulsory demand deposits).
vii. estimate of the impacts of the aforesaid public policies on the financial performance of the issuer	Managerial result was R\$19.7 million in 2019.

4.1.2. PPA 2020-2023

Following tables shows the summary of Banco do Brasil's government initiatives and their respective goals, according to the current PPA, which covers the quadrennium between 2020-2023:

Governmental Initiative	Sustainable Agribusiness
i. description	Granting loan to rural producers by the Bank, except deals with cooperatives, BB ABC Program, BNDES/FINAME lines, operations with resources from the Federal Government, Pronaf, Pronamp and agro-industrial credit.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2020-2023 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2020 Projections: R\$52.5 billion 2021 Projections: R\$52.5 billion
Governmental Initiative	Granting Loan to Family Farmers (Pronaf)
i. description	The National Program of Family Agriculture (Pronaf) aims to stimulate income generation and value the use of family labor in rural properties, according to prerogatives of the Rural Credit Handbook (MCR).
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2020-2023 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2020 Projections: R\$12.1 billion 2021 Projections: R\$12.1 billion
Governmental Initiative	Midwest Constitutional Fund (FCO) - Rural
i. description	The Midwest Constitutional Fund (FCO) was introduced by Law No. 7.827/89 and has the purpose to contribute to the economic and social development of the Center-Western region, through



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	the performance of financing programs to the production sectors. In rural credit, with FCO Rural funds, fixed and semifixed investments are financed, associated with investment project, agricultural and livestock costing.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2020-2023 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2020 Projections: R\$3.1 billion 2021 Projections: R\$3.1 billion
Governmental Initiative	Midwest Constitutional Fund (FCO) - Corporate
i. description	Financing of production chains prioritized by the Bank territorial development policy, with resources from the FCO (Midwest Constitutional Fund), in the case denominated FCO Corporate.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2020-2023 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2020 Projections: R\$2.5 billion 2021 Projections: R\$2.7 billion
Governmental Initiative	Export Financing of Goods and Services (Proger Export)
i. description	The Proger (Income Generation Program) Export is a credit line designed to promote the increase of exports for SME, with the creation of jobs and income.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2020-2023 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2020 Projections: R\$16 million 2021 Projections: R\$19 million
Governmental Initiative	Financing of Goods and/or Services of Assisted Technology to the Disabled (BB Accessibility Loan)
i. description	The credit line BB Accessibility Loan was created in 2012, based on the National Plan for the Rights of Persons with Disabilities - Living without Limit (Decree No. 7,612). It is an exclusive credit line for the financing of goods and services of assistive technology aimed at people with disabilities.
ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2020-2023 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2020 Projections: R\$8.5 million 2021 Projections: R\$8.8 million
Governmental Initiative	Granting Oriented Productive Microloan (MPO)
i. description	Granting of financing to microcredit institutions, aimed at directly serving microbusinesses and microentrepreneurs.

ii. criteria adopted by the issuer to classify this performance as being developed to serve the public interest	Government initiative with goal established in the Pluriannual Plan 2020-2023 (Plano Plurianual – PPA), aligned with the Corporate Strategy of the Bank and the objectives and goals previously defined by the controller (Federal Government).
iii. goals (planned/realized)	2020 Projections: R\$800 million 2021 Projections: R\$800 million

4.2. Funds for Costing of Public Policies

The operation of Banco do Brasil in support to the federal budgetary execution, as an official financial development agency, is carried out through granting of loans and financings at differentiated rates, backed by funds from the Fiscal Budget and Social Security (OFSS) in addition to own funds. These policies and respective objectives are described below.

Midwest Constitutional Fund (FCO)

The purpose of FCO is to contribute to the economic and social development of Brazilian Midwest, being the main financing instrument of the National Policy for Regional Development (PNDR) for the Midwest.

The resources of the fund's loan portfolio are backed by National Treasury's onlendings from the Federal Government tax collection, more specifically 0.6% from the collection of Income Tax (IR) and the Taxes on Industrialized Products (IPI), according to art. 6, sole paragraph, item III, of Law 7,827/1989.

Amazon Development Fund (FDA)

The purpose of the FDA is to ensure resources for investments in infrastructure, in public services, in productive enterprises with a high germination capacity for new businesses and in productive activities, in addition to financing students regularly enrolled in higher education courses or in professional, technical and technological education, not free, in the area of operation of the Amazon Development Authority (Sudam).

