

(A free translation of the original in Portuguese)

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***China Construction
Bank (Brasil)
Banco Múltiplo S.A.
Financial statements at
June 30, 2022
and independent auditor's report***





(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Shareholders
China Construction Bank (Brasil) Banco Múltiplo S.A.

Opinion

We have audited the accompanying financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. ("Bank"), which comprise the balance sheet as at June 30, 2022 and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

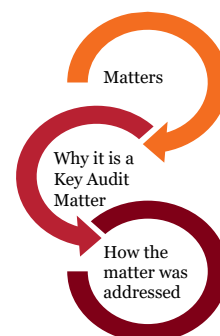
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of China Construction Bank (Brasil) Banco Múltiplo S.A. as at June 30, 2022, and its financial performance and cash flows for the six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Bank in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current semester. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





China Construction Bank (Brasil) Banco Múltiplo S.A.

Why it is a Key Audit Matter	How the matter was addressed in the audit
<p data-bbox="258 459 861 526">Allowance for expected credit risk loss - (Notes 3 (f), 8 and 11)</p> <p data-bbox="258 548 861 672">The determination of the amount of the allowance for expected credit risk loss is an area that requires judgment and the use of a set of considerations by management.</p> <p data-bbox="258 694 861 974">In this process, loans operations are classified according to the level of risk, considering several assumptions and factors, including the counterparty's financial situation, the default levels, realization of guarantees, as well as the legal and regulatory standards of Resolution nº 2,682 of National Monetary Council (CMN) and subsequent changes made by BACEN.</p> <p data-bbox="258 996 861 1120">Considering all those aspects, as well as the significance of the amounts involved, this is a critical estimation area that continues to be defined as a focus in our audit.</p>	<p data-bbox="861 548 1474 705">Our procedures considered, among others, the update of our understanding and testing of the relevant internal controls related to credit granting and its corresponding risk analysis and approval of the counterparty.</p> <p data-bbox="861 728 1474 974">We analyzed the criteria described in the Bank's internal policies and used by management to determine the credit risk of the operations, as well as (i) recalculated the provisions based on those risk attributions and default levels and (ii) validated the completeness of the database extracted from the underlying systems used as basis for recalculating the provision.</p> <p data-bbox="861 996 1474 1120">We also performed other tests in compliance with the requirements of CMN Resolution nº 2,682, as well as evaluating the aspects related to the disclosure in the explanatory notes.</p> <p data-bbox="861 1142 1474 1299">We considered that the criteria and assumptions adopted by management in the determination and recording of the allowance for expected credit risk loss are reasonable and consistent with the information analyzed in our audit.</p>
<p data-bbox="258 1344 861 1388">Tax credits (Notes 3 (j) and 14(a))</p> <p data-bbox="258 1411 861 1769">The China Construction Bank (Brasil) Banco Múltiplo S.A. recorded tax credits arising from temporary differences, income tax and social contribution losses, based on a study of the taxable profit projections regarding the realization of these tax credits. The taxable income projection involves judgments and assumptions of a subjective nature established by management based on a study of the current and future scenarios, according to specific requirements of the National Monetary Council and the Brazilian Central Bank.</p> <p data-bbox="258 1792 861 2031">Considering that the use of different assumptions in the future taxable profit projection could significantly modify the terms expected for the realization of the tax credits, with consequent accounting impact, this is an area of critical estimation that continues to be defined as a focus in our audit.</p>	<p data-bbox="861 1411 1474 1534">Our procedures considered the update of our understanding of the process of determination and recording of the tax credits in accordance with the tax and accounting standards.</p> <p data-bbox="861 1556 1474 1803">With the support of our specialists, we have analyzed the consistency of the relevant assumptions used in the study of tax credit realization with the macroeconomic data disclosed in the market, when applicable, as well as the methodology used to estimate the taxable profits, and the logical and arithmetic consistency of the calculations.</p> <p data-bbox="861 1825 1474 1948">We discussed with management and confirmed the approval of the technical study that supports the realization of the tax credits by the appropriate management bodies.</p> <p data-bbox="861 1971 1474 2031">Based on the audit procedures results and in the context of the inherent uncertainties of</p>



China Construction Bank (Brasil) Banco Múltiplo S.A.

Why it is a Key Audit Matter**How the matter was addressed in the audit**

realization of the amounts registered as tax credits, we consider that the assumptions adopted by management are reasonable and consistent with the information analyzed in our audit.

Information technology environment

China Construction Bank (Brasil) Banco Múltiplo S.A. is dependent on its technology structure to manage and generate information used to process their operations and, consequently, to prepare the financial statements.

Therefore, if the technology structure and the respective general controls are not adequate, there could be an incorrect processing of critical information for decision-making or for their own operations.

Therefore, the information technology environment continues to be considered as an area of focus in our audit.

Our procedures considered, among others, the update of our understanding and testing of the information technology environment, including the automated controls or those dependent of technology relevant to the preparation of the financial statements.

With the support of our specialists, the main procedures performed involved tests of controls related to information security, linked to the processes of management and development of systemic changes, security of accesses to programs and databases, physical security of the data processing center, including access management and segregation of duties.

We considered that the information technology environment and the controls established by management have provided a reasonable basis to support the main business processes, which provide information used in the preparation of the financial statements.

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

The Bank's management is responsible for the other information that comprises the Management Report.

Our opinion on the financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN), and for such internal control as management



China Construction Bank (Brasil) Banco Múltiplo S.A.

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



China Construction Bank (Brasil) Banco Múltiplo S.A.

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

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

São Paulo, August 26, 2022

PricewaterhouseCoopers
PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Fábio de Oliveira Araújo
Contador CRC 1SP241313/O-3

Management report

Dear shareholders,

The management of China Construction Bank (Brasil) Banco Múltiplo S.A. (“CCB Brasil” or “Bank”) submits, for your analysis, the Management Report and the corresponding Financial Statements, along with the Independent Auditor’s report, with unqualified opinion, and the Audit Committee’s report, for the period ended on June 30, 2022. The remarks presented here, except when emphasized differently, are demonstrated in domestic currency (Reais – R\$). The financial statements portrayed are in accordance with the standards of the Central Bank of Brazil (BACEN).

Performance for the semester

The first half of 2022 positively reflected the measures adopted by the Bank in the previous year, which proposed to improve the quality of assets and, at the same time, adjust the Bank's operational structure to obtain better efficiency in the organization.

At the end of first half of 2022, loan operations reached R\$ 9,515.7 million (R\$ 10,188.0 million on December 31, 2021).

As in recent years, CCB Brasil maintains a strategic approach aimed at maintaining the quality of the loan portfolio, without ceasing to support our customers. In this way, the performance guidelines for customers adopted in 2021 were followed throughout the first half of 2022, together with intensive monitoring of the loan portfolio. The balance of the credit portfolio with the corporate segment on June 30, 2022 was R\$ 8,588.7 million (R\$ 9,134.0 million in December 2021).

In relation to the retail loan portfolio, face the challenging scenario of recent periods and following the conservative stance adopted over the last few years, it ended the first half of 2022 at R\$ 927.0 million, representing a decrease of 12.0% compared to December of 2021. It is worth noting that new disbursements to state local government employees have been suspended since 2020 and for federal government employees, credit granting processes are following stricter rules, such as lowering the maximum age of the customer for granting credit payroll, in addition to other improvements made to retail credit granting policies.

The NPL (non performing loans) ratios, formed by the portion of the loan portfolio classified between risk levels D and H, demonstrate a positive performance in terms of the quality of the corporate portfolio. The portfolio as of June 30, 2022 presented 3.5% of NPL, while as of December 31, 2021 was of 3.9%. Actions were carried out to maintain the process of reducing the NPL ratio and expenses with provisions, maintaining stability in the quality of the loan portfolio.

In relation to Funding, we observed a decrease of 3.7% in funding in reais in this first half of 2022. Time deposits reached R\$ 4,418.8 million, a decrease of 13.6% over December of 2021. The funds issued, composed of LCAs, LFs and LCIs, totaled R\$ 1,122.2 million, an increase of 106.0% compared to December 31, 2021.

As of June 30, 2022, Head Office represented 28.1% of total funding of R\$ 15,296.2 million. It is worth noting that the Head Office has provided its Subsidiary with adequate funding to maintain the continuity of its operational activities and adhering to market rate conditions

The gross result of financial intermediation for the half year ended on June 30, 2022 reached R\$ 145.5 million, a decrease of 30.2 % compared to the result obtained in the half year ended on June 30, 2021, R\$ 208.7 million, a reflection of the reduction in spreads practiced by the Bank, given the option by corporate customers with an excellent risk profile, together with a significant reduction in payroll loan operations.

The loss for the half ended June 30, 2022 was R\$ 21.9 million, lower than the same period in 2021, when was recorded a profit of R\$ 22.6 million.

On June 30, 2022, shareholders' equity reached R\$ 1,105.6 million and the Basel ratio was 16.47%.

Human resources and service points

The Bank ended the first half of 2022 with 354 employees and nine service points.

Final comments

We would like to thank our shareholders, clients and suppliers for their support and trust concerning our management, and also our employees for their valuable contribution.

(Disclosure authorized at the meeting of the Board of Directors on August 26, 2022).

Balance sheet

(In thousands of reais)

Assets	Note	06/30/2022	12/31/2021
Current and non current			
Financial instruments		16,368,031	16,710,735
Cash and cash equivalents		578,258	348,045
Interbank funds applied	5	1,610,984	1,659,407
Securities	6.b	4,257,778	4,056,353
Derivatives	7.f	110,479	46,230
Credit Portfolio	8.a	8,535,760	9,013,325
Foreign exchange operations	9	1,140,396	1,465,962
Other financial instruments	10	458,508	499,982
Allowance for expected loss to credit risk	11	(324,132)	(378,569)
Non-financial assets held for sale	12	98,017	110,881
Cost		208,038	230,104
Provision for impairment		(110,021)	(119,223)
Investments		343,207	352,253
Investments in domestic subsidiaries	13	342,887	351,843
Other investments		320	410
Property and equipment		8,069	11,871
Cost		109,935	111,991
Accumulated depreciation		(100,496)	(98,501)
Provision for impairment		(1,370)	(1,619)
Intangible		2,068	1,131
Cost		25,444	23,599
Accumulated amortization		(23,376)	(22,468)
Tax Assets		1,252,286	1,262,258
Taxes to be offset		10,960	5,766
Tax credits	14.a	860,664	875,830
Presumed - Law nº 12.838/13	14.b	380,662	380,662
Other Assets	15	72,657	55,800
Total assets		18,144,335	18,504,929

The Management's accompanying notes are an integral part of these financial statements.

Balance sheet

(In thousands of reais)

(continued)

Liabilities	Note	<u>06/30/2022</u>	<u>12/31/2021</u>
Current and non current			
Financial instruments			
		15,526,142	15,876,367
Funds obtained in the market	16	10,103,817	9,704,550
Borrowings and onlendings	17	4,301,956	4,830,936
Derivatives	7.f	51,132	37,883
Foreign exchange operations	9	147,027	243,903
Debt instruments eligible to capital	18	890,460	948,685
Other financial instruments	19	31,750	110,410
Provisions	20	1,121,972	1,092,985
Tax liabilities			
		320,250	326,900
Current Taxes		15,297	28,405
Deferred Taxes	14.c	221,820	215,802
Presumed Taxes - Law nº 12.838/13	14.b	83,133	82,693
Other liabilities	23	70,359	81,858
Total liabilities		17,038,723	17,378,110
Shareholders equity			
Share Capital	24.a	2,956,864	2,956,864
Treasury shares	24.b	(55,105)	(55,105)
Accumulated losses		(1,796,273)	(1,774,358)
Capital reserve		899	899
Other comprehensive income		(773)	(1,481)
Total shareholders' equity		1,105,612	1,126,819
Total liabilities and shareholders' equity		18,144,335	18,504,929

The Management's accompanying notes are an integral part of these financial statements.

Statement of Income

Semesters ended on June 30

(In thousands of reais, except for losses per capital share)

	Note	06/30/2022	06/30/2021
Income from financial intermediation		361,551	177,095
Loan operations	26	144,749	183,023
Results from interbank funds applied and securities	27	306,884	78,677
Derivatives	28	(20,573)	(50,002)
Foreign exchange results	29	(69,509)	(34,603)
Financial intermediation expenses		(216,089)	31,551
Borrowings and onlendings	31	256,779	155,212
Funds obtained in the market	32	(528,755)	(133,649)
Debt instruments eligible to capital	33	58,225	14,215
Other financial intermediation expenses	30	(2,338)	(4,227)
Gross profit (loss) from financial intermediation before expected credit loss		145,462	208,646
Provision for expected loss to credit risk	11	6,042	(18,880)
Net profit (loss) from financial intermediation		151,504	189,766
Other operating income (expenses)		(156,197)	(138,766)
Service revenues	34	25,217	22,292
Personnel expenses	35	(87,755)	(86,077)
Other administrative expenses	36	(40,127)	(39,248)
Other operating income	37	15,333	4,851
Other operating expenses	38	(34,281)	(30,176)
Equity in the results of subsidiaries	13	(10,258)	13,425
Provision / reversal for contingent liabilities	21.a	(23,627)	(23,680)
Provisions for guarantees provided		(699)	(153)
Operating result		(4,693)	51,000
Other non operating income (expenses)		3,574	11,734
(Provision) for impairment of assets not for own use		249	-
Non operating result	39	3,823	11,734
Profit (loss) before taxes		(870)	62,734
Deferred taxes	14.d	(21,045)	(40,098)
Net Profit (Loss) for semesters		(21,915)	22,636
Amount of shares (thousand)		459,233	459,233
Profit (loss) per share - R\$		(0.05)	0.05

The Management's accompanying notes are an integral part of these financial statements.

