

Quarterly Information - ITR

Banco ABC Brasil S.A.

September 30, 2019

Contents

Company Information

Capital Composition	1
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Individual Financial Statements

Balance Sheet - Assets	2
Balance Sheet - Liabilities	4
Income Statement	6
Statement of Comprehensive Income	7
Statement of cash flow	8
Statement of Changes in Equity	
Period from 01/01/2019 to 09/30/2019	9
Period from 01/01/2018 to 09/30/2018	10
Statement of Value Added	11
Comments on the Company's Performance	12
Notes to Quarterly Information	18

Reports and Representations

Independent Auditor's Review Report – Unqualified.....	65
Executive Board Representation on the Financial Statements.....	67
Executive Board Representation on Independent Auditor's Report	68

Company Information / Capital Composition

Number of shares (Units)	Current quarter 09/30/2019
Paid-up capital	
Common	109,496,432
Preferred	108,862,625
Total	218,359,057
Treasury shares	
Common	-
Preferred	3,171,569
Total	3,171,569

A free translation from Portuguese into English of the Quarterly Financial Information (ITR) prepared in Brazilian currency and in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Brazilian Central Bank and presented according with the standards issued by the Brazilian Securities Exchange Commission - CVM and Central Bank of Brazil

Individual financial statements / Balance sheet - Assets

(In thousands of reais)

Code	Description	Current quarter	Year ended
		09/30/2019	12/31/2018
1	Total assets	37,076,757	32,724,314
1.01	Current assets	27,403,306	24,807,633
1.01.01	Cash and banks	57,667	29,378
1.01.02	Interbank investments	6,397,476	7,522,655
1.01.02.01	Money market investments	5,254,508	5,817,015
1.01.02.02	Interbank deposits	399,321	981,720
1.01.02.03	Foreign investments	743,647	723,920
1.01.03	Marketable securities	5,582,872	5,276,093
1.01.03.01	Own portfolio	4,214,776	4,617,117
1.01.03.03	Linked to repurchase agreements	216,042	84,072
1.01.03.04	Linked to guarantees given	372,887	271,963
1.01.03.05	Derivative financial instruments	779,167	302,941
1.01.04	Interbank accounts	149,094	-
1.01.04.01	Unsettled payments and receipts	94,849	-
1.01.04.02	Interbank onlendings	54,245	-
1.01.06	Loans	7,499,251	7,152,926
1.01.06.01	Public sector	61,405	82,450
1.01.06.02	Private sector	7,586,243	7,209,948
1.01.06.04	Allowance for loan losses	(148,397)	(139,472)
1.01.08	Other credits	7,473,740	4,530,000
1.01.08.01	Foreign exchange portfolio	5,610,112	3,188,369
1.01.08.02	Income receivables	23,005	23,800
1.01.08.03	Trading and intermediation of securities	281,541	276,228
1.01.08.04	Credits on guarantees honored	106,665	94,330
1.01.08.05	Sundry	1,588,978	1,078,831
1.01.08.06	Allowance for losses on other credits	(136,561)	(131,558)
1.01.09	Other assets	243,206	296,581
1.01.09.01	Prepaid expenses	8,912	7,695
1.01.09.02	Other assets	234,294	288,886

Individual financial statements / Balance sheet - Assets
(In thousands of reais)

Code	Description	Current quarter 09/30/2019	Year ended 12/31/2018
1.02	Non-current assets	9,397,972	7,663,339
1.02.01	Interbank investments	9,588	-
1.02.01.01	Interbank deposits	9,588	-
1.02.02	Marketable securities	3,709,388	3,349,445
1.02.02.01	Own portfolio	2,268,361	1,479,673
1.02.02.02	Linked to repurchase agreements	464,296	357,499
1.02.02.03	Linked to guarantees given	627,237	706,864
1.02.02.04	Derivative financial instruments	349,494	805,409
1.02.03	Interbank accounts	12,412	-
1.02.03.02	Interbank onlendings	12,412	-
1.02.05	Loans	5,049,822	4,030,239
1.02.05.01	Public sector	15,161	26,276
1.02.05.02	Private sector	5,122,967	4,092,111
1.02.05.04	Allowance for losses on lending operations	(88,306)	(88,148)
1.02.07	Other credits	614,852	281,299
1.02.07.01	Foreign exchange portfolio	93,944	3,056
1.02.07.02	Income receivables	2,699	3,280
1.02.07.04	Sundry	546,468	295,142
1.02.07.05	Allowance for losses on other credits	(28,259)	(20,179)
1.02.08	Other assets	1,910	2,356
1.02.08.01	Prepaid expenses	1,910	2,356
1.03	Permanent assets	275,479	253,342
1.03.01	Investments	210,271	204,460
1.03.01.02	Investments in subsidiaries	208,974	203,409
1.03.01.04	Other investments	1,297	1,051
1.03.02	Fixed assets	26,982	23,793
1.03.02.01	Other fixed assets	61,836	54,284
1.03.02.02	Accumulated depreciation	(34,854)	(30,491)
1.03.04	Intangible	38,226	25,089
1.03.04.01	Intangible assets	77,551	58,491
1.03.04.02	Accumulated amortization	(39,325)	(33,402)

Individual financial statements / Balance sheet - Liabilities (In thousands of reais)

Code	Description	Current quarter 09/30/2019	Year ended 12/31/2018
2	Total liabilities and equity	37,076,757	32,724,314
2.01	Current liabilities	24,309,394	20,617,360
2.01.01	Deposits	4,479,933	5,874,213
2.01.01.01	Demand deposits	241,976	249,972
2.01.01.02	Interbank deposits	320,313	723,532
2.01.01.03	Time deposits	3,917,644	4,900,709
2.01.02	Open market funding	1,055,107	717,527
2.01.02.01	Own portfolio	649,583	438,858
2.01.02.03	Free movement	405,524	278,669
2.01.03	Funds from acceptance and issue of securities	4,516,197	4,771,145
2.01.03.02	Real estate, mortgage, credit an similar notes	4,501,502	4,741,906
2.01.03.03	Certificates of structured finance	14,695	29,239
2.01.04	Interbank accounts	32,471	-
2.01.04.01	Unsettled receipts and payments	32,471	-
2.01.05	Interbranch accounts	160,295	28,235
2.01.05.01	Third party funds in transit	160,295	28,235
2.01.06	Borrowings	6,286,257	4,377,368
2.01.06.02	Foreign borrow ings	6,286,257	4,377,368
2.01.07	Onlendings in Brazil	527,273	598,146
2.01.07.01	BNDES	90,309	178,893
2.01.07.02	FINAME	135,469	140,721
2.01.07.03	Other agencies	301,495	278,532
2.01.08	Foreign onlendings	746,273	833,485
2.01.09	Other liabilities	6,505,588	3,417,241
2.01.09.01	Foreign exchange portfolio	4,887,737	2,603,292
2.01.09.02	Derivative financial instruments	604,303	313,289
2.01.09.03	Social and statutory	54,442	96,526
2.01.09.04	Taxes and social security	127,103	96,871
2.01.09.05	Trading and intermediation of securities	129,361	149,707
2.01.09.06	Tax collection	2,564	1,694
2.01.09.07	Subordinated debts	576,866	11,845
2.01.09.08	Sundry	123,212	144,017

Individual financial statements / Balance sheet - Liabilities
(In thousands of reais)

Code	Description	Current quarter 09/30/2019	Year ended 12/31/2018
2.02	Non-current liabilities	8,786,570	8,410,529
2.02.01	Deposits	270,096	317,769
2.02.01.01	Time deposits	270,096	317,769
2.02.03	Acceptance and issue of securities	5,163,809	4,259,039
2.02.03.01	Real estate, mortgage, credit and similar notes	5,146,627	4,236,593
2.02.03.03	Certificates of structured finance	17,182	22,446
2.02.06	Borrowings	76,814	310,983
2.02.06.01	Foreign borrow ings	76,814	310,983
2.02.07	Onlending in Brazil	718,696	708,187
2.02.07.01	BNDES	326,810	301,906
2.02.07.02	FINAME	360,820	352,578
2.02.07.03	Other agencies	31,066	53,703
2.02.08	Foreign onlendings	274,787	291,350
2.02.09	Other liabilities	2,282,368	2,523,201
2.02.09.01	Foreign exchange portfolio	86,465	2,841
2.02.09.02	Derivative financial instruments	331,834	658,520
2.02.09.03	Social and statutory	315	315
2.02.09.04	Taxes and social security	24,066	42,090
2.02.09.05	Subordinated debts	1,799,368	1,798,937
2.02.09.06	Debts instruments eligible for capital	21,618	-
2.02.09.07	Sundry	18,702	20,498
2.03	Deferred income	24,506	30,915
2.05	Equity	3,956,287	3,665,510
2.05.01	Capital	2,565,892	2,470,313
2.05.01.01	Brazilian residents	547,288	411,103
2.05.01.02	Foreign residents	2,018,604	2,059,210
2.05.02	Capital reserve	32,311	45,466
2.05.04	Profit reserve	1,150,709	1,159,446
2.05.04.01	Legal	196,987	184,373
2.05.04.02	Statutory	1,010,642	1,010,642
2.05.04.02.01	Equalization of dividends	955,642	955,642
2.05.04.02.02	Repurchase of ow n company shares	55,000	55,000
2.05.04.07	Other income reserves	(56,920)	(35,569)
2.05.04.07.01	Treasury stock	(56,920)	(35,569)
2.05.05	Equity valuation adjustments	11,794	(9,715)
2.05.06	Retained earnings	195,581	-

Individual financial statements / Income statement (In thousands of reais)

Code	Description	YTD - Current quarter	YTD - current year	YTD - Prior quarter	YTD - prior year
		07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
3.01	Income from financial intermediation	1,352,139	2,413,534	881,970	2,894,201
3.01.01	Lending operations	625,369	1,185,433	376,112	1,319,285
3.01.02	Gains (losses) on marketable securities operations	571,563	1,087,013	448,156	1,310,073
3.01.03	Gains (losses) on derivative financial instruments	25,166	39,040	51,523	83,328
3.01.04	Foreign exchange operations	130,041	102,048	6,179	181,515
3.02	Financial intermediation expenses	(1,254,465)	(1,910,268)	(774,737)	(2,609,247)
3.02.01	Funding expenses	(323,273)	(871,558)	(317,964)	(968,115)
3.02.02	Borrowings and onlendings	(909,592)	(992,894)	(423,644)	(1,552,402)
3.02.03	Allowance for loan losses	(20,102)	(44,842)	(31,898)	(86,192)
3.02.04	Allowance for loan losses - Exchange variation of CCL	(1,498)	(974)	(1,231)	(2,528)
3.02.05	Income from receivables acquired	-	-	-	(10)
3.03	Gross profit from financial intermediation	97,674	503,266	107,233	284,954
3.04	Other operating (expenses) / income	(13,517)	(68,889)	547	(14,646)
3.04.01	Income from services rendered	81,573	249,541	95,697	262,061
3.04.02	Personnel expenses	(53,456)	(175,640)	(51,229)	(155,039)
3.04.03	Other administrative expenses	(36,573)	(111,381)	(29,665)	(84,919)
3.04.04	Taxes	(11,745)	(41,994)	(16,055)	(41,973)
3.04.05	Other operating income	4,985	12,154	2,441	6,765
3.04.06	Other operating expenses	(187)	(7,134)	(2,459)	(6,933)
3.04.07	Equity pickup from subsidiaries	1,886	5,565	1,817	5,392
3.05	Operating income	84,157	434,377	107,780	270,308
3.06	Non-operating loss	(1,402)	(2,244)	(57)	(20,341)
3.06.01	Income	4,474	11,200	4,315	21,525
3.06.02	Expenses	(5,876)	(13,444)	(4,372)	(41,866)
3.07	Income before taxes and profit sharing	82,755	432,133	107,723	249,967
3.08	Provision for income and social contribution taxes	85,881	57,133	44,999	193,956
3.08.01	Provision for income tax	16,607	9,697	64,708	25,778
3.08.02	Provision for social contribution tax	91	(14,908)	39,041	2,165
3.08.03	Deferred tax credits	69,183	62,344	(58,750)	166,013
3.1	Profit sharing / statutory contributions	(38,115)	(106,466)	(36,610)	(107,610)
3.10.01	Profit sharing	(38,115)	(106,466)	(36,610)	(107,610)
3.13	Net income for the period	130,521	382,800	116,112	336,313
3.99	Profit per share - (Reais)	0.60655	1.77891	0.55645	1.61173