The management of the FDA is the responsibility of Sudam, autarchy linked to the Ministry of Regional Development (MDR).

Midwest Development Fund (FDCO)

The purpose of FDCO is to ensure resources for the implementation of development projects and investments in: infrastructure, actions and public services considered priority in the Regional Development Plan of the Midwest (PRDCO) and the financing of students regularly enrolled in courses and professional, technical and technological education, not free, in the area of activity of the Midwest Development Authority (Sudeco)

The funds from the FDCO loan portfolio are backed by onlendings made by Sudeco upon release of loans to the borrowers.

Northeast Development Fund (FDNE)

FDNE purpose is to ensure funds to investments related to Northeast Development Authority (Sudene) operations, in infrastructure, public services and production projects of large capacity of new business and production activities.

The funds from the FDNE loan portfolio are backed by onlendings made by Sudene upon release of loans to the borrowers.

Merchant Marine Fund (FMM)

FMM purpose is to provide funds for the development of the Merchant Marine and the Brazilian industry of shipbuilding and repair.

The funds from the FMM loan portfolio are backed by onlendings made by the Department of Fund for the Merchant Marine, agency linked to the Ministry of Infrastructure, upon release of loans to the borrowers.

Fund for Land and Land Reform – Banco da Terra (FTRA)

FTRA purpose is to finance Programs of land rearrangement and rural settlement, whose management body is the Secretariat for Family Farming and Cooperatives of the Ministry of Agriculture, Livestock and Supply (Mapa).



The funds from the FTRA are transferred to borrowers as debit of available funds established from onlendings made by the Brazilian Development Bank (BNDES), authorized by Mapa, compatible with the demand for financing over the year. The loans are managed by the Bank and returned to the Federal Government in the month following the debt amortization by the borrowers.

Defense Fund of Coffee Economy (Funcafé)

Funcafé was created for the financing, modernization, incentive to productivity of the coffee growing, the coffee industry and the export, research development, transportation means and ways, ports, defense of prices and domestic and foreign markets, as well as the conditions of rural workers' life.

The funds from Funcafé loan portfolio are backed by onlendings made by the Mapa based on the demand informed by the Bank for the crop.

Export Financing Program (Proex)

Proex purpose is to improve the loan policy focused on foreign trade, in order to increase the use of financing instruments and official guarantee to export and to increase the international competition of the Brazilian companies.

The program is the principal public instrument of support to Brazilian exports of goods and services, and the funds derive from the Special Program of Official Loan Operations. BB operates on exclusive basis as financial agent of the Federal Government responsible for the management of the program.

The funds from the Proex loan portfolio are backed by onlendings made by the National Treasury based on the expected demand informed by the Bank.

National Program of Strengthening of the Family Farming/National Treasury (Pronaf/TN)

The program, managed by Secretariat for Family Farming and Cooperatives (SAF) of the Mapa is to promote the sustainable development of the rural segment composed of family farmers.

The National Treasury transfers funds to BB directly from the general budget of the federal government in the scope of official loan operations, which are destined to financing backed by the program. The Bank operates as provider of services and carries out operations with risk of the federal government.

4.3. Economic and financial impacts of the operationalization of public policies

The National Treasury released to BB, in 2019, R\$4,508.57 million to funds and programs destined to the costing of loans and financings granted derived from the Tax and Social Security Budgets (OFSS), where the FCO, PROEX and FDA accounted for 94.5%.

The amount returned to the National Treasury, in the same period, related to return of financing (principal restated), was R\$3,668.50 million. The loans and financing portfolio balance was R\$49,624.44 million in December 2019, as shown in the next table.

Table 1. Funds from the OFSS – Values Released and Returned (in R\$ million)

Fund/Program	Transferred by the National Treasury (a)	Reimbursed by the National Treasury (b)	2019 Flow (a - b)	Portfolio's Balance (Dez/19)
FCO	2,719	0	2,719	33,201
FDA	270	0	270	270
FDCO	15	203	-188	1,088
FDNE	57	293	-236	1,647
FMM	41	1,478	-1,436	8,506
FTRA ⁽²⁾	38	107	-69	1,080
Funcafé ⁽²⁾	62	282	-220	382
Proex	1,274	1,251	23	2,643
Pronaf/TN ⁽²⁾	31	54	-23	806
Total	4,509	3,669	840	49,624

(1) Returns of unapplied amounts were deducted from the amount transferred by National Treasury. (2) Includes amounts transferred to Banco do Brasil as remuneration

Detailed information about the BB's operations as an official financial development agency is available on the website of the Controller's Office, in the section on the [President of the Republic Accountability \(PCPR\)](#).