Statement of comprehensive income

Semesters ended on June 30

(In thousands of reais)

	06/30/2022	06/30/2021
Net Profit (Loss) for the semesters	(21,915)	22,636
Other comprehensive results which will be reclassified subsequently for net income (loss)	708	(744)
Securities available for sale		
Change in fair value	1,287	(1,353)
Deferred taxes	(579)	609
Comprehensive profit (loss) for the semesters	(21,207)	21,892

The Management's accompanying notes are an integral part of these financial statements.

Statement of changes in shareholders' equity
Semesters ended on June 30
(In thousands of reais)

	<u>Capital reserves</u>					<u>Total</u>
	<u>Share Capital</u>	<u>Treasury Share</u>	<u>Goodwill of the issues of shares</u>	<u>Other Comprehensive Income</u>	<u>Accumulated Loss</u>	
Balance at January 1, 2021	2,956,864	(55,105)	899	(4,567)	(1,832,035)	1,066,056
Other comprehensive results	-	-	-	(744)	-	(744)
Net profit for the semester	-	-	-	-	22,636	22,636
Balance at June 30, 2021	2,956,864	(55,105)	899	(5,311)	(1,809,399)	1,087,948
Variation in the semester	-	-	-	(744)	22,636	21,892
Balances at January 1, 2022	2,956,864	(55,105)	899	(1,481)	(1,774,358)	1,126,819
Other comprehensive results	-	-	-	708	-	708
Loss of the semester	-	-	-	-	(21,915)	(21,915)
Balances at June 30, 2022	2,956,864	(55,105)	899	(773)	(1,796,273)	1,105,612
Variation in the semester	-	-	-	708	(21,915)	(21,207)

The Management's accompanying notes are an integral part of these financial statements.

Statement of cash flows
Semesters ended on June 30

(In thousands of reais)

Cash flow from operating activities	Note	06/30/2022	06/30/2021
Net Profit (Loss) for the semesters		(21,915)	22,636
Adjustments to the Profit (Loss)		39,172	68,976
Provision for expected loss to credit risk	11	(6,042)	18,880
Monetary update of judicial deposits	37	(12,438)	(2,197)
Provision for contingent liabilities	21.a	23,627	23,680
Provision for loans linked to credit operations	31	30,364	5,829
Other operating provisions		450	153
Depreciation and amortization	36	4,620	5,549
Tax credits and Deferred tax liabilities	14	21,045	40,098
Equity in the results of subsidiaries	13	10,258	(13,425)
Loss on sales of property and equipment	39	257	-
Loss (Gain) on sales of assets held for sale	39	(3,637)	(11,592)
Exchange variations on cash and cash equivalents		(29,332)	2,001
Adjusted Profit		17,257	91,612
Decrease (increase) in interbank funds applied		(617)	267,614
Decrease (Increase) in Securities		(200,138)	337,254
(Increase) in derivatives		(51,000)	(20,650)
Decrease in credit portfolio		428,915	19,632
(Increase) decrease in foreign exchange portfolio - assets		325,566	(176,567)
Increase (decrease) in foreign exchange portfolio - liabilities		(96,876)	66,960
(Increase) in other financial instruments - assets		(150,864)	(190,470)
(Decrease) increase in funds obtained in the market		399,267	(105,244)
Income tax and social contribution paid		(5,185)	-
Interest payment		(27,470)	(31,567)
Contingencies payment	21.a	(3,764)	(16,178)
Interest received		180,062	165,884
(Decrease) in other liabilities		(10,999)	(5,568)
(Decrease) increase in other financial instruments - liabilities		(78,660)	(1,134)
Dividends received	13.a	1,362	979
Interest on own capital received	13.b	-	8,500
Net cash provided by operating activities		726,856	411,057
Cash flow from investing activities			
Sale of assets not for own use		16,755	33,445
Sale of property and equipment		84	-
Acquisition of intangible assets		(1,845)	(873)
Sale of investment		90	-
Net cash provided by investing activities		15,084	32,572
Cash flow from financing activities			
Increase in borrowings and onlending resources		4,420,329	6,157,863
Increase (decrease) debt instruments eligible to capital	18	(58,225)	466,060
Repayment of borrowings		(4,952,203)	(5,887,337)
Net cash provided by (used in) financing activities		(590,099)	736,586
Increase in cash and cash equivalents		151,841	1,180,215
Cash and cash equivalents at the beginning of the semester	4	2,003,848	1,050,854
Exchange variations on cash and cash equivalents		29,332	(2,001)
Cash and cash equivalents at the end of the semester	4	2,185,021	2,229,068
Increase in cash and cash equivalents		151,841	1,180,215

The Management's accompanying notes are an integral part of these financial statements.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

1. OPERATIONS

China Construction Bank (Brasil) Banco Múltiplo S.A. ("CCB Brasil"), headquartered at Avenida Brigadeiro Faria Lima, 4.440, São Paulo - SP, Brazil, is a privately-held corporation controlled by CCB Brazil Financial Holding - Investimentos Participações Ltda., a member of the China Construction Bank Corporation group, headquartered in the People's Republic of China and authorized by BACEN (the Central Bank of Brazil) to operate as a Multiple Bank to develop its operations through the following portfolios: commercial, investments, real estate loans and foreign exchange.

Through subsidiaries, it operates throughout the national territory in the markets: lease, credit, financing and investments, distribution of securities and credit card administration, and has a 50% stake in a joint venture aimed at operations in the Factoring and Forfaiting market.

2. PRESENTATION OF FINANCIAL STATEMENTS

Financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil, including overseas facilities have been prepared based on Brazilian accounting policies applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN) and provided for in the Brazilian Corporate Law - Law 6,404/76 as amended by Laws 11,638/07 and 11,941/09 together with rules and instructions of the National Monetary Council - CMN and BACEN, and evidence all relevant information specific to the financial statements, and only those, which are consistent with those used by Management in its management.

CMN Resolution No. 4,818/20 and BACEN Resolution No. 02/20 of BACEN established general criteria and procedures for the preparation and disclosure of financial statements. BCB Resolution No. 2/20, revoked Bacen Circular No. 3,959/19 and became effective as of January 1, 2021, being applicable in the preparation, disclosure and remittance of the financial statements from December 31, 2020. This standard, among other requirements, determined the separate disclosure in an explanatory note of recurring and non-recurring results (note 41).

We emphasize that, according to option provided for in Article 23 of BCB Resolution 02/2020, CCB Brasil chose to present Balance Sheet accounts in decreasing order of liquidity and enforceability, with no separation between current and non-current, the segregation of which is presented in the explanatory notes.

Management declares that disclosures in the Bank's financial statements show all relevant information used in its management and that accounting policies have been applied consistently from one presented period to another.

The issue of financial statements was approved by the Board of Directors on August 26, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Functional currency

The financial statements are presented in Reais, the functional and presentation currency of CCB Brasil. Monetary assets and liabilities denominated in foreign currencies were translated into Reais at the foreign exchange

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

rate ruling on the balance sheet closing date disclosed by Central Bank of Brazil, and the foreign exchange differences arising on translation were recognized in the income (loss) for the semester.

For foreign branch abroad whose transactions are carried out in foreign currency – as, in essence, it is an extension of Brazilian activities with no significant autonomy, functional currency determined according to criteria established by CMN Resolution 4,524/16 is the Brazilian Real; assets and liabilities are translated at exchange rate prevailing on balance sheet date, and income (loss) is translated at foreign exchange rate on transaction date. Adjustments deriving from translation are recorded as a contra-entry to income for the semester.

b) Cash and cash equivalents

Cash and cash equivalents are represented by cash and cash equivalents in local and foreign currency, which are readily convertible into a known amount of cash, money market repurchase commitments, and interbank deposits, whose maturity of the operations on the date of the effective investment is equal to or shorter than 03 months and present insignificant risk of fair value change, in case of redemption in advance.

c) Interbank funds applied

Are shown at cost of investment or acquisition, plus income accrued up to the balance sheet date.

d) Securities

As established by BACEN Circular Letter 3,068/01, securities are classified as follows and evaluated:

- **Trading securities** - securities acquired for the purpose of being frequently and actively negotiated, adjusted to market value with the corresponding entry to the results for the semester.
- **Securities available for sale** - Securities that are not for trading or held to maturity, which are adjusted to market value with the corresponding entry to a separate account in shareholders' equity, reduced for any tax effects.
- **Securities held to maturity** - Securities in which Management declares the intention and financial capacity to be held in portfolio until maturity, valued at acquisition cost, plus income with the corresponding entry to the income (loss) for the semester.

e) Derivative financial instruments

Evaluation is carried out based on market value and resulting valuations and devaluations are recorded in income (loss) for the semester.

f) Loan portfolio and provision for expected credit risk loss

Loan portfolio includes operations related to loan, lease, advances on foreign exchange contracts and other loans with credit granting characteristics. It is stated at present value, considering indices, interest rate and agreed charges and calculated on a pro rata day basis up to balance sheet date. For transactions overdue for more than 60 days, recognition in revenues will only occur when they are actually received.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

For the determination of provisions for expected credit losses, loan operations are classified according to the level of risk, taking into consideration the economic panorama, past experience and specific risks in relation to the operations, to obligators and guarantors, among others, financial status among parties, default levels, expected future cash flows, amounts estimates of recovery and realization of guarantees, observing the parameters established by CMN Resolution 2,682/99, which requires the periodic analysis of the portfolio and its rating at nine levels, ranging from AA (minimum risk) to H (potential loss) and Management's judgment, as shown in Note 8.d – Breakdown of portfolio per levels of risk.

g) Credit assignment

A financial asset is written-off when rights in cash flow agreement expire or when financial asset is sold or transferred.

As established in CMN Resolution 3,533/08, sale or transfer of a financial asset is classified in three categories:

- **Operations with substantial transfer of risks and rewards:** transactions in which seller or assignor substantially transfer all property risks and benefits of the financial asset that is the object of the transaction such as: (I) unconditional sale of financial asset; (II) sale of financial asset together with repurchase option at fair value of that asset at the time of repurchase; and (III) sale of financial asset together with call or put option whose exercise is improbable. In this category, asset that is the object of assignment is written off at transaction time and income is recognized in profit or loss through transfer of financial assets.

- **Operations with substantial retention of the risks and rewards:** transactions in which seller or assignor does not substantially retain all property risks and benefits of the financial asset that is the object of the transaction such as: (I) sale of financial asset together with commitment to repurchase the same asset at a fixed price or at sales price plus earnings; (II) loan agreements for securities; (III) sale of financial asset together with total return rate swap that transfers exposure to market risk back to seller or assignor; (IV) sale of financial asset together with call or put option whose exercise is improbable; and (V) sale of receivables for which the seller or assignor guarantees that will use any way to compensate buyer or assignee for credit losses that may occur, or whose sale occurred together with acquisition of subordinated quotas of the buyer's Credit Right Investment Fund (FIDC). In this category, asset that is the object of assignment is kept in accounting books and a liability in favor of the assignee is recognized for the assignment value. Assets continue generating positive results income and liabilities generate expenses at the rate applied on assignment. These amounts are recorded in financial assets' transfer revenue account (assets) and financial assets' transfer expense account (liabilities) over the term of assigned transactions.

- **Operations without transfer or substantial retention of risks and rewards:** transactions in which seller or assignor does not substantially transfer neither retains all property risks and benefits of the financial asset that is the object of the transaction. The Bank does not work with this category.

Evaluation of transfer or retention of property risks and benefits of financial assets is conducted based on consistent criteria liable to verification, with the methodology of comparing exposure, before and after sale or transfer, with expected variation of present value of cash flow associated to the financial asset discounted at proper market interest rate.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

h) Non-financial assets held for sale

Non-financial assets held for sale include the book value of individual items, or groups of assets for disposal or items making part of a business unit destined to disposal ("Discontinued Operations"), the sale of which in their present condition is highly and which shall probably occur within one year as of the base date of financial information. They are generally measured for the lower between the fair value less the sale cost and the book value on the date in which they are classified in such category. They are not depreciated, provided that they remain in such category.

i) Investments in domestic subsidiaries

Investments in domestic subsidiaries are valued under the equity method.

j) Tax assets and liabilities

Income tax and social contribution are calculated on accounting income adjusted under the tax legislation, at rates of 15%, plus an additional 10% above a certain limit for income tax and 20% on income from the deduction of income tax for social contribution pursuant to Constitutional Amendment No. 103/19.

The stock of tax credits and deferred tax liabilities recorded on June 30, 2022 and December 31, 2021 were calculated considering the rate in effect on the date of realization.