Individual financial statements / Statement of comprehensive income
(In thousands of reais)

Code	Description	YTD - Current quarter	YTD - current year	YTD - Prior quarter	YTD - prior year
		07/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	07/01/2018 to 09/30/2018	01/01/2018 to 09/30/2018
4.01	Net income for the period	130,521	382,800	116,112	336,313
4.02	Other comprehensive income / (loss)	7,781	21,509	12,301	(19,960)
4.03	Comprehensive income for the period	138,302	404,309	128,413	316,353

Individual financial statements / Statement of cash flow - Indirect method (In thousands of reais)

		YTD - Current year	YTD - Prior year
		01/01/2019 to	01/01/2018 to
Description		09/30/2019	09/30/2018
6.01	Net cash from operating activities	(107,839)	1,169,092
6.01.01	Cash generated by operating activities	450,970	430,479
6.01.01.01	Net income for the period	382,800	336,313
6.01.01.02	Depreciation and amortization	10,453	9,056
6.01.01.03	Equity pickup from subsidiaries	(5,565)	(5,392)
6.01.01.04	Adjustment to market value - securities	21,509	(19,960)
6.01.01.05	Provision for impairment of assets not for own use	(2,603)	16,465
6.01.01.06	Allowance for loan losses	45,816	88,720
6.01.01.07	Provision for contingent liabilities and guarantees	(6,290)	(101)
6.01.01.08	Gain (loss) on disposal of assets not for own use	5,035	5,397
6.01.01.09	Gain (loss) on disposal of fixed assets and intangible	(185)	(19)
6.01.02	Changes in assets and liabilities	(558,809)	738,613
6.01.02.01	Interbank investments	1,952,129	1,438,018
6.01.02.02	Marketable securities and derivative financial instruments	(702,394)	(496,257)
6.01.02.03	Lending operations	(1,411,724)	(665,315)
6.01.02.04	Other credits and assets	(3,282,912)	(1,379,138)
6.01.02.05	Interbank accounts - assets / liabilities	(129,035)	(41,268)
6.01.02.06	Interbranch accounts	132,060	48,580
6.01.02.07	Other liabilities	2,889,476	1,835,554
6.01.02.08	Deferred income	(6,409)	(1,561)
6.02	Net cash from investing activities	17,013	1,574
6.02.01	Acquisition of investments	(246)	-
6.02.02	Acquisition of fixed assets and intangible assets	(29,990)	(8,870)
6.02.03	Acquisition of assets not for own use	(3,110)	(63,229)
6.02.05	Disposal of fixed assets for own use and intangible assets	3,211	131
6.02.06	Disposal of assets not for own use	60,303	74,919
6.02.07	Allocations of reserves	(13,155)	(1,377)
6.03	Net cash from financing activities	955,653	(182,751)
6.03.01	Deposits	(1,441,953)	(701,602)
6.03.02	Open market funding	337,580	(1,032,101)
6.03.03	Borrowings and onlendings	1,510,581	686,145
6.03.04	Securities acceptance and issuance	649,822	845,263
6.03.05	Treasury shares	(21,351)	1,925
6.03.06	Capital increase	95,579	179,248
6.03.08	Interest on equity	(174,605)	(161,629)
6.05	Increase (decrease) in cash and cash equivalents	864,827	987,915
6.05.01	Cash and cash equivalents at beginning of the period	4,278,928	3,037,646
6.05.02	Cash and cash equivalents at end of the period	5,143,755	4,025,561

Individual financial statements / Statement of changes in equity - 01/01/2019 to 09/30/2019
(In thousands of reais)

Code	Description	Capital	Capital reserve	Revaluation reserve	Income reserve	Retained earnings / accumulated losses	Equity valuation adjustment	Total equity
5.01	Opening balance	2,470,313	45,466	-	1,159,446	-	(9,715)	3,665,510
5.03	Adjusted balance	2,470,313	45,466	-	1,159,446	-	(9,715)	3,665,510
5.04	Net income of the period	-	-	-	-	382,800	-	382,800
5.05	Allocations	-	-	-	-	(174,605)	-	(174,605)
5.05.02	Interest on equity	-	-	-	-	(174,605)	-	(174,605)
5.07	Equity valuation adjustments	-	-	-	-	-	21,509	21,509
5.07.01	Marketable securities adjustment	-	-	-	-	-	21,509	21,509
5.08	Capital Increase	95,579	-	-	-	-	-	95,579
5.09	Allocations of capital reserves	-	(13,155)	-	12,614	(12,614)	-	(13,155)
5.09.01	Allocations of reserves - Management remuneration	-	(13,155)	-	-	-	-	(13,155)
5.09.02	Constitution of legal reserve	-	-	-	12,614	(12,614)	-	-
5.1	Treasury shares	-	-	-	(21,351)	-	-	(21,351)
5.13	Closing balance	2,565,892	32,311	-	1,150,709	195,581	11,794	3,956,287

Individual financial statements / Statement of changes in equity - 01/01/2018 to 09/30/2018
(In thousands of reais)

Code	Description	Capital	Capital reserve	Revaluation reserve	Income reserve	Retained earnings / accumulated losses	Equity valuation adjustment	Total equity
5.01	Opening balance	2,291,065	35,196	-	960,581	-	(2,510)	3,284,332
5.03	Adjusted balance	2,291,065	35,196	-	960,581	-	(2,510)	3,284,332
5.04	Net income of the period	-	-	-	-	336,313	-	336,313
5.05	Allocations	-	-	-	-	(161,629)	-	(161,629)
5.05.02	Interest on equity	-	-	-	-	(161,629)	-	(161,629)
5.07	Equity valuation adjustments	-	-	-	-	-	(19,960)	(19,960)
5.07.01	Marketable securities adjustment	-	-	-	-	-	(19,960)	(19,960)
5.08	Capital Increase	179,248	-	-	-	-	-	179,248
5.09	Allocations of capital reserves	-	(1,377)	-	11,010	(11,010)	-	(1,377)
5.09.01	Allocations of reserves - Management remuneration	-	(1,377)	-	-	-	-	(1,377)
5.09.02	Constitution of legal reserve	-	-	-	11,010	(11,010)	-	-
5.1	Treasury shares	-	-	-	1,925	-	-	1,925
5.13	Closing balance	2,470,313	33,819	-	973,516	163,674	(22,470)	3,618,852

Individual financial statements / Statement of value added (In thousands of reais)

Code	Description	YTD - Current year	YTD - Prior year
		01/01/2019 to 09/30/2019	01/01/2018 to 09/30/2018
7.01	Revenues	2,629,413	3,074,307
7.01.01	Financial intermediation	2,413,534	2,894,201
7.01.02	Income from services rendered	249,541	262,061
7.01.03	Allowance for loan losses	(45,816)	(88,720)
7.01.04	Other	12,154	6,765
7.02	Financial intermediation expenses	(1,864,452)	(2,520,527)
7.03	Inputs acquired from third parties	(99,452)	(93,710)
7.03.02	Services provided by third parties	(7,309)	(6,814)
7.03.04	Others	(92,143)	(86,896)
7.03.04.01	Data Processing and Telecom	(16,199)	(12,264)
7.03.04.02	Financial system services	(21,306)	(14,971)
7.03.04.03	Specialized technical services	(14,309)	(9,803)
7.03.04.04	Travel expenses	(5,735)	(5,469)
7.03.04.05	Promotions and Public Relations	(1,730)	(638)
7.03.04.06	Other Operating Expenses	(7,134)	(6,933)
7.03.04.07	Non-operating income	(2,244)	(20,341)
7.03.04.08	Other Administrative Expenses	(23,486)	(16,477)
7.04	Gross value added	665,509	460,070
7.05	Allowances	(10,453)	(9,056)
7.05.01	Depreciation, amortization and depletion	(10,453)	(9,056)
7.06	Net produced value added	655,056	451,014
7.07	Value added received on transfer	5,565	5,392
7.07.01	Equity pickup	5,565	5,392
7.08	Total distributable value added	660,621	456,406
7.09	Value added distribution	660,621	456,406
7.09.01	Personnel	242,822	227,698
7.09.01.01	Direct compensation	103,980	91,322
7.09.01.02	Benefits	20,339	18,887
7.09.01.03	Unemployment Compensation Fund (FGTS)	10,662	7,920
7.09.01.04	Other	107,841	109,569
7.09.01.04.01	Profit Sharing	106,466	107,610
7.09.01.04.02	Training	1,375	1,959
7.09.02	Taxes, charges and contributions	24,146	(117,032)
7.09.02.01	Federal	10,285	(131,389)
7.09.02.02	State	2	11
7.09.02.03	Municipal	13,859	14,346
7.09.03	Third party capital remuneration	10,853	9,427
7.09.03.01	Rents	10,853	9,427
7.09.04	Own capital remuneration	382,800	336,313
7.09.04.01	Interest on equity	174,605	161,629
7.09.04.03	Retained earnings	208,195	174,684

Performance in the third quarter of 2019

We submit to your consideration the individual and consolidated accounting information of Banco ABC BRASIL S.A. for the third quarter of 2019.

Banco ABC BRASIL S.A.

Banco ABC Brasil S.A. is a commercial bank specialized in lending and providing services for large 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 September 30, 2019 the shareholding structure of Banco ABC Brasil S.A. was the following: Bank ABC: 59.94%; Free-float: 33.99%; Management and Board members: 4.61%; and Stocks in Treasury: 1.46%.

Business Profitability

Banco ABC BRASIL S.A. reported net income of BRL 130.5 million in the third quarter of 2019 (BRL 116.1 million in the third quarter of 2018), reaching an annualized return on average equity of 13.3% pa in the period (13.3% pa in the third quarter of 2018).

The growth of the Bank's Net Income, compared to the same period of last year, is explained mainly due to higher Gross Income from Financial Intermediation, which was partially offset by a lower Service Revenue and higher Personnel and Other Administrative Expenses.

Credit Portfolio

The credit portfolio (including loans and guarantees issued) totaled BRL 24.9 billion as of September 30, 2019 (BRL 23.2 billion as of the end of September, 2018). Regarding the credit portfolio quality, 95.4% of the loan transactions and 98.0% of the guarantees issued transactions were rated between AA and C at the end of September, 2019, in accordance with Brazilian Central Bank Resolution No. 2682. Considering both portfolios, the ratio was 96.4%. The allowance for loan losses represented 2.56% of the loan portfolio as of the end of the third quarter of 2019 (2.86% as of the end of September, 2018).

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 644.7 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.

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.abcbrasil.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.

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.

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.abcbrazil.com.br > Relações com Investidores > Serviços RI > Fatores de Risco > Estrutura de gestão de capital - Banco ABC Brasil).

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, November 5, 2019.

The management

Notes to the financial statements

Based on National Monetary Council Resolution No. 3,853/10 and BACEN Circular Letter No. 3,447/10, Banco ABC Brasil S.A. decided to prepare its consolidated quarterly financial information in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil.

Thus, we did not fill in the charts referring to standardized consolidated data since they only apply when preparing consolidated financial statements in accordance with the pronouncements issued by CPC approved by CVM and aligned with international standards issued by IASB.

We present below the consolidated balance sheet and the related consolidated income statement, explanatory notes, consolidated cash flows, consolidated statements of comprehensive income and consolidated statement of value added in accordance with accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil:

A free translation from Portuguese into English of the Quarterly Financial Information (ITR) prepared in Brazilian currency and in accordance with accounting practices adopted in Brazil applicable to institutions authorized by Brazilian Central Bank and presented in accordance with the standards issued to operate by Brazilian Securities Exchange Commission - CVM and Brazilian Central Bank

Banco ABC Brasil S.A.

Consolidated balance sheets

September 30, 2019 and December 31, 2018

(In thousands of reais)

Assets	Notes	Current quarter 09/30/2019	Year ended 12/31/2018
Current assets		27,615,370	25,015,503
Cash and banks	3	57,667	29,378
Interbank investments	4	6,397,476	7,522,655
Money market investments		5,254,508	5,817,015
Interbank deposits		399,321	981,720
Foreign investments		743,647	723,920
Marketable securities and derivative financial instruments		5,791,449	5,481,605
Own portfolio	5.a	4,423,353	4,822,629
Linked to guarantees given	5.a	372,887	271,963
Linked to repurchase agreement	5.a	216,042	84,072
Derivative financial instruments	5.b	779,167	302,941
Interbank accounts		149,094	-
Unsettled payments and receipts		94,849	-
Interbank onlendings		54,245	-
Lending operations		7,499,251	7,152,926
Loans - public sector	6	61,405	82,450
Loans - private sector	6	7,586,243	7,209,948
Allowance for loan losses	7	(148,397)	(139,472)
Other credits		7,477,227	4,532,358
Credits on guarantees honored		106,665	94,330
Foreign exchange portfolio	8	5,610,112	3,188,369
Income receivables		23,005	23,800
Trading and intermediation of securities	9.a	281,541	276,228
Sundry	9.b	1,592,465	1,081,189
Allowance for losses on other credits	7	(136,561)	(131,558)
Other assets		243,206	296,581
Prepaid expenses		8,912	7,695
Other assets		234,294	288,886

Banco ABC Brasil S.A.

