

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

Financial Statements
June 30, 2021

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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, 2021. The remarks presented here, except when emphasized differently, are demonstrated on a consolidated basis covering their subsidiaries and in domestic currency (Reais – R\$). The financial statements portrayed are in accordance with the standards of the Central Bank of Brazil (BACEN).

Impacts of the Coronavirus Pandemic (COVID-19)

a) General Context

Considering worldwide pandemic declared by WHO - World Health Organization related to the new Coronavirus - “COVID-19”, which is affecting and bringing risks to public health and countless impacts on Brazilian and global economy, CCB Brasil has adopted a number of measures in line with guidelines established by domestic and international health authorities in order to minimize as much as possible impacts on health and safety of its employees, family members and partners in those areas where it operates, as well as on regular going concern of the Bank.

The Bank adopted contingency measures to maintain its operations on a regular basis, seeking to preserve its professionals’ health by providing safe access to workplaces, when essential, in an environment that preserves distance among people, hygiene and adequate protection. Most employees are working from home. CCB Brasil maintained its staff and did not lay off people due to this crisis.

b) Impact on business for the first half of 2021

CCB Brasil continued to act prudently, preserving the good quality of the credit portfolio and constantly monitoring any signs of further economic, sector or customer deterioration. The main sectors in which clients operate have been monitored through specific reports in order to support a guide to monitor the portfolio during this specific and challenging period in the economy.

The effects of these measures are reflected in the quality of the portfolio in the corporate segment and in medium-sized companies, which contributed to the little effect on the deterioration of the corporate portfolio, compared to market expectations, given that it represents 86% of the portfolio.

Considering these facts, the maintenance of more restrictive criteria processes for granting new credits, the concentration of efforts in segments less impacted by Covid-19, CCB Brasil continued in line with the process of gradual recovery of the levels of the credit portfolio, registering a gradual increase where, at the end of June 2021, it ended with a position of R\$ 8,871 million for corporate credits, representing an increase of 6.0% compared to December 2020.

Counterbalancing this scenario and following the conservative posture adopted in 2020, the retail credit portfolio has reduced throughout the pandemic period, closing the first half of 2021 at R\$ 1,483 million, representing a 27.9% drop compared to December 2020. It is worth noting that new disbursements to state local government employees have been suspended since 2020 and for federal government employees, the credit granting processes are following more rigorous rules, where there is a reduction in the maximum age of the client for granting payroll loans, in addition to the adjustments made to the policies for granting retail credit.

Another point to be highlighted for the retail loan portfolio is the recovery campaign aimed at reducing overdue loans in order to maintain the indicators of this portfolio at reasonable levels.

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

Thus, at the end of June 2021, the loan portfolio remained stable compared to December 2020. The corporate segment increased by R\$ 503 million in this period, while the retail segment decreased by R\$ 504 million.

The consolidated NPL (non performing loans) indices, comprising the credit portfolio classified between risk levels D and H, remain well controlled, demonstrating a positive performance in the quality of the corporate portfolio. The consolidated portfolio on June 30, 2021 presented 3.1% of NPL, while on December 31, 2020 4.9%. Controls were carried out to maintain the process of reducing the NPL and provisions expenses ratio, maintaining stability in the quality of the loan portfolio.

In addition to the measures indicated above, the Bank has been analyzing all new government guidelines and policies in response to the pandemic.

Performance for the period

The first half of 2021 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 2021, loan operations reached R\$ 10,354.1 million. The share of credits with AA-C rating (the lowest-risk credit range), increased by 2.0% compared to the end of last year, representing 96.9% of the total portfolio.

In relation to Funding which covers market funding in reais and borrowings and onlendings, we observed a decrease of 3.9% in funding in reais in this period. Time deposits reached R\$ 5,532.0 million, a decrease of 0.4% over December of 2020. The funds issued, composed of LCAs, LFs and LCIs, totaled R\$ 534.2 million, a decrease of 22.9% compared to December 31, 2020.

As of June 30, 2021, Head Office represented 37.6% of total funding of R\$ 12,302.2 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. In effect, the Head Office's funds, which are usually available for terms of 360 days, have been systematically renewed.

The Bank has credit and funding operations indexed to exchange variation, whose effects significantly impacted the income and expenses of financial intermediation presented on June 30, 2020, however, these effects did not reach the net result of the Conglomerate's financial intermediation, in resulting from the use of derivative financial instruments to eliminate the exchange exposure of the Group's operations in foreign currencies.

The gross result of consolidated financial intermediation for the first half ended June 30, 2021 reached R\$ 179.1 million, a decrease compared to the result obtained in the period ended June 30, 2020, R\$ 333.1 million, reflecting the reduction of the spreads practiced by the Group given the strategic option for large corporate clients with an excellent risk profile, in addition to the significant reduction in payroll loan operations

For the first half of 2021, operating expenses that include administrative and personnel expenses totaled R\$ 142.4 million, an increase of 1.69% in comparison with the period ended June 30, 2020.

The consolidated net loss for the first half ended June 30, 2021 was R\$ 12.9 million, significantly lower than the same period in 2020, where a loss of R\$ 514.6 million was recorded, mainly due to the write-off of tax credits in the amount of R\$ 394.2 million.

On June 30, 2021, consolidated shareholders' equity reached R\$1,096.6 million and the Basel ratio was 14.08%.

Human resources and service points

The Bank ended first half of 2021 with 444 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, 2021).

Summary of the Audit Committee Report
1st. half of 2021

The Audit Committee of China Construction Bank (Brasil) Banco Múltiplo S.A. is established in compliance with National Monetary Council (CMN) Resolution 3,198/04 and the Bank's bylaws.

The Committee analyzed the individual and consolidated financial statements (including the prudential conglomerate) for the semester ended June 30, 2021, focusing on the application of accounting practices adopted by the market and compliance with standards issued by the Central Bank of Brasil - BACEN. The Committee evaluated the recommendations proposed by the Internal and Independent Audits, discussing with Management the arrangements for the respective compliance. Based on the information and reports received from the internal control and risk areas, the work of the Internal Audit and the Independent Audit reports, the Committee concluded that there were no failures to comply with internal regulations and standards that could endanger the continuity of the institution.

The Audit Committee discussed with PricewaterhouseCoopers Auditores Independentes (PwC) the results of the work and its conclusions on the audit of these financial statements, the report of which is unqualified. The key audit matters were also discussed with PwC, as well as other points related to accounting practices, recommendations and notes in the internal control and risk reports, and presentation of the financial statements. The Audit Committee made recommendations in order to improve the management processes of internal controls, Compliance and risk management, whose actions are monitored by the Internal Audit.

The Audit Committee, as a result of evaluations based on information received from Management, Internal Audit, Independent Audit and the area responsible for corporate monitoring of internal controls and risks, considering the limitations arising from the scope of its function, understands that the Audited Financial Statements individual and consolidated for the semester ended June 30, 2020 are in a condition to be approved by the Board of Directors.

São Paulo, August 26, 2021

Audit Committee

(A free translation of the original in Portuguese)

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***China Construction
Bank (Brasil)
Banco Múltiplo S.A.
and its subsidiaries***

*Parent company and consolidated
financial statements at
June 30, 2021
and independent auditor's report*





(A free translation of the original in Portuguese)

Independent auditor's report on the parent company and consolidated financial statements

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

Opinion

We have audited the accompanying parent company financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. ("Bank"), which comprise the balance sheet as at June 30, 2021 and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six-month period, as well as the accompanying consolidated financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at June 30, 2021 and the consolidated statements of income, comprehensive income and cash flows for the six-month period, and notes to the financial statements, including a summary of significant accounting policies.

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. and of China Construction Bank (Brasil) Banco Múltiplo S.A. and its subsidiaries as at June 30, 2021, and the Bank's financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the six-month period, 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 parent company and consolidated financial statements" section of our report. We are independent of the Bank and its subsidiaries 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 six-month period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our audit for the six-month period ended June 30, 2021 was planned and performed considering that the Bank and the Consolidated operations have not changed significantly in comparison to the prior year. In this context, the Key Audit Matters, as well as our audit approach, have remained substantially in line with those of the prior year.





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

Why it is a Key Audit Matter

How the matter was addressed in the audit

Allowance for expected credit risk loss - (Notes 3 (f), 8 and 11) - Bank and Consolidated

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.

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.

Considering all those aspects, as well as the significance of the amounts involved, this is a critical estimation area and has been defined as an area of focus in our audit.

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.

We analyzed the criteria describe 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.

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.

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 disclosed in the financial statements.

Tax credits (Notes 3 (j) and 14(a)) - Bank and Consolidated

The China Construction Bank (Brasil) Banco Múltiplo S.A. and its subsidiaries recognized tax credits arising from temporary differences, income tax and social contribution losses, recorded 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.

Considering that the use of different assumptions in the future taxable profit projection could

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.

With the support of our experts, 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.

We discussed with management and confirmed the approval of the technical study that supports the



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

Why it is a Key Audit Matter

significantly modify the terms expected for the realization of the tax credits, with consequent accounting impact, this is an area of critical estimation and was defined as an area of focus in our audit.

How the matter was addressed in the audit

realization of the tax credits by the appropriate management bodies.

Based on the audit procedures results and in the context of the inherent uncertainties of realization of the amounts registered as tax credits, we consider that the assumptions adopted by management are reasonable and consistent with the disclosures in the financial statements.

Information technology environment

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

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

With the support of our experts, 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.

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

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 parent company and consolidated 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 parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.



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

In connection with the audit of the parent company and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement 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 parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of these parent company and consolidated 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 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 parent company and consolidated 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 financial reporting process of the Bank and its subsidiaries.

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

Our objectives are to obtain reasonable assurance about whether the parent company and consolidated 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 parent company and consolidated 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 of the Bank and its subsidiaries.