As of July 2021, in accordance with Law No. 14,183/2021, the social contribution of financial institutions was increased by 5% until December 31, 2021.

k) Financial instruments recorded in current and non-current liabilities

They are stated at known or estimated amounts, including, where applicable, charges and inflation adjustments (on a pro rata basis) and exchange-rate change earned.

l) Provisions, contingent assets and liabilities and legal obligations - taxes and social security

The recognition, measurement and disclosure of contingent liabilities and legal obligations are carried out in accordance with the criteria set forth by CVM Resolution 3,823/09.

- **Contingent assets:** are not recognized in accounting books, except when there is a favorable final court decision, and such assets are characterized as practically certain. Assets with probable likelihood of success are only disclosed in notes. CCB Brasil does not have contingent assets with probable likelihood of success.
- **Provisions:** are recognized when the Management, advised by the legal advisors' opinion, evaluates if the chance of loss is probable. Cases for which an unfavorable outcome is regarded as possible are only disclosed in the note.
- **Contingent liabilities** according to CPC 25, the term "contingent" is used for liabilities and assets that are not recognized, as their existence will only be confirmed by the occurrence or non-occurrence of one or more future and uncertain events, not fully under the control of the Entity. The term "contingent

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

liability” is used for liabilities that do not satisfy the recognition criteria, as they are considered possible losses, and should only be disclosed in notes, when material. Obligations classified as remote are not accrued or disclosed; and

- **Legal obligations:** these are recognized and provided for in the balance sheet, regardless of the evaluation of the likelihood of a favorable outcome.

m) Accounting estimates

The preparation of financial statements complies with accounting policies adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil and requires that Management uses its judgment in determining and recording accounting estimates. Significant items subject to these estimates and assumptions include: The evaluation of realization of the credit portfolio for calculation of allowance for doubtful accounts, the technical studies to estimate the periods for realization of tax credits, the evaluation of contingencies, liabilities and respective provisions, and evaluation of non-financial asset impairment loss and evaluation of market value of financial instruments and derivatives.

The settlement of the transactions and the respective book balances determined using estimates may present differences, due to inaccuracies inherent in the process. CCB Brasil reviews the estimates and assumptions at least semi-annually.

4. CASH AND CASH EQUIVALENTS

	<u>06/30/2022</u>	<u>12/31/2021</u>
Cash and cash equivalents	578,258	348,045
Money market repurchase commitments	1,505,988	1,499,994
Interbank deposit investments	100,775	155,809
Total	<u>2,185,021</u>	<u>2,003,848</u>

5. INTERBANK FUNDS APPLIED

	<u>06/30/2022</u>	<u>12/31/2021</u>
Money market repurchase commitments	1,505,988	1,499,994
Interbank deposit investments	104,996	159,413
Total	<u>1,610,984</u>	<u>1,659,407</u>
Current	1,610,984	1,659,407
Total	<u>1,610,984</u>	<u>1,659,407</u>

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

6. SECURITIES

a) Operation policy

Destination of securities is evaluated upon acquisitions, and formed portfolio is evaluated upon half-annual balance sheet.

b) Securities portfolio by category and type

	06/30/2022						
	Up to 90 days	91 - 360 days	Total current	Non-current	Total account amount	Adjusted cost	Market value
Securities available for sale	1,254,208	674,681	1,928,889	2,231,595	4,160,484	4,161,889	4,160,484
Own portfolio (*)	101,114	43,381	144,495	332,803	477,298	477,486	477,298
Financial Treasury Bills	101,114	43,381	144,495	332,803	477,298	477,486	477,298
Subject to purchase and sale agreements	1,152,407	590,310	1,742,717	1,715,946	3,458,663	3,459,667	3,458,663
Financial Treasury Bills	1,152,407	590,310	1,742,717	1,715,946	3,458,663	3,459,667	3,458,663
Related to guarantees provided (**)	687	40,990	41,677	182,846	224,523	224,736	224,523
Financial Treasury Bills	687	40,990	41,677	182,846	224,523	224,736	224,523
Securities held to maturity	-	-	-	97,294	97,294	97,294	97,294
Own portfolio	-	-	-	97,294	97,294	97,294	97,294
Quotas - FIDC	-	-	-	97,294	97,294	97,294	97,294
Total	1,254,208	674,681	1,928,889	2,328,889	4,257,778	4,259,183	4,257,778

(*) Terms are assigned based on nominal maturity without considering public securities' high liquidity.

(**) Book balance includes R\$ 223,246 referring to margin deposited in guarantee of transactions with derivative financial instruments, R\$ 591 referring to lawsuits and R\$ 686 referring to other guarantees.

	12/31/2021						
	Up to 90 days	91-360 days	Total current	Non-current	Total account amount	Adjusted cost	Market value
Securities available for sale	633,462	1,189,617	1,823,079	2,141,691	3,964,770	3,967,462	3,964,770
Own portfolio (*)	50,666	15,732	66,398	241,447	307,845	308,200	307,845
Financial Treasury Bills	50,666	15,732	66,398	241,447	307,845	308,200	307,845
Subject to purchase and sale agreements	356,738	1,071,050	1,427,788	1,806,565	3,234,353	3,236,525	3,234,353
Financial Treasury Bills	356,738	1,071,050	1,427,788	1,806,565	3,234,353	3,236,525	3,234,353
Related to guarantees provided (**)	226,058	102,835	328,893	93,679	422,572	422,737	422,572
Financial Treasury Bills	226,058	102,835	328,893	93,679	422,572	422,737	422,572
Securities held to maturity	-	-	-	91,583	91,583	91,583	91,583
Own portfolio	-	-	-	91,583	91,583	91,583	91,583
Quotas - FIDC	-	-	-	91,583	91,583	91,583	91,583
Total	633,462	1,189,617	1,823,079	2,233,274	4,056,353	4,059,045	4,056,353

(*) Terms are assigned based on nominal maturity without considering public securities' high liquidity.

(**) Book balance includes R\$ 421,438 referring to margin deposited in guarantee of transactions with derivative financial instruments, R\$ 651 referring to lawsuits and R\$ 483 referring to other guarantees.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

Public securities are registered with BACEN's Special Settlement and Custody System (SELIC) and FIDC quotas are held in custody by custodian institutions indicated by Fund Administrator.

Government bonds' market value was determined based on unit prices disclosed by ANBIMA on balance sheet date and investment fund quotas by the quota value on the date of balance sheet disclosed by the Fund's administrator.

7. DERIVATIVE FINANCIAL INSTRUMENT PORTFOLIO

a) Policy of use

Due to *Paul Volcker* Rule, applicable to the CCB Group on a global basis, transactions of CCB Brasil's trading portfolio are restricted to derivative transactions with customers and must always be hedged. In current year and or the purpose of mitigating market risk deriving from mismatches between the Conglomerate's assets and liabilities, CCB Brasil traded traditional and non-complex derivatives (plain vanilla) aiming at meeting clients' needs mainly, always with respective hedges. It also used this instrument to hedge exposure of banking portfolio to interest rates.

b) Protection against Exchange Rate Exposures

CCB Brasil carries out Swap, NDF (currency term) and Futures Market transactions to hedge obligations with securities issued abroad and foreign currency funding received. Therefore, it is possible to protect the Bank from the risk of currency and exchange coupon change to which such transactions are naturally subject to, and thus, protect it from unexpected impacting changes through economic and accounting hedge, when applicable.

c) Portfolio Protection with Fixed Rates

CCB Brasil adopts the strategy of acquiring DI futures contracts, evaluating amount allocated per credit portfolio term and amount allocated per DI futures contracts' maturities. Bearing in mind that credit portfolio, which is the object of hedge, is distributed between the companies (Bank and Financial Institution), and in turn, future contracts are all concentrated in the Bank, determination of fair value hedge of this relationship was applied only in consolidated balance sheet. Hedge coverage is daily monitored and assessed on a quarterly basis for the purpose of maintaining accounting hedge and making it effective. It complies with criteria that consider total portfolio less delayed payments and prepayment. The Bank's Treasury assesses the need to buy or sell new DI futures contracts to offset adjustment to market value of hedge object and guarantee hedge effectiveness ranging 80–125%, considering relationship between market change of protected layer, designated hedge object and market change of DI futures contracts.

d) Risk management

CCB Brasil operates with derivative financial instruments as part of a list of services provided to its customers and to meet its own needs in connection with the management of market risks, arising basically from normal mismatches between currencies, interest rates, indices, and terms of its asset and liability transactions.

The main risk factors for derivatives assumed on June 30, 2022 were related to exchange rate, interest rate and dollar coupon, which aim maximizing risk and return ratios, even in situations of high volatility. Portfolios' risk management control is carried out using metrics VaR (trading portfolio), EVE and NII (banking portfolio), Profitability and Liquidity Risk.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

e) Measurement criteria of market value

In order to obtain market values, the following criteria were adopted:

- **Term and Futures Contracts:** quotations in Stock exchanges; and
- **Swap:** cash flow of each of its parties is estimated discounted to present value, according to corresponding interest curves obtained based on prices of B3 S.A. - Brasil, Bolsa, Balcão, and/or on public securities' market prices for Brazilian transactions, and on prices of international exchanges for transactions carried out abroad, when applicable.

f) Recognition of amounts

The balances arising from these transactions are recorded in offset and equity accounts, pursuant to specific rule of the BACEN.

In terms of accounting, the financial instruments are classified according to the intention of Management of using them as hedge instruments or not, according to the BACEN Circular Letter 3,082/02 and subsequent updates.

Operations that use financial instruments carried out upon a request from clients, or that do not fulfill the protection criteria (especially derivatives utilized to manage global risk exposure up to June 30, 2022), are recorded at market value, with realized and unrealized gains and losses, recorded directly in the statement of income.

Specifically, for the market value hedge, the financial assets and liabilities, and the related financial instruments are stated at market values including gains and losses, realized and unrealized, and recognized directly to the statement of income.

The outstanding derivative financial instruments on June 30, 2022 have the following characteristics:

	Current	Non-current	Differential receivable	Current	Non-current	Differential payable	Reference value					
							Net position of assets' and (liabilities) contracts					
							Due up to 03 months	Due 03–12 months	Total current	Non-current	Total	
Swap contracts												
Interbank market	12,135	39,633	51,768	8,809	2,800	11,609	2,686	176,667	179,353	365,416	-	544,769
Foreign currency	14,730	2,424	17,154	21	10,244	10,265	(5,942)	(191,348)	(197,290)	(374,333)	-	(571,623)
Fixed rate	1,249	-	1,249	6	272	278	3,256	14,681	17,937	8,917	-	26,854
Subtotal	28,114	42,057	70,171	8,836	13,316	22,152	-	-	-	-	-	-
Adjustment to market value	3,845	22,417	26,262	(474)	514	40	-	-	-	-	-	-
Total	31,959	64,474	96,433	8,362	13,830	22,192	-	-	-	-	-	-
Forward contracts/Non-deliverable forwards - NDF												
Forward purchase/NDF	8,641	1,757	10,398	15,393	1,394	16,787	302,149	110,821	412,970	30,581	-	443,551
Forward sale/NDF	3,648	-	3,648	12,153	-	12,153	427,124	205,616	632,740	-	-	632,740
Subtotal	12,289	1,757	14,046	27,546	1,394	28,940	-	-	-	-	-	-
Total	44,248	66,231	110,479	35,908	15,224	51,132	-	-	-	-	-	-
Futures contracts (*)												
Purchase - Interbank market	128	-	128	-	-	-	57,713	29,229	86,942	42,730	-	129,672
Sale - Interbank market	-	-	-	1,118	-	1,118	(187,408)	(594,441)	(781,849)	(359,365)	-	(1,141,214)
Buy - DDI - For. cur. coupon	14,931	-	14,931	-	-	-	533,627	2,375,285	2,908,912	203,881	-	3,112,793
Sale - DDI - For. cur. coupon	-	-	-	139	-	139	(36,990)	(2,516)	(39,506)	-	-	(39,506)
Purchase - Foreign currency	3,108	-	3,108	877	-	877	962,514	-	962,514	-	-	962,514
Sale - Foreign currency	9	-	9	11,141	-	11,141	(2,505,167)	-	(2,505,167)	-	-	(2,505,167)
Total	18,176	-	18,176	13,275	-	13,275	-	-	-	-	-	-

(*) Amounts payable and amounts receivable from futures contracts are presented under captions Other financial instruments – Assets (Note 10) and Other financial instruments – Liabilities (note 19).