Consolidated balance sheets

September 30, 2019 and December 31, 2018

(In thousands of reais)

	Notes	Current quarter 09/30/2019	Year ended 12/31/2018
Noncurrent assets		9,397,972	7,663,339
Interbank investments	4	9,588	-
Interbank deposits		9,588	-
Marketable securities and derivative financial instruments		3,709,388	3,349,445
Own portfolio	5.a	2,268,361	1,479,673
Linked to guarantees given	5.a	627,237	706,864
Linked to repurchase agreement	5.a	464,296	357,499
Derivative financial instruments	5.b	349,494	805,409
Interbank accounts		12,412	-
Interbank onlendings		12,412	-
Lending operations		5,049,822	4,030,239
Loans - public sector	6	15,161	26,276
Loans - private sector	6	5,122,967	4,092,111
Allowance for loan losses	7	(88,306)	(88,148)
Other credits		614,852	281,299
Foreign exchange portfolio	8	93,944	3,056
Income receivables		2,699	3,280
Sundry	9.b	546,468	295,142
Allowance for losses on other credits	7	(28,259)	(20,179)
Other assets		1,910	2,356
Prepaid expenses		1,910	2,356
Permanent assets		66,505	49,933
Investments		1,297	1,051
Other investments		1,297	1,051
Fixed assets	11	26,982	23,793
Other fixed assets		61,836	54,284
Accumulated depreciation		(34,854)	(30,491)
Intangible	11	38,226	25,089
Intangible assets		77,551	58,491
Accumulated amortization		(39,325)	(33,402)
Total assets		37,079,847	32,728,775

See accompanying notes.

Banco ABC Brasil S.A.

Consolidated balance sheets

September 30, 2019 and December 31, 2018

(In thousands of reais)

Liabilities	Notes	Current quarter 09/30/2019	Year ended 12/31/2018
Current liabilities		24,312,484	20,621,821
Deposits	12	4,479,736	5,874,013
Demand deposits		241,779	249,772
Interbank deposits		320,313	723,532
Time deposits		3,917,644	4,900,709
Money market funding	12	1,055,107	717,527
Own portfolio		649,583	438,858
Free Movement		405,524	278,669
Funds from acceptance and issue of securities	13	4,516,197	4,771,145
Real estate, mortgage, credit an similar notes		4,501,502	4,741,906
Certificates of structured finance		14,695	29,239
Interbank accounts		32,471	-
Obligations to participants settlement systems		32,471	-
Interbranch accounts		160,295	28,235
Third party funds in transit		160,295	28,235
Borrowings	14	6,286,257	4,377,368
Foreign borrow ings		6,286,257	4,377,368
Onlendings in Brazil - government agencies	14	527,273	598,146
BNDES		90,309	178,893
FINAME		135,469	140,721
Other institutions		301,495	278,532
Transfers abroad	14	746,273	833,485
Liabilities due to transfers abroad		746,273	833,485
Derivative financial instruments	5.b	604,303	313,289
Derivative financial instruments		604,303	313,289
Other liabilities		5,904,572	3,108,613
Collection of taxes		2,564	1,694
Foreign exchange portfolio	8	4,887,737	2,603,292
Social and statutory		54,442	96,526
Taxes and social security	15.a	130,352	101,478
Trading and intermediation of securities	15.d	129,361	149,707
Subordinated debts	15.b	576,866	11,845
Sundry	15.c	123,250	144,071

Banco ABC Brasil S.A.

Consolidated balance sheets

September 30, 2019 and December 31, 2018

(In thousands of reais)

	Notes	Current quarter 09/30/2019	Year ended 12/31/2018
Noncurrent liabilities		8,786,570	8,410,529
Deposits	12	270,096	317,769
Time deposits		270,096	317,769
Funds from acceptance and issue of securities	13	5,163,809	4,259,039
Real estate, mortgage, credit an similar notes		5,146,627	4,236,593
Certificates of structured finance		17,182	22,446
Borrowings	14	76,814	310,983
Foreign borrow ings		76,814	310,983
Onlendings in Brazil - government agencies	14	718,696	708,187
BNDES		326,810	301,906
FINAME		360,820	352,578
Other institutions		31,066	53,703
Transfers abroad	14	274,787	291,350
Liabilities due to transfers abroad		274,787	291,350
Derivative financial instruments	5.b	331,834	658,520
Derivative financial instruments		331,834	658,520
Other liabilities		1,950,534	1,864,681
Foreign exchange portfolio	8	86,465	2,841
Social and statutory		315	315
Taxes and social security	15.a	24,066	42,090
Subordinated debts	15.b	1,799,368	1,798,937
Debts instruments eligible for capital		21,618	-
Sundry	15.c	18,702	20,498
Deferred income		24,506	30,915
Deferred income		24,506	30,915
Share holders' equity	25	3,956,287	3,665,510
Capital:		2,565,892	2,470,313
Brazilian residents		547,288	411,103
Foreign residents		2,018,604	2,059,210
Capital reserve		32,311	45,466
Income reserves		1,207,629	1,195,015
Equity valuation adjustments		11,794	(9,715)
Treasury shares		(56,920)	(35,569)
Retained earnings		195,581	-
Total Liabilities		37,079,847	32,728,775

See accompanying notes.

Banco ABC Brasil S.A.

Consolidated income statements

Quarters and periods ended September 30, 2019 and 2018

(In thousands of reais, except earnings per share)

		YTD - Current quarter 07/01/2019 to 09/30/2019	YTD - current year 01/01/2019 to 09/30/2019	YTD - Prior quarter 07/01/2018 to 09/30/2018	YTD - prior year 01/01/2018 to 09/30/2018
	Notes				
Income from financial intermediation		1,355,318	2,422,911	885,169	2,903,656
Lending operations		625,369	1,185,433	376,112	1,319,285
Gains (losses) on marketable securities		574,742	1,096,390	451,355	1,319,528
Gains (losses) on derivative financial instruments	5.b	25,166	39,040	51,523	83,328
Foreign exchange operations		130,041	102,048	6,179	181,515
Expenses from financial intermediation		(1,254,465)	(1,910,268)	(774,737)	(2,609,247)
Funding expenses		(323,273)	(871,558)	(317,964)	(968,115)
Borrowings and onlendings		(909,592)	(992,894)	(423,644)	(1,552,402)
Allowance for loan losses	7	(20,102)	(44,842)	(31,898)	(86,192)
Allowance for loan losses - Exchange variation of CCL		(1,498)	(974)	(1,231)	(2,528)
Gains / (losses) on financial assets sale or transfer		-	-	-	(10)
Gross income from financial intermediation		100,853	512,643	110,432	294,409
Other operating income (expenses)		(15,612)	(75,067)	(1,498)	(20,673)
Income from services rendered	16	81,573	249,541	95,697	262,061
Personnel expenses		(53,456)	(175,640)	(51,229)	(155,039)
Other administrative expenses	17	(36,623)	(111,521)	(29,730)	(85,075)
Taxes		(11,904)	(42,467)	(16,218)	(42,452)
Other operating income	18	4,985	12,154	2,441	6,765
Other operating expenses	19	(187)	(7,134)	(2,459)	(6,933)
Operating income		85,241	437,576	108,934	273,736
Non-operating loss		(1,402)	(2,244)	(57)	(20,341)
Income before taxes and profit sharing		83,839	435,332	108,877	253,395
Income and social contribution taxes	20	84,797	53,934	43,845	190,528
Provision for income tax		15,881	7,537	63,974	23,608
Provision for social contribution tax		(261)	(15,954)	38,615	903
Deferred tax credits		69,177	62,351	(58,744)	166,017
Profit sharing	23	(38,115)	(106,466)	(36,610)	(107,610)
Net income for the period		130,521	382,800	116,112	336,313
Net earnings per outstanding share					
R\$ - 215,187,488 shares (208,665,751 in 2018)		0.60655	1.77891	0.55645	1.61173

See accompanying notes.

Banco ABC Brasil S.A.

Consolidated statements of comprehensive income

Quarters and periods ended September 30, 2019 and 2018

(In thousands of reais)

	YTD - Current quarter 07/01/2019 to 09/30/2019	YTD - current year 01/01/2019 to 09/30/2019	YTD - Prior quarter 07/01/2018 to 09/30/2018	YTD - prior year 01/01/2018 to 09/30/2018
Net income for the period	130,521	382,800	116,112	336,313
Other comprehensive income (loss)	7,781	21,509	12,301	(19,960)
Comprehensive income for the period	138,302	404,309	128,413	316,353

See accompanying notes.

Banco ABC Brasil S.A.

Consolidated statements of changes in equity

Periods ended September 30, 2019 and 2018

(In thousands of reais)

	Share Capital			Income reserves			Equity valuation adjustment	Retained earnings	Treasury shares	Total
	Capital	Capital increase	Capital reserve	Legal reserve	Dividends equalization	Share buyback				
Balances at December 31, 2017	2,291,065	-	35,196	163,469	778,907	55,000	(2,510)	-	(36,795)	3,284,332
Adjustment to market value - securities available for sale	-	-	-	-	-	-	(19,960)	-	-	(19,960)
Acquisition / distribution of treasury shares	-	-	-	-	-	-	-	-	1,925	1,925
Capital Increase	87,446	91,802	-	-	-	-	-	-	-	179,248
Net income for the period	-	-	-	-	-	-	-	336,313	-	336,313
Interest on equity	-	-	-	-	-	-	-	(161,629)	-	(161,629)
Constitution of legal reserve	-	-	-	11,010	-	-	-	(11,010)	-	-
Allocations of reserves - Management remuneration	-	-	(1,377)	-	-	-	-	-	-	(1,377)
Balances at September 30, 2018	2,378,511	91,802	33,819	174,479	778,907	55,000	(22,470)	163,674	(34,870)	3,618,852
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 available for sale	-	-	-	-	-	-	21,509	-	-	21,509
Acquisition / distribution of treasury shares	-	-	-	-	-	-	-	-	(21,351)	(21,351)
Capital Increase	95,579	-	-	-	-	-	-	-	-	95,579
Net income for the period	-	-	-	-	-	-	-	382,800	-	382,800
Interest on equity	-	-	-	-	-	-	-	(174,605)	-	(174,605)
Constitution of legal reserve	-	-	-	12,614	-	-	-	(12,614)	-	-
Allocations of reserves - Management remuneration	-	-	(13,155)	-	-	-	-	-	-	(13,155)
Balances at September 30, 2019	2,565,892	-	32,311	196,987	955,642	55,000	11,794	195,581	(56,920)	3,956,287

See accompanying notes.

Notes to quarterly information**Banco ABC Brasil S.A.**

Consolidated statements of cash flows - Indirect method

Periods ended September 30, 2019 and 2018

(In thousands of reais)

	YTD - Current year	YTD - Prior year
	01/01/2019 to 09/30/2019	01/01/2018 to 09/30/2018
Operating activities		
Adjusted net income of the period	456,535	435,871
Net income of the period	382,800	336,313
Adjustment to net income:	73,735	99,558
Depreciation and amortization	10,453	9,056
Gain on disposal of assets not used in banking operations	5,035	5,397
Gain (loss) on disposal of fixed assets and intangible	(185)	(19)
Provision for impairment of assets not of own use	(2,603)	16,465
Allowance for loan losses	45,816	88,720
Provision for contingent liabilities and guarantees	(6,290)	(101)
Mark-to-market adjustments - marketable securities	21,509	(19,960)
Changes in assets and liabilities	(564,377)	733,285
Interbank investments	1,952,129	1,438,018
Marketable securities and derivative financial instruments	(705,459)	(499,240)
Lending operations	(1,411,724)	(665,315)
Other credits and other assets	(3,284,041)	(1,377,648)
Interbank accounts	(129,035)	(41,268)
Interbranch accounts	132,060	48,580
Other liabilities	2,888,102	1,831,719
Deferred income	(6,409)	(1,561)
Cash flow (used in) / provided by operating activities	(107,842)	1,169,156
Investments activities		
Acquisition of investments	(246)	-
Acquisition of fixed assets and intangible	(29,990)	(8,763)
Acquisition of assets not used in banking operations	(3,110)	(63,229)
Disposal of fixed assets for own use and intangible assets	3,211	24
Disposal of assets on own use	60,303	74,919
Constitution of reserves of capital	(13,155)	(1,377)
Cash flow (used in) / provided by investment activities	17,013	1,574
Financing activities		
Deposits	(1,441,950)	(701,666)
Money market funding	337,580	(1,032,101)
Borrowings and onlendings	1,510,581	686,145
Acceptance and issuance of securities	649,822	845,263
Treasury shares	(21,351)	1,925
Capital increase	95,579	179,248
Interest on equity	(174,605)	(161,629)
Cash (used in) / provided by financing activities	955,656	(182,815)
Increase / (Decrease) of cash and cash equivalents	864,827	987,915
At beginning of the period	4,278,928	3,037,646
At end of the period	5,143,755	4,025,561
Change in cash and cash equivalents	864,827	987,915

See accompanying notes.