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

- 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 parent company and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company and consolidated 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 the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the 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 as at June 30, 2021 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, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Melissa Tuxen Wisnik
Contadora CRC 1SP221490/O-0

Balance sheet
(In thousands of reais)

Assets	Note	Bank		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Currents and non currents					
Financial instruments		17,209,300	16,472,207	17,264,575	16,557,290
Cash and cash equivalents		148,117	168,495	148,194	168,559
Interbank funds applied	5	2,194,724	1,263,746	1,932,310	887,890
Securities	6.b	4,546,016	4,884,623	4,546,016	4,884,623
Derivatives	7.f	106,015	98,570	106,015	98,570
Credit Portfolio and leasing operations	8	8,798,093	9,006,816	9,141,229	9,517,523
Foreign exchange operations	9	1,252,219	1,075,652	1,252,219	1,075,652
Other financial instruments	10	480,809	461,208	491,947	462,636
Allowance for expected loss to credit risk	11	(316,693)	(486,903)	(353,355)	(538,163)
Non-financial assets held for sale	12	147,292	169,144	149,279	171,948
Cost		271,399	311,487	276,320	318,684
Provision for impairment		(124,107)	(142,343)	(127,041)	(146,736)
Investments		348,602	335,354	645	645
Investments in domestic subsidiaries	13	347,958	334,710	-	-
Other investments		644	644	645	645
Property and equipment		15,783	20,174	16,419	21,158
Cost		111,746	111,746	116,128	116,127
Accumulated depreciation		(94,454)	(90,063)	(98,200)	(93,460)
Provision for impairment		(1,509)	(1,509)	(1,509)	(1,509)
Intangible		1,685	1,970	1,700	1,988
Cost		23,179	22,306	130,560	129,686
Accumulated amortization		(21,494)	(20,336)	(128,860)	(127,698)
Tax Assets		1,323,283	1,341,495	1,381,644	1,412,227
Taxes to be offset		5,698	10,741	20,024	31,925
Tax credits	14.a	936,923	950,092	980,958	999,640
Presumed - Law nº 12.838/13	14.b	380,662	380,662	380,662	380,662
Other Assets	15	68,004	65,081	79,237	76,200
Total assets		19,113,949	18,405,425	18,893,499	18,241,456

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

Balance sheet

(In thousands of reais)

(continued)

Liabilities	Note	Bank		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current and non current					
Financial instruments		16,529,789	15,871,564	16,234,878	15,563,794
Funds obtained in the market	16	10,262,825	10,368,069	10,006,478	10,113,956
Borrowings and onlendings	17	4,597,688	4,352,900	4,597,688	4,352,900
Derivatives	7.f	69,028	82,233	69,028	82,233
Foreign exchange operations	9	179,816	112,856	179,816	112,856
Debt instruments eligible to capital	18	1,358,957	892,897	1,358,957	892,897
Other financial instruments	20	61,475	62,609	22,911	8,952
Provisions	21	1,097,307	1,084,874	1,145,040	1,131,744
Tax liabilities		301,179	283,338	314,650	332,355
Current Taxes		9,694	18,173	14,455	28,191
Deferred Taxes	14.c	209,078	182,883	217,788	221,882
Presumed Taxes - Law nº 12.838/13	14.b	82,407	82,282	82,407	82,282
Other liabilities	24	97,726	99,593	102,289	103,285
Total liabilities		18,026,001	17,339,369	17,796,857	17,131,178
Shareholders equity					
Share Capital	25.a	2,956,864	2,956,864	2,956,864	2,956,864
Treasury shares	25.b	(55,105)	(55,105)	(55,105)	(55,105)
Accumulated losses		(1,809,399)	(1,832,035)	(1,800,705)	(1,787,813)
Capital reserve		899	899	899	899
Other comprehensive income		(5,311)	(4,567)	(5,311)	(4,567)
Total shareholders' equity		1,087,948	1,066,056	1,096,642	1,110,278
Total liabilities and shareholders' equity		19,113,949	18,405,425	18,893,499	18,241,456

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

Statement of Income

Periods ended on June 30

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

Note	Bank		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Income from financial intermediation	177,095	2,910,894	140,668	2,978,346
Loan and lease operations	183,023	1,726,182	151,043	1,811,435
Results from Interbank funds applied and securities	78,677	191,444	74,230	173,643
Derivatives	(50,002)	381,917	(50,002)	381,917
Foreign exchange results	(34,603)	611,351	(34,603)	611,351
Financial intermediation expenses	31,551	(2,657,871)	38,401	(2,645,251)
Borrowings and onlendings	155,212	(1,761,327)	155,212	(1,761,327)
Funds obtained in the market	(133,649)	(167,660)	(131,526)	(164,958)
Debt instruments eligible to capital	14,215	(281,567)	14,215	(281,567)
Subordinated debt	-	(438,896)	-	(438,896)
Other financial intermediation expenses	(4,227)	(8,421)	500	1,497
Gross profit (loss) from financial intermediation before expected credit loss	208,646	253,023	179,069	333,095
Provision for expected loss to credit risk	(18,880)	(201,628)	(18,029)	(192,783)
Net profit (loss) from financial intermediation	189,766	51,395	161,040	140,312
Other operating income (expenses)	(138,766)	(202,445)	(170,049)	(232,244)
Service revenues	22,292	25,472	22,414	25,652
Personnel expenses	(86,077)	(72,154)	(92,668)	(79,739)
Other administrative expenses	(39,248)	(47,592)	(49,735)	(60,295)
Other operating income	4,851	18,422	11,952	22,001
Other operating expenses	(30,176)	(79,710)	(35,367)	(91,705)
Equity in the results of subsidiaries	13,425	(4,736)	177	71
Provision / reversal for contingent liabilities	(23,680)	(30,212)	(26,669)	(36,294)
Provisions for guarantees provided	(153)	(11,935)	(153)	(11,935)
Operating result	51,000	(151,050)	(9,009)	(91,932)
Other non operating income (expenses)	11,734	(826)	13,775	(293)
(Provision) for impairment of assets not for own use	-	(29,378)	(375)	(32,966)
Non operating result	11,734	(30,204)	13,400	(33,259)
Profit (loss) before taxes	62,734	(181,254)	4,391	(125,191)
Income tax and social contribution	-	-	(1,961)	(4,083)
Deferred taxes	(40,098)	(341,908)	(15,322)	(385,313)
Net Profit (Loss) for the period	22,636	(523,162)	(12,892)	(514,587)
Amount of shares (thousand)	459,233	459,233	459,233	459,233
Basic and diluted profit (loss) per share - R\$	0.05	(1.14)	(0.03)	(1.12)

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

Statement of comprehensive income

Periods ended on June 30

(In thousands of reais)

	Bank		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Net Profit (Loss) for the period	22,636	(523,162)	(12,892)	(514,587)
Other comprehensive results which will be reclassified subsequently for net income (loss)	(744)	(284)	(744)	(284)
Securities available for sale				
Change in fair value	(1,353)	(476)	(1,353)	(476)
Deferred taxes	609	192	609	192
Comprehensive profit (loss) for the period	21,892	(523,446)	(13,636)	(514,871)

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

Statement of changes in shareholders' equity

Periods 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, 2020	2,956,864	(55,105)	899	266	(1,371,538)	1,531,386
Other comprehensive results	-	-	-	(284)	-	(284)
Net Loss for the period	-	-	-	-	(523,162)	(523,162)
Balance at June 30, 2020	2,956,864	(55,105)	899	(18)	(1,894,700)	1,007,940
Variation in the period	-	-	-	(284)	(523,162)	(523,446)
Balances 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 of the period	-	-	-	-	22,636	22,636
Balances at June 30, 2021	2,956,864	(55,105)	899	(5,311)	(1,809,399)	1,087,948
Variation in the period	-	-	-	(744)	22,636	21,892

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

Statement of cash flows
Periods ended on June 30
(In thousands of reais)

	Note	Bank		Consolidated	
		06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flow from operating activities					
Net Profit (Loss) for the period		22,636	(523,162)	(12,892)	(514,587)
Adjustments to the Profit (Loss)		68,976	567,782	58,255	606,982
Provision for expected loss to credit risk	11	18,880	201,628	18,029	192,783
Restatement of judicial deposits		(2,197)	(4,510)	(2,224)	(4,562)
Provision for contingent liabilities	22.a	23,680	30,212	26,669	36,294
Provision for loans linked to credit operations	32	5,829	(44,492)	5,829	(44,492)
Other operating provisions		153	41,313	528	44,901
Depreciation and amortization	37	5,549	10,289	5,901	10,648
Tax credits and Deferred tax liabilities	14	40,098	341,908	15,322	385,313
Equity in the results of subsidiaries	13	(13,425)	4,736	(177)	(71)
Loss on sales of property and equipment		-	2,349	-	2,349
Loss (Gain) on sales of assets held for sale	40	(11,592)	(1,327)	(13,623)	(1,857)
Exchange variations on cash and cash equivalents		2,001	(14,324)	2,001	(14,324)
Adjusted Profit		91,612	44,620	45,363	92,395
Decrease in interbank funds applied		267,614	176,805	786	14
Decrease (Increase) in Securities		337,254	(77,945)	337,254	(76,746)
(Increase) decrease in derivatives		(20,650)	388,257	(20,650)	388,257
Decrease (increase) in credit portfolio and leasing operations		19,632	(2,521,339)	173,149	(2,425,302)
(Increase) in foreign exchange portfolio - assets		(176,567)	(769,896)	(176,567)	(769,896)
Increase in foreign exchange portfolio - liabilities		66,960	458,512	66,960	458,512
(Increase) in other financial instruments - assets		(190,470)	(212,399)	(254,051)	(292,725)
(Decrease) increase in funds obtained in the market		(105,244)	3,584,418	(107,478)	3,603,638
Income tax and social contribution paid		-	-	(2,557)	(2,649)
Interest payment		(31,567)	(112,664)	(31,567)	(112,664)
Contingencies payment	22.a	(16,178)	(16,303)	(18,977)	(17,379)
Interest received		165,884	256,201	236,006	336,334
(Decrease) in other liabilities		(5,568)	(31,829)	(6,726)	(45,558)
(Decrease) increase in other financial instruments - liabilities		(1,134)	(28,935)	13,959	(2,938)
Dividends received	13.a	979	-	-	-
Interest on own capital received	13.b	8,500	-	-	-
Net cash provided by operating activities		411,057	1,137,503	254,904	1,133,293
Cash flow from investing activities					
Sales of assets not for own use		33,445	6,577	36,225	10,775
Acquisition and sale of property and equipment		-	(35)	-	(35)
Acquisition of intangible assets		(873)	(587)	(873)	(587)
Net cash provided by investing activities		32,572	5,955	35,352	10,153
Cash flow from financing activities					
Increase in borrowings and onlending resources		6,157,863	11,612,324	6,157,863	11,612,324
(Decrease) in subordinated debts	19	-	(1,110,499)	-	(1,110,499)
Increase debt instruments eligible to capital	18	466,060	263,664	466,060	263,664
Repayment of borrowings		(5,887,337)	(9,949,853)	(5,887,337)	(9,949,854)
Net cash used in financing activities		736,586	815,636	736,586	815,635
Increase in cash and cash equivalents		1,180,215	1,959,094	1,026,842	1,959,081
Cash and cash equivalents at the beginning of the period	4	1,050,854	586,662	1,050,918	586,815
Exchange variations on cash and cash equivalents		(2,001)	14,324	(2,001)	14,324
Cash and cash equivalents at the end of the period	4	2,229,068	2,560,080	2,075,759	2,560,220
Increase in cash and cash equivalents		1,180,215	1,959,094	1,026,842	1,959,081

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

Notes to the individual and consolidated 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

a) Presentation of financial statements

Individual financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil, including overseas facilities, and consolidated financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. - CCB Brasil and subsidiaries have been prepared based on Brazilian accounting practices 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.