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

The outstanding derivative financial instruments on December 31, 2021 have the following characteristics:

	Current	Non-current	Differential receivable	Current	Non-current	Differential payable	Reference value					
							Net position of assets' and (liabilities) contracts					
							Due up to 03 months	Due 03–12 months	Total current	Non-current	Total	
Swap contracts												
Interbank market	1,829	7,842	9,671	18,224	10,100	28,324	12,085	144,840	156,925	478,111	635,036	
Foreign currency	1,798	5,758	7,556	208	2,775	2,983	(19,089)	(176,329)	(195,418)	(478,111)	(673,529)	
Fixed rate	511	-	511	1,054	-	1,054	7,004	31,489	38,493	-	38,493	
Subtotal	4,138	13,600	17,738	19,486	12,875	32,361	-	-	-	-	-	
Adjustment to market value	831	7,154	7,985	450	(1,752)	(1,302)	-	-	-	-	-	
Total	4,969	20,754	25,723	19,936	11,123	31,059	-	-	-	-	-	
Forward contracts/Non-deliverable forwards - NDF												
Forward purchase/NDF	7,670	7,566	15,236	5,676	227	5,903	326,065	286,802	612,867	116,135	729,002	
Forward sale/NDF	5,271	-	5,271	921	-	921	314,339	60,972	375,311	-	375,311	
Subtotal	12,941	7,566	20,507	6,597	227	6,824	-	-	-	-	-	
Total	17,910	28,320	46,230	26,533	11,350	37,883	-	-	-	-	-	
Futures contracts (*)												
Purchase - Interbank market	113	-	113	-	-	-	61,795	267,682	329,477	107,779	437,256	
Sale - Interbank market	-	-	-	400	-	400	(169,382)	(318,886)	(488,268)	(657,668)	(1,145,936)	
Buy - DDI - For. cur. coupon	-	-	-	64,507	-	64,507	568,485	2,271,652	2,840,137	296,616	3,136,753	
Sale - DDI - For. cur. coupon	3,568	-	3,568	-	-	-	(25,621)	(147,432)	(173,053)	-	(173,053)	
Purchase - Foreign currency	43	-	43	19,003	-	19,003	922,168	-	922,168	-	922,168	
Sale - Foreign currency	64,714	-	64,714	-	-	-	(3,148,812)	-	(3,148,812)	-	(3,148,812)	
Total	68,438	-	68,438	83,910	-	83,910						

(*) Amounts payable and amounts receivable from futures contracts are presented under captions Other financial instruments – Assets (Note 10) and Other financial instruments – Liabilities (note 19).

Swap and NDF transactions are registered at B3 S.A. - Brasil, Bolsa, Balcão, adjustments referring to receivable or payable differences are recognized in an asset or liability account, respectively, as a contra-entry to revenues or expenses. Transactions in “futures market” are registered at the B3 S.A. - Brasil, Bolsa, Balcão, daily appropriate/paid adjustments are accounted for as revenue or expense.

Amount of margins deposited as collateral for transactions involving derivative financial instruments are comprised as follows:

Title	Maturity	06/30/2022	12/31/2021
		Fair value / Book value	Fair value / Book value
LFT	03/01/2022	-	225,576
LFT	09/01/2022	-	102,183
LFT	03/01/2023	40,990	27,763
LFT	09/01/2024	182,256	65,916
		223,246	421,438

g) Hedge accounting

Credit Transaction for Individuals

CCB Brasil has payroll loan portfolios for civil servants and retirees, and vehicle financing transactions. Loans are granted at fixed rates, exposing CCB Brasil to market risk arising from changes in interbank deposits (CDI) reference rate, index in which CCB Brasil's cost of funding and risk management are controlled. Thus, to cover fixed rate risk to CDI fluctuations, the Bank's treasury acquires DI futures contracts considering the ratio between quantities x maturities that offsets effect from hedge object adjustment to market value; and effects of this fair value hedge structure began to be recorded at the Bank as of January 2022.

Funding abroad

In order to seek protection for exposure to the exchange coupon variation of funding in foreign currency, CCB Brasil contracts derivative financial instrument operations (USDxCDI), with similar values, terms and rates, and from April 2022 it designated operations of loans made from that date as an item subject to fair value hedge accounting.

06/30/2022	Hedge Object				Hedge instrument		Changes in amount recognized in income (loss)
	Carrying value		Fair Value		Ineffective value	Nominal value	
	Assets	Liabilities	Assets	Liabilities			
Interest rate risk							
Loans transaction	683,591	-	669,336	-	(1,612)	993,734	(14,255)
Funding abroad	-	2,048,005	-	2,041,202	(7,636)	2,041,225	6,803
Total	683,591	2,048,005	669,336	2,041,202	(9,248)	3,034,959	(7,452)

8. CREDIT AND LEASE PORTFOLIO

a) Breakdown per type of operation

	06/30/2022	12/31/2021
Export financing	4,172,136	3,880,974
Working capital and discounts	2,618,372	2,774,837
Payroll loans	895,638	1,012,135
Rural and agribusiness financing	442,677	459,037
Import financing	175,507	550,477
Loan operations subject to assignment (*)	17,486	24,968
Debtors in purchase of assets	15,368	18,751
Vehicle financing	14,280	11,658
Other	184,296	280,488
Total Loan	8,535,760	9,013,325
Advances on exchange contracts (**)	979,945	1,174,669
TOTAL	9,515,705	10,187,994

(*) Refers to payroll loans granted with co-obligation to CCB Financeira and recognized as Payroll loans in consolidated (Note 8.f).

(**) Advance on foreign exchange contracts are recognized in balance sheets under "Liabilities - Foreign exchange transactions" (Note 9) plus income receivable on advances granted, which are under "Assets - Foreign exchange transactions" (Note 9).

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

b) Diversification by sector of activity

	06/30/2022	12/31/2021
Private sector	8,588,719	9,133,998
Industry	4,302,298	4,588,133
Trade	2,325,007	2,635,654
Other services	1,704,070	1,626,946
Agribusiness	257,344	283,265
Individuals	926,986	1,053,996
Total	9,515,705	10,187,994

c) Diversification per periods – per installment

	06/30/2022	%	12/31/2021	%
Past due as of 15 days	12,892	0,14	25,546	0.25
Due up to 03 months	1,475,882	15,50	1,995,952	19.59
Due 03–12 months	3,897,409	40,96	3,786,138	37.16
Total current	5,386,183	56,60	5,807,636	57.00
Non-current	4,129,522	43,40	4,380,358	43.00
Total	9,515,705	100	10,187,994	100

d) Breakdown of portfolio per levels of risk

Risk level	06/30/2022			12/31/2021		
	Calculation basis	% (*)	Provision	Calculation basis	% (*)	Provision
AA	3,809,313	40.02	-	3,592,023	35.26	-
A	3,396,953	35.70	16,985	3,764,534	36.95	18,822
B	1,918,011	20.16	19,180	2,330,486	22.88	23,305
C	60,962	0.64	1,829	104,288	1.02	3,129
D	6,824	0.07	682	18,750	0.18	1,875
E	14,923	0.16	4,476	44,062	0.43	13,218
F	27,572	0.29	13,786	6,855	0.07	3,428
G	46,511	0.49	32,558	40,679	0.40	28,475
H	234,636	2.47	234,636	286,317	2.81	286,317
Total	9,515,705	100	324,132	10,187,994	100	378,569

(*) Percentage of credit portfolio per rating over total portfolio.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

e) Levels of risk concentration

	06/30/2022		12/31/2021	
	R\$	%	R\$	%
Major debtor	162,273	1.71	156,479	1.50
10 greatest debtors	1,501,921	15.78	1,520,313	14.62
100 main debtors	7,074,913	74.35	7,323,729	70.40

f) Operations related to assignment
f1) Interbank credit assignment

In years prior to those presented, payroll loan transactions were carried out with its subsidiary, CCB Brasil S.A. - Crédito, Financiamentos e Investimentos.

These assignments are classified in category “transactions with substantial risk and benefit retention” and present the balance of R\$ 17,486 (December/21 - R\$ 24,968), and amount recorded as obligations from credit transactions linked to the assignment, presented in liabilities under “Other financial instruments (note 19), is R\$ 18,459 (December/21 - R\$ 26,494). Expenses from linked obligations recognized in the period amounted to R\$ 2,338 (June/21 - R\$ 4,727), and are in the Statement of Income under “Other financial intermediation expenses” (Note 30), deriving from “pro rata temporis” appropriation over the term of each assigned contract. Granting is subject to application of CMN Resolution 2,682/99 for the purpose of classifying credit risk and recognizing an allowance for doubtful accounts.

9. FOREIGN EXCHANGE TRANSACTIONS

	06/30/2022	12/31/2021
Assets		
Purchased foreign exchange to be settled	1,083,038	1,346,682
Receivables from foreign exchange sales	56,342	110,121
Earnings receivable from granted advances	12,083	12,551
Advances received in national currency	(11,067)	(3,392)
Total	1,140,396	1,465,962
Current	992,050	1,465,962
Non-current	148,346	-
Total	1,140,396	1,465,962
Liabilities		
Obligations from foreign currency purchases	1,053,878	1,268,422
Advances on exchange contracts	(967,862)	(1,162,118)
Sold foreign exchange to be settled	61,011	137,599
Total	147,027	243,903
Current	147,027	243,903
Total	147,027	243,903

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

10. OTHER FINANCIAL INSTRUMENTS - ASSETS

	06/30/2022	12/31/2021
Debtors of guarantee deposits (*)	427,997	416,667
Securities clearing accounts (note 7.f)	18,176	68,438
Income receivable	12,294	14,870
Securities and credits receivable	41	7
Total	458,508	499,982
Current	25,846	75,810
Non-current	432,662	424,172
Total	458,508	499,982

(*) Comprises substantially of judicial deposits related to legal discussions at the Bank in the amount of R\$ 423,981 (December/21 – R\$ 412,548), administration deposits R\$ 2,444 (December/21 – R\$ 2,444) and deposits in guarantees abroad R\$ 1,572 (December/21 – R\$ 1,675).

11. PROVISION FOR EXPECTED CREDIT RISK LOSS

	06/30/2022	12/31/2021
Opening Balance	378,569	486,903
(Reversal) increase of provision for credits for the semester	(6,042)	19,369
Subtotal	372,527	506,272
Debt restructuring (*)	-	110,666
Write-offs to loss (**)	(48,395)	(238,369)
Closing balance	324,132	378,569
Recovery of loans written off	29,235	54,968
Percentage of provision on portfolio	3.41	3.72
Current	133,285	229,683
Non-current	190,847	148,886
Closing balance	324,132	378,569

(*) Refers to debt restructuring of credit operations previously recorded as losses and recorded in assets as a contra-entry to the loan portfolio.

(**) Of the write-off amount, R\$ - (December/21 – R\$ 14,750) refer to credit operations linked to funding operations in accordance with the rules established by CMN Resolution 2,921/02 (Note 17).

As of June 30, 2022, renegotiated contracts portfolio presented balance of R\$ 1,735,640 (December/21 - R\$ 2,145,390) and balance of provision for renegotiated credits of R\$ 199,111 (December/21 - R\$ 224,953).

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

12. NON-FINANCIAL ASSETS HELD FOR SALE

They are mainly represented by assets received to settle loan operations.

	06/30/2022	12/31/2021
Real estate	190,685	212,790
Machinery and equipment	15,683	15,683
Vehicles and the like	1,218	1,033
Other	452	598
Subtotal	208,038	230,104
Provision for impairment	(110,021)	(119,223)
Total	98,017	110,881

13. OWNERSHIP INVESTMENTS

The main information of subsidiaries in which the Bank has direct interest is shown as follows:

Company's name	06/30/2022						12/31/2021
	Number of shares/quotas held	% Interest	Shareholders' equity	Net income / (loss)	Equity in net income of subsidiaries	Book value of investments	Book value of investments
CCB Brasil Arrendamento Mercantil S.A.	180,920,168	100%	280,625	9,244	9,244	280,625	271,381
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A.	14,223,228	100%	21,441	139	139	21,441	21,302
CCB Brasil Informática S.A.	50,000	100%	809	25	25	809	783
CCB Brasil Administradora de Cartões de Crédito Ltda.	3,670,000	100%	5,239	(470)	(470)	5,239	5,709
CCB Brasil S.A. – CFI (*)	116,405,774	100%	34,743	(17,895)	(17,895)	34,743	52,638
CCB Brasil Promotora de Vendas Ltda.	1,354,000	1.67%	1,759	65	1	29	29
CCB Brasil Cobrança Ltda.	110,402,810	3.75%	23	(11)	(1)	1	1
Subtotal						342,887	351,843
Brasifactors S.A. (**)	62,931	50%	(8,334)	(3,230)	(1,301)	(4,167)	(2,865)
Total					(10,258)	338,720	348,978

(*) As Brasifactors S.A. presented shareholders' deficit, amount equivalent to the Bank's interest is recorded in Other liabilities (Note 23).

a) Dividends

On June 28, 2022, the Bank received from its subsidiaries CCB Brasil Arrendamento Mercantil S.A. and CCB Brasil Distribuidora e Valores Mobiliários the amount of R\$ 1,289 and R\$ 73 (June/21 – R\$ 923 and R\$ 56), respectively, as dividends for the year 2021 (June/21 - year 2020).

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

b) Interest on own capital

On June 10, 2021, the Bank received from its subsidiary CCB Brasil Arrendamento Mercantil S.A. the amount of R\$ 8,500 as interest on own capital.