Banco do Brasil uses 75.6% own funds in rural and agro industrial financing (mainly demand deposits, rural savings accounts and agribusiness letters of credit). In addition to those, BB also onlends funds from the BNDES (Brazilian Development Bank), FCO (Midwest Constitutional Fund) and the Funcafé (Defense Fund of Coffee Economy). The following table sets forth the breakdown of agribusiness loan portfolio.

Table 2. Agribusiness Loan Portfolio Expanded View by Funding Sources

Balance / R\$ million	Dec/18	Part. %	Sep/19	Part. %	Dec/19	Part. %
Agricultural Savings	88,760	47.0	90,197	49.4	87,595	47.7
Agribusiness Letters of Credit	36,885	19.5	32,126	17.6	33,172	18.1
Demand Deposits	21,584	11.4	13,851	7.6	17,980	9.8
FCO	22,558	12.0	23,529	12.9	24,161	13.2
BNDES/FINAME	9,223	4.9	8,391	4.6	8,524	4.6
Other ⁽¹⁾	9,661	5.1	14,451	7.9	12,103	6.6
Loan Portfolio – Expanded View	188,671	100.0	182,544	100.0	183,536	100.0

(1) National Treasury, Funcafé, Rural Product Bills and Guarantees.

To enable financing with lower interest rates, covering the funding costs, credit risks, tax and administrative costs and BB's profitability, National Treasury and Central Bank of Brazil may authorize the equalization revenues and the weighting factor.

Rural and agro-industrial financing is segmented into equalizable and non-equalizable resources. The breakdown of these segments is shown in the next table:

Table 3. Equalizable Resources in the Agribusiness Portfolio

Balance / R\$ million	Dec/18	Sep/19	Dec/19
Classified Loan Portfolio	187,193	178,694	179,423
Equalizable Resources	90,598	83,597	88,897
Investments	52,195	51,911	55,943
Working Capital for Input Purchase	36,089	30,118	30,601
Crop Trading	755	1,568	776
Other	1,558	0	1,577
Non-Equalizable Resources	96,595	95,097	90,526
Rural Product Bills and Guarantees	1,478	3,850	4,113
Loan Portfolio – Expanded View	188,671	182,544	183,536

The equalization is an economic subsidy, introduced by Law 8,427/1992, that represents the differential of rates between funding cost, plus administrative and tax costs to which the official financial institutions and cooperative banks are subject, in their active operations, and the charges collected from the final borrower of the rural loan, pursuant to articles 1, I and II, and 5 of Law 8,427/1992.

The weighting factor is a multiplier adopted by the federal government for the application of resources originating from demand deposits and rural savings. Through this mechanism, banks are allowed to comply with a lower rate of reserve requirements in rural credit, which allows the amount released to be invested in transactions at market rates, with the objective of offsetting the resulting interest rate profitability paid by the final borrower in the rural credit operations encouraged by the government.

The amounts of income from equalization received and receivable by Banco do Brasil are detailed in tables 4 and 5. We point out the cut-away for the portfolio of equalizable funds, already presented in table 3.



Table 4. Equalization Revenues and Weighting Factor

Quarter Flow / R\$ million	4Q18	1Q19	2Q19	3Q19	4Q19
Equalization Revenues	842	834	764	722	628
Weighting Factor	26	24	30	38	24
Total	868	858	794	760	653

Table 5. Equalization Revenues – Flow ⁽¹⁾

Quarter Flow / R\$ million	4Q18	1Q19	2Q19	3Q19	4Q19
Initial Balance	781	1.593	840	1.603	678
(+/-) Flow	812	(753)	764	(925)	628
Final Balance	1,593	840	1,603	678	1,306

(1) National Treasury equalization rate flow, according to the Consolidated Financial Statements, Note 12. - Other Receivables, subitem b) Sundry.