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 of June 30, 2021. This standard, among other requirements, determined the separate disclosure in an explanatory note of recurring and non-recurring results (note 42).

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 individual and consolidated financial statements show all relevant information used in its management and that accounting practices 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, 2021.

b) Consolidated financial statements

For preparation of consolidated financial statements, balance sheet balances and results from transactions between group companies were eliminated.

Direct and indirect subsidiaries in consolidation scope are as follows:

Notes to the individual and consolidated financial statements

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

Investment	%
CCB Brasil Arrendamento Mercantil S.A.	100
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A.	100
CCB Brasil Informática S.A.	100
CCB Brasil Administradora de Cartões de Crédito Ltda.	100
CCB Brasil S.A. Crédito, Financiamentos e Investimentos	100
CCB Brasil Promotora de Vendas Ltda.	100
CCB Brasil Cobrança Ltda.	100

Conciliation of income and shareholders' equity of CCB Brasil (BANK) x CCB Brasil (CONSOLIDATED).

	06/30/2021	06/30/2020
Income (loss) for the period (Bank)	22,636	(523,162)
Retail portfolio hedge accounting (net of tax effects)	(38,183)	7,574
Provision for loans granted to subsidiary CCB Brasil Financeira	2,655	1,001
Consolidated income (loss) for the period	(12,892)	(514,587)

	06/30/2021	12/31/2020
Shareholders' equity for the year (Bank)	1,087,948	1,066,056
Retail portfolio hedge accounting (net of tax effects)	3,189	41,371
Provision for loans granted to subsidiary CCB Brasil Financeira	5,505	2,851
Shareholders' equity for the year (Consolidated)	1,096,642	1,110,278

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 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 period.

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 period.

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,

Notes to the individual and consolidated financial statements

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

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 period.
- **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 period.

e) **Derivative financial instruments**

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

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.

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.

Notes to the individual and consolidated financial statements

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

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 BACEN 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.

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 likely 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.

Notes to the individual and consolidated financial statements

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

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 15% on income before from the deduction of income tax for social contribution until February 2020, pursuant to Law No. 13,169/15 and, as of March 2020, the Bank started to adopt the rate of 20%, pursuant to Constitutional Amendment No. 103/19. The controlled companies maintained the 15% rate.

The stock of tax credits and deferred tax liabilities recorded on June 30, 2021 and December 31, 2020 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 will be increased by 5% until December 31, 2021. In this way, the deferred tax credits and tax liabilities whose realization is expected to the second half of 2021, were measured considering the new social contribution rate of 25% in the Bank and 20% in the other financial subsidiaries of the Group.

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 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

Notes to the individual and consolidated financial statements

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

- **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 practices 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

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and cash equivalents	148,117	168,495	148,194	168,559
Money market repurchase commitments	1,590,997	733,997	1,590,997	733,997
Interbank deposit investments	153,386	-	-	-
Investments in foreign currencies	336,568	148,362	336,568	148,362
Total	2,229,068	1,050,854	2,075,759	1,050,918

5. INTERBANK FUNDS APPLIED

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Money market repurchase commitments	1,590,997	733,997	1,590,997	733,997
Interbank deposit investments	267,159	381,387	4,745	5,531
Investments in foreign currencies	336,568	148,362	336,568	148,362
Total	2,194,724	1,263,746	1,932,310	887,890

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current	2,193,600	1,262,638	1,931,186	886,782
Non-current	1,124	1,108	1,124	1,108
Total	2,194,724	1,263,746	1,932,310	887,890

Notes to the individual and consolidated 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

06/30/2021								
	BANK							CONSOLIDATED
	Up to 90 days	91 - 360 days	Total current	Non-current	Total account amount	Adjusted cost	Market value	Total account amount
Securities available for sale	619,056	614,081	1,233,137	3,224,443	4,457,580	4,467,236	4,457,580	4,457,580
Own portfolio (*)	15,960	5,085	21,045	161,158	182,203	182,462	182,203	182,203
Financial Treasury								
Bills	15,960	5,085	21,045	161,158	182,203	182,462	182,203	182,203
Subject to purchase and sale agreements	400,052	582,299	982,351	2,465,744	3,448,095	3,454,706	3,448,095	3,448,095
Financial Treasury								
Bills	400,052	582,299	982,351	2,465,744	3,448,095	3,454,706	3,448,095	3,448,095
Linked to Central Bank	-	-	-	509,073	509,073	511,707	509,073	509,073
Financial Treasury								
Bills	-	-	-	509,073	509,073	511,707	509,073	509,073
Related to guarantees provided (**)	203,044	26,697	229,741	88,468	318,209	318,361	318,209	318,209
Financial Treasury								
Bills	203,044	26,697	229,741	88,468	318,209	318,361	318,209	318,209
Securities held to maturity	-	-	-	88,436	88,436	88,436	88,436	88,436
Own portfolio	-	-	-	88,436	88,436	88,436	88,436	88,436
Quotas - FIDC	-	-	-	88,436	88,436	88,436	88,436	88,436
Total	619,056	614,081	1,233,137	3,312,879	4,546,016	4,555,672	4,546,016	4,546,016

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

(**) Book balance includes R\$ 317,110 in Bank and Consolidated referring to margin deposited in guarantee of transactions with derivative financial instruments, R\$ 631 in Bank and Consolidated referring to lawsuits and R\$ 468 in Bank and Consolidated referring to other guarantees.

12/31/2020								
	BANK							CONSOLIDATED
	Up to 90 days	91-360 days	Total current	Non-current	Total account amount	Adjusted cost	Market value	Total account amount
Securities available for sale	398,526	611,054	1,009,580	3,791,369	4,800,949	4,809,252	4,800,949	4,800,949
Own portfolio (*)	8,456	58,347	66,803	869,818	936,621	937,968	936,621	936,621
Financial Treasury								
Bills	8,456	58,347	66,803	869,818	936,621	937,968	936,621	936,621
Subject to purchase and sale agreements	390,070	281,757	671,827	2,868,031	3,539,858	3,546,573	3,539,858	3,539,858

Notes to the individual and consolidated financial statements

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

Financial Treasury								
Bills	390,070	281,757	671,827	2,868,031	3,539,858	3,546,573	3,539,858	3,539,858
Related to guarantees provided (**)								
Financial Treasury								
Bills	-	270,950	270,950	53,520	324,470	324,711	324,470	324,470
Securities held to maturity	83,674	-	83,674	-	83,674	83,674	83,674	83,674
Own portfolio	83,674	-	83,674	-	83,674	83,674	83,674	83,674
Quotas - FIDC	83,674	-	83,674	-	83,674	83,674	83,674	83,674
Total	482,200	611,054	1,093,254	3,791,369	4,884,623	4,892,926	4,884,623	4,884,623

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

(**) Book balance includes R\$ 321,890 in Bank and Consolidated referring to margin deposited in guarantee of transactions with derivative financial instruments, R\$ 2,118 in Bank and Consolidated referring to lawsuits and R\$ 462 in Bank and Consolidated referring to other guarantees.

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 period 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

Notes to the individual and consolidated financial statements

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

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, 2021 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.

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, 2021), 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.

Notes to the individual and consolidated financial statements
 In thousands of reais - R\$, unless otherwise indicated.

The outstanding derivative financial instruments at June 30, 2021 have the following characteristics:

BANK AND CONSOLIDATED							Reference value				
							Net position of assets' and (liabilities) contracts				
	Current	Non-current	Differential receivable	Current	Non-current	Differential payable	Falling due up to 03 months	Falling due 03–12 months	Total current	Non-current	Total
Swap contracts											
Interbank market	13,376	21,824	35,200	5,776	17,704	23,480	48,430	70,780	119,210	82,516	201,726
Foreign currency	19,170	18,860	38,030	1,262	15,138	16,400	(69,235)	(124,431)	(193,666)	(82,516)	(276,182)
Fixed rate	5,144	-	5,144	2,150	-	2,150	20,805	53,651	74,456	-	74,456
Subtotal	37,690	40,684	78,374	9,188	32,842	42,030	-	-	-	-	-
Adjustment to market value	1,210	4,961	6,171	(250)	1,125	875	-	-	-	-	-
Total	38,900	45,645	84,545	8,938	33,967	42,905	-	-	-	-	-
Forward contracts/Non-deliverable forwards - NDF											
Forward purchase/NDF	1,189	1,666	2,855	23,172	1,853	25,025	470,593	142,289	612,882	44,401	657,283
Forward sale/NDF	18,615	-	18,615	1,092	6	1,098	262,866	81,472	344,338	1,696	346,034
Subtotal	19,804	1,666	21,470	24,264	1,859	26,123	-	-	-	-	-
Total	58,704	47,311	106,015	33,202	35,826	69,028	-	-	-	-	-
Futures contracts (*)											
Purchase - Interbank market	-	-	-	145	-	145	163,322	75,577	238,899	57,535	296,434
Sale - Interbank market	1,211	-	1,211	-	-	-	(159,974)	(507,884)	(667,858)	(679,702)	(1,347,560)
Buy - DDI - For. cur. coupon	22,147	-	22,147	-	-	-	621,741	1,538,927	2,160,668	46,352	2,207,020
Sale - DDI - For. cur. coupon	-	-	-	1,873	-	1,873	(141,961)	(39,762)	(181,723)	(22,090)	(203,813)
Purchase - Foreign currency	14,013	-	14,013	5	-	5	1,524,567	-	1,524,567	-	1,524,567
Sale - Foreign currency	463	-	463	20,870	-	20,870	(2,063,278)	-	(2,063,278)	-	(2,063,278)
Total	37,834	-	37,834	22,893	-	22,893	-	-	-	-	-

(*) Amounts payable and amounts receivable from futures contracts are presented under captions Other financial instruments – Assets (Note 10) and Other financial instruments – Liabilities (note 20).