14. TAX ASSETS AND LIABILITIES

a) **Deferred tax credits:** the deferred income tax and social contribution, recorded at Tax Assets presented the following changes in the semester:

	12/31/2021	Change in shareholders' equity	Realizations	Additions	06/30/2022
Income tax					
Provision for expected credit loss	274,307	-	(21,578)	15,786	268,515
Provision for Hedge Accounting	-	-	-	3,564	3,564
Provision for impairment of non-operating assets	4,010	-	(2,301)	-	1,709
Provision for contingencies and others	208,122	(322)	(3,575)	-	204,225
Subtotal – Tax Credit IRPJ (corporate income tax)	486,439	(322)	(27,454)	19,350	478,013
Social contribution					
Provision for expected credit loss	219,444	-	(17,262)	12,629	214,811
Provision for Hedge Accounting	-	-	-	2,851	2,851
Provision for impairment of non-operating assets	3,208	-	(1,841)	-	1,367
Provision for contingencies and others	166,739	(257)	(2,860)	-	163,622
Subtotal – Tax Credit CSLL (social contribution on net income)	389,391	(257)	(21,963)	15,480	382,651
Total - Tax credit - IRPJ/CSLL	875,830	(579)	(49,417)	34,830	860,664

Realization of tax credits - based on a technical study, it was possible to estimate the generation of future taxable income, in a sufficient amount for the realization of all tax credits existing on the balance sheet date, in a ten-year period, distributed as follows:

Projected year	Realization of tax credits										06/30/2022
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Projected value	106,614	70,689	93,169	176,984	35,488	83,033	358	358	358	293,613	860,664
Present value (*)	100,139	58,576	68,111	114,146	20,192	41,681	159	140	124	89,283	492,551
% Realization	12.4%	8.2%	10.8%	20.6%	4.1%	9.7%	0.0%	0.0%	0.0%	34.2%	100%

(*) Calculated based on projected Selic rate.

Projected year	Realization of tax credits										12/31/2021
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Projected value	139,915	74,644	123,538	129,967	28,264	80,614	321	321	321	297,925	875,830
Present value (*)	128,068	62,540	94,741	91,232	18,160	47,411	173	158	145	122,997	565,625
% Realization	16.0%	8.5%	14.1%	14.8%	3.2%	9.2%	0.0%	0.0%	0.0%	34.2%	100%

(*) Calculated based on projected Selic rate.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

On the base date of June 30, 2022, the Bank complies with the other minimum requirements established by current regulations for maintaining the registration of tax credits.

On June 30, 2022, the Bank has non-recorded tax credits derived from income tax loss and negative basis of social contribution in the total amount of R\$ 1,023,660 (December/21 - R\$ 1,027,883) and tax credits from temporary differences and tax contingencies in the amount of R\$ 203,487 (December/21 - R\$ 181,933), for which there is no expectation of realization within the period provided for in CMN Resolution 4,842/20 of up to 10 years.

b) Presumed tax credit

In view of high balance of temporary differences deriving from credit losses incurred beginning as of 2014, the Bank chose to determine Presumed Tax Credit in the amount of R\$ 380,662, according to criteria established by Law 12,838/13 and BACEN Circular Letter 3,624/13, which require determination of tax losses and credits deriving from temporary differences deriving from allowance for doubtful accounts, determined and existing in prior calendar year.

Also according to Law 12,838/2013, Federal Revenue Service may verify accuracy of presumed tax credits determined over a period of five years, counted as of reimbursement request date, which may be in kind or in federal public debt securities; and there may be deduction of tax on non-tax values owed to the Treasury Department.

During the first half of 2022, the Bank recovered R\$ 979 (December/21 - R\$ 912) from credit transactions that are part of presumed tax credit calculation basis, whose deferred taxes, in the amount of R\$ 440 (December/21 - R\$ 411), were recognized in Deferred taxes, as these amounts will be taxed when credit is reimbursed by the National Treasury.

Management understands that, due to macroeconomic scenario and expected generation of future taxable income by CCB Brasil, Presumed Tax Credit is the best alternative to reduce the time for realization of temporary differences deriving from allowances for doubtful accounts.

	<u>06/30/2022</u>	<u>12/31/2021</u>
Presumed tax credit formed	380,662	380,662
Deferred tax liabilities	(83,133)	(82,693)

c) Deferred tax liabilities

	<u>12/31/2021</u>	<u>Change in income (loss)</u>	<u>06/30/2022</u>
Income tax			
Linked funding (Res 2,921)	79,788	(7,820)	71,968
Inflation adjustment of judicial deposits	21,711	2,746	24,457
Positive MTM adjustment of government securities and derivatives	18,391	141	18,532
Hedge Accounting	-	1,701	1,701
Excess depreciation	-	6,575	6,575
Subtotal Income tax	119,890	3,343	123,233

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

Social contribution			
Linked funding (Res 2921)	63,830	(6,256)	57,574
Inflation adjustment of judicial deposits	17,369	2,197	19,566
Positive MTM adjustment of government securities and derivatives	14,713	113	14,826
Hedge Accounting	-	1,361	1,361
Excess depreciation	-	5,260	5,260
Subtotal Social contribution	95,912	2,675	98,587
Total deferred taxes	215,802	6,018	221,820
Presumed tax credit Income tax – Law 12,838/13	45,940	245	46,185
Presumed tax credit Social contribution – Law 12,838/13	36,753	195	36,948
Total	298,495	6,458	304,953

d) Statement of calculation of income and social contribution tax charges

	06/30/2022		06/30/2021	
	Income tax	Social contribution	Income tax	Social contribution
Determination				
Income before tax on profit	(870)	(870)	62,734	62,734
Calculation basis	(870)	(870)	62,734	62,734
Temporary additions	138,865	138,865	49,796	49,796
Permanent additions	580,880	580,880	275,585	275,585
Exclusions	(720,761)	(720,761)	(412,126)	(412,126)
Taxable income and calculation basis of income tax and social contribution on net income	(1,886)	(1,886)	(24,011)	(24,011)
Reconciliation of Income (loss)				
Income tax and deferred CSLL (Liabilities)	3,588	2,870	8,169	18,151
(=) Provision for Income Tax and Social Contribution on Net Income	3,588	2,870	8,169	18,151
Constitution of tax credit (on temporary additions)	(19,350)	(15,480)	(18,846)	(15,077)
Realization of tax credit	27,454	21,963	26,500	21,201
(=) Net effect of tax credit	8,104	6,483	7,654	6,124
Income and social contribution tax expense	11,692	9,353	15,823	24,275

15. OTHER ASSETS

	06/30/2022	12/31/2021
Sundry debtors in the country	29,962	26,167
Payments to be refunded	26,786	21,610
Interbank accounts/relations	8,771	4,653
Prepaid expenses	3,829	1,233
Payable dividends	-	1,362
Other	3,309	775
Total	72,657	55,800

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

Current	48,699	34,046
Non-current	23,958	21,754
Total	72,657	55,800

16. FUNDS OBTAINED IN THE MARKET

	06/30/2022					
	Without maturity	Up to 03 months	03–12 months	Total current	Non-current	Total
Demand deposits	92,009	-	-	92,009	-	92,009
Saving deposits	2,310	-	-	2,310	-	2,310
Interbank deposits	-	32,665	231,080	263,745	-	263,745
Time Deposits	-	1,996,919	745,521	2,742,440	1,676,381	4,418,821
Liabilities from repurchase and resale agreements	-	4,204,741	-	4,204,741	-	4,204,741
Real Estate Credit Bills - LCI	-	2,506	700	3,206	194	3,400
Agribusiness Credit Bills – LCA	-	238,252	698,228	936,480	87,879	1,024,359
Financial Bills - LF	-	-	61,280	61,280	33,152	94,432
Total	94,319	6,475,083	1,736,809	8,306,211	1,797,606	10,103,817

	12/31/2021					
	Without maturity	Up to 03 months	03–12 months	Total current	Non-current	Total
Demand deposits	136,252	-	-	136,252	-	136,252
Saving deposits	2,931	-	-	2,931	-	2,931
Interbank deposits	-	271,510	2,535	274,045	239	274,284
Time Deposits	-	1,976,542	1,522,832	3,499,374	1,615,939	5,115,313
Liabilities from repurchase and resale agreements	-	3,628,991	2,142	3,631,133	-	3,631,133
Real Estate Credit Bills - LCI	-	-	1,200	1,200	-	1,200
Agribusiness Credit Bills – LCA	-	183,044	126,818	309,862	32,888	342,750
Financial Bills - LF	-	57,029	66,931	123,960	76,727	200,687
Total	139,183	6,117,116	1,722,458	7,978,757	1,725,793	9,704,550

17. BORROWINGS AND ONLENDINGS

Obligations from loans and foreign contributions refer to raising of funds to finance import and export and contributions granted mainly by the controlling shareholder abroad.

The country's contributions are represented by funds from the Ministry of Agriculture under FUNCAFÉ category and Ministry of the Cities in the PSH - Social Housing Program and PMCMV - Minha Casa Minha Vida Program.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

Maturities are broken down as follows:

	Up to 03 months	03–12 months	Total current	Non-current	06/30/2022	12/31/2021
Domestic onlendings - Official Institutions	53,989	79,207	133,196	19,013	152,209	211,859
Abroad	1,013,612	3,134,872	4,148,484	1,263	4,149,747	4,619,077
Loan with head office	735,410	2,651,559	3,386,969	-	3,386,969	3,601,899
Loans from the Parent Company - linked (*)	9,130	14,835	23,965	1,263	25,228	29,177
Other foreign loans	269,072	468,478	737,550	-	737,550	988,001
Total on June 30, 2022	1,067,601	3,214,079	4,281,680	20,276	4,301,956	
Total on December 31, 2021	1,495,811	3,309,168	4,804,979	25,957		4,830,936

(*) In 2017, the Bank raised funds linked to active transactions in accordance with conditions established by CMN Resolution 2921/02, namely:

- I - Link between funds raised and corresponding active transaction;
- II - Subordination of raised funds' due dates to payment flow of linked active transaction;
- III - Linked active transaction remuneration sufficient to cover funding transaction costs;
- IV - Compatibility between linked active transaction cash flows and funding transaction;
- V - Funding transaction term equal to or greater than that of the linked active transaction;
- VI - Postponement of any payment to the creditor, including as charges or amortization, in case of default in linked active transaction, and
- VII - Non-payment to the creditor, in whole or in part, of principal and charges in case execution of guarantees is not sufficient to settle linked active transaction, or in other situations in which this transaction is not settled.

As of June 30, 2022, amount of funding linked to credit transactions recognized in group "Foreign Loans" is R\$ 388,368 (December/21 - R\$ 420,255) and credit transactions balance is R\$ 157,396 (December/21 - R\$ 175,326), and this semester there is no overdue installments (December/21 – no overdue installments).

To provide the best expected disbursement estimate for the linked obligation, as well as reduce asymmetry, the Bank, considering the expectation of receiving the linked receivables, recorded a downward adjustment in the group "Foreign loans" of R\$ 356,337 (December/21 - R\$ 391,078), with the expenses amount of R\$ 30,364 (June/21 - R\$ 5,829 of expenses) as contra-entry to income for the semester (Note 31).

18. DEBT INSTRUMENTS ELIGIBLE TO CAPITAL

Funding	Issue value - Original currency		Maturity	Issue value - Domestic currency		Interest rate (p.a.)	06/30/2022	12/31/2021
	Issuance							
Level I Perpetual Debt (a)	US\$ 70,000	12/29/2016	-	228,025	8.00%	366,660	390,635	
Level I Perpetual Debt (a)	US\$ 100,000	06/04/2021	-	506,660	5.80%	523,800	558,050	
Total						890,460	948,685	

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

	06/30/2022	12/31/2021
Non-current	890,460	948,685
Total	890,460	948,685

On June 4, 2021, CCB Brasil issued Perpetual Bonds in the amount of US\$100 million, bearing interest of 5.80% per year. The papers were privately issued with a perpetuity character in accordance with the provisions of article 17 of Resolution No. 4,192/13. The operation was authorized by the Central Bank of Brazil on September 28, 2021, comprising the capital of CCB Brasil and acquired by the CCB group itself. This paper was issued to replace the subordinated debt that made up the Tier II capital, which had settlement in advance in September 2021.

- a) As provided for in current regulations, as a result of accumulated losses in previous years, the Bank did not recorded a provision for payment of interest for the year of 2021, arising from perpetual debts issued.

19. OTHER FINANCIAL INSTRUMENTS - LIABILITIES

	06/30/2022	12/31/2021
Borrowings related to assignment (note 8.f1)	18,459	26,494
Securities clearing accounts (note 7.f)	13,275	83,910
Commissions payable	16	6
Total	31,750	110,410
Current	25,078	99,776
Non-current	6,672	10,634
Total	31,750	110,410

20. PROVISIONS

	06/30/2022	12/31/2021
Provisions for contingencies (Note 21.a)	1,053,003	1,033,140
Provisions for financial guarantees provided (Note 22)	26,632	25,933
Other	42,337	33,912
Total	1,121,972	1,092,985
Current	67,654	56,218
Non-current	1,054,318	1,036,767
Total	1,121,972	1,092,985

21. CONTINGENCIES AND LEGAL OBLIGATIONS

CCB Brasil and its subsidiaries are parties in lawsuits and administrative proceedings arising from the normal course of business, involving issues of a civil, labor, fiscal, and welfare nature.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

a) Provisions classified as probable loss and legal obligations

Based on information from its legal advisors, on examinations of outstanding lawsuits, and on the history of losses, the Management formed a provision for liabilities classified as probable loss in an amount deemed to be sufficient to cover estimated losses in the lawsuits in progress and the most relevant ones are:

Civil lawsuits

The Bank is party to civil lawsuits assessed as having a probable risk, which have been fully accrued and amount to R\$ 195,463 (December/21 – R\$ 189,263). In general, the provisions are the result of contract revisions, declarations, obligations to do/not do and compensation for

Labor lawsuits

The Bank is party to labor lawsuits assessed as having a probable risk, which have been fully accrued and amount to R\$ 110,885 (December/21 – R\$ 104,227). Provisions relate to lawsuits discussing labor claims referring to labor law that is specific of the professional category, such as overtime, salary equalization, additional payment due to transfer and other.