5. Internal Controls and Risks Management Structure

Banco do Brasil's organizational structure has defined duties and established corporate governance, with the participation of Senior Management, compatible with the business complexity, nature of the operations and risks exposure, as well as ensuring transparency, completeness and accuracy of data provided to the market and regulators.

In this context, to achieve strategic goals, including compliance with public policies, BB adopts the defense lines referential model, which reinforces the competencies and responsibilities of all areas related to risk and control management. The model promotes greater interrelationship between business, risk management, controls and auditing, aiming risk mitigation, losses reduction, processes improvement, sustainability and, consequently, better financial results.

Regarding the practices adopted by BB to deal with any suspected acts of corruption, the Bank provides, on its website, the Complaints Channel for reporting criminal offenses of any nature, related to the conglomerate's activities. There is also, in the External Ombudsman, a specific channel for receiving complaints from employees and former employees. Complaints can be made through the intranet, e-mail, telephone (call) or in person.

Finally, in the scope of corporate governance, Banco do Brasil has a set of specific risk management, internal controls and compliance policies approved and reviewed annually within the Board of Directors.

Detailed information about the internal control structures and risk management, including the Complaints Channel, can be found in section 5 of the [Reference Form](#) (available at bb.com.br/ir > Documents and Announcements > Reference Form).

6. Risk Factors

BB discloses in its Reference Form the risk factors related to the policies, processes, procedures, systems and models adopted in risk management, internal controls, compliance and corporate governance that may influence the investment decision, in particular to those related to the issuer and its controller, its subsidiaries and affiliates, its suppliers, its customers, the sectors of the economy in which BB operates and its respective regulation and socio-environmental issues.

In addition, BB declares the risk factors related to the public policies adopted by the direct or indirect controller or controlling group that may cause adverse effects on the Bank, including damage to its reputation.

Additional information on risk factors can be found in section 4 of the [Reference Form](#) (available at bb.com.br/ir > Documents and Announcements > Reference Form).

7. Economic and Financial Data

The [MD&A Report](#) (available at [bb.com.br/ir](#) > Financial Information > Results Center) presents the BB's economic and financial situation. The public-audience of this report are market analysts, shareholders and investors and it has quarterly disclosure.

The report provides content related to economic indicators, BB's shares performance and risk management, as well as historical series up to eight periods of the Balance Sheet, Income Statement with Reallocations, information on profitability, productivity, quality of credit portfolio, capital structure, capital market and structural data. At the end of the report, it is presented the financial statements and explanatory notes for the period under analysis.

Information on BB's economic-financial data under IFRS can be found in section 3 of the [Reference Form](#) (available at [bb.com.br/ir](#) > Documents and Announcements > Reference Form).

7.1. Comments on Operating Performance

The members of the BB's Executive Board, according to CVM Instruction 480/09, must comment on section 10 of the Reference Form about the main aspects of BB's operating performance, retrospectively to 2017, 2018 and 2019, stating that the information is true, complete and consistent.

Initially, it is presented the Bank's financial and equity conditions, its capital structure, sources of financing and its levels of indebtedness. It is also disclosed the most significant changes in the Balance Sheet (2019/2018 and 2018/2017). The commented performance is based on the IFRS Financial Statements.

Additionally it is presented the BB's earnings based on vertical and horizontal analysis of the statement of income, which shows: (i) Interest Income; (ii) Interest Expenses; (iii) Net Expenses with Provision for Losses on Loans to Customers; and (iv) Non Interest Income and Expenses.

Lastly, it is shown the planned and accomplished amounts related to advertising and sponsorship expenses.

Officers' detailed comments on BB's performance can be found in section 10 of the [Reference Form](#) (available at [bb.com.br/ir](#) > Documents and Announcements > Reference Form).

8. Corporate governance policies and practices

During 2019, in order to adjust Banco do Brasil's documents, structures and governance practices to the Regimento do Programa Destaque em Governança de Estatais (PDGE), the Novo Mercado regulation, and the current regulations, as well as the best practices, the following improvements were adopted : revision of the Internal Regulations of the bodies that integrates the Bank's governance structure, Banco do Brasil's By-Laws, Appointment and Succession Policy, Related Party Transactions Policy; creation of Remuneration for Directors Policy; and of the Report about the Brazilian Code of Corporate Governance (CVM Instruction 586/2017), in addition to expanding the scope of operations of the People, Compensation and Eligibility Committee and its name, which became the Humans, Remuneration and Eligibility Committee, and the creation of the Technology, Strategy and Innovation Committee. The documents are available on the Investor Relations and Sustainability website of Banco do Brasil, in the [Corporate Governance](#) section.