The outstanding derivative financial instruments at December 31, 2020 have the following characteristics:

BANK AND CONSOLIDATED							Reference value				
							Net position of assets' and (liabilities) contracts				
	Current	Non-current	Differential receivable	Current	Non-current	Differential payable	Falling due up to 03 months	Falling due 03–12 months	Total current	Non-current	Total
Swap contracts											
Interbank market	3,047	3,051	6,098	8	872	880	75,048	14,221	89,269	5,005	94,274
Foreign currency	31,256	39,367	70,623	16,312	34,000	50,312	(89,040)	(53,387)	(142,427)	(5,005)	(147,432)
Fixed rate	827	-	827	-	-	-	13,992	39,166	53,158	-	53,158
Subtotal	35,130	42,418	77,548	16,320	34,872	51,192	-	-	-	-	-
Adjustment to market value	962	2,336	3,298	(826)	1,498	672	-	-	-	-	-
Total	36,092	44,754	80,846	15,494	36,370	51,864	-	-	-	-	-
Forward contracts/Non-deliverable forwards - NDF											
Forward purchase/NDF	10,674	1,782	12,456	28,647	1,018	29,665	312,111	348,171	660,282	41,184	701,466
Forward sale/NDF	5,268	-	5,268	704	-	704	315,265	67,872	383,137	-	383,137
Subtotal	15,942	1,782	17,724	29,351	1,018	30,369	-	-	-	-	-
Total	52,034	46,536	98,570	44,845	37,388	82,233	-	-	-	-	-
Futures contracts (*)											
Purchase - Interbank market	42	-	42	7	-	7	36,495	310,734	347,229	51,255	398,484
Sale - Interbank market	17	-	17	664	-	664	(415,790)	(214,966)	(630,756)	(1,070,498)	(1,701,254)
Buy - DDI - For. cur. coupon	228	-	228	3,331	-	3,331	383,089	1,498,342	1,881,431	-	1,881,431
Sale - DDI - For. cur. coupon	937	-	937	134	-	134	(498,003)	(262,938)	(760,941)	(53,669)	(814,610)
Purchase - Foreign currency	236	-	236	4,313	-	4,313	1,756,936	-	1,756,936	-	1,756,936
Sale - Foreign currency	3,880	-	3,880	474	-	474	(1,871,734)	-	(1,871,734)	-	(1,871,734)
Total	5,340	-	5,340	8,923	-	8,923	-	-	-	-	-

(*) Amounts payable and amounts receivable from futures contracts are presented under captions Other financial instruments – Assets (Note 10) and Other financial instruments – Liabilities (note 20).

Notes to the individual and consolidated financial statements

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

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:

BANK AND CONSOLIDATED					
Title	Maturity	06/30/2021		12/31/2020	
		Fair value	Book value	Fair value	Book value
LFT	09/01/2021	203,044	203,044	269,455	269,455
LFT	03/01/2022	26,229	26,229	25,888	25,888
LFT	09/01/2022	60,947	60,947	-	-
LFT	03/01/2023	26,890	26,890	26,547	26,547

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, beginning as of January 2017, 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 are recognized exclusively in consolidated financial statements.

	06/30/2021	Hedged object			Hedge instrument	
		Carrying value	Fair value	Ineffective value	Nominal value	Changes in amount recognized in income (loss)
		Assets	Assets			
Interest rate risk						
Loans transactions		1,151,201	1,157,272	636	1,285,183	5,435
Total		1,151,201	1,157,272	636	1,285,183	5,435

	12/31/2020	Hedged object			Hedge instrument	
		Carrying value	Fair value	Ineffective value	Nominal value	Changes in amount recognized in income (loss)
		Assets	Assets			
Interest rate risk						
Loan transaction		1,379,522	1,454,742	10,036	1,555,731	65,184
Total		1,379,522	1,454,742	10,036	1,555,731	65,184

Notes to the individual and consolidated financial statements
 In thousands of reais - R\$, unless otherwise indicated.

8. CREDIT AND LEASE PORTFOLIO

a) Breakdown per type of operation

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Export financing	3,687,277	3,289,695	3,687,277	3,289,695
Working capital and discounts	2,800,012	2,986,839	2,806,345	2,994,105
Payroll loans	1,170,042	1,562,843	1,469,982	2,031,727
Import financing	479,511	399,422	479,511	399,422
Rural and agribusiness financing	303,132	252,607	303,132	252,607
Loan operations subject to assignment (*)	36,188	50,065	-	-
Debtors in purchase of assets	29,261	36,744	29,261	36,744
Vehicle financing	22,638	56,332	28,359	71,987
Other	270,032	372,269	271,048	373,361
Loans	8,798,093	9,006,816	9,074,915	9,449,648
Leases	-	-	66,314	67,875
Total loan operations and lease	8,798,093	9,006,816	9,141,229	9,517,523
Advances on exchange contracts (**)	1,212,824	906,075	1,212,824	906,075
TOTAL	10,010,917	9,912,891	10,354,053	10,423,598

(*) 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).

b) Diversification by sector of activity

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Private sector	8,783,186	8,276,783	8,849,500	8,344,658
Industry	4,342,317	3,893,408	4,348,631	3,898,598
Trade	2,670,791	2,200,942	2,682,727	2,209,659
Other services	1,533,644	1,904,217	1,581,708	1,958,185
Agribusiness	236,434	278,216	236,434	278,216
Individuals	1,227,731	1,636,108	1,504,553	2,078,940
Total	10,010,917	9,912,891	10,354,053	10,423,598

c) Diversification per periods – per installment

	BANK				CONSOLIDATED			
	06/30/2021	%	12/31/2020	%	06/30/2021	%	12/31/2020	%
Past due as of 15 days	37,253	0.37	51,654	0.52	42,942	0.42	59,145	0.57
Up to 3 months	1,877,461	18.76	2,017,673	20.35	1,924,239	18.58	2,074,028	19.89
03–12 months	4,793,115	47.88	4,094,678	41.31	4,907,043	47.39	4,229,777	40.58
Total current	6,707,829	67.01	6,164,005	62.18	6,874,224	66.39	6,362,950	61.04
Non-current	3,303,088	32.99	3,748,886	37.82	3,479,829	33.61	4,060,648	38.96
Total	10,010,917	100	9,912,891	100	10,354,053	100	10,423,598	100

Notes to the individual and consolidated financial statements
 In thousands of reais - R\$, unless otherwise indicated.

d) Breakdown of portfolio per levels of risk

Risk level	06/30/2021					
	BANK			CONSOLIDATED		
	Calculation basis	% (*)	Provision	Calculation basis	% (*)	Provision
AA	3,021,533	30.18	-	3,027,607	29.25	-
A	3,637,860	36.34	18,189	3,907,757	37.74	19,539
B	2,080,989	20.79	20,810	2,098,528	20.26	20,985
C	994,658	9.94	29,840	1,003,358	9.69	30,101
D	5,797	0.06	580	8,370	0.08	837
E	477	0.00	143	641	0.01	192
F	11,266	0.11	5,633	13,231	0.13	6,615
G	56,129	0.56	39,290	64,916	0.62	45,441
H	202,208	2.02	202,208	229,645	2.22	229,645
Total	10,010,917	100	316,693	10,354,053	100	353,355

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

Risk level	12/31/2020					
	BANK			CONSOLIDATED		
	Calculation basis	% (*)	Provision	Calculation basis	% (*)	Provision
AA	2,566,450	25.89	-	2,641,730	25.35	-
A	3,472,031	35.03	17,360	3,829,983	36.74	19,150
B	2,320,838	23.41	23,208	2,336,113	22.41	23,361
C	1,090,065	11.00	32,702	1,100,003	10.55	33,000
D	8,717	0.09	872	9,086	0.09	909
E	30,100	0.30	9,030	30,293	0.29	9,088
F	14,113	0.14	7,056	14,417	0.14	7,208
G	46,340	0.47	32,438	55,087	0.53	38,561
H	364,237	3.67	364,237	406,886	3.90	406,886
Total	9,912,891	100	486,903	10,423,598	100	538,163

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

e) Levels of risk concentration

	CONSOLIDATED			
	06/30/2021		12/31/2020	
	R\$	%	R\$	%
Major debtor	186,359	1.80	194,612	1.87
10 greatest debtors	1,513,709	14.62	1,665,243	15.98
100 main debtors	6,899,181	66.63	6,644,517	63.74

Notes to the individual and consolidated financial statements

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

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\$ 36,188 (December/20 - R\$ 50,065), and amount recorded as obligations from credit transactions linked to the assignment is R\$ 38,564 (December/20 - R\$ 53,657). Expenses from linked obligations recognized in the period amounted to R\$ 4,727 (June/20 - R\$ 9,918) (note 31), and are in the Statement of Income under “Other financial intermediation expenses” (Note 31), 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

	BANK AND CONSOLIDATED	
	06/30/2021	12/31/2020
Assets		
Purchased foreign exchange to be settled	1,200,231	1,008,455
Receivables from foreign exchange sales	123,689	47,941
Earnings receivable from granted advances	10,336	21,152
Advances received in national currency	(82,037)	(1,896)
Total	1,252,219	1,075,652
Current	1,252,219	1,075,652
Total	1,252,219	1,075,652

	BANK AND CONSOLIDATED	
	06/30/2021	12/31/2020
Liabilities		
Obligations from foreign currency purchases	1,249,082	936,073
Advances on exchange contracts	(1,202,488)	(884,923)
Sold foreign exchange to be settled	133,222	61,706
Total	179,816	112,856
Current	179,816	112,856
Total	179,816	112,856

Notes to the individual and consolidated financial statements
 In thousands of reais - R\$, unless otherwise indicated.