Tax and social security proceedings

COFINS x Law 9,718/98 – amount involved R\$ 573,467 (December/21 - R\$ 559,008): claims payment of the contribution from November 2005 to December 2014, based on the calculation provided in Complementary Law 7/70, in view of the unconstitutionality of expanding the calculation basis provided for in Law 9,718/98. Part of the amount involved was deposited in court, R\$ 30,812 (December/21 – R\$ 29,848).

PIS x Law 9,718/98 – amount involved R\$ 93,125 (December/21 – R\$ 90,777): claims payment of the contribution from November 2005 up to December 2014, based on the calculation provided in Complementary Law 7/70, in view of the unconstitutionality of expanding the calculation basis provided for in Law 9718/98. Part of the amount involved was placed in a judicial deposit in the amount of R\$ 115,732 (December/21 – R\$ 111,708).

Income tax/Social contribution PDD/94 - amount involved R\$ 14,585 (December/21 – R\$ 27,296): claims to deduct, from the calculation of income tax and social contribution on net income, for the tax base year of 1994, the expense related to the setting up of the Allowance for loan losses, as specified by the National Monetary Council and the Central Bank of Brazil, as allowed by CMN Resolution 1,748/90 and subsequent amendments, and dismissing, due to unconstitutionality and unlawfulness, the provision of article 43, paragraph 4, of Law 8,981/95. The amount involved was placed in a judicial deposit.

INSS - Profit Sharing of Directors – Years 2009 to 2011 – amount involved of R\$ 63,875 (December/21 – R\$ 61,178): claims the derecognition of a supposed INSS debit, levied on the profit sharing of administrators, related to the base periods from 2009 to 2011, entered through the Tax Assessment Notice, as this contribution is not levied on profit sharing, under the terms of Article 7, XI of the Federal Constitution and Article 28, § 9, j, of Law 8.212/91. The amount involved was placed in a judicial deposit.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

Changes in provisions classified as probable loss and legal obligations

Description	12/31/2021	Addition	Reversal	Monetary Update	Payment	06/30/2022
Civil	189,263	2,197	(6,373)	12,734	(2,358)	195,463
Labor	104,227	3,828	(2,782)	7,018	(1,406)	110,885
Subtotal	293,490	6,025	(9,155)	19,752	(3,764)	306,348
Tax and social security	12/31/2021	Addition	Reversal	Monetary Update	Payment	06/30/2022
PIS – Expansion of Calculation Basis - Law 9718/98	90,777	-	-	2,348	-	93,125
COFINS - Expansion of Calculation Basis - Law 9718/98	559,008	-	-	14,459	-	573,467
Inc. tax and soc. contr. (IRPJ/CSLL) PDD 1994 (*)	27,296	-	(13,422)	711	-	14,585
INSS of Administrators – Years 2009–2011	61,178	-	-	2,697	-	63,875
Others	1,391	182	-	30	-	1,603
Subtotal	739,650	182	(13,422)	20,245	-	746,655
Total	1,033,140	6,207	(22,577)	39,997	(3,764)	1,053,003

(*) It refers to a partial success of a writ of mandamus related to the Social Contribution debt on Net Income.

In the case of the above-described contingencies, CCB Brasil made a judicial deposit (note 10 - Other financial instruments - Assets), totaling R\$ 423,981, of which R\$ 98,226 - civil lawsuits, R\$ 15,758 - labor claims and R\$ 309,997 – tax lawsuits.

b) Lawsuits classified as possible loss

Contingent liabilities stated as likely losses are monitored by CCB Brasil and are based on opinions by legal counsel, with regard to each of the lawsuits and administrative proceedings. Therefore, pursuant to the standards in force, any likely losses are not recognized in the accounting records, and these are composed mainly of the following issues:

Tax and social security proceedings

ISS – Service Tax – São Paulo - Taxed services - Correctness of levying the service tax on services listed in the attachment to Complementary Law 56/87 - involved amount of R\$ 25,749 (December/21 – R\$ 23,869): claims to discontinue the charges of the service tax levied on supposed revenues from provision of taxable services, not expressly included in the list of services attached to Complementary Law 56/87, with the allegation that the list contains mere examples, contrary to understanding taken for granted at the Superior Court of Justice, which adopts the interpretation that only the listed services are taxed. The amount involved was placed in a judicial deposit.

IRPJ/2008 – amount involved R\$ 40,566 (December/21 – R\$ 40,566): awaiting approval of the adherence to the installment payment of Law 12,996/14 (REFIS of COPA), whose analysis of the RQA - Request for Early Discharge (art. 33 of Law 13,043/14) is suspended awaiting the judgment of the disallowance of tax losses and negative basis of social contribution on net income for the years 2012 and 2014 (see IRPJ/CSLL).

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

INSS - Profit Sharing of Directors – amount involved of R\$ 35,884 (December/21 – R\$ 40,754): pleads cancellation of alleged INSS debt for the base periods of 2006 to 2008, generated by Tax Assessment Notice since the debts regarding the taxable events that occurred up to October 10, 2006 have already elapsed and also because it does not affect Social Security Tax on profit under the terms of Article 7, XI of the Federal Constitution and Article 28, § 9, j, of Law 8,812/1991. Part of the amount involved was deposited in court, regarding the Bank and Consolidated, R\$ 35,884 (December/21 – R\$ 39,823).

IRPJ/CSLL – amount involved R\$ 168,154 (December/21 – R\$ 168,154): claims the derecognition of the IRPJ/CSLL debt, related to the base period of 2012 and 2014, entered due to the tax assessment notice, due to disallowance of the deductibility of credit losses, for supposed non-compliance with the procedures established in Law 9,430/96.

Tax on financial transactions (IOF) and Withholding income tax (IRRF) - amount involved R\$ 1,594 (December/21 – R\$ 1,527): CCB Brasil, as jointly liable, claims the derecognition of the supposed IRRF/IOF debit entry related to seven foreign exchange transactions for foreign currency remittances.

IOF on Assignment of Receivables – amount involved R\$ 2,785 (December/21 – R\$ 2,657): claims the derecognition of the entry of IOF debit regarding the supposed levy on receivables assignment contracts with co-obligation, for the period from March 2014 to December 2014, for supposed non-compliance with Decree 6,306/07.

Unapproved Offset – amount involved R\$ 4,465 (December/21 – R\$ 4,220): claims in the administrative level with the RFB the ratification of tax offsets against receivables arising from overpayment or incorrect payment.

Labor lawsuits

There are lawsuits in the Conglomerate that are classified as a possible risk, and no provisions were formed for these cases. According to an estimate by legal advisors, the sum of indemnities for these lawsuits in case of loss amounts to R\$ 40,978 (December/21 – R\$ 20,632). Contingencies relate to lawsuits discussing labor claims referring to labor law that is specific of the professional category, such as overtime, salary equalization, additional payment due to transfer and other.

Civil lawsuits

The Conglomerate is party to lawsuits that are classified as a possible risk; thus, no provision was formed. According to an estimate by legal advisors, the possible sum of indemnities for these lawsuits amounts to R\$ 159,928 (December/21 – R\$ 362,484). In general, the contingencies are the result of contract revisions and indemnities for material damages and pain and suffering.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

22. SURETIES AND GUARANTEES

Description	06/30/2022		12/31/2021	
	Amounts guaranteed	Provisions	Amounts guaranteed	Provisions
Guarantees or sureties in tax lawsuits and proceedings	799,208	26,201	736,013	25,501
Sureties - payments	503,464	328	420,857	328
Performance sureties	78,800	103	87,163	104
Bank guarantees	65,713	-	39,383	-
Other sureties	9,710	-	8,728	-
Total	1,456,895	26,632	1,292,144	25,933
Current	-	18	-	-
Non-current	-	26,614	-	25,933
Total	-	26,632	-	25,933

The guarantees represent the amount of R\$ 2,634 (December/21 – R\$ -) and are classified in the loan portfolio, item “Other” in accordance with CMN Resolution 2,682/99 (Note 8.a).

23. OTHER OBLIGATIONS

	06/30/2022	12/31/2021
Sundry creditors - domestic	37,843	29,981
Interbranch accounts	20,691	26,960
Social and statutory	7,650	8,444
Adjustment of negative equity invested (Note 13)	4,167	2,865
Deferred income	-	13,592
Payables to related companies	8	16
Total	70,359	81,858
Current	70,359	68,266
Non-current	-	13,592
Total	70,359	81,858

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

24. SHAREHOLDERS' EQUITY

CCB Brasil's shareholder structure is as follows:

a) Share capital

Shareholder	06/30/2022			12/31/2021		
	Common	Preferred	Total	Common	Preferred	Total
CCB Brazil Financial Holding Investimentos	297,223,908	168,407,558	465,631,466	297,223,908	168,407,558	465,631,466
Total shares	297,223,908	168,407,558	465,631,466	297,223,908	168,407,558	465,631,466
Total in reais (R\$)	1,887,438	1,069,426	2,956,864	1,887,438	1,069,426	2,956,864

b) Treasury shares

The number of treasury shares as of June 30, 2022 corresponds to 6,398,518 (December/21 – 6,398,518) preferred shares in the amount of R\$ 55,105 (December/21 – R\$ 55,105).

c) Dividends and interest on own capital

Pursuant to by-laws, it is entitled to minimum dividends corresponding to 25% of net income for the semester, in accordance with the applicable corporate legislation.

d) Reserves

The retained loss justified the non-recognition of profit reserves.

25. RELATED PARTIES
a) Related parties

The Bank and its direct subsidiaries carry out transactions between themselves, which were eliminated in the consolidated statement.

The balances of operations of the Bank with the direct, indirect subsidiary, key management personnel and controlling shareholder are shown below:

	Assets / (liabilities)		Revenues / (expenses)	
	06/30/2022	12/31/2021	06/30/2022	06/30/2021
Cash and cash equivalents in foreign currencies	4,403	4,924	-	-
China Construction Bank Corporation (d)	4,403	4,924	-	-
Interbank funds applied in interbank deposits - CDI	100,775	155,810	6,549	4,433
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	100,775	155,810	6,549	4,433
Investment fund quotas	97,294	91,583	5,711	1,262
FIDC Brasifactors (b)	97,294	91,583	5,711	1,262

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

	Assets / (liabilities)		Revenues / (expenses)	
	06/30/2022	12/31/2021	06/30/2022	06/30/2021
Rendering of services	-	20	81	120
CCB Brasil Arrendamento Mercantil S.A. (a)	-	20	81	120
Receivables - related companies	-	39	-	-
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	-	39	-	-
Other credits – Income receivable	-	1,362	-	-
CCB Brasil Arrendamento Mercantil S.A. (a)	-	1,289	-	-
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	-	73	-	-
Demand deposits	(1,531)	(2,773)	-	-
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(58)	(102)	-	-
CCB Brasil Arrendamento Mercantil S.A. (a)	(60)	(55)	-	-
CCB Brasil Informática S.A. (a)	(2)	(1)	-	-
CCB Brasil Administradora de Cartões de Crédito Ltda. (a)	(2)	(16)	-	-
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	(693)	(746)	-	-
CCB Brasil Promotora de Vendas Ltda. (b)	(5)	(1)	-	-
Brasilfactors S.A. (f)	(1)	(1)	-	-
CCB Brazil Financial Holding Ltda. (e)	(76)	(202)	-	-
Key management personnel (c)	(634)	(1,649)	-	-
Interbank deposits	(231,079)	(220,912)	(11,237)	(1,485)
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(21,436)	(21,388)	(1,118)	(268)
CCB Brasil Arrendamento Mercantil S.A. (a)	(209,643)	(199,524)	(10,119)	(1,217)
Time deposits	(110,381)	(112,113)	(4,663)	(1,013)
CCB Brasil Informática S.A. (a)	(776)	(750)	(39)	(10)
CCB Brasil Administradora de Cartões de Crédito Ltda. (a)	(232)	(417)	(21)	(22)
CCB Brasil Promotora de Vendas Ltda. (b)	(1,731)	(1,678)	(90)	(21)
Brasilfactors S.A. (f)	-	(609)	(26)	(33)
FIDC Brasilfactors (b)	(23,661)	(30,875)	(1,055)	(144)
CCB Brazil Financial Holding Ltda. (e)	(83,760)	(77,761)	(3,401)	(771)
Key management personnel (c)	(221)	(23)	(31)	(12)
Purchase and sale agreements	(34,787)	(27,190)	(1,770)	(585)
CCB Brasil Arrendamento Mercantil S.A. (a)	(27,430)	(18,346)	(1,303)	(403)
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	(5,100)	(6,702)	(351)	(153)
CCB Brasil Administradora de Cartões de Crédito Ltda. (a)	(2,257)	(2,142)	(116)	(29)
LCA	(5,311)	(11,371)	(461)	(111)
Key management personnel (c)	(5,311)	(11,371)	(461)	(111)
LCI	(1,318)	-	-	-
Key management personnel (c)	(1,318)	-	-	-
NDF	(2,824)	996	(5,793)	49
Brasilfactors S.A. (f)	(2,824)	996	(5,793)	49
Borrowings	(3,412,197)	(3,631,076)	163,372	66,883
China Construction Bank Corporation (d)	(3,412,197)	(3,631,076)	163,372	66,883
Obligations from sales of financial assets – Resolution 3533/08	(18,459)	(26,494)	(2,338)	(4,727)
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	(18,459)	(26,494)	(2,338)	(4,727)
Transfer of credit assignment	(17)	(101)	-	-
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	(17)	(101)	-	-