Banco do Brasil has been listed on the Novo Mercado of B3 (Brasil, Bolsa, Balcão) since 2006 and has been certified since 2017 in the PDGE (the State-Owned Enterprises Governance Program), also developed by B3. This program aims to encourage publicly owned companies to improve their practices and structures of corporate governance. In the annual monitoring, carried out by B3 in 2019, the Banco do Brasil's score in the PDGE increased from 50 to 56 points.

In addition, BB remains certified in Level 1 Seal of the Governance Indicator IG-Sest of the Secretaria de Coordenação e Governança de Empresas Estatais (Sest), linked to the Ministry of Economy, with a maximum score (10), in all dimensions evaluated.

The purpose of IG-Sest is to monitor the performance of the governance of federal state-owned companies, in order to measure compliance with the requirements of the State Law and its regulatory decree, in addition to the guidelines established in the CGPAR Resolutions, seeking compliance with best practices in the market and greater level of excellence in corporate governance.

In 2018, BB obtained 94% of the TCU's Index Integrado de Governança e Gestão (IGG), which corresponds to the Improved Governance and Management Level, according to TCU's methodology. TCU did not apply the index assessment questionnaire in 2019

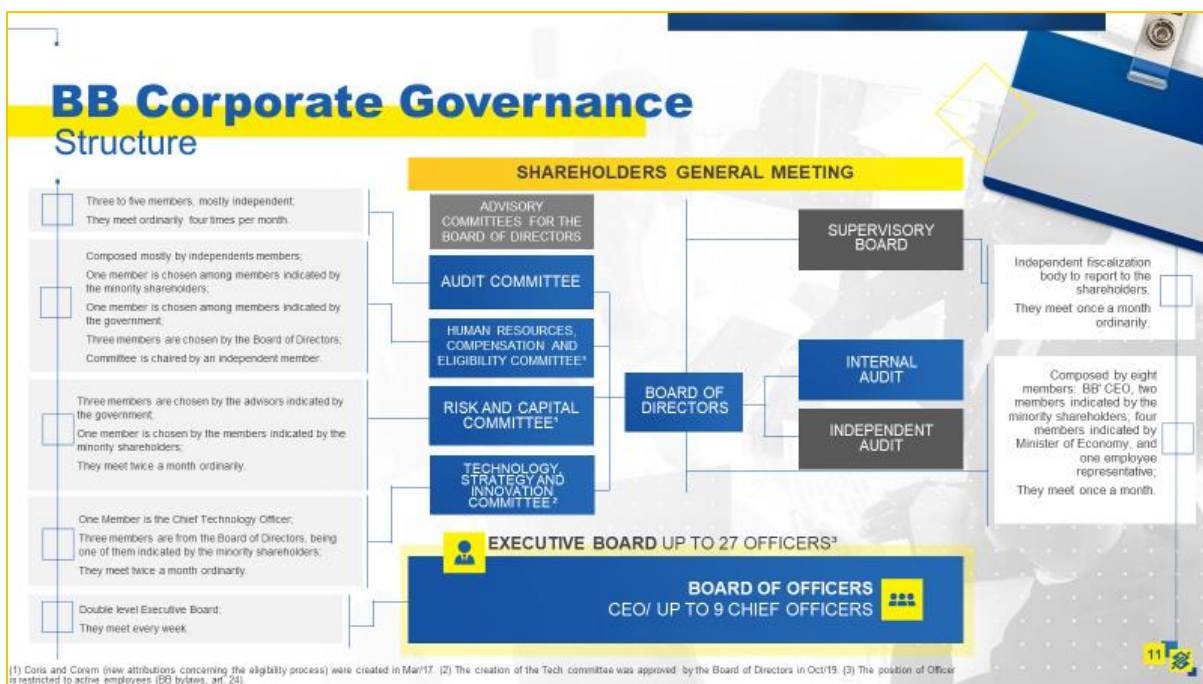
The IGG constitutes the most comprehensive diagnosis of public governance in Brazil, covering state-owned companies, mixed-capital companies, municipalities, ministries, courts, foundations, among others, in a total of 498 organs and entities of the Federal Public Administration. The index consists of the following dimensions: public governance; governance and people management; governance and IT management; and governance and hiring management.