10. OTHER FINANCIAL INSTRUMENTS - ASSETS

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Debtors of guarantee deposits	424,036	424,305	430,810	430,899
Securities clearing accounts	37,834	5,340	37,834	5,340
Income receivable	11,899	24,250	11,879	14,750
Securities and credits receivable	7,040	7,313	11,424	11,647
Total	480,809	461,208	491,947	462,636
Current	47,936	28,181	47,916	18,682
Non-current	432,873	433,027	444,031	443,954
Total	480,809	461,208	491,947	462,636

11. PROVISION FOR EXPECTED CREDIT RISK LOSS

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Opening balance	486,903	451,043	538,163	551,723
Increase/reversal of provision for credits for the period	18,880	201,628	18,029	192,783
Subtotal	505,783	652,671	556,192	744,506
Write-offs to loss (*)	(189,090)	(171,863)	(202,837)	(189,771)
Closing balance	316,693	480,808	353,355	554,735
Recovery of loans written off	18,538	6,945	22,504	15,783
Percentage of provision on portfolio	3.16	3.95	3.41	4.30
Current	156,064	178,212	177,910	222,876
Non-current	160,629	302,596	175,445	331,859
Closing balance	316,693	480,808	353,355	554,735

(*) Of the write-off amount, R\$14,750 in the Bank and Consolidated (June/20 – R\$96,321) 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, 2021, renegotiated contracts portfolio presented balance of R\$ 1,827,514 (December 2020 - R\$ 1,458,542) in the Bank and R\$ 1,982,875 (December 2020 - R\$ 1,654,395) in Consolidated and balance of provision for renegotiated credits of R\$ 127,574 (December 2020 - R\$ 116,062) at the Bank and R\$ 142,740 (December 2020 - R\$ 133,411) at Consolidated.

Notes to the individual and consolidated 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.

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Real estate	254,085	292,825	256,726	295,465
Machinery and equipment	15,683	16,808	15,810	17,053
Vehicles and the like	1,033	1,230	3,187	5,542
Other	598	624	597	624
Subtotal	271,399	311,487	276,320	318,684
Provision for impairment	(124,107)	(142,343)	(127,041)	(146,736)
Total	147,292	169,144	149,279	171,948

13. OWNERSHIP INTEREST

The main information of direct subsidiaries and jointly controlled by the Bank is as follows:

Company's name	06/30/2021						12/31/2020
	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%	268,907	1,664	1,664	268,907	267,243
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A.	14,223,228	100%	21,168	100	100	21,168	21,068
CCB Brasil Informática S.A.	50,000	100%	782	3	3	782	780
CCB Brasil Administradora de Cartões de Crédito Ltda.	3,670,000	100%	7,403	(583)	(583)	7,403	7,985
CCB Brasil S.A. – CFI (*)	116,405,774	100%	49,698	12,064	12,064	49,698	37,634
Subtotal						347,958	334,710
Brasifactors S.A. (**)	62,931	50%	(4,496)	627	177	(2,248)	(2,346)
Total						13,425	345,710

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

a) Dividends

On June 10, 2021, the Bank received from its subsidiaries CCB Brasil Arrendamento Mercantil S.A and CCB Brasil Distribuidora e Valores Mobiliários the amount of R\$923 and R\$56, respectively, as dividends for the year 2020.

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.

Notes to the individual and consolidated financial statements
In thousands of reais - R\$, unless otherwise indicated.

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 period:

	BANK					CONSOLIDATED
	12/31/2020	Change in shareholders' equity	Realizations	Additions	06/30/2021	06/30/2021
Income tax						
Provision for expected credit loss	276,145	-	(7,459)	7,268	275,954	290,379
Provision for impairment of non-operating assets	12,075	-	(4,559)	-	7,516	8,250
Provision for contingencies and others	239,092	338	(14,482)	11,578	236,526	246,773
Subtotal	527,312	338	(26,500)	18,846	519,996	545,402
Tax loss	517	-	-	-	517	2,651
Subtotal – Tax Credit IRPJ (corporate income tax)	527,829	338	(26,500)	18,846	520,513	548,053
Social contribution						
Provision for expected credit loss	220,916	-	(5,968)	5,815	220,763	229,898
Provision for impairment of non-operating assets	9,660	-	(3,647)	-	6,013	6,472
Provision for contingencies and others	191,273	271	(11,586)	9,262	189,220	195,411
Subtotal	421,849	271	(21,201)	15,077	415,996	431,781
Negative basis of accumulated social contribution	414	-	-	-	414	1,124
Subtotal – Tax Credit CSLL (social contribution on net income)	422,263	271	(21,201)	15,077	416,410	432,905
Total - Tax credit - IRPJ/CSSL	950,092	609	(47,701)	33,923	936,923	980,958

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	BANK										
	Realization of tax credits										06/30/2021
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Projected value	120,579	71,866	89,930	73,818	104,285	130,857	5,282	348	348	339,610	936,923
Present value (*)	116,535	64,876	75,830	58,139	76,718	89,918	3,390	209	195	177,632	663,442
% Realization	12.9%	7.7%	9.6%	7.9%	11.1%	14.0%	0.6%	0.0%	0.0%	36.2%	100%

(*) Calculated based on projected Selic rate.

Notes to the individual and consolidated financial statements

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

BANK											
Projected year	Realization of tax credits										12/31/2020
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Projected value	145,825	65,219	91,178	75,415	192,046	34,723	3,741	362	362	341,221	950,092
Present value (*)	142,966	62,687	85,919	69,671	173,942	30,833	3,257	309	303	279,920	849,807
% Realization	15.3%	6.9%	9.6%	7.9%	20.2%	3.7%	0.4%	0.0%	0.0%	36.0%	100%

(*) Calculated based on projected Selic rate.

CONSOLIDATED											
Projected year	Realization of tax credits										06/30/2021
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Projected value	126,615	81,673	98,758	78,633	106,686	131,494	5,694	376	376	350,653	980,958
Present value (*)	122,369	73,729	83,273	61,931	78,485	90,356	3,655	225	211	183,408	697,642
% Realization	12.9%	8.3%	10.1%	8.0%	10.9%	13.4%	0.6%	0.0%	0.0%	35.8%	100%

(*) Calculated based on projected Selic rate.

CONSOLIDATED											
Projected year	Realization of tax credits										12/31/2020
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total
Projected value	157,028	76,969	101,850	76,937	194,416	35,369	3,771	392	392	352,516	999,640
Present value (*)	153,949	73,980	95,976	71,078	176,089	31,407	3,283	335	328	289,185	895,610
% Realization	15.7%	7.7%	10.2%	7.7%	19.5%	3.5%	0.4%	0.0%	0.0%	35.3%	100%

(*) Calculated based on projected Selic rate.

In addition to the expectation of generating future taxable income, CMN Resolution No. 4,842/20 establishes that the accounting record of tax credit can only be made under the condition that the Bank presents a history of taxable income for income tax and social contribution purposes, evidenced by the occurrence of this situation in at least three of the last five fiscal years. The Bank presented income tax loss and negative social contribution base in the last five fiscal years except for 2019 and 2020.

As in previous years, if the Bank presents a tax loss in fiscal year 2021, the Management will submit to the Central Bank of Brazil a new technical study for the realization of tax credits, as established by BACEN Resolution 15/20, requiring the approval of the maintenance of the balance of tax credits, for which the Consolidated has the expectation of realization, according to the technical study of realization of tax credit, in up to 10 years.

On June 30, 2021, the Bank has non-recorded tax credits derived from income tax loss and negative basis of social contribution in the total amount of R\$ 1,095,650 (R\$ 1,084,845 in December 2020) at the Bank, R\$ 1,121,622 at Consolidated (R\$ 1,110,817 in December 2020), and tax credits from temporary differences and tax contingencies in the amount of R\$ 119,960 (R\$ 123,799 in 2020) at the Bank and Consolidated, 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

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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 2021, the Bank recovered R\$ 277 (June 2020 - R\$ 96) from credit transactions that are part of presumed tax credit calculation basis, whose deferred taxes, in the amount of R\$ 125 (December 2020 - R\$ 143), 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.

	06/03/2021	12/31/2020
Presumed tax credit formed	380,662	380,662
Deferred tax liabilities	(82,407)	(82,282)

c) Deferred tax liabilities

	BANK			CONSOLIDATED	
	12/31/2020	Change in income (loss)	Social Contribution Adjustment (5%)	06/30/2021	06/30/2021
Income tax					
Linked funding (Res 2,921)	78,590	(1,458)	-	77,132	77,132
Inflation adjustment of judicial deposits	20,878	519	-	21,397	21,635
Positive MTM adjustment of government securities and derivatives	2,133	9,039	-	11,172	11,172
Hedge Accounting	-	-	-	-	1,518
Excess depreciation	-	-	-	-	5,442
Subtotal Income tax	101,601	8,100	-	109,701	116,899
Social contribution					
Linked funding (Res 2921)	62,872	(1,166)	11,579	73,285	73,285
Inflation adjustment of judicial deposits	16,703	414	-	17,117	17,261
Positive MTM adjustment of government securities and derivatives	1,707	7,231	37	8,975	8,975
Hedge Accounting	-	-	-	-	1,368
Subtotal Social contribution	81,282	6,479	11,616	99,377	100,889
Total deferred taxes	182,883	14,579	11,616	209,078	217,788
Presumed tax credit – Law 12,838/13	82,282	125	-	82,407	82,407
Total	265,165	14,704	11,616	291,485	300,195

Notes to the individual and consolidated financial statements
 In thousands of reais - R\$, unless otherwise indicated.