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

Namely:

- (a) Subsidiaries and associated companies - Direct
- (b) Subsidiaries and associated companies - Indirect
- (c) Key management personnel
- (d) Indirect controlling shareholder headquartered overseas
- (e) Parent Company - direct
- (f) *Joint venture*

a.1) Transactions due dates and rates

Interbank investments with floating rates are valued at the average CDI rate of 100% (December 21 – 100%); pre-fixed purchase and sale agreements were carried out at average rates of 13.15% p.a. (December/21 - 9.15% p.a.) and mature on July 1, 2022 (December/21 – January 3, 2022), with guarantee of up to 2 years (December/21 – up to 1 year), floating rates are valued at an average rate of 100% of the CDI (December/21 – 100%) and mature on August 30, 2022 (December/21 – from January 3, 2022 to April 24, 2023) with guarantee of up to 01 year (December/21 – up to 01 year). LCA (Agribusiness Credit Bills) operations were carried out with average rates of 102.01% of the CDI (December/21 - 100.43%) and with final maturity up to 2 years (December/21 - up to 2 years), pre-fixed LCAs June/22 do not have operations (December/21 - 7.71% p.a.). LCI (Real estate Credit Bills) operations were carried out at rates of 102.00% of the CDI (December/21 – 103.65%) and have final maturity in up to 01 year - (December/21 – up to 01 year). Term deposits are remunerated at the average rate of 99.00% of CDI (December/21 - 97.02% of CDI), directly related to the invested amount, with final maturity in up to 2 years (December/21 - up to 2 years). Borrowings were carried out at average rates of 5.24% p.a. (December/21 - 5.74% p.a.) and foreign exchange-rate change with final maturity up to 6 years (December/21 - up to 6 years). Information regarding granting of loans to related parties is found in Note 8.f.

b) Remuneration of key management personnel – Consolidated

At the annual shareholders' meeting the maximum remuneration for Administrators, members of the Board of Directors, Executive Board and Audit Committee is established, as well as the maximum limit for the participation of Managers in the profit for the semester, when applicable, in compliance with limits of the CMN Resolution 3,921/10.

During the first half of 2022 and year of 2021, the Board of Directors did not approve payments for the profit sharing of the administrators, in view of the recorded net loss in Bank's Shareholders Equity.

b.1) Short-term benefits – Board of Directors, Executive Board and Audit Committee

	<u>06/30/2022</u>	<u>06/30/2021</u>
Fixed remuneration	13,972	12,590
Other	352	308
Total	14,324	12,898

b.2) Long-term benefits

CCB Brasil does not offer long-time benefits for termination of employment contract to the Key Management Personnel.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

26. INCOME (LOSS) FROM LOAN OPERATIONS AND LEASE

	06/30/2022	06/30/2021
Loans	106,979	156,579
Recovery of loans written off as loss	29,235	18,538
Acquisition of receivables;	7,778	6,487
Income from credit notes and sale of assets	757	1,419
Total	144,749	183,023

27. INCOME (LOSS) FROM INTERBANK FUNDS APPLIED AND SECURITIES

	06/30/2022	06/30/2021
Income from Repurchase and resale agreement	167,319	48,309
Income from short-term interbank investments	86,860	19,302
Income from fixed income securities	47,295	9,570
Income from investments abroad	(334)	222
Other securities' operations	5,744	1,274
Total	306,884	78,677

28. INCOME (LOSS) FROM DERIVATIVE FINANCIAL INSTRUMENTS

	06/30/2022	06/30/2021
Swap	100,341	(9,246)
Future Market - DI	9,930	25,439
Term of currencies	(62,210)	(14,632)
Future Market - Dollar	(68,634)	(51,563)
Total	(20,573)	(50,002)

29. FOREIGN EXCHANGE INCOME

	06/30/2022	06/30/2021
Cash and cash equivalents in foreign currencies	40,548	(10,646)
Foreign exchange transactions	16,912	19,126
Exchange-rate changes	(126,969)	(43,083)
Total	(69,509)	(34,603)

30. OTHER FINANCIAL INTERMEDIATION EXPENSES

	06/03/2022	06/30/2021
Income (loss) from credit assignment operations	(2,338)	(4,727)
Others	-	500
Total	(2,338)	(4,227)

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In thousands of reais - R\$, unless otherwise indicated.

31. BORROWINGS AND ONLENDINGS

	06/30/2022	06/30/2021
Expenses with obligations to foreign bankers	(283,540)	(163,006)
Market to market – Hedge objects	(6,803)	-
Reversal to loans linked to credit operations (note 17)	30,364	5,829
FUNCAFÉ/BNDES Onlendings	3,200	1,965
Total	(256,779)	(155,212)

32. EXPENSES WITH MONEY MARKET REPURCHASE AGREEMENTS

	06/30/2022	06/30/2021
Time Deposits	263,931	67,821
Repurchase and resale agreements	202,202	49,416
Agribusiness credit bills expenses - LCA	36,865	3,688
Interbank deposits	13,973	3,909
Financial bills expenses - LF	7,870	4,983
Credit Guarantee Fund (FGC) contribution expense	3,803	3,813
Real estate credit bills expenses - LCI	111	19
Total	528,755	133,649

33. EXPENSES WITH DEBT INSTRUMENTS ELIGIBLE TO CAPITAL

	06/30/2022	06/30/2021
Perpetual Debt	(58,225)	(14,165)
Subordinated debt	-	(50)
Total	(58,225)	(14,215)

34. REVENUES FROM RENDERING OF SERVICES AND TARIFFS

	06/30/2022	06/30/2021
Income from guarantees granted	16,317	19,155
Income from bank fees	2,037	1,003
Collection income	739	813
Income from other services	6,124	1,321
Total	25,217	22,292

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

35. PERSONNEL EXPENSES

	06/30/2022	06/30/2021
Salaries	47,136	47,813
Social charges	19,255	18,311
Directors' fees	13,972	12,590
Benefits	7,309	7,251
Other	83	112
Total	87,755	86,077

36. OTHER ADMINISTRATIVE EXPENSES

	06/30/2022	06/30/2021
Outside service expenses	10,589	10,426
Rental and fees expenses	8,467	7,635
Data processing expenses	7,279	6,528
Expenses with amortization and depreciation	4,620	5,549
Financial system service expenses	4,177	4,018
Expenses with maintenance and preservation	1,757	1,575
Expenses with judicial and notary public fees	337	1,034
Other expenses	2,901	2,483
Total	40,127	39,248

37. OTHER OPERATING REVENUES

	06/30/2022	06/30/2021
Monetary update of judicial deposits	12,438	2,197
Reversal of provision for restructuring	1,764	973
Recovery of charges and expenses	203	881
Other operating income	928	800
Total	15,333	4,851

38. OTHER OPERATING EXPENSES

	06/30/2022	06/30/2021
Tax expenses	21,463	16,118
Commission expenses	5,275	10,676
Provision for profit sharing - employees	2,979	-
Processing fee	1,951	2,429
Other operating expenses	2,613	953
Total	34,281	30,176

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39. NON-OPERATING INCOME (LOSS)

	06/30/2022	06/30/2021
Income from disposal of assets	3,637	11,592
Reversion provision for non-operating income	249	-
(Loss) write-off of goods in use	(257)	-
Other non-operating income (expenses)	194	142
Total	3,823	11,734

40. RISK AND CAPITAL MANAGEMENT FRAMEWORK

The Bank's risk management enables inherent risks to be properly identified, measured, mitigated, and controlled, to support the sustained development of activities and the continuous improvement in risk management.

The Bank centralizes the management of Social and Environmental, Market, Credit, Liquidity, Operational and Capital Management risks to enhance the efficiency of its controls. It results in an overview of the exposures to which the Bank is subject due to the very nature of its activities, which makes it possible to improve and make more agile strategic decisions, in addition to ensure compliance with the policies established for the area and improve the identification of risks that may affect the business strategy and the fulfillment of related goals. Complies with CMN Resolution 4,557/17. It is included in the Risk Management Report website, in compliance with BACEN Resolution BCB 54/20, which provides for the disclosure of information regarding risk management and the Risk Management Framework report, which provides for the framework and responsibilities and its context in CCB Brasil.

The Capital Management Framework is implemented, in compliance with CMN Resolution 4,557/17. The Board of Directors approved the appointment of the executive officer in charge and the definition of the organizational structure, applicable to the entire financial Conglomerate and other member companies of the financial-economic consolidated. There are institutional policies and processes defined with the procedures and systems necessary for the effective implementation of the Capital Management framework.

Likewise, in compliance with CMN Resolution 4,557/17, the Risk Management framework was established and implemented. The Board of Directors approved the appointment of the executive officer in charge and the definition of the organizational structure, applicable to the entire financial Conglomerate and other member companies of the financial-economic consolidated, as well as approved the institutional policies on risk management.

CMN Resolution 4,327/14 is also observed in relation to the establishment and implementation of the Social and Environmental Responsibility Policy. The Bank has already adjusted the risk management framework to comply with CMN Resolution 4,557/17.

The Risk Management Policy establishes the underlying principles of the institutional strategy with regards to the control and management of risks in all operations. In the administrative scope, the shares are valued in the several committees that guarantee management compliance, considering the complexity of the products, the exposure to risk and the risk-return ratio that involves all the Bank's business decisions. Risk management is in line with guidelines set forth by the Central Bank and covers all subsidiaries.

CCB Brasil's risk management policies are designed to support the formulation of risk appetite, guide employees and establish procedures to monitor, control, dimension and report the risks to the Executive Board. The Senior

Notes to financial statements

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Management's involvement with risk management issues occurs through deliberations of its management bodies, defined, in the articles of association, as the Board of Directors, the Executive Board and the Committees. The governance structure ensures effective risk management. The Bank's risk management is carried out through collective decisions, supported by specific Committees. The Risk Management Department is composed, among others, of departments dedicated to the management of social and environmental, market, credit, operational, liquidity, and capital management risks. These areas provide support to the Risk Committee, Internal Controls, Financial Operations that analyze and define strategies and actions pertinent to the areas of operations.

The controls and risk management committees and management bodies provide support to development and seek to minimize losses by adopting a centralized integrated view. They aim at the automation and creation of the database for risk management and modeling, based on history data of losses and evolution of controls.

- I. The risk mitigating controls allow the limits to be defined in advance, considering the profile and the strategic and operational aspects of each unit.
- II. The risk limits broadly consider the amounts that the Bank is willing to accept to meet its goals, and is reflected in the enterprise risk management philosophy, which in turn influences the Bank's culture and operation conduct. This tolerance is influenced by several factors, including the assessment of the risk's consistency with the corporate strategy.

RISK MANAGEMENT

CCB Brasil's Risk Management Policy defines a set of controls, process, tools, systems and standard reports, needed to provide the appropriate control and management of risk.

The Bank designated the CRO (Chief Risk Officer) as the one responsible for the Risk Framework before the Central Bank, according to the Board of Directors' decision.

Market Risk Management

The Liquidity, Market and Capital Risk Division is responsible for maintaining and updating the Policy and structure of the area on an annual basis. It is independent in relation to the business areas and has as duty to monitor and analyze market risks arising from business activities and the Bank's treasury. It also has as duty to guarantee that the levels of exposure to risk comply with the limits adopted by the Risk Appetite Statement (RAS), and to identify and recommend capitalization levels that are appropriate and compatible with these risks.

Market risk monitoring can be characterized by certain main types of measurements: stale positions, foreign exchange exposure level control, sensitivities, stress tests, Value-at-risk (including adherence tests and validations), DV01, EVE- Economic Value of Equity and NII - Net Interest Income.

All risk metrics are monitored continuously on an integrated basis with the purpose of offering a global view of CCB Brasil's risk profile. The monitoring and control of the Bank's positions is not limited to calculating its market value but recognizes an adequate sensitivity to the real exposure to the Bank's many risk factors. Complementing this measure with the other risk control tools improves monitoring and exposure analysis.

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Credit Risk Management

CCB Brasil has an independent area for managing credit risk, in accordance with best governance practices. This area operates independently from the credit approval structure, calculates the ratings of clients based on metrics that consider their behavior in the market as well as that arising from their operations at the Bank. Thus, it differs from the concepts used by the credit approval area, whose structure is built on careful analysis procedures, developed from the expertise acquired throughout the Bank's history.

ESG - Social and Environmental Risk

The Bank constantly improves the methodologies and tools used for assessing social and environmental variables in its loan granting process to mitigate any risks associated with the capacity of payment and default on investments. For this reason, it has established policies and instruments that allow the suspension of the operation, accelerate contracts and the imposition of restriction penalties.