Notes to quarterly information**Banco ABC Brasil S.A.**

Consolidated statements of value added

Periods ended September 30, 2019 and 2018

(In thousands of reais)

	Notes	YTD - Current year 01/01/2019 to 09/30/2019	YTD - Prior year 01/01/2018 to 09/30/2018
Determination of Value Added			
Income		2,638,790	3,083,762
Income from financial intermediation		2,422,911	2,903,656
Income from services rendered	16	249,541	262,061
Set-up of allowance for loan losses		(45,816)	(88,720)
Other operating income	18	12,154	6,765
Expenses from financial intermediation		(1,864,452)	(2,520,527)
Assets acquired from third parties		(99,592)	(93,866)
Telecommunications and data processing	17	(16,198)	(12,264)
Services provided by third parties	17	(7,315)	(6,814)
Financial services	17	(21,323)	(14,989)
Specialized technical services	17	(14,372)	(9,873)
Travel expenses	17	(5,734)	(5,469)
Promotions and public relations	17	(1,730)	(638)
Other operating expenses	19	(7,134)	(6,933)
Non-operating loss		(2,244)	(20,341)
Other administrative expenses	17	(23,542)	(16,545)
Gross value added		674,746	469,369
Retained values		(10,453)	(9,056)
Depreciation and amortization	17	(10,453)	(9,056)
Net value added		664,293	460,313
Total value added to be distributed		664,293	460,313
Distribution of value added		664,293	460,313
Salaries and social charges		242,821	227,698
Direct compensation		103,979	91,322
Benefits		20,339	18,887
Social Charges - FGTS		10,662	7,920
Training		1,375	1,959
Profit sharing		106,466	107,610
Taxes, charges and compulsory contributions		27,818	(113,125)
Federal		13,955	(127,482)
State		2	11
Municipal		13,861	14,346
Compensation of third party capital		10,854	9,427
Rental	17	10,854	9,427
Compensation of shareholders		382,800	336,313
Interest on equity	25.b	174,605	161,629
Retained profit		208,195	174,684

See accompanying notes.

Notes to quarterly information**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 22).

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. and ABC Brasil Administração e Participações Ltda., for which the direct and indirect ownership interest as of September 30, 2019, is equivalent to approximately 100%.

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 P&L among consolidated companies were eliminated.

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.

The Accounting Pronouncements Committee (CPC) issues accounting pronouncements and interpretations in line with international accounting standards and approved by the CVM. The Brazilian Central Bank adopted the following pronouncements: CPC 00 (R1) - Conceptual Framework for Preparation and Disclosure of Financial and Accounting Report; CPC 01 - Reduction in the Recoverable Value of Assets; CPC 03 - Statement of Cash Flows; CPC 05 (R1) - Disclosure about Parties; CPC 25 - Provisions, Contingent Liabilities and Contingent Liabilities; CPC 10 (R1) - Share-Based Payment; CPC 23 - Accounting Policies, Change of Estimate and Error Correction; CPC 24 - Subsequent Event, and CPC 33 (R1) - Employee Benefits.

Notes to quarterly information

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. This resolution comes into force on January 1, 2020.

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.

Resolution nº 4,748/19 - Provides for the criteria for measuring the fair value of equity profit and losses instruments. This resolution comes into force on January 1, 2020.

The preparation 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:

Notes to quarterly information

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.

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.

Notes to quarterly information

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 a reserve, 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, as established in CMN Resolution No. 3,604/08 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.

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.

Notes to quarterly information

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, 14.b and 15.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

Operating assets and liabilities with maturities or effective possibility of settlement up to one year from the balance sheet date are classified as current while those with maturity or effective possibility of settlement after this date are classified as noncurrent.

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 60 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.

Notes to quarterly information

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.

3. Cash and cash equivalents

Cash and cash equivalent components:

	Bank and Consolidated	
	September 2019	December 2018
Cash and banks	57,667	29,378
Interbank investments	5,086,088	4,249,550
Foreign investments	743,647	723,920
Other investments with maturity equal or less than 90 days	4,342,441	3,525,630
Total cash and cash equivalents	5,143,755	4,278,928

4. Interbank investments

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

	Bank and Consolidated					December 2018
	September 2019					
	Up to 1 Month	1 to 3 months	6 to 12 months	1 to 3 years	Total	Total
Money market investments	4,697,220	557,288	-	-	5,254,508	5,817,015
Investments in interbank deposits	-	100,128	299,193	9,588	408,909	981,720
Foreign currency overnight investments	743,647	-	-	-	743,647	723,920
Total	5,440,867	657,416	299,193	9,588	6,407,064	7,522,655

Notes to quarterly information**5. Marketable securities and derivative financial instruments****a) Marketable securities**

The classification of marketable securities at September 30, 2019 and December 31, 2018 are as follows:

	September 2019				December 2018	
	Bank		Consolidated		Bank	Consolidated
	Cost	Market/ Accounting	Cost	Market/ Accounting	Market/ Accounting	Market/ Accounting
Trading securities						
Financial Treasury Bills - "LFT"	1,097,370	1,158,828	1,305,946	1,367,405	1,611,351	1,816,863
Eurobonds	24,812	25,033	24,812	25,033	-	-
National Treasury Notes - "NTN - B"	62,702	63,784	62,702	63,784	235,254	235,254
National treasury bills - "LTN"	9	9	9	9	399,165	399,165
Bank Deposit Certificate - "CDB"	5,382	5,382	5,382	5,382	5,106	5,106
Debentures	119,918	135,544	119,918	135,544	160,711	160,711
Foreign government bonds	1,172,962	1,174,058	1,172,962	1,174,058	807,350	807,350
Public Company Shares	41,404	42,073	41,404	42,073	-	-
Subtotal - Trading securities	2,524,559	2,604,711	2,733,135	2,813,288	3,218,937	3,424,449
Securities available for sale (b)						
Financial Treasury Bills - "LFT"	134,260	134,288	134,260	134,288	148,048	148,048
Eurobonds	6,943	7,065	6,943	7,065	15,043	15,043
National Treasury Notes - "NTN - B"	5,078	5,079	5,078	5,079	13,909	13,909
National Treasury Notes - "NTN - A"	104,896	109,254	104,896	109,254	97,318	97,318
National treasury bills - "LTN"	390,981	413,407	390,981	413,407		
Certificate of Real State Receivables - "CRI"	10,000	10,000	10,000	10,000		
Debentures	1,559,808	1,518,388	1,559,808	1,518,388	696,814	696,814
Promissory Notes - "NP"	180,138	180,371	180,138	180,371	294,583	294,583
Rural Product bills - "CPR"	1,067,401	1,095,969	1,067,401	1,095,969	1,140,654	1,140,654
Foreign government bonds	1,102,681	1,105,824	1,102,681	1,105,824	757,463	757,463
Financial Bills - "LF"	76,157	76,076	76,157	76,076	62,032	62,032
Certificate of Agribusiness Receivables - "CRA"	93,553	93,553	93,553	93,553	86,973	86,973
Fixed Rate Notes - FRN	164,050	164,882	164,050	164,882	148,591	148,591
Subtotal - Securities available for sale	4,895,946	4,914,156	4,895,946	4,914,156	3,461,428	3,461,428
Held to maturity (a)						
National Treasury Notes - "NTN - B"	67,435	67,435	67,435	67,435	66,903	66,903
National treasury bills - "LTN"	577,297	577,297	577,297	577,297	769,920	769,920
Subtotal - held to maturity	644,732	644,732	644,732	644,732	836,823	836,823
Total	8,065,237	8,163,599	8,273,813	8,372,176	7,517,188	7,722,700

(a) Securities classified as held to maturity are valued at amortized cost. If they were evaluation at market value, on September 30, 2019, would have positive adjustment of R\$ 31,122 (positive adjustment of R\$ 17,224 on December 31, 2018).

(b) The market value submitted is net of the allowance for devaluation of securities in the amount of R\$ 20,370 on September 30, 2019 (R\$ 82,029 on December 31, 2018).

At September 30, 2019, unrealized income on securities classified as available for sale totaled a gain of R\$ 18,210 (loss of R\$ 16,191 at December 31, 2018), which is recorded in equity under the account "Equity valuation adjustment" net of tax effects, amounting gain to R\$ 11,794 (loss of R\$ 9,715 at December 31, 2018).

As of September 30, 2019, the balance of securities with no quotes prices on activity market is R\$ 4,175,731 (R\$ 3,254,636 at December 31, 2018). The fair value measurements of unquoted securities in active market are obtained through valuation techniques that include data for assets that are not based on observable market variables.

Notes to quarterly information

The Bank's portfolio as of September 30, 2019 and December 31, 2018, classified by maturity or effective possibility of settlement, are as follows:

	Bank						
	September 2019						
	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"	-	-	416,936	198,574	543,318	-	1,158,828
Eurobonds	-	-	-	2,383	-	22,650	25,033
National Treasury Notes - "NTN - B"	-	-	-	28,952	10,381	24,451	63,784
National Treasury Bills - "LTN"	-	-	9	-	-	-	9
Bank Deposit Certificate - "CDB"	-	-	-	5,382	-	-	5,382
Debentures	-	-	-	-	-	135,544	135,544
Foreign government bonds	-	1,139,500	-	-	-	34,558	1,174,058
Public Company Shares	42,073	-	-	-	-	-	42,073
Subtotal - Trading securities	42,073	1,139,500	416,945	235,291	553,699	217,203	2,604,711
Securities available for sale							
Financial Treasury Bills - "LFT"	-	-	-	-	-	134,288	134,288
Eurobonds	-	-	-	7,065	-	-	7,065
National Treasury Notes - "NTN - B"	-	-	-	5,079	-	-	5,079
National Treasury Notes - "NTN - A"	-	-	-	-	-	109,254	109,254
National treasury bills - "LTN"	-	-	-	-	413,407	-	413,407
Certificate of Real State Receivables – "CRI"	-	-	-	-	10,000	-	10,000
Debentures	17,276	35,790	104,005	153,179	111,901	1,096,237	1,518,388
Promissory Notes - "NP"	1,591	17,828	26,550	39,009	95,393	-	180,371
Rural product bills - "CPR"	18,830	29,588	117,678	158,435	501,055	270,383	1,095,969
Foreign government bonds	-	1,105,824	-	-	-	-	1,105,824
Financial Bills - "LF"	-	-	28,244	-	47,832	-	76,076
Certificate of Agribusiness Receivables - "CRA"	-	-	-	-	93,553	-	93,553
Fixed Rate Notes - FRN	-	79,058	-	10,913	74,911	-	164,882
Subtotal - Securities available for sale	37,697	1,268,088	276,477	373,680	1,348,052	1,610,162	4,914,156
Held to maturity							
National Treasury Notes - "NTN - B"	-	-	-	-	-	67,435	67,435
National Treasury Bills - "LTN"	-	-	243,052	-	296,544	37,701	577,297
Subtotal - Held to maturity	-	-	243,052	-	296,544	105,136	644,732
Total – September 2019	79,770	2,407,588	936,474	608,971	2,198,295	1,932,501	8,163,599
Total - December 2018	771,836	333,952	168,899	1,994,699	2,662,642	1,585,160	7,517,188