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

	06/30/2021			
	BANK		CONSOLIDATED	
	Income tax	Social contribution	Income tax	Social contribution
Determination				
Income before tax on profit	62,734	62,734	4,391	4,391
Calculation basis	62,734	62,734	4,391	4,391
Temporary additions	49,796	49,796	63,143	63,131
Permanent additions	275,585	275,585	275,598	275,598
Exclusions	(412,126)	(412,126)	(441,527)	(438,864)
Taxable income and calculation basis of income tax and social contribution on net income	(24,011)	(24,011)	(98,395)	(95,744)
(-) Offset of tax loss/negative basis of social contribution on net income	-	-	(1,780)	(2,531)
Taxable income and calculation basis of income tax and social contribution on net income	(24,011)	(24,011)	(100,175)	(98,275)
Charges at the rates of 15% for Income Tax and Social Contribution	-	-	645	907
10% IR Surtax	-	-	409	-
Current taxes	-	-	1,054	907
Reconciliation of Income (loss)				
Current taxes	-	-	1,054	907
Income tax and deferred CSLL	8,169	18,151	(8,449)	4,480
(=) Provision for Income Tax and Social Contribution on Net Income	8,169	18,151	(7,395)	5,387
Constitution of tax credit (on temporary additions)	(18,846)	(15,077)	(20,147)	(15,858)
Constitution of tax credit (on tax loss and negative calculation basis CSLL)	-	-	(37)	-
Constitution of tax credits (adjustment rate 5%)	-	-	-	(599)
Realization of tax credit (on reversal of temporary additions)	26,500	21,201	31,120	23,975
Realization of tax credit (on offset of tax loss and negative basis of social contribution on net income)	-	-	453	384
(=) Net effect of tax credit	7,654	6,124	11,389	7,902
Income and social contribution tax expense	15,823	24,275	3,994	13,289

	06/30/2020			
	BANK		CONSOLIDATED	
	Income tax	Social contribution	Income tax	Social contribution
Determination				
Income before tax on profit	(181,254)	(181,254)	(125,191)	(125,191)
Calculation basis	(181,254)	(181,254)	(125,191)	(125,191)
Temporary additions	414,653	414,653	435,935	435,935
Permanent additions	52,565	52,565	52,594	52,594
Exclusions	(601,768)	(601,768)	(670,499)	(666,435)
Tax loss and negative basis of income tax and social contribution on net income	(315,804)	(315,804)	(307,161)	(307,161)
(+) Negative taxable result of consolidated companies	-	-	321,664	317,600

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(-) Offset of tax loss/negative basis of social contribution on net income	-	-	(4,274)	(4,274)
Tax loss and negative basis of income tax and social contribution on net income	(315,804)	(315,804)	10,229	10,229
Charges at the rates of 15% for Income Tax and Social Contribution	-	-	1,539	1,542
10% IR Surtax	-	-	1,002	-
Current taxes	-	-	2,541	1,542
Reconciliation of Income (loss)				
Current taxes	-	-	2,541	1,542
Income tax and deferred CSLL	14,009	11,207	18,480	13,969
(=) Provision for Income Tax and Social Contribution on Net Income	14,009	11,207	21,021	15,511
Formation of tax credit (on temporary additions)	(78,636)	(62,907)	(89,721)	(69,559)
Formation of tax credit (on tax losses and negative basis of social contribution on net income)	-	-	(1,494)	(286)
Write-offs of tax credits. Resol. 3059/02	200,653	167,556	216,941	177,240
Realization of tax credit (on reversal of temporary additions)	50,016	40,010	68,556	51,187
(=) Net effect of tax credit	172,033	144,659	194,282	158,582
Income and social contribution tax expense	186,042	155,866	215,303	174,093

15. OTHER ASSETS

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Sundry debtors in the country	28,037	24,748	37,536	34,330
Payments to be refunded	24,420	26,585	25,950	28,097
Interbank accounts/relations	8,625	11,114	8,625	11,114
Prepaid expenses	2,943	956	3,069	956
Other	3,979	1,678	4,057	1,703
Total	68,004	65,081	79,237	76,200
Current	43,446	38,478	44,092	48,083
Non-current	24,558	26,603	35,145	28,117
Total	68,004	65,081	79,237	76,200

Notes to the individual and consolidated financial statements
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16. FUNDS OBTAINED IN THE MARKET

	06/30/2021						CONSOLIDATED Total
	BANK						
	Without maturity	Up to 03 months	03–12 months	Total current	Non-current	Total	
Demand deposits	103,105	-	-	103,105	-	103,105	102,247
Saving deposits	2,931	-	-	2,931	-	2,931	2,931
Interbank deposits	-	317,160	50,525	367,685	21,189	388,874	174,089
Time Deposits	-	1,769,991	2,144,716	3,914,707	1,620,968	5,535,675	5,532,048
Liabilities from repurchase and resale agreements	-	3,695,950	-	3,695,950	2,078	3,698,028	3,660,951
Real Estate Credit Bills - LCI	-	1,086	863	1,949	300	2,249	2,249
Agribusiness Credit Bills – LCA	-	74,680	166,926	241,606	9,662	251,268	251,268
Financial Bills - LF	-	34,349	179,441	213,790	66,905	280,695	280,695
Total	106,036	5,893,216	2,542,471	8,541,723	1,721,102	10,262,825	10,006,478

	12/31/2020						CONSOLIDATED Total
	BANK						
	Without maturity	Up to 03 months	03–12 months	Total current	Non-current	Total	
Demand deposits	116,369	-	-	116,369	-	116,369	114,594
Saving deposits	2,935	-	-	2,935	-	2,935	2,935
Interbank deposits	-	222,518	237,982	460,500	1,989	462,489	248,863
Time Deposits	-	318,120	2,106,267	2,424,387	3,134,845	5,559,232	5,555,163
Liabilities from repurchase and resale agreements	-	3,531,794	-	3,531,794	2,051	3,533,845	3,499,202
Real Estate Credit Bills - LCI	-	1,574	1,040	2,614	-	2,614	2,614
Agribusiness Credit Bills – LCA	-	52,050	105,619	157,669	121,000	278,669	278,669
Financial Bills - LF	-	25,933	247,099	273,032	138,884	411,916	411,916
Total	119,304	4,151,989	2,698,007	6,969,300	3,398,769	10,368,069	10,113,956

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 and multilateral agencies.

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.

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Maturities are broken down as follows:

	BANK AND CONSOLIDATED				06/30/2021	12/31/2020
	Up to 03 months	03-12 months	Total current	Non-current		
Domestic onlendings - Official Institutions	102,006	28,232	130,238	27,374	157,612	154,233
Abroad	1,174,419	3,254,519	4,428,938	11,138	4,440,076	4,198,667
Loan with head office	702,082	2,526,737	3,228,819	-	3,228,819	3,544,112
Loans from the Parent Company - linked (*)	11,918	11,316	23,234	11,138	34,372	48,335
Other foreign loans ⁽¹⁾	460,419	716,466	1,176,885	-	1,176,885	606,220
Grand total on June 30, 2021	1,276,425	3,282,751	4,559,176	38,512	4,597,688	
Grand total on December 31, 2020	1,269,388	3,054,223	4,323,611	29,289		4,352,900

⁽¹⁾ Foreign loans and contributions, in the amount of R\$ 14,296 (R\$ 29,826 on December 2020) which contain restrictive clauses ("covenants"), are classified in current assets due to non-compliance with indicators.

(*) 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, 2021, amount of funding linked to credit transactions recognized in group "Foreign Loans" is R\$ 342,902 (December 2020 - R\$ 362,694) and credit transactions balance is R\$ 61,156 (December 2020 - R\$ 84,975), and this period we have no overdue installments (December 2020 - R\$ 14,481 represented by credits with installments overdue for more than 1 day).

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\$ 308,529 (December 2020 - R\$ 314,359), with the amount of R\$ 5,829 (December 2020 - R\$ 31,948) as contra-entry to income for the period.

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18. DEBT INSTRUMENTS ELIGIBLE TO CAPITAL

BANK AND CONSOLIDATED							
Funding	Issue value - Original currency	Issuance	Maturity	Issue value - Domestic currency	Interest rate (p.a.)	06/30/2021	12/31/2020
Level I Perpetual Debt (c)	US\$ 70,000	12/29/2016	-	228,025	8.00%	350,154	363,769
Level I Perpetual Debt (a) (c)	US\$ 100,000	06/04/2021	-	506,660	6.61%	500,220	-
Level II subordinated debt (b)	US\$ 100,000	09/29/2015	09/29/2025	397,299	7.20%	508,583	529,128
Total						1,358,957	892,897

	06/30/2021	12/31/2020
Current	8,363	-
Non-current	1,350,594	892,897
Total	1,358,957	892,897

- a) On June 4, 2021, CCB Brasil issued Perpetual Bonds in the amount of US\$100 million, bearing interest of 6.61% 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, await authorization from the Central Bank of Brazil to compose the capital of CCB Brasil and were acquired by the CCB group itself.
- b) Privately issued bonds issued in 2015 with a ten-year term, to compose tier 2 capital, and acquired by the CCB group itself, are fully composing the tier 2 capital. As of December 2020, the annual and gradual reduction began 20% by the approximation to the expiration date, as provided for in Article 27 of Resolution No. 4,192/13.
- c) 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 first half of 2021, arising from perpetual debts issued.

19. SUBORDINATED DEBT

The subordinated debt (BIC20) issued in 2010 in the amount of US\$300,000 with an interest rate of 8.50% per annum, was settled on April 27, 2020.

20. OTHER FINANCIAL INSTRUMENTS - LIABILITIES

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Borrowings related to assignment	38,564	53,657	-	-
Securities clearing accounts	22,911	8,952	22,911	8,952
Total	61,475	62,609	22,911	8,952
Current	61,475	62,609	22,911	8,952
Total	61,475	62,609	22,911	8,952

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21. PROVISIONS

	BANK		CONSOLIDATED	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Provisions for contingencies (Note 22.a)	1,028,632	1,021,130	1,069,351	1,061,659
Provisions for financial guarantees provided (Note 23)	25,289	25,136	25,289	25,136
Other	43,386	38,608	50,400	44,949
Total	1,097,307	1,084,874	1,145,040	1,131,744
Current	63,817	117,074	70,822	120,000
Non-current	1,033,490	967,800	1,074,218	1,011,744
Total	1,097,307	1,084,874	1,145,040	1,131,744

22. 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.

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 Conglomerate is party to civil lawsuits assessed as having a probable risk, which have been fully accrued and amount to R\$ 188,745 (R\$ 187,925 in December 2020) in the Bank and R\$ 201,914 (R\$ 200,183 in December 2020) in the Consolidated. In general, the provisions are the result of contract revisions and indemnities for material damages and pain and suffering, mostly under the Special Civil Court.

Labor lawsuits

The Conglomerate is party to labor lawsuits assessed as having a probable risk, which have been fully accrued and amount to R\$ 110,741 (R\$ 108,602 in December 2020) at the Bank and R\$ 119,724 at the Consolidated (R\$ 118,419 in December 2020). 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\$ 551,506 (R\$ 548,299 in December 2020) in the Bank and R\$ 569,230 (R\$ 565,915 in December 2020) in the Consolidated: claims payment of the contribution from November 2005 to December 2014, based on the calculation provided in Complementary Law 7/70, in view of

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the unconstitutionality of expanding the calculation basis provided for in Law 9,718/98. Part of the amount involved was deposited in court, R\$ 29,348 regarding the Bank (R\$ 29,134 in December 2020) and R\$ 32,235 in the Consolidated (R\$ 31,998 in December 2020).