It should also be noted that in 2018 and 2019 Banco do Brasil was elected the best bank in the country according to the *Época Negócios 360°* yearbook, for criteria that go beyond financial performance. A deep analysis of the companies was carried out based on six dimensions: people management, corporate governance, sustainability, innovation, financial performance and vision of the future.

8.1 Administrative Structure

The administrative structure of Banco do Brasil is established in its Bylaws and internal regulations of its governing bodies (available on bb.com.br/ir > Corporate Governance and Sustainability). In addition, Banco do Brasil also makes available on its website the [Code of Corporate Governance](#), which presents an overview and simplified view on the principles and practices of the company, as shown in the following figure:

Figure 1. Corporate Governance Structure of Banco do Brasil



(1) Coris and Corem (new configuration including responsibilities for the Eligibility process) were created in March 2017. (2) The creation of Cotei was approved by the Board of Directors in October 2019. (3) Exclusive for Banco do Brasil's active employees (Bylaws, art. 24).

The following are the Banco do Brasil's management bodies, composed of Brazilian citizens with recognized knowledge, including the best Corporate Governance practices, experience, good character, unblemished reputation and technical capacity compatible with the position:

- i. The Board of Directors, which has, in the manner prescribed by law and in the Bylaws of Banco do Brasil, strategic, guiding, elective and auditing functions, not including operational or executive functions, whose members are elected by the General Meeting; and
- ii. the Board of Executive Officers, responsible for the administration of the Bank, composed of the Board of Directors and the other Executive Officers, all residing in the Country, as established in the Bylaws.

In addition, the following bodies are part of the governance structure of Banco do Brasil:

- i. Audit Committee, whose purpose is to advise the Board of Directors regarding the exercise of its audit and supervisory functions and to express its opinion on: (I) the quality of the financial statements; (II) the effectiveness of the internal control system; and (III) the effectiveness of the internal and independent audits;
- ii. Humans, Remuneration and Eligibility Committee, whose purpose is to assist the Board of Directors in establishing the compensation policy and the policy of appointment and succession of management members of Banco do Brasil;

- iii. Risks and Capital Committee, whose purpose is to advise the Board of Directors regarding the exercise of its functions related to risk and capital management, in a unified manner, for the institutions that are part of the Prudential Conglomerate of Banco do Brasil;
- iv. Technology, Strategy and Innovation Committee, whose purpose is to advise the Board of Directors on topics related to technological trends and new business models, projects or innovation initiatives to face these trends and their effects on Banco do Brasil, as well as on monitoring the execution of the Corporate Strategy; and Supervisory Board, whose roles are established by article 163 of Law 6.404/76.

8.2 Strategic Committees

In order to involve the organizational units in the definition of guidelines and approval of proposals for BB's different businesses, the management uses strategic committees, which are activated within the Board of Executive Officers, which decide on matters of corporate scope and guarantee agility and safety to the process of decision-making, as presented in the following figure.

Figure 2. Decision Making Process



The main strategic committees are the Executive Committees: Risk, Internal Controls, Assets, Liabilities, Liquidity and Capital Management; of Safety; Prevention of Financial and Exchange Illicit; Earnings Release; Governance of Related Companies; Businesses; Profitability and Performance; Human and Organizational Culture; Operational Administrative; Credit Limit; and Credit Operations.

Further information on the structure and governance policies and composition of Banco do Brasil's management can be found in section 12 of the [Reference Form](#) (available at bb.com.br/ir › Documents and Announcements › Reference Form).

8.3 Management members' compensation policy or practice

The compensation policy for BB's management members is regulated by Law no. 6.404/76, Law no. 13.303/16, Decree no. 3.255/99, Decree no. 89.309/84, CMN Resolution no. 3.921/10, Law no. 12.813/13 and Bylaws of Banco do Brasil and aims to

- i. Reinforce commitment to corporate strategies, increase BB's results and recognize the efforts of each management member, in proportion to the achievement of the goals;
- ii. reconcile the Variable Compensation Policy to the Risk Management Policy, so as not to encourage behaviors that increase the risk exposure above levels considered prudent in the Company's short, medium and long-term strategies;
- iii. directly contribute to the scope of the guidance, as it is made up of several performance indicators that are derived from the ECBB, the Market Plan and the Master Plan.