Notes to quarterly information

	Consolidated September 2019						Total
	Up to 1 Month	1 to 3 months	3 to 6 months	6 to 12 Months	1 to 3 years	Over 3 years	
Trading securities							
Financial Treasury Bills - "LFT"	-	-	625,512	198,574	543,319	-	1,367,405
Eurobonds	-	-	-	2,383	-	22,650	25,033
National Treasury Notes - "NTN - B"	-	-	-	28,952	10,381	24,451	63,784
National Treasury Bills - "LTN"	-	-	9	-	-	-	9
Bank Deposit Certificate - "CDB"	-	-	-	5,382	-	-	5,382
Debentures	-	-	-	-	-	135,544	135,544
Foreign government bonds	-	1,139,500	-	-	-	34,558	1,174,058
Public Company Shares	42,073	-	-	-	-	-	42,073
Subtotal - Trading securities	42,073	1,139,500	625,521	235,291	553,700	217,203	2,813,288
Securities available for sale							
Financial Treasury Bills - "LFT"	-	-	-	-	-	134,288	134,288
Eurobonds	-	-	-	7,065	-	-	7,065
National Treasury Notes - "NTN - B"	-	-	-	5,079	-	-	5,079
National Treasury Notes - "NTN - A"	-	-	-	-	-	109,254	109,254
National treasury bills - "LTN"	-	-	-	-	413,407	-	413,407
Certificate of Real State Receivables - "CRI"	-	-	-	-	10,000	-	10,000
Debentures	17,276	35,790	104,005	153,179	111,901	1,096,237	1,518,388
Promissory Notes - "NP"	1,591	17,828	26,550	39,009	95,393	-	180,371
Rural product bills - "CPR"	18,830	29,588	117,678	158,435	501,055	270,383	1,095,969
Foreign government bonds	-	1,105,824	-	-	-	-	1,105,824
Financial Bills - "LF"	-	-	28,244	-	47,832	-	76,076
Certificate of Agribusiness Receivables - "CRA"	-	-	-	-	93,553	-	93,553
Fixed Rate Notes - FRN	-	79,058	-	10,913	74,911	-	164,882
Subtotal - Securities available for sale	37,697	1,268,088	276,477	373,680	1,348,052	1,610,162	4,914,156
Held to maturity							
National Treasury Notes - "NTN - B"	-	-	-	-	-	67,435	67,435
National Treasury Bills - "LTN"	-	-	243,052	-	296,544	37,701	577,297
Subtotal - Held to maturity	-	-	243,052	-	296,544	105,136	644,732
Total - September 2019	79,770	2,407,588	1,145,050	608,971	2,198,296	1,932,501	8,372,176
Total - December 2018	771,836	516,789	168,899	1,994,699	2,685,317	1,585,160	7,722,700

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

Operation type	Linked securities	Bank and Consolidated Market Value	
		September 2019	December 2018
Derivatives - B3 S.A - Brasil, Bolsa, Balcão e CBLC	LTN / NTN / CDB / LFT	266,868	131,812
Exchange - B3 S.A - Brasil, Bolsa, Balcão	LTN	114,015	98,586
Agribusiness credit bills funding	CPR	619,241	748,429
Total		1,000,124	978,827

b) Derivative financial instruments

The Bank operates in the derivatives market 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.

Notes to quarterly information

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 of the B3 S.A - Brasil, Bolsa, Balcão and 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.

Notes to quarterly information

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 is recorded in off balance accounts, as follows:

	September 2019				December 2018	
	Bank and Consolidated				Bank and Consolidated	
	Notional value	Cost - receivable / (payable)	Marked to market adjustment	Market Value	Notional Value	Market value
Future contracts	10,507,254	-	-	-	6,547,676	-
Purchase commitments	3,772,297	-	-	-	1,689,774	-
Interbank market	3,321,360	-	-	-	1,637,755	-
Foreign currency	318,577	-	-	-	-	-
Others	132,360	-	-	-	52,019	-
Sales commitments	6,734,957	-	-	-	4,857,902	-
Interbank market	5,023,172	-	-	-	4,656,964	-
Foreign currency	1,361,495	-	-	-	194,769	-
Others	350,290	-	-	-	6,169	-
Asset position	19,872,860	1,364,489	(296,168)	1,068,321	14,632,840	1,074,991
Swap contracts	3,851,162	84,974	37,342	122,316	2,322,021	89,913
Interbank market	623,889	(1,056)	7,546	6,490	686,848	12,243
Foreign currency	2,441,727	79,993	7,863	87,856	496,016	63,238
Fixed rates	575,107	6,303	14,348	20,651	1,138,437	14,387
Others	210,439	(266)	7,585	7,319	720	45
Options contracts	12,489,391	1,117,719	(326,508)	791,211	10,704,477	882,209
Purchase commitments	5,793,282	551,574	(93,561)	458,013	5,199,520	329,549
Foreign currency	5,793,282	551,574	(93,561)	458,013	5,199,520	329,549
Sale commitment	6,696,109	566,145	(232,947)	333,198	5,504,957	552,660
Foreign currency	853,374	87,221	(52,144)	35,077	5,156,996	534,392
Shares	14,100	233	(228)	5		
Others financial assets	5,828,635	478,691	(180,575)	298,116	347,961	18,268
Other financial instruments	3,532,307	161,796	(7,002)	154,794	1,606,342	102,869
Foreign currency	1,833,528	64,958	(7,570)	57,388	1,187,078	41,864
Others financial assets	1,698,779	96,838	568	97,406	419,264	61,005

Notes to quarterly information

	September 2019				December 2018	
	Bank and Consolidated				Bank and Consolidated	
	Notional value	Cost - receivable / (payable)	Marked to market adjustment	Market Value	Notional Value	Market value
Liability position	22,745,768	(1,084,697)	148,560	(936,137)	17,745,629	(971,809)
Swap contracts	2,818,516	(105,201)	(34,066)	(139,267)	1,656,267	(78,621)
Interbank market	149,781	(6,328)	(1,350)	(7,678)	113,907	(3,742)
Foreign currency	1,495,981	(85,422)	(3,686)	(89,108)	732,822	(53,068)
Fixed rates	1,112,776	(10,410)	(26,719)	(37,129)	792,456	(18,772)
Others	59,978	(3,041)	(2,311)	(5,352)	17,082	(3,039)
Options contracts	12,564,721	(807,585)	179,073	(628,512)	10,815,871	(807,946)
Purchase commitments	6,438,229	(437,513)	61,429	(376,084)	5,541,683	(303,606)
Foreign currency	5,587,559	(370,780)	63,674	(307,106)	5,308,266	(291,730)
Others financial assets	850,670	(66,733)	(2,245)	(68,978)	233,417	(11,876)
Sales commitments	6,126,492	(370,072)	117,644	(252,428)	5,274,188	(504,340)
Foreign currency	4,695,043	(243,557)	81,264	(162,293)	5,242,457	(502,249)
Others financial assets	1,431,449	(126,515)	36,380	(90,135)	31,731	(2,091)
Other financial instruments	7,362,531	(171,911)	3,553	(168,358)	5,273,491	(85,242)
Foreign currency	1,749,712	(61,332)	7,827	(53,505)	1,284,911	(22,032)
Others financial assets	5,612,819	(110,579)	(4,274)	(114,853)	3,988,580	(63,210)

Notes to quarterly information

To mitigate the risks of changes in the fair value of the operation to capture the subordinated debt of US\$ 69,3 million (US\$ 69,3 million on December 31, 2018) (Note 15.b), and Foreign Onlendings in the amount US\$ 24,6 million (US\$ 24,6 at December 31, 2018) (Note 14.b), the management decided to designate financial instruments shown below to hedge a portion of the principal amount and value of a portion contractual interest.

Derivatives designated as fair value hedge instruments	Notional value	Bank and consolidated		
		September 2019		
		Curve Yield	Market value	MTM
Hedge instruments				
Swap contracts	321,206	55,866	60,340	4,474
Subordinate loans	238,163	49,667	51,603	1,936
Foreign currency - US dollar - Assets position (1)	238,163	49,667	51,603	1,936
Liabilities due to transfers abroad	83,043	6,199	8,737	2,538
Foreign currency - US dollar - Assets position (1)	83,043	6,199	8,737	2,538
Subject to hedge	390,602	(390,602)	(395,076)	(4,474)
Subordinate loans (Note 15.b)	299,356	(299,356)	(301,292)	(1,936)
Liabilities due to transfers abroad (Note 14.b)	91,246	(91,246)	(93,784)	(2,538)

(1) Amounts updated through the balance sheet date,

Derivatives designated as fair value hedge instruments	Notional value	Bank and consolidated		
		December 2018		
		Curve Yield	Market value	MTM
Hedge instruments				
Swap contracts	333,070	30,093	33,359	3,266
Subordinate loans	238,163	29,813	31,793	1,980
Foreign currency - US dollar - Assets position (1)	238,163	29,813	31,793	1,980
Liabilities due to transfers abroad	94,907	280	1,566	1,286
Foreign currency - US dollar - Assets position (1)	94,907	280	1,566	1,286
Subject to hedge	369,173	(369,173)	(372,439)	(3,266)
Subordinate loans (Note 15.b)	273,254	(273,254)	(275,234)	(1,980)
Liabilities due to transfers abroad (Note 14.b)	95,919	(95,919)	(97,205)	(1,286)

(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.

Notes to quarterly information

Derivative financial instruments by maturity as of September 30, 2019 and December 31, 2018 are as follows:

	September 2019							December 2018
	Bank and Consolidated							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	1,029,963	4,438,869	1,205,727	1,306,325	1,879,476	646,894	10,507,254	6,547,676
Option contracts	480,794	1,681,145	848,505	13,813,010	8,230,658	-	25,054,112	21,520,348
Swap contracts	572,886	545,278	2,560,169	1,462,950	1,452,950	396,651	6,990,884	4,311,358
Other financial instruments	753,403	6,644,774	1,253,292	1,844,656	398,713	-	10,894,838	6,879,833
Total - September 2019	2,837,046	13,310,066	5,867,693	18,426,941	11,961,797	1,043,545	53,447,088	-
Total - December 2018	4,398,710	4,666,763	3,760,895	4,721,890	21,148,596	562,361	-	39,259,215
Asset position								
Option contracts	10,397	16,270	20,069	446,505	297,970	-	791,211	882,209
Swap contracts	2,748	2,387	5,541	137,135	22,086	12,759	182,656	123,272
Other financial instruments	61,768	49,449	9,833	17,065	16,679	-	154,794	102,869
Total - September 2019	74,913	68,106	35,443	600,705	336,735	12,759	1,128,661	-
Total - December 2018	64,535	79,018	77,670	81,718	801,008	4,401	-	1,108,350
Liability position								
Option contracts	(6,187)	(19,680)	(20,410)	(327,668)	(254,567)	-	(628,512)	(807,946)
Swap contracts	(6,185)	(11,519)	(16,575)	(35,938)	(54,299)	(14,751)	(139,267)	(78,621)
Other financial instruments	(74,964)	(44,260)	(12,428)	(28,489)	(8,217)	-	(168,358)	(85,242)
Total - September 2019	(87,336)	(75,459)	(49,413)	(392,095)	(317,083)	(14,751)	(936,137)	-
Total - December 2018	(75,090)	(81,856)	(75,899)	(80,444)	(655,887)	(2,633)	-	(971,809)

For the unquoted derivative financial instruments where the pricing process is substantially based on the use of judgment, estimates and internal methodologies have the amounts recorded in the Assets of R\$ 326,444 (R\$ 364,589 at December 31, 2018) and in the Liabilities of R\$ 295,417 (R\$ 285,798 at December 31, 2018).

Gains (losses) on derivative financial instruments for the period ended at September 30, 2019 and 2018 are as follows:

	September 2019			September 2018
	Bank and Consolidated			Bank and Consolidated
	Gains	Losses	Net	Net
Swaps	260,896	(290,555)	(29,659)	18,293
Futures	2,733,465	(2,652,492)	80,973	8,462
Options	467,450	(465,152)	2,298	3,270
Forwards	156,960	(185,406)	(28,446)	21,498
Total	3,618,771	(3,593,605)	25,166	51,523

Notes to quarterly information*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)	10,620	15,519	20,417
Net exposure of currency coupons (RWAjur2)	45,395	45,980	46,564
Net exposure of index coupons (RWAjur3)	30,261	32,194	34,128
Total interest rate exposure (Note 26)	86,276	93,693	101,109
ii) Foreign exchange rate			
Total exposure purchased at exchange rates	22,660	51,868	81,076
iii) Index, shares and commodities			
Total exposure to index, shares and commodities	83,240	86,117	88,994

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 September 30, 2019.