PIS x Law 9718/98 – amount involved R\$ 89,558 (R\$ 89,038 in December 2020) in the Bank and R\$ 90,401 (R\$ 89,876 in December 2020) in the Consolidated: 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 9718/98. Part of the amount involved was placed in a judicial deposit in the amount of R\$ 109,620 (R\$ 108,728 in December 2020).

PDD/94 - amount involved R\$ 26,927 (R\$ 26,769 in December 2020) at the Bank and Consolidated: 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.

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\$ 1,375 (R\$ 1,315 in December 2020) at the Bank and Consolidated: 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.

INSS - Profit Sharing of Directors – amount involved of R\$ 59,780 (R\$ 59,182 in December 2020) at the Bank and Consolidated: 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 8812/91. The amount involved was placed in a judicial deposit.

Changes in provisions classified as probable loss and legal obligations

Description	BANK					06/30/2021	CONSOLIDATED
	12/31/2020	Addition	Reversal	Restatement	Write-off		06/30/2021
Civil	187,925	2,914	(5,566)	8,163	(4,691)	188,745	201,914
Labor	108,602	4,948	(2,846)	11,524	(11,487)	110,741	119,724
Subtotal	296,527	7,862	(8,412)	19,687	(16,178)	299,486	321,638

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Tax and social security	12/31/2020	Addition	Reversal	Restatement	Write-off	06/30/2021	06/30/2021
PIS – Expansion of Calculation Basis - Law 9718/98	89,038	-	-	520	-	89,558	90,401
Inc. tax and soc. contr. (IRPJ/CSLL) PDD 1994	26,769	-	-	158	-	26,927	26,927
COFINS - Expansion of Calculation Basis - Law 9718/98	548,299	-	-	3,207	-	551,506	569,230
ISS – Services not taxed – LC 56/87	1,315	-	-	60	-	1,375	1,375
INSS of Administrators – Years 2009–2011	59,182	-	-	598	-	59,780	59,780
Subtotal	724,603	-	-	4,543	-	729,146	747,713
Total	1,021,130	7,862	(8,412)	24,230	(16,178)	1,028,632	1,069,351

In the case of the above-described contingencies, CCB Brasil made a judicial deposit (note 10 - Other financial instruments - Assets), totaling R\$ 422,140 to the Bank, of which R\$ 99,200 - civil lawsuits, R\$ 18,023 - labor claims and R\$ 304,917 – tax lawsuits and a total of R\$ 428,914 to the Consolidated, of which R\$ 99,972 - civil lawsuits, R\$ 19,450 - labor lawsuits and R\$ 309,492 - 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. Hence, 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\$ 23,761 (R\$ 24,085 in December 2020) at the Bank and Consolidated: 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.

Withholding income tax on interest remittances to foreign countries - amount involved, R\$ 14,520 (R\$ 14,440 in December 2020): claims to offset the unduly withheld amounts of withholding income tax on remittances of interest to foreign countries, against the same corporate income tax, as allowed by article 39 of Law 9,250/96, and excluding restrictions contained in Circular Letters 2,269/92 and 2,372/93 and Communication 2,747/92, which placed a condition that the zero income tax rate requires observance of minimum amortization periods, considering that condition as a clear violation of legal principles. The amount involved was placed in a judicial deposit.

IRPJ/2008 – amount involved R\$ 40,282 (R\$ 20,461 in December 2020) in the Bank and Consolidated: 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).

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INSS - Profit Sharing of Directors – amount involved of R\$ 68,878 (R\$ 68,248 in December 2020) at the Bank and Consolidated: pleads cancellation of alleged INSS debt for the base periods of 2006 to 2008 and 2012, 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\$ 39,823 (R\$ 39,425 in December 2020).

IRPJ/CSLL – amount involved R\$ 168,154 (R\$ 168,154 in December 2020) at the Bank and Consolidated: 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\$ 1,527 (R\$ 1,515 in December 2020) at the Bank and Consolidated: 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\$ 2,657 (R\$ 2,627 in December 2020) at the Bank and Consolidated: 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\$ 4,220 at the Bank (R\$ 4,198 in December 2020) and R\$ 4,220 in the Consolidated (R\$ 4,918 in December 2020): 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\$ 21,130 (R\$ 24,017 in December 2020) at the Bank and R\$ 24,809 (R\$ 27,705 in December 2020) at the Consolidated. 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\$ 347,743 (R\$ 232,996 in December 2020) at the Bank and R\$ 396,611 (R\$ 272,098 in December 2020) at the Consolidated. In general, the contingencies are the result of contract revisions and indemnities for material damages and pain and suffering, mostly under the Special Civil Court.

Notes to the individual and consolidated financial statements
 In thousands of reais - R\$, unless otherwise indicated.

23. SURETIES AND GUARANTEES

Description	BANK AND CONSOLIDATED			
	06/30/2021		12/31/2020	
	Amounts guaranteed	Provisions	Amounts guaranteed	Provisions
Guarantees or sureties in tax lawsuits and proceedings	734,333	24,848	747,482	24,699
Sureties - payments	427,683	338	435,323	339
Performance sureties	64,842	103	28,188	98
Bank guarantees	36,878	-	42,400	-
Other sureties	2,725	-	12,116	-
Total	1,266,461	25,289	1,265,509	25,136
Non-current	1,266,461	25,289	1,265,509	25,136
Total	1,266,461	25,289	1,265,509	25,136

24. OTHER OBLIGATIONS

	Bank		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Sundry creditors - domestic	38,274	41,985	42,664	44,785
Interbranch accounts	33,672	29,674	33,672	29,674
Social and statutory	14,306	14,306	14,479	15,204
Deferred income	11,462	13,622	11,462	13,622
Payables to related companies	12	6	12	-
Total	97,726	99,593	102,289	103,285
Current	86,264	85,971	90,827	89,663
Non-current	11,462	13,622	11,462	13,622
Total	97,726	99,593	102,289	103,285

25. SHAREHOLDERS' EQUITY

CCB Brasil's shareholder structure is as follows:

a) Share capital

Shareholder	06/30/2021			12/31/2020		
	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

Notes to the individual and consolidated financial statements
 In thousands of reais - R\$, unless otherwise indicated.

b) Treasury shares

The number of treasury shares as of June 30, 2021 corresponds to 6,398,518 (6,398,518 in December 2020) preferred shares in the amount of R\$ 55,105 (R\$ 55,105 in December 2020).

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 year, in accordance with the applicable corporate legislation.

d) Reserves

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

26. 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)	
	06/30/2021	12/31/2020	06/30/2021	06/30/2020
Cash and cash equivalents in foreign currencies	4,499	30,418	-	-
China Construction Bank Corporation (d)	4,499	30,418	-	-
Interbank funds applied in interbank deposits - CDI	262,414	375,856	4,433	17,994
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	262,414	375,856	4,433	17,994
Investment fund quotas	88,436	83,674	1,262	1,646
FIDC Brasilfactors (b)	88,436	83,674	1,262	1,646
Rendering of services	20	20	120	63
CCB Brasil Arrendamento Mercantil S.A. (a)	20	20	120	63
Receivables - related companies	271	125	-	-
CCB Brasil Arrendamento Mercantil S.A. (a)	-	1	-	-
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	197	43	-	-
CCB Brasil Promotora de Vendas Ltda. (b)	4	-	-	-
CCB Brasil Cobrança Ltda. (b)	70	81	-	-
Other liabilities – Income receivable	-	9,479	-	-
CCB Brasil Arrendamento Mercantil S.A. (a)	-	9,423	-	-
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	-	56	-	-
Demand deposits	(1,158)	(2,186)	-	-
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(35)	(42)	-	-
CCB Brasil Arrendamento Mercantil S.A. (a)	(55)	(82)	-	-

Notes to the individual and consolidated financial statements
In thousands of reais - R\$, unless otherwise indicated.

	Assets / (liabilities)		Revenues / (expenses)	
	06/30/2021	12/31/2020	06/30/2021	06/30/2020
CCB Brasil Informática S.A. (a)	(5)	(2)	-	-
CCB Brasil Administradora de Cartões de Crédito Ltda. (a)	(8)	(182)	-	-
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	(755)	(1,464)	-	-
CCB Brasil Promotora de Vendas Ltda. (b)	-	(1)	-	-
Brasilfactors S.A. (f)	-	(1)	-	-
CCB Brazil Financial Holding Ltda. (e)	(121)	(107)	-	-
Key management personnel (c)	(179)	(305)	-	-
Interbank deposits	(214,785)	(213,625)	(1,485)	(2,152)
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(21,189)	(21,246)	(268)	(368)
CCB Brasil Arrendamento Mercantil S.A. (a)	(193,596)	(192,379)	(1,217)	(1,784)
Time deposits	(91,362)	(93,947)	(1,013)	(3,808)
CCB Brasil Informática S.A. (a)	(738)	(738)	(10)	(14)
CCB Brasil Administradora de Cartões de Crédito Ltda. (a)	(1,234)	(1,684)	(22)	(41)
CCB Brasil Promotora de Vendas Ltda. (b)	(1,654)	(1,647)	(21)	(29)
Brasilfactors S.A. (f)	(830)	(4,543)	(33)	(11)
FIDC Brasilfactors (b)	(10,232)	(8,180)	(144)	(526)
CCB Brazil Financial Holding Ltda. (e)	(76,552)	(77,011)	(771)	(3,181)
Key management personnel (c)	(122)	(144)	(12)	(6)
Purchase and sale agreements	(37,077)	(34,644)	(585)	(472)
CCB Brasil Arrendamento Mercantil S.A. (a)	(23,400)	(29,542)	(403)	(155)
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	(11,600)	(3,050)	(153)	(231)
CCB Brasil Administradora de Cartões de Crédito Ltda. (a)	(2,077)	(2,052)	(29)	(86)
LCA	(9,168)	(7,007)	(111)	(73)
Key management personnel (c)	(9,168)	(7,007)	(111)	(73)
LCI	-	-	-	(21)
Key management personnel (c)	-	-	-	(21)
NDF	2,191	1,851	49	3,834
Brasilfactors S.A. (f)	2,191	1,851	49	3,834
Borrowings	(3,263,191)	(3,592,447)	66,883	(1,449,010)
China Construction Bank Corporation (d)	(3,263,191)	(3,592,447)	66,883	(1,449,010)
Obligations from sales of financial assets – Resolution 3533/08	(38,564)	(53,657)	(4,727)	(9,918)
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	(38,564)	(53,657)	(4,727)	(9,918)
Amounts payable - related companies	(74)	(87)	-	-
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	-	(6)	-	-
CCB Brasil Cobrança Ltda. (b)	(72)	(81)	-	-
CCB Brasil Promotora de Vendas Ltda. (b)	(2)	-	-	-
Transfer of credit assignment	(167)	(122)	-	-
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	(167)	(122)	-	-