The compensation and other benefits of the members of the Board of Directors comply with the legal regulations and is fixed annually by the Shareholders' Meetings, whose minutes are available on the



Investors Relation and Sustainability website (available at bb.com.br/ir › Documents and Announcements › [Shareholders and Board Meetings](#)).

Values are defined based on market research, internal balance, responsibility, company and individual performance, among other factors. The total compensation includes fixed compensation, variable compensation and benefits.

The Board of Executive Officers' Variable Compensation Program (RVA) aims to recognize the efforts of managers in building the results achieved, based on the performance verified by indicators linked to corporate strategy. The Program is proposed by the Humans, Remuneration and Eligibility Committee, approved by the Board of Directors and subsequently submitted to the Ministry of Economy/Sest. The payment method follows the definitions proposed by CMN Resolution no. 3.921/10, among which the payment in shares of the Company stands out.

Aligned with the public interest and for the benefit of society, the variable remuneration of Banco do Brasil's officers and employees is influenced by the performance of the Public Policy Indicator, as directed by Sest. The performance of this indicator directly reflects the percentage paid to managers (except risk areas) through the Variable Compensation Program of Managers (RVA), in addition to influence the percentage distributed to employees through the Profit-Sharing Program (PLR).

It should be emphasized that the composition of the compensation granted to the members of the Board of Executive Officers is in accordance with the legal provisions regarding state-owned companies and corporations and aims to reward them for the degree of responsibility of their positions and for the trust inherent to them, as well as the value of each professional in the market, considering the Company's Risk Management Policy, its results and the economic environment in which it is inserted.

For the members of the Board of Directors and the Supervisory Board, the amount of fees is set at 10% of the average monthly compensation of the Board of Executive Officers, according to Law 6.404/76 and Law 9,292/96, excluding amounts related to vacation premiums and benefits, the payment of interest, of any kind, in the profits of the company being prohibited.

The information related to this item meets the requirements of Law No. 13,303 and Decree No.8.945/16. In this sense, the annual global amount of the remuneration of the Board of Directors, the Supervisory Board and the Executive Board is presented. The information is not individualized because it is strategic in nature and it is subject to corporate secrecy, from a constitutional source, as a result of the preservation of the privacy guaranteed by art. 5, item X, of the Federal Constitution.

In infra-constitutional headquarters, we emphasize that the protection of corporate secrecy is protected by art. 155, item II, of Law 6,404/76, as a duty to protect the company's rights; in art. 4, paragraph 2 and art. 8, paragraph 3, of Law 13,303/16, which submits the Bank to the information regime according to the provisions of Law No. 6,385 / 76; and in art. 22 of Law 12,527/11, which imposes a restriction on access to information subject to business secrecy.

The table below details the compensation of the management members segmented by the management body of Banco do Brasil:

Table 6. Remuneration of the Management members in 2019

Body	Board of Director	Supervisory Board	Executive Board
Total number of members	7.00	3.83	35.75
Number of paid members	4.25	4.75	42.42
Remuneration breakdown:			
1. Fixed annual remuneration, breakdown:			
- salary or officer remuneration (R\$)	306,548.08	352,748.43	25,246,856.56
- direct and indirect benefits (R\$)	--	--	3,388,688.12
- remuneration for joining committees (R\$)	--	--	--
- other (R\$)	77,480.13	73,839.16	8,560,473.77
2. Variable remuneration, breakdown (R\$)	--	--	16,055,741.08
3. Post-employment benefits (R\$)	--	--	--
4. Benefits motivated by the cessation of tenure (R\$)	--	--	741,158.21
5. Remuneration based on shares, including options (R\$)	--	--	15,289,660.49
Annual amount of remuneration by body (R\$)	384,028.21	426,587.59	69,282,578.23

Annual amount of remuneration (R\$)	70,093,194.03
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In addition to **Table 6**, it should be noted that the remuneration of the Management members (Board of Directors, Supervisory Board and Executive Board) was last adjusted in 2016.