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 on September 30, 2019.

Notes to quarterly information**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 September 30, 2019 an exposure of R\$ 99,172 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. Lending operations, guarantees and responsibilities

Loans, other credits, guarantees and responsibilities are as follows:

	Bank and Consolidated	
	September 2019	December 2018
Loans		
Loans	5,276,639	5,448,493
Financing	6,198,700	4,942,629
Financing - Rural and agribusiness	1,310,437	1,019,663
Subtotal - Loans	12,785,776	11,410,785
Others receivables		
Advances on export contracts and interest (a)	710,956	575,236
Notes and loans receivable	1,588,424	898,587
Others	106,665	94,330
Subtotal - Others receivables	2,406,045	1,568,153
Subtotal - Loans and Others receivables	15,191,821	12,978,938
Subtotal - Financial guarantees and responsibilities (b)	9,689,440	10,650,867
Total	24,881,261	23,629,805

(a) The balance comprises advance of R\$ 693,818 (R\$ 561,784 as of December 31, 2018), demonstrated reducing Other liabilities (Note 8) plus R\$ 17,138 (R\$ 13,452 as of December 31, 2018) of income receivable related to such advances presented in Other credits (Note 8).

(b) The guarantees provided on behalf of clients are subject to charges and counter-guarantees by its beneficiaries. On September 30, 2019, the balance of provisions for guarantees and responsibilities is R\$ 54,105 (R\$ 52,853 at December 31, 2018) - Note 15.c.

Notes to quarterly information

Loans portfolio by sector activity:

	Bank and Consolidated					
	September 2019			December 2018		
	Loans	Guarantees and responsibilities	Total	Loans	Guarantees and responsibilities	Total
Private Sector						
Financial intermediaries	303,078	1,559,630	1,862,708	118,701	2,007,630	2,126,331
Industry	4,851,626	1,670,861	6,522,487	4,232,843	1,551,337	5,784,180
Commercial	3,253,979	1,011,923	4,265,902	2,671,896	1,034,136	3,706,032
Services	6,447,539	4,012,847	10,460,386	5,607,220	4,722,654	10,329,874
Individuals	259,033	71,456	330,489	239,552	103,172	342,724
Subtotal - Private sector	15,115,255	8,326,717	23,441,972	12,870,212	9,418,929	22,289,141
Public Sector	76,566	1,362,723	1,439,289	108,726	1,231,938	1,340,664
Total	15,191,821	9,689,440	24,881,261	12,978,938	10,650,867	23,629,805

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

	Bank and consolidated							
	September 2019							
	Maturities							Total
	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Over 3 years	Overdue after 15 days	
Loans	878,130	1,658,771	1,922,607	3,144,196	4,084,942	1,053,186	43,944	12,785,776
Other credits	291,238	545,060	539,017	462,006	246,725	213,552	108,447	2,406,045
Subtotal - Loans and other credits	1,169,368	2,203,831	2,461,624	3,606,202	4,331,667	1,266,738	152,391	15,191,821
Guarantees and responsibilities	50,998	351,997	2,779,848	2,805,180	3,646,485	54,932	-	9,689,440
Total - September 2019	1,220,366	2,555,828	5,241,472	6,411,382	7,978,152	1,321,670	152,391	24,881,261
Total - December 2018	1,741,602	3,020,543	4,245,244	7,711,798	6,064,419	716,562	129,637	23,629,805

During the quarter ended September 30, 2019, in the Bank and Consolidated, do not were assignments made with substantial transfer of risks and benefits, in accordance with CMN Resolution 3,533/08 (R\$ 12,671 in December 31, 2018), there are no effects of these operations on income for the quarter ended September 30, 2019 and 2018).

Notes to quarterly information

Credit risk concentrate on are as follows:

	Bank and Consolidated			
	September 2019		December 2018	
	Balance	% of portfolio (1)	Balance	% of portfolio (1)
Main debtor	742,912	2,99	672,323	2,85
10 main debtors	4,136,643	16,63	4,439,932	18,79
20 main debtors	6,167,357	24,79	6,266,387	26,52

(1) Total portfolio taking the balances of 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 2018
	September 2019						
	1 to 3 months	3 to 6 months	6 to 12 months	1 to 3 years	Total	Income / (Expenses)	Total
Restricted operations on assets							
Loan operations	3,127	7,825	23,657	49,003	83,612	1,521	24,104
Liabilities - restricted operations on assets							
Loan operations	-	372	1,156	88,102	89,630	(1,337)	25,631

The net result for the quarter ended September 30, 2019 was R\$ 184. On September 30, 2018 there were no balances of restricted operations.

7. Allowance for loan and other credit losses

The portfolio of loans and other assets, and the allowance for loan and other credit losses, as of September 30, 2019 and December 31, 2018, are as follows:

Risk rating	Minimum Level of allowance	Bank and Consolidated			
		September 2019			Allowance Res, 2682
		Total operations		Total	
		Normal course	Past due		
AA	-	1,800,718	-	1,800,718	-
A	0,5%	5,138,731	-	5,138,731	25,694
B	1,0%	6,051,500	3	6,051,503	60,515
C	3,0%	1,496,485	622	1,497,107	44,913
D	10,0%	283,733	5,477	289,210	32,138
E	30,0%	136,804	4,548	141,352	44,166
F	50,0%	59,100	99,543	158,643	79,322
G	70,0%	37,756	3,182	40,938	28,656
H	100,0%	34,603	39,016	73,619	73,619
Additional provision (*)		-	-	-	12,500
Total		15,039,430	152,391	15,191,821	401,523

Notes to quarterly information

(*) Refers to additional provision to the minimum required by Resolution No, 2,682/99, considering the economic scenario and uncertainties related to it.

Risk rating	Minimum Level of allowance	Bank and Consolidated			
		December 2018			
		Total operations			Allowance
		Normal course	Past due	Total	Res, 2682
AA	-	1,314,165	-	1,314,165	-
A	0,5%	4,443,198	-	4,443,198	22,216
B	1,0%	5,051,789	374	5,052,163	50,521
C	3,0%	1,472,520	6,623	1,479,143	44,374
D	10,0%	316,068	1,254	317,322	34,805
E	30,0%	130,660	101,790	232,450	71,348
F	50,0%	39,484	1,194	40,678	20,339
G	70,0%	37,010	9,874	46,884	32,819
H	100,0%	44,407	8,528	52,935	52,935
Additional provision (*)		-	-	-	50,000
Total		12,849,301	129,637	12,978,938	379,357

(*) Refers to additional provision to the minimum required by Resolution No, 2,682/99, considering the economic scenario and uncertainties related to it.

Changes in the allowance for loan and other credit losses for the quarters ended September 30, 2019 and 2018 are as follows:

	Bank and Consolidated			
	September 2019			September 2018
	Loans	Other Credits	Total	Total
Balances at the beginning of the quarter	234,719	157,160	391,879	326,951
Constitution / (Reversal)	12,443	20,159	32,602	31,898
(Reversal) of additional provision	-	(12,500)	(12,500)	-
Exchange rate variation	1,698	-	1,698	1,130
Classified as future year P&L	-	-	-	434
Loans written off as losses	(12,156)	-	(12,156)	(4,146)
Balances at the end of the quarter	236,704	164,819	401,523	356,267

At September 30, 2019, balance of renegotiated loans amount is R\$ 270,161 (R\$ 356,752 at December 31, 2018), being total loan transactions renegotiated over the quarter ended September 30, 2019 amounted to R\$ 572 (R\$ 87,780 in the quarter ended September 30, 2018).

The amount of loans recovered for the quarter ended September 30, 2019, previously offset against the provision, is R\$ 1,338 (R\$ 1,266 on September 30, 2018).

Notes to quarterly information**8. Foreign exchange portfolio**

The balance of the foreign exchange portfolio is as under:

	Bank and Consolidated	
	September 2019	December 2018
Other credits		
Foreign exchange purchased to be settled - CCL	3,439,534	1,928,078
Provision for Exchange variation of CCL	(3,023)	(2,049)
Rights on foreign Exchange sale	2,251,054	1,267,682
Advances received	(647)	(15,763)
Income receivable from advances on exchange (Note 6)	17,138	13,452
Expenses of appropriation of granted progress (ACC)	-	25
Total	5,704,056	3,191,425
Other liabilities		
Foreign exchange sold	2,417,618	1,350,345
Foreign exchange purchase liabilities	3,250,402	1,817,572
Advances on foreign exchange contracts (Note 6)	(693,818)	(561,784)
Total	4,974,202	2,606,133

9. Other credits

a) Trading account is substantially represented by receivables from the settlement of operations with financial assets recorded on stock exchanges.

b) The breakdown of other sundry credits are as follows:

	Bank		Consolidated	
	September 2019	December 2018	September 2019	December 2018
Tax credits (Note 20)	457,971	398,869	457,979	398,869
Debtors for the purchase of assets	9,169	9,557	9,169	9,557
Guarantee deposit debtors	20,743	17,471	20,743	17,471
Taxes and contributions to be offset	81,466	49,129	84,945	51,487
Securities and loans receivable	1,584,368	896,978	1,584,368	896,978
Discount on acquired credits	(26,075)	-	(26,075)	-
Others	7,804	1,969	7,804	1,969
Total	2,135,446	1,373,973	2,138,933	1,376,331

Notes to quarterly information**10. Investments**

	Bank					
	ABC Brasil Distribuidora de Títulos e Valores Mobiliários S.A.		ABC Brasil Administração e Participações Ltda.		Total	
	September 2019	December 2018	September 2019	December 2018	September 2019	September 2018
Capital	88,516	88,516	55,632	55,632		
Equity	101,955	99,388	107,019	104,021		
Net income for the quarter	2,567	3,131	2,998	4,055		
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		
Ownership interest (%)	100,00	100,00	99,99	99,99		
Book value	101,955	99,388	107,019	104,021	208,974	201,615
Equity pickup	2,567	3,131	2,998	4,055	5,565	5,392

11. 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%.

Notes to quarterly information**12. Deposits and open market funding**

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

	Bank						Consolidated	
	September 2019					December 2018	September 2019	December 2018
	Without maturity	Up to 3 months	3 to 12 months	1 to 3 Years	Over 3 years	Total	Total	Total
Demand deposits	241,976	-	-	-	-	241,976	249,972	241,779
Interbank deposits	-	30,453	289,860	-	-	320,313	723,532	320,313
Time deposits	-	1,282,493	2,635,151	270,096	-	4,187,740	5,218,478	4,187,740
Open market funding	-	1,055,107	-	-	-	1,055,107	717,527	1,055,107
Total - September 2019	241,976	2,368,053	2,925,011	270,096		5,805,136	-	5,804,939
Total - December 2018	249,972	2,350,425	3,991,343	316,580	1,189	-	6,909,509	-

13. Acceptance and issuance of securities

Funds from acceptances and issue of securities are traded at market interest rates and mature as follows:

	Bank and Consolidated					December 2018
	September 2019					
	Up to 3 months	3 to 12 months	1 to 3 years	Up to 3 years	Total	Total
Real estate credit bills	301,795	544,500	457,670	-	1,303,965	1,177,337
Agribusiness credit bills	517,782	1,145,722	1,107,983	17,643	2,789,130	2,406,221
Financial bills	356,210	1,635,493	3,436,321	127,010	5,555,034	5,394,941
Certificates of structured finance	1,195	13,500	17,182	-	31,877	51,685
Total - September 2019	1,176,982	3,339,215	5,019,156	144,653	9,680,006	-
Total - December 2018	1,587,201	3,183,944	4,168,058	90,981	-	9,030,184

Notes to quarterly information**14. Borrowings and onlendings**

a) Borrowings and onlendings by maturity are as follows:

	Bank and Consolidated					
	September 2019					December 2018
	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	Total
Borrowings						
Foreign	2,970,375	3,315,882	45,901	30,913	6,363,071	4,688,351
Onlendings – government agencies						
BNDES	30,132	60,177	120,075	206,735	417,119	480,799
FINAME	36,878	98,591	221,293	139,527	496,289	493,299
Other institutions	19,052	282,443	31,066	-	332,561	332,235
Onlendings - Foreign	182,255	564,018	261,975	12,812	1,021,060	1,124,835
Total - September 2019	3,238,692	4,321,111	680,310	389,987	8,630,100	-
Total - December 2018	2,094,588	3,714,411	904,543	405,977	-	7,119,519

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.