Liquidity Risk Management

CCB Brasil's Liquidity Risk management consists of measuring, evaluating, and controlling the bank's capacity to meet its financial commitments through mathematical estimates and modeling on its own base of operations. Such models have complementary characteristics and are described below:

- I. Backward Looking: historical analysis of transactions, repurchases, renewals of transactions by clients to estimate the potential of insufficient cash to pay the bank's commitments.
- II. Forward Looking: analysis of the projected portfolio, considering budget scenarios and expected portfolio growth.

The results of the liquidity calculations made for the next three years, following these models, demonstrate that CCB Brasil has and will have sufficient funds to meet its obligations and has a position with a wide safety margin in current in non-current.

CCB Brasil has a liquidity risk management department for the identification, monitoring and control of events that may impact the bank's liquidity in both current and non-current.

Liquidity risk management provides:

- I. Preparation of cash flow for evaluation and monitoring of liquidity in current and non-current terms;
- II. Statistical models for estimating unexpected cash outflows such as acceleration of CDB, derivative adjustment payments and additional guarantee deposits with B3;
- III. Stress tests to monitor financial health in adverse liquidity scenarios.

Events that indicate inadequate liquidity capacity for the institution's future obligations are reported on a timely basis to take corrective and preventive actions.

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

The assets and liabilities according to the remaining contractual maturities, considering their undiscounted flows, are shown below:

As of June 30, 2022, CCB Brasil presented its Current Liabilities greater than Current Assets, calculated according to the nominal maturity of its operations. However, the Conglomerate has securities classified in the category available for sale (note 6.b), except for related to guarantees provided, in the amount of R\$ 2,048,749 (December/21 – R\$ 2,048,012), which even classified as non-current, represent highly liquid investments in government bonds issued by the National Treasury, and a portion of the current liabilities are loans with the parent company in China in the total amount of R\$ 3,412,197 (December/21 – R\$ 3,631,076), maturing in less than one year, which has been systematically renewed.

	06/30/2022		
	Nominal liquidity	Reclassification by effective liquidity	Adjusted liquidity
Current assets	9,507,602	2,048,749	11,556,351
Current liabilities	(12,949,147)	3,412,197	(9,536,950)
Net balance	(3,441,545)	5,460,946	2,019,401

	12/31/2021		
	Nominal liquidity	Reclassification by effective liquidity	Adjusted liquidity
Current assets	11,388,460	2,048,012	13,436,472
Current liabilities	(13,303,348)	3,631,076	(9,672,272)
Net balance	(1,914,888)	5,679,088	3,764,200

Sensitivity analysis

CCB Brasil has conducted a sensitivity analysis using the scenario of 10% for foreign exchange appreciations or depreciation, interest rates and shares (Scenario I), 25% (Scenario II) and 50% (Scenario III). It is necessary to disclose the demonstrative table of sensitivity analysis for each type of relevant market risk arising from financial instruments that expose the Institution on the closing date for each period. For its preparation we identified the types of risks that could generate material losses, including transactions with derivative financial instruments in a more probable scenario, as well as two (2) scenarios that could generate adverse results for the Institution. In the definition of the scenarios, the situation considered probable by management had as reference an independent external source: B3 S.A. - Brasil, Bolsa, Balcão and a situation, with depreciation or appreciation of 25% and 50% in the risk variable was considered.

We present in the sensitivity analysis table the set of operations involving financial instruments registered in equity accounts that CCB Brasil has with the purpose of managing its exposure to market risks and that aims to protect it, especially in periods of historical records. This valuation is systematically carried out by the risk management area and evaluated by the Risk Committee and Asset and Liability Management Committee (ALCO), which meets and defines a set of scenarios in a crisis environment. A scenario, in this context, is regarded as a certain combination of prices and interest rates. The preparation of the table followed the procedure below:

Notes to financial statements

In thousands of reais - R\$, unless otherwise indicated.

- (i) In each scenario, the amounts of the trading portfolio (Trading Book) and the structural transactions from several of the Institution's business lines and their respective hedges (Banking Book) were calculated;
- (ii) For each one of the risk factors, we chose the calculation that incurred in the highest loss and, based on it, applied the defined increase or decrease;
- (iii) Finally, we obtained the losses, corresponding to the related hypothetical scenario.

The following scenarios do not necessarily reflect the market risk management of the Institution neither is it associated with the accounting policies. The stress models may represent extreme situations that are distant from a day-to-day situation.

Below is the summary of the premises for each one of the scenarios.

We chose for each portfolio the trend (increase or decrease) that maximizes loss for each risk factor. The parallel dislocations of the curve were maintained, that is, a dislocation of + 1,000 basis means that in all future curves there was a 10% increase to the current rates.

For each scenario, the expected loss of the portfolio in relation to the marked-to-market position was measured.

Scenarios are described as follow

Scenario 1: Lower oscillation situation. Assumptions adopted: parallel shock of 10% in risk variables, based on market conditions seen on June 30, 2022, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

Scenario 2: Potential situation. Assumptions adopted: parallel shock of 25% in risk variables, based on market conditions seen on June 30, 2022, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

Scenario 3: Potential situation. Assumptions adopted: parallel shock of 50% in risk variables, based on market conditions seen on June 30, 2022, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

The scenarios adopted for Banking and Trading Portfolio are shown in the following table, and also reflects the deterioration in the macroeconomic expectations since it maximizes loss for each risk factor in this portfolio. (Fixed) interest rates strongly increase (10%; 25%; and, 50%), there is a substantial parallel dislocation of the foreign exchange coupon curves, the foreign exchange rates increase widely, the Brazilian stock exchange faces a downfall, reflecting in the indicators and indexed contracts

Banking Portfolio - premises for risk factors			
	Scenario 1	Scenario 2	Scenario 3
(Fixed) Interest Rate Curve	parallel shift of +1,000 basis points	parallel shift of +2,500 basis points	parallel shift of +5,000 basis points
Foreign Exchange Coupon Curve	parallel shift of -1,000 basis points	parallel shift of -2,500 basis points	parallel shift of -5,000 basis points
Dollar - Spot	10% decrease	25% decrease	50% decrease

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In thousands of reais - R\$, unless otherwise indicated.

The results of the losses calculated in the scenarios presented summarize the losses from market fluctuations by risk factor, generated by CCB Brasil's systems and calculated for the Banking portfolio. These losses are shown in the following table:

Banking Portfolio - Results for risk factors in 06/30/2022			
Risk factors	Scenario 1	Scenario 2	Scenario 3
Dollar and dollar coupon	(3,434)	(9,188)	(20,379)
Fixed Rate in reais	(15,459)	(36,874)	(68,455)
Total loss	(18,893)	(46,062)	(88,834)

Trading Portfolio - Results for risk factors in 06/30/2022			
Risk factors	Scenario 1	Scenario 2	Scenario 3
Dollar and dollar coupon	(49)	(123)	(247)
Fixed Rate in reais	(51)	(123)	(235)
Total loss	(100)	(246)	(482)

The risk factors are presented as follows:

- Includes all the products that have price variations pegged to dollar variations and interest rates in dollars.
- Fixed rate in real – Includes all products that have price variations pegged to dollar variations and interest rates in Real.

The sensitivity analysis Table has limitations and the economic impact on a potential fluctuation in interest rates might not represent necessarily a profit or a material accounting loss for the institution. The specific combination of prices which determine each scenario is an arbitrary decision, though possible. The signs of historical correlations between the assets were not necessarily respected and the scenarios chosen were analyzed according to a past time frame.

The accounting of the "Banking" Portfolio instruments, at a large extent, is made by the contract curve, which is different from the derivative financial instruments in the "Trading" Portfolio that are subject to fluctuations in the respective accounting record due to mark-to-market.

The results presented in the table referring to the banking portfolio may, at first glance, give the impression of high sensitivity to volatility. For a better analysis of the results obtained in this portfolio, it is suggested to evaluate the results of the measurements of Delta EVE (Economic Value of Equity) and Delta NII (Net Interest Income) with the calculation methodology standardized by the Central Bank of Brazil in Circular 3,876 /18 and in BCB Resolution 54/20. In view of this, it is noteworthy that the sensitivity analysis is an overview of the potential losses involved in the portfolio in the event of materialization of shocks on the stressed risk factors in isolation. This means that correlation and conjunctural impacts are not being considered in this analysis.

Likewise, in the sensitivity chart, interest rates and foreign exchange were considered unrelated. The limitations of the analysis of scenarios also involve the marking to market of all positions, which contradicts the Institution's determination in taking operations (especially foreign currency funding operations) to maturity, which may lead

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readers to make a mistake in judging that the losses presented in the scenarios will materialize, even if the oscillations provided for in the risk factors are verified.

CAPITAL MANAGEMENT

CCB Brasil’s risk and capital sufficiency management adopts, among others, basic elements of analysis, such as the understanding and identification of the risks inherent in its activities embodied in Capital and Liquidity management policy, assessment of the need for capital for the most relevant risks; development of methodologies for quantifying capital buffer; Capital and Contingency plan, and Strategic budget. It is carried out using quantitative metrics that include models and recommendations from the Central Bank of Brazil, from the Basel III perspectives and concepts.

The follow-up and monitoring of this management is continuous by the Risk Committee, assessed by the Board of Directors in Brazil, by the Head Office and regularly reported to BACEN. This framework is based on the guidelines established by CMN Resolution 4,557/17, which provides for the Risk and Capital management structure and the information disclosure policy. The resolution highlights the mandatory creation of a continuous and integrated risk management framework in banks, the definition of a Risk Appetite Statement (RAS), of stress testing programs, the creation of the Risk Committee, among others.

Among the measures adopted to face the crisis caused by the Covid-19 pandemic in 2020, and to provide greater stability for the Brazilian financial system, the Bacen launched a series of contingency actions, such as the reduction in the additional collection on mandatory deposits, exemption from provisioning for renegotiated loan operations, the option of funding by Financial Institutions through time deposits with special “NDPGE” guarantees, among others.

In this sense, CMN Resolution 4,783/20, revoked on January 3, 2022, established the reduction in the rate of the capital conservation buffer (ACPC) from 2.5% to 1.25% for the period of one year, with a gradual review until March 2022 also aimed to improve the Institutions’ ability to leverage assets and loans.

BACEN Requirements	Valid in 06/30/2022	Valid in 12/31/2021
Core capital ratio	7.0%	6.5%
Tier I Capital ratio	8.5%	8.0%
Basel Ratio (total PR)	10.5%	10.0%

The Leverage Ratio (RA) is defined as the ratio between Tier I Capital and Total Exposure, calculated in accordance with BACEN Circular 3,748/15. It is a simple leverage measure not sensitive to risk and does not consider the Risk Weighting Factors (FPR) or mitigations considered in the RWA. It is not required for S3 Group banks, but is calculated for the purpose of monitoring RAS and is a good indicator of an institution’s capital-to-assets ratio.

The tables presented below show the main capital indicators calculated as of June 30, 2022 and December 31, 2021 and those established in the RAS Policy for 2022 - with review expected to occur in a year or any time when the circumstance requires.

It is noted that the capitalization and leverage indices comfortably meet all the minimum requirements, with space for asset growth in 2022.

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In thousands of reais - R\$, unless otherwise indicated.

In R\$ thousand	06/30/2022	12/31/2021
Capital – Level 1	1,975,626	2,051,929
- Core Capital	1,085,166	1,103,244
-Perpetual Bonds	890,460	948,685
Capital – Level 2	-	-
Reference Equity	1,975,626	2,051,929
-RWACpad	10,426,840	10,965,365
-RWAMpad	216,530	415,104
-RWAOpad	1,350,537	1,405,146
Total RWA	11,993,907	12,785,615
-	55,096	65,111
Ratios		
Main Capital	9.05%	8.63%
Level 1	16.47%	16.05%
Basel Ratio	16.47%	16.05%
IB to RWA + IRRBB	15.58%	15.09%

Art. 12, CMN Resolution 4,958/21, determines that institutions must maintain sufficient Capital to cover the risk of changes in interest rates on the bank portfolio (IRRBB), treating it as a capital buffer requirement, without including it in the definition of RWA. At CCB Brasil, the limit for IRRBB is set in R\$ in the risk appetite statement. The review of the calculation methodology, combined with the reduction of the long-term credit portfolio, reduced the consumption of capital in this item, from December 2020, as noted above.

41. RECURRING AND NON-RECURRING RESULTS

As provided for in BCB Resolution No. 02/2020, a non-recurring result should be considered as a result that is not related or is incidentally related to the typical activities of CCB Brasil and is not expected to occur frequently in future years. In the first semester of 2022 and of 2021, there was no record of non-recurring results in the Bank.

42. OTHER INFORMATION

a) Insurance

The Bank adopts a risk protection policy, according to the relevance of the amounts involved, and Management considers the global amounts of the insurance contracted to be sufficient.

Board of Directors

President:	Xilai Feng
Board members:	Fanggen Liu Liping Shang Daniel Joseph McQuoid Heraldo Gilberto de Oliveira

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In thousands of reais - R\$, unless otherwise indicated.

Executive Board

Chief Executive Officer:	Liping Shang
Directors, Vice-President:	Yongdong Jiang Zhiqiang Zhu
Directors:	Carlos José Roque Claudio Augusto Rotolo
Accountant:	Fábio José Mazzetto Said CRC: 1SP264988/O-8

Audit Committee

President and qualified member:	Heraldo Gilberto de Oliveira
Committee Members	Walter Mallas Machado de Barros Daniel Joseph McQuoid