The variable remuneration program for Banco do Brasil officers for 2019-2020 had its amount approved by the Annual General Meeting of April 26, 2019 and its definition, which is 50% cash and 50% in shares, of which 20% in prompt payment and 80% within four years, was proposed by the Humans, Remuneration and Eligibility Committee and approved by the Board of Directors, as CMN Resolution 3,921/2010 (**Table 7**).

Table 7. Remuneration of the Management Members in 2019

Type of Remuneration	
Remuneration in Cash (R\$)	16,055,741.08
RVA 2018 Program Programa	5,363,360.38
RVA 2018 Program Advance	3,909,318.41
Social Charges ⁽¹⁾	6,783,062.29
Remuneration in Shares (R\$) ⁽²⁾	15,289,660.49
RVA 2014 Program (portion 4/4)	4,495,283.16
RVA 2015 Program (portion 3/4)	4,817,965.64
RVA 2016 Program (portion 2/4)	1,404,527.27
RVA 2017 Program (portion 1/4)	2,751,905.44
RVA 2018 Program (cash portion)	1,819,978.98
Amount of Remuneration (R\$)	31,345,401.57

(1) Spent on social charges on variable remuneration, pursuant to item "b" of the subtitle 10.2.13 Circular Letter/CVM/SEP/N.º 2/2020. (2) Which is remuneration in pecuniary, pursuant to item "b" of the subtitle 10.2.13 Circular Letter/CVM/SEP/ N.º 2/2020.

The table below presents additional information regarding the compensation of the board of directors, the supervisory board, and the executive board:

Table 8. Remuneration of the Management Members – Higher amount, lower amount and average amount of compensation

Body	Board of Directors	Supervisory Board	Executive Board
Number of members (12 months average)	7.00	3.83	35.75
Number of paid members	4.25	4.75	42.42
Amount of the highest individual remuneration (R\$) – 2019	65,230.23	87,443.52	1,810,828.37
Amount of the lower individual remuneration (R\$) – 2019	30,119.43	87,443.52	1,311,325.93
Average individual remuneration per year (R\$) – 2019 ⁽¹⁾	90,359.58	89,807.91	1,633,252.67

(1) The average value calculated to the Board of Directors is based on the ratio of R\$384,028.21 per 4.25, to the Supervisory Board the ratio of R\$426,587.59 per 4.75 and for the Executive Board is based on the ratio of R\$69,282,578.22 per 42.42. The dividers are the number of paid members each body.

For further information on management members' compensation policy or practice, refer to section 13 of the [Reference Form](#) (available at bb.com.br/ir > Documents and Announcements > Reference Form).

9. Other Information

9.1. Shareholding Structure

The shares of Banco do Brasil (BBAS3) remained in all B3 trading sessions and represented 3.525% of Bovespa index for the four-month period from September to December 2019. For the four-month period from January to April 2020, the share was even higher, at 3.663%. Banco do Brasil also keeps a level 1 ADR program (BDORY), traded on the over-the-counter market in the United States.

Reports and information to the CVM are available on the [Investor Relations and Sustainability website](#). Banco do Brasil also maintains a team dedicated to the relationship with analysts and investors. In 2019, the company made 1,530 calls, including telephone calls and participation in meetings and events. With institutional investors, there were 651 meetings, including participation in 9 conferences in the country and another 11 abroad, in addition to 7 non-deal roadshows in Brazil and abroad. It was also promoted



4 results conference calls and 4 meetings with shareholder clients held at Banco do Brasil's Private offices.

The shareholding structure of Banco do Brasil, at the end of 2019, was distributed as follows:

Figure 3. Ownership Structure (%)



(1) Dividends and interest on own capital accumulated in 12 months/Market capitalization.

(2) Federal Government has shareholding control of Banco do Brasil with 50.0000011% of the total shares.

DECLARATION OF THE BOARD OF DIRECTORS

Banco do Brasil S/A Board of Directors declares that, in a meeting performed at this date, approved the Annual Chart of Public Policies and Corporate Governance related to the fiscal year ended 2019, in compliance with the item I of Article 8 of Law 13,303, from June 30, 2016.

On **June 18, 2020**.

Hélio Lima Magalhães

(Chairman)

Waldery Rodrigues Júnior

(Vice-Chairman)

Débora Cristina Fonseca

Joaquim José Xavier da Silveira

José Guimarães Monforte

Luiz Serafim Spinola Santos

Paulo Roberto Evangelista de Lima

Rubem de Freitas Novaes