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.

Notes to quarterly information

b) The compositions of the balance of foreign onlendings as of September 30, 2019 and December 31, 2018 are composed as follows:

	Bank and Consolidated	
	September 2019	December 2018
Borrowings and onlendings		
Foreign Onlendings subject to "Hedge accounting"		
Principal amount US\$ 21,5 million (US\$ 24,6 million on December 31, 2018)	89,682	95,365
Accrued interest	1,564	554
Subtotal	91,246	95,919
Adjustment to market value ("Hedge Accounting") - Notes 2.II.d and 5.b	2,538	1,286
Total	93,784	97,205
Other foreign onlendings	927,276	1,027,630
Total	1,021,060	1,124,835

Foreign onlendings, subject to hedge accounting of US\$ 21,5 million (US\$ 24,6 million in December 31, 2018) maturing in November 2022 with annual interest rate of 4,6%, paid on a semiannual basis.

15. Other liabilities

a) Tax and social security balances are as follows:

	Bank		Consolidated	
	September 2019	December 2018	September 2019	December 2018
Provision for income and social contribution taxes on income	-	2,799	3,199	7,359
Taxes and contributions payable	38,898	72,547	38,942	72,594
Provision for deferred income and social contribution taxes (Note 20)	112,271	63,615	112,277	63,615
Total	151,169	138,961	154,418	143,568

b) Subordinated debts:

The composition of the balance of subordinated debt at September 30, 2019 and December 31, 2018 are composed as follows:

	Bank and Consolidated	
	September 2019	December 2018
Subordinated debts subject to "Hedge accounting"		
Subordinated Notes US\$ 69,3 million (US\$ 69,3 million on December 31, 2018)	301,008	274,552
Subtotal	301,008	274,552
Outras dívidas subordinadas		
Financial Bills	1,355,295	1,287,312
Perpetual Financial Bills	472,820	-
Subordinated Notes US\$ 57,3 million (US\$ 62,7 million on December 31, 2018)	247,111	248,918
Subtotal	2,075,226	1,536,230
Total Subordinated debts	2,376,234	1,810,782

Notes to quarterly information

The composition of the balance of subordinated debt from subordinated notes issued abroad, at September 30, 2019 and December 31, 2018, are composed as follows:

	Bank and Consolidated	
	September 2019	December 2018
Subordinated debts subject to "Hedge accounting"		
Subordinated Notes		
Principal amount US\$ 49,3 million (US\$ 49,3 million on December 31, 2018)	205,213	190,942
Principal amount US\$ 20,0 million (US\$ 20,0 million on December 31, 2018)	83,288	77,496
Accrued interest	10,855	4,816
Subtotal	299,356	273,254
Deferred fund-raising expenses	(118)	(286)
Deferred hedge accounting P&L	(166)	(396)
Adjustment to market value ("Hedge Accounting") - Notes 2.II.d and 5.b	1,936	1,980
Total	301,008	274,552

	Bank and Consolidated	
	September 2019	December 2018
Others Subordinated debts		
Subordinated Notes US\$ 57,3 million (US\$ 62,7 million on December 31, 2018)	238,699	242,791
Goodwill	(540)	1,846
Deferred fund-raising expenses	(29)	(74)
Accrued interest	8,981	4,355
Total	247,111	248,918

The funds raised abroad of US\$ 300,0 million, with the principal amount of US\$ 49,3 million on September 30, 2019 (US\$ 49,3 in December 31, 2018) subject to hedged accounting structure, with maturing in April 2020 and annual interest rate of 7,9%, paid on a semiannual basis. On October 9, 2012, the Bank raised funds through the issuance of additional Subordinated Notes abroad in the amount of US\$ 100,0 million, in the principal amount US\$ 77,3 million on September 30, 2019 (US\$ 82,7 on December 31, 2018), with US\$ 20,0 million (US\$ 20,0 in December 31, 2018) subject to hedged accounting structure with same maturity and interest rates.

On the quarterly ended September 30, 2019, the Bank made a partial repurchase of the subordinated notes (amount without hedge accounting) issued on April 8, 2010 and on October 9, 2012, in the amount of US\$ 2,230. The total amount paid under the offer for the notes accepted for repurchase was US\$ 2,364.

Goodwill and discount for raising these funds, and direct expenses, are deferred throughout the maturities of the respective notes.

The balance of R\$ 1,355,295, related to capital through the issuance of financial bills with subordination clause, with maturity until August 2028.

The balance of R\$ 472,820, related to capital through the issuance of perpetual financial bills.

Notes to quarterly information

c) The balance of other sundry liabilities are as follows:

	Bank		Consolidated	
	September 2019	December 2018	September 2019	December 2018
Allowance for payments to be settled	65,471	83,610	65,509	83,664
Sundry domestic creditors	6,604	6,028	6,604	6,028
Provision for contingent liabilities (Note 24)	15,734	22,024	15,734	22,024
Provision for financial guarantees provided (Note 6)	54,105	52,853	54,105	52,853
Total	141,914	164,515	141,952	164,569

The financial guarantees provided are subject to charges and counter-guarantees and recorded in off balance accounts. As of September 30, 2019 and December 31, 2018, the balances of the financial guarantees provided composed as follows:

Type of guarantee	Bank e Consolidated			
	September 2019		December 2018	
	Amount	Provision	Amount	Provision
Guarantees given to customers	9,607,391	53,744	10,532,910	52,230
Import credit facilities	82,049	361	117,957	623
Total (Note 6)	9,689,440	54,105	10,650,867	52,853

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

Risk rating	Bank and consolidated			
	September 2019		December 2018	
	Amount	Provision	Amount	Provision
AA	5,581,938	-	6,621,434	-
A	1,859,235	9,296	1,735,518	8,677
B	1,824,414	18,244	1,824,773	18,248
C	226,013	6,781	299,805	8,994
D	197,840	19,784	169,337	16,934
Total	9,689,440	54,105	10,650,867	52,853

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

16. Income from services rendered

Income from services rendered for the quarters ended on September 30, 2019 and 2018 are composed as follows:

	Bank and Consolidated	
	September 2019	September 2018
Income from guarantees given to customers	48,778	57,930
Fees related to credit operations	2,933	4,273
Collection fees	4,623	4,274
Bank fees	1,411	1,072
Income from commissioning and security placement	21,928	27,505
Income from other services	1,900	643
Total	81,573	95,697

Notes to quarterly information**17. Other administrative expenses**

Other administrative expenses, in the quarters ended on September 30, 2019 and 2018, are composed as follows:

	Bank		Consolidated	
	September 2019	September 2018	September 2019	September 2018
Third party services	2,143	2,495	2,143	2,495
Financial system services	6,155	5,350	6,161	5,356
Rentals	3,641	3,236	3,641	3,236
Specialist technical services	4,086	3,044	4,108	3,067
Data processing	4,149	3,590	4,149	3,590
Communication	1,141	989	1,141	989
Travel expenses	2,026	1,734	2,026	1,734
Depreciation and amortization	3,750	3,069	3,750	3,069
Promotions and public relations	653	231	653	231
Publications	71	164	87	194
Philanthropic contributions	95	40	95	40
Transportation	424	454	424	454
Asset maintenance and conservation	485	487	485	487
Water, electricity and gas	251	246	251	246
Materials	105	119	105	119
Insurance	138	150	138	150
Advertising and publicity	4,624	1,263	4,624	1,263
Condominium	686	697	686	697
Legal fees	416	322	416	322
Others	1,534	1,985	1,540	1,991
Total	36,573	29,665	36,623	29,730

18. Other operating income

Breakdown of other operating income, in the quarters ended on September 30, 2019 and 2018 are as follows:

	Bank and Consolidated	
	September 2019	September 2018
Reversal of provision	320	640
Interest and monetary correction of assets	331	156
Recovery of charges and expenses	985	354
Reversal of provisions for financial guarantees provided	4	-
Reversal of the other provision	3,300	-
Others revenues	45	1,291
Total	4,985	2,441

19. Other operating expenses

Breakdown of other operating expenses for the quarters ended on September 30, 2019 and 2018 are as follows:

	Bank and Consolidated	
	September 2019	September 2018
Provision for financial guarantees provided to costumers	-	2,411
Other expenses	187	48
Total	187	2,459

Notes to quarterly information**20. Income and social contribution taxes**

The nature and origin of deferred tax assets deferred tax liabilities, as well as the changes occurred in the quarter are stated as follows:

	December 2018	Additions	Write-offs	September 2019
Deferred tax assets (Note 9.b)				
Temporary differences:				
Allowance for loan losses	179,757	98,708	(116,395)	162,070
Provision for financial guarantees provided to costumers	27,294	1,114	(64)	28,344
Provision for assets not for own use - BNDU	18,828	52	(1,094)	17,786
Adjustment to market value - securities and derivatives	100,652	120,613	(83,556)	137,709
Unrealized gains (losses) on futures market	5,751	10,127	(2,620)	13,258
Tax loss - negative social contribution base	973	62,491	-	63,464
Others	49,260	16,874	(43,909)	22,225
Adjustment to market value - available for sale securities	16,354	133	(3,372)	13,115
Total	398,869	310,112	(251,010)	457,971
Deferred tax liabilities (Note 15.a)				
Temporary differences:				
Adjustments to market value - securities and derivatives	(50,307)	(70,866)	35,753	(85,420)
Unrealized gains (losses) on futures market	(3,288)	(6,166)	2,642	(6,812)
Adjustment to market value - available for sale securities	(9,875)	(14,724)	4,620	(19,979)
Adjustment resulting from the transition tax regime - RTT	(145)	-	85	(60)
Total	(63,615)	(91,756)	43,100	(112,271)
Net balance	335,254	218,356	(207,910)	345,700

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\$ 2 at September 30, 2019.

The net balance of deferred tax assets and tax liabilities, are stated as follows:

	Bank		Consolidated	
	September 2019	December 2018	September 2019	December 2018
Other credits - Sundry - Tax credits (Note 9.b)	457,971	398,869	457,979	398,869
Other liabilities - Provision for deferred taxes and contributions (Note 15.a)	(112,271)	(63,615)	(112,277)	(63,615)
Total	345,700	335,254	345,702	335,254

The realization of deferred tax credits and deferred tax liabilities at September 30, 2019 based on the history of profitability and estimated realization is stated as follows:

Year	Assets	Bank Liabilities	Net	Consolidated Net
2019	278,504	(87,666)	190,838	190,838
2020	68,470	(1,576)	66,894	66,896
2021	78,048	(5,075)	72,973	72,973
2022	18,041	(3,043)	14,998	14,998
2023	6,853	(3,682)	3,171	3,171
2024	5,558	(8,468)	(2,910)	(2,910)
Above 5 years	2,497	(2,761)	(264)	(264)
Total	457,971	(112,271)	345,700	345,702
Present value - Selic	435,020	(106,428)	328,592	329,593

Notes to quarterly information

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

As of January, starting on 1, 2019, the Social Contribution on Net Income (CSLL) rate was reduced from 20% to 15% according into Law 13,169 of October 6, 2015.

Expenses with income and social contribution taxes for the quarters ended on September 30, 2019 and 2018 are calculated as follows:

	Bank		Consolidated	
	September 2019	September 2018	September 2019	September 2018
Income before taxation less profit sharing	44,640	71,113	45,724	72,267
Total income and social contributions taxes	17,856	32,001	18,952	33,167
Net income from write-offs and write-ups of deferred liabilities net of tax credits	69,822	29,076	69,809	29,082
Nontaxable revenues / expenses net of nondeductible expenses	(65,147)	(36,127)	(65,901)	(36,944)
Equity pick up in subsidiaries	(754)	(817)	-	-
Interest on equity capital	(21,777)	(24,132)	(21,777)	(24,132)
Other amounts	(16,059)	(15,924)	(16,071)	(15,936)
Total income and social contribution taxes - Current	(16,059)	(15,923)	(14,988)	(14,763)
Deferred taxes and contributions				
Tax liabilities recognized in period	2,987	(79,072)	2,994	(79,072)
Tax liabilities realized in the period	(3,626)	(8,754)	(3,626)	(8,754)
Tax credits recognized in the period	(105,747)	18,934	(105,747)	18,928
Tax credits realized in the period	36,564	39,816	36,570	39,816
Total deferred taxes and contributions	(69,822)	(29,076)	(69,809)	(29,082)
Total income and social contribution taxes	(85,881)	(44,999)	(84,797)	(43,845)

21. 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 quarter ended on September 30, 2019, transactions between related parties are as follows:

Transactions / Related parties	September 2019			
	Maturity	Remuneration	Assets / (Liabilities)	Income / (Expenses)
Demand deposits				
ABC Brasil Adm, e Participações Ltda, (3)	No maturity	Without remuneration	(100)	-
ABC Brasil DTVM S,A, (3)	No maturity	Without remuneration	(97)	-
Marsau Comercial Exportadora e Importadora Ltda, (4)	No maturity	Without remuneration	(18)	-
Time deposits and Fund from acceptance and issue of securities				
Marsau Comercial Exportadora e Importadora Ltda, (4)	10/28/2019	2,5% y,y	(85)	-
Marsau Uruguay Holdings Sociedad Anonima (1)	10/21/2019	2,5% y,y	(1,208)	(1)
Management (4)	(a)	(a)	(55,460)	(3,033)
Borrowings				
Arab Banking Corporation (B,S,C) (2)	12/11/2019	3,16% y,y	(295,537)	(229)

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

Notes to quarterly information

- (a) CDB - Rate of 98.50 % up to 101.00% of CDI - Lowest starting date: 08/23/2018, Largest date of maturity: 08/31/2021.
LCA / LCI - Rate of 90.00 % up to 100.00 of CDI - Lowest starting date: 05/11/2017, Largest date of maturity: 09/09/2022.
LCA - Fixed interest rate of 6.35% up to 10.60% - Lowest starting date: 05/18/2018, Largest date of maturity: 01/06/2023.
LCA - Fixed interest rate of 3.40% up to 7.00% + IPCA - Lowest starting date: 09/25/2015, Largest date of maturity: 03/01/2021.

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.

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.

Notes to quarterly information**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% (forty percent) 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.

The total compensation of key members of management for the quarter ended September 30, 2019 and 2018 are composed as follows:

	September 2019	September 2018
Fixed remuneration	5,879	5,839
Variable remuneration	3,947	3,511
Total short-term benefits	9,826	9,350
Share-based compensation	20,795	17,853
Total long-term benefits	20,795	17,853
Total	30,621	27,203

c) Summary of changes in the compensation plan:

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

In according to the compensation plan actions cited in Note 21.b, shares were granted to executives eligible for settlement at the end of the vesting period as shown below:

	September 2019	September 2018
At the beginning of the quarter	4,192,434	4,238,975
Amounts recognized	1,318,347	1,950,624
Shares granted	(1,505,792)	(1,499,110)
At end of the quarter	4,004,989	4,690,489

Notes to quarterly information**22. Overseas branch**

The transactions with third parties carried out by the overseas branch as of September 30, 2019 and December 31, 2018 are as follows:

	September 2019	December 2018
Assets		
Cash and banks	19,831	6,583
Interbank investments	487,156	612,342
Marketable securities and derivative financial instruments	322,170	348,354
Lending operations - Net	1,881,209	1,933,546
Other receivables amounts and assets	1,751,821	442,796
Total	4,462,187	3,343,621
Liabilities		
Demand deposits	225	46
Time deposits	111,406	188,749
Foreign borrowings	5,598,773	4,104,231
Derivative financial instruments	60,975	163,708
Other liabilities	1,629,005	415,964
Total	7,400,384	4,872,698

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

The effects of exchange rate variations resulting from the translation of transactions of foreign currency of assets and liabilities were recognized in income statement of the period in the amount of R\$ (142,228) (R\$ 222,620 at December 31, 2018), according the Brazilian Central Bank Resolution No, 4,524/16.

23. 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 quarter ended September 30, 2019, the balance of the profit sharing amounted to R\$ 38,115 (R\$ 36,610 in 2018).

24. Contingent assets and liabilities

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\$ 335,975 and have not been provisioned, see below the main lawsuits whose probability of unfavorable outcome was assessed as possible:

Notes to quarterly information**Corporate Income Tax (IRPJ) and Social Contribution Tax (CSLL) related to non-taxation of retained earnings of a foreign subsidiary**

In 2001, the Bank filed a petition for writ of mandamus seeking a preliminary injunction that ensured the right not to add to its P&L figures, for the purposes of determination of IRPJ and CSLL, retained earnings that were never actually made available by ABC Brasil Banking Ltd, upon the divestiture of interest in that company. We have had a favorable decision in the judicial sphere and we wait the closure of the proceedings at the administrative level. Total contingency corresponds to R\$ 10,932.

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\$ 15,470.

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\$ 210,037.

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\$ 3,835.

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\$ 5,626.

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\$ 85,514.

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\$ 1,920.

Notes to quarterly information**b) Labor**

On September 30, 2019, labor lawsuits in progress classified by our legal counsel as probable loss totaled R\$ 10,139 (Note 25.d). The labor lawsuits classified as possible loss totaled R\$ 12,612 and were not provisioned.

c) Civil

On September 30, 2019, civil claims in progress classified by our legal counsel as probable loss totaled R\$ 1,993 (Note 25.d). The civil lawsuits classified as possible loss totaled R\$ 4,696 and were not provisioned.

d) Changes in provisions

	Bank and Consolidated			
	Tax	Labor	Civil	Total
At the beginning of the quarter	4,930	10,459	665	16,054
Constitution / (Reversal)	(1,328)	132	1,328	132
Write-off	-	(452)	-	(452)
At end of the quarter	3,602	10,139 (b)	1,993 (a)	15,734

(a) Note 24.c and (b) Note 24.b

25. Equity**a) Capital**

On September 30, 2019 capital comprises 218,359,057 registered and uncertified shares (211,132,950 on December 31, 2018), without par value, of which 109,496,432 common shares (106,634,935 on December 31, 2018) and 108,862,625 preferred shares (104,498,015 on December 31, 2018).

b) Dividends and interest on equity capital

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.

For the quarters ended September 30, 2019 and 2018, were made provisions regarding the distribution of interest on shareholders equity, calculated according with established by Law 9,249/95, as follows:

Period	2019	
	Interest on equity	Reduction in expenses with income and social contributions taxes
09/30/2019 - Provision	54,444	21,777
06/28/2019 - Deliberate value	120,161	48,064
Total	174,605	69,841

Notes to quarterly information

2018		
Period	Interest on equity	Reduction in expenses with income and social contributions taxes
09/30/2018 - Provision	53,627	24,132
06/27/2018 - Deliberate value	108,002	48,601
Total	161,629	72,733

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 December 21, 2018, the Board of Directors approved the proposal for distribution of interest on own capital on the gross value of R\$ 112,445, that represents a gross value of R\$ 0,5390 per ordinary and preferential shares. It was also deliberated the proposal to increase the equity of the company, on the amount of R\$ 95,579 at most, through the emission of new shares, for the private subscription with the utilization of interest credit over own capital.

On March 13, 2019 was deliberate by the Board of Directors a capital increase of R\$ 95,578, 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 - 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.

ii) 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

During the quarter ended September 30, 2019, based on authorization of the Board of Directors to acquire shares of Company for holding in treasury, 1,275,046 preferred shares were repurchased.

On September 30, 2019, the total value of shares repurchased in treasury is R\$ 56,920 equivalent to 3,171,569 preferred shares (R\$ 35,569 equivalent to 2,514,535 on December 31, 2018). The average cost per share repurchased treasury is R\$ 17,95.

Notes to quarterly information

Changes in treasury shares:

	September 2019	December 2018
At the beginning of the quarter / year	3,402,315	3,169,156
Shares acquired	1,275,046	1,888,718
Shares granted (Note 21.c)	(1,505,792)	(2,543,339)
At the end of the quarter / year	3,171,569	2,514,535

f) Earnings per share

Earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the number of shares outstanding during as of September 30, 2019, excluding shares purchased by the Company and held as treasury shares.

26. 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 September 30, 2019 calculated based on the prudential conglomerate is 17,41% (17,16% at December 31, 2018). The table below shows the calculation of the minimum equity required for the reference risk weighted assets (RWA) which was 8,0 % on January 01, 2018 (8,63% at December 31, 2018).

	September 2019	December 2018
Credit risk	2,075,352	2,011,029
Interest Rate	86,276	80,079
Commodities	81,887	90,623
Shares	1,353	18
Operating risk	167,918	139,469
Exchange risk	22,661	15,989
Required capital base (PRE)	2,435,447	2,337,207
Reference equity (PR)	5,299,502	4,651,280
Excess of equity in relation to limit	2,864,055	2,314,073
Conciliation shareholders' equity		
Shareholders' equity	3,956,287	3,665,510
Subordinated financial bills - Level II	936,585	1,006,321
Perpetual Subordinated financial bills - Level I	472,820	-
Others adjustments	(66,190)	(20,551)
Total reference equity x shareholders' equity	5,299,502	4,651,280

Notes to quarterly information**27. 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 Bank does not have compensation mitigation services as of September 30, 2019 (The Bank mitigated the amount of R\$ 102,025 per compensation agreement on December 31, 2018).

28. 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 period ended September 30, 2019 and 2018.

		September 2019	September 2018
Equity under BRGAAP		3,956,287	3,618,852
Allowance for losses on loans and advances to clients	(a)	28,629	42,470
Guarantees and responsibilities	(a)	10,384	16,679
Others		(4,680)	17,597
Equity under IFRS		3,990,620	3,695,598
 Net income under BRGAAP		 382,800	 336,313
Allowance for losses on loans and advances to clients	(a)	(16,319)	(1,130)
Guarantees and responsibilities	(a)	(6,735)	3,778
Others		2,817	(3,070)
Net income under IFRS		362,563	335,891

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.

A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information (ITR) prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil

Review report of independent auditor's

The Shareholders, Board of Directors and Officers

Banco ABC Brasil S.A.

Introduction

We have reviewed the interim individual and consolidated financial statements of Banco ABC Brasil S.A. (Bank) comprised in the Quarterly Information Form (ITR) for the quarter ended September 30, 2019, which comprise the balance sheet as at September 30, 2019, and the related statements of income and comprehensive income, for the three-month and nine-month periods then ended, and the changes in equity and cash flows for the nine-month period then ended, as well as the summary of the main accounting policies and the other explanatory notes to the interim financial statements.

Management is responsible for the preparation of the interim financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, as well as for the fair presentation of this information in accordance with specific rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, we are not aware of any fact that would lead us to believe that the individual and consolidated interim financial statements included in the quarterly information form (ITR) referred to above were not prepared, in all material respects, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil and stated in accordance with the standards established by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of quarterly information (ITR).

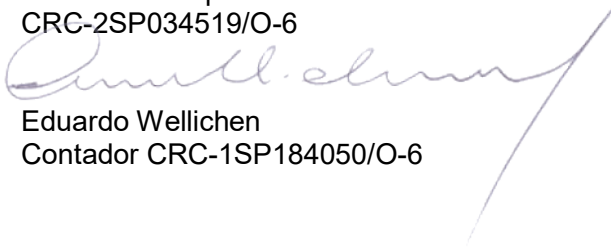
Other matters

Interim statements of value added

The statement of value added (DVA) for the nine-month period ended September 30, 2019, prepared under the responsibility of the Bank's Management, and presented as supplementary information by the accounting practices adopted in Brazil applicable to financial institutions authorized to operate by the Central Bank of Brazil was subject to the same review procedures previously described. For the purposes of forming our conclusion, we have evaluated whether this statement is reconciled with interim financial information and accounting records, as applicable, and whether its layout and content are in accordance with the criteria set forth in Accounting Pronouncement CPC 09 - Statement of Value Added. In our conclusion, this statement of value added was prepared, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and is consistent with the interim financial information taken as a whole.

Sao Paulo, November 5, 2019.

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



Eduardo Wellichen
Contador CRC-1SP184050/O-6

Reports and Representations / Executive Board Representation on the Financial Statements

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:

Reviewed, discussed and agreed with the financial statements for the period ended September 30, 2019.

Sao Paulo, November 5, 2019.

Anis Chacur Neto
Director President

Sérgio Ricardo Borejo
Director Vice President - Administrative and Director Investor Relations Officer

Leila Maria de Carvalho Rocha
Director

Reports and Representations / Executive Board Representation on the Independent Auditor's Report

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:

Reviewed, discussed and agreed with the opinion expressed in the special independent auditor's report of Ernst & Young Auditores Independentes S.S, on the Bank's financial statements for the period ended September 30, 2019.

Sao Paulo, November 5, 2019.

Anis Chacur Neto
Director President

Sérgio Ricardo Borejo
Director Vice President - Administrative and Director Investor Relations Officer

Leila Maria de Carvalho Rocha
Director