Notes to the individual and consolidated 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

Floating interbank funds applied are stated at the average CDI of 100% (- in December 2020) and the fixed-interest rate ones are stated at average rates of - (4.66% p.a. in December 2020); Fixed repurchase and resale agreements were carried out at average rates of 4.15% p.a. (1.90% p.a. in December 2020) and mature on July 1, 2021 (January 4, 2021 in December 2020), with guarantee of up to 1 year (up to 1 year in December 2020), the floating interest ones are stated at an average rate of 100% of the CDI (100% in December 2020) and mature on August 30, 2022 (August 30, 2022 in December 2020) with guarantee of up to 1 year (up to 2 years in December 2020). LCA (Agribusiness Credit Bills) operations were carried out with average rates of 101.61% of the CDI (101,60% in December 2020) and with final maturity up to 2 years (up to 2 years in December 2020) and the pre-fixed LCA at the average rates of 6.86% p.a. (6.79% p.a. in December 2020). LCI (Real estate Credit Bills) operations were carried out with rates of 103.26% of the CDI with maturity up to 1 year (96.06% in December 2020 – up to 1 year). Term deposits are remunerated at the average rate of 93.36% of CDI (82.90% of CDI in December 2020), directly related to the invested amount, with final maturity in up to 2 years (up to 2 years in December 2020). Borrowings were carried out at average rates of 1.76% p.a. (1.76% p.a. in December 2020) and foreign exchange-rate change with final maturity up to 6 years (up to 6 years in December 2020). 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, and a decision is made ceiling regarding Directors' fees for each year, in compliance with limits of the CMN Resolution 3,921/10.

In the first half of 2021 and year of 2020, the Board of Directors did not approve payments for the profit sharing of the administrators, in view of the recorded net loss.

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

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Fixed remuneration	12,590	6,888	12,646	6,943
Other (*)	308	665	308	665
Total	12,898	7,553	12,954	7,608

(*) Refers substantially to benefits involving food/meal - R\$ 36 (June 2020 - R\$ 42) and medical and dental care - R\$ 272 (June 2020 - R\$ 623).

Notes to the individual and consolidated financial statements

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

b.2) Long-term benefits

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

27. INCOME (LOSS) FROM LOAN OPERATIONS AND LEASE

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Loans	156,579	1,714,180	118,336	1,787,593
Recovery of loans written off as loss	18,538	6,945	22,504	15,783
Acquisition of receivables;	6,487	3,165	6,487	3,165
Income from credit notes and sale of assets	1,419	1,892	1,419	1,892
Leases	-	-	2,297	3,002
Total	183,023	1,726,182	151,043	1,811,435

The Bank has credit operations indexed to foreign currency, the amount of which recorded in the first half of 2020 was impacted by the exchange variation in that period in the amount of R\$1,377,585.

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

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Income from Repurchase and resale agreement	48,309	63,218	48,309	63,218
Income from short-term interbank investments	19,302	29,878	14,869	11,892
Income from fixed income securities	9,570	19,840	9,555	20,025
Income from investments abroad	222	81,201	222	81,201
Other securities' operations	1,274	(2,693)	1,275	(2,693)
Total	78,677	191,444	74,230	173,643

29. INCOME (LOSS) FROM DERIVATIVE FINANCIAL INSTRUMENTS

	BANK AND CONSOLIDATED	
	06/30/2021	06/30/2020
Future Market - DI	25,439	(52,372)
Swap	(9,246)	365,459
Term of currencies	(14,632)	83,922
Future Market - Dollar	(51,563)	(15,092)
Total	(50,002)	381,917

Notes to the individual and consolidated financial statements
In thousands of reais - R\$, unless otherwise indicated.

30. FOREIGN EXCHANGE INCOME

	BANK AND CONSOLIDATED	
	06/30/2021	06/30/2020
Foreign exchange transactions	19,126	40,459
Cash and cash equivalents in foreign currencies	(10,646)	140,858
Exchange-rate changes	(43,083)	430,034
Total	(34,603)	611,351

31. OTHER FINANCIAL INTERMEDIATION EXPENSES

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Income (loss) from credit assignment operations	(4,727)	(9,918)	-	-
Others	500	1,497	500	1,497
Total	(4,227)	(8,421)	500	1,497

32. BORROWINGS AND ONLENDINGS

	BANK AND CONSOLIDATED	
	06/30/2021	06/30/2020
Reversal to loans linked to credit operations	5,829	(44,492)
FUNCAFÉ/BNDES Onlendings	1,965	4,115
Expenses with obligations to foreign bankers	(163,006)	1,801,704
Total	(155,212)	1,761,327

The Bank has obligations with bankers abroad for loans indexed to foreign currency, whose value recorded in the first half of 2020 was impacted by the exchange variation in that period in the amount of R\$ 1,716,972.

33. EXPENSES WITH MONEY MARKET REPURCHASE AGREEMENTS

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Time Deposits	67,821	64,063	67,768	63,979
Repurchase and resale agreements	49,416	67,170	48,830	66,705
Financial bills expenses	4,983	15,972	4,983	15,972
Interbank deposits	3,909	9,158	2,425	7,005
Credit Guarantee Fund (FGC) contribution expense	3,813	2,743	3,813	2,743
Agribusiness credit bills expenses - LCA	3,688	8,324	3,688	8,324
Real estate credit bills expenses - LCI	19	230	19	230
Total	133,649	167,660	131,526	164,958

Notes to the individual and consolidated financial statements
In thousands of reais - R\$, unless otherwise indicated.

34. EXPENSES WITH DEBT INSTRUMENTS ELIGIBLE TO CAPITAL

	BANK AND CONSOLIDATED	
	06/30/2021	06/30/2020
Perpetual Debt	(14,165)	161,481
Subordinated debt	(50)	120,086
Total	(14,215)	281,567

35. REVENUES FROM RENDERING OF SERVICES AND TARIFFS

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Income from guarantees granted	19,155	22,608	19,155	22,608
Income from bank fees	1,003	905	1,003	905
Collection income	813	1,073	813	1,073
Income from other services	1,321	886	1,443	1,066
Total	22,292	25,472	22,414	25,652

36. PERSONNEL EXPENSES

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Salaries	47,813	40,595	51,709	44,948
Social charges	18,311	16,691	19,596	18,091
Directors' fees	12,590	6,888	12,646	6,943
Benefits	7,251	7,846	8,575	9,535
Other	112	134	142	222
Total	86,077	72,154	92,668	79,739

37. OTHER ADMINISTRATIVE EXPENSES

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Outside service expenses	10,426	10,636	15,553	15,669
Rental and fees expenses	7,635	7,502	8,642	8,347
Data processing expenses	6,528	5,974	8,550	8,410
Expenses with amortization and depreciation	5,549	10,289	5,901	10,648
Financial system service expenses	4,018	3,570	4,350	3,965
Expenses with judicial and notary public fees	1,034	3,297	1,565	4,481
Expenses with maintenance and preservation	1,575	1,283	1,657	1,424
Other expenses	2,483	5,041	3,517	7,351
Total	39,248	47,592	49,735	60,295

Notes to the individual and consolidated financial statements
 In thousands of reais - R\$, unless otherwise indicated.

38. OTHER OPERATING REVENUES

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Restatement of escrow deposits	2,197	4,509	2,225	4,562
Reversal of provision for restructuring	973	5,240	973	5,240
Recovery of charges and expenses	881	523	7,614	4,956
Other operating income	800	8,150	1,140	7,243
Total	4,851	18,422	11,952	22,001

39. OTHER OPERATING EXPENSES

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Tax expenses	16,118	5,818	18,453	9,086
Commission expenses	10,676	18,817	11,787	24,197
Processing fee	2,429	3,910	3,378	5,405
Write-off of prepaid expense	-	17,059	-	17,059
Provision/Reversal of operating provision	-	16,948	-	16,948
Provision - Ministry of Cities	-	4,337	-	4,337
Other operating expenses	953	12,821	1,749	14,673
Total	30,176	79,710	35,367	91,705

40. NON-OPERATING INCOME (LOSS)

	BANK		CONSOLIDATED	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Income from disposal of assets	11,592	1,327	13,623	1,857
Loss on write-off of assets in use	-	(2,350)	-	(2,350)
(Provision) for impairment of assets not for own use	-	(29,378)	(375)	(32,966)
Other non-operating income (expenses)	142	197	152	200
Total	11,734	(30,204)	13,400	(33,259)

41. 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

Notes to the individual and consolidated financial statements

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

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 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.

Notes to the individual and consolidated financial statements

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

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 can be characterized by certain main types of measurements: stale positions, sensitivities, stress tests, Value-at-risk (including adherence tests and validations), 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.

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.

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.

In line with benchmarking practices benchmark, the Bank continues to upgrade its controls and analytical models of operating risk in accordance with CMN Resolution 4,557/17 and Basel Accord.

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:

Notes to the individual and consolidated financial statements

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

- 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.

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

As of June 30, 2021, 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) in the amount of R\$ 2,626,902 (December 2020 - R\$ 3,737,849), 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\$ 3,263,191 (December 2020 - R\$ 3,592,447), maturing in less than one year, which has been systematically renewed.

	06/30/2021		
	CONSOLIDATED		
	Nominal liquidity	Reclassification by effective liquidity	Adjusted liquidity
Current assets	10,202,752	2,626,902	12,829,654
Current liabilities	(13,291,303)	3,263,191	(10,028,112)
Net balance	(3,088,551)	5,890,093	2,801,542

Notes to the individual and consolidated financial statements

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

	12/31/2020		
	CONSOLIDATED		
	Nominal liquidity	Reclassification by effective liquidity	Adjusted liquidity
Current assets	8,541,499	3,737,849	12,279,348
Current liabilities	(12,096,465)	3,592,447	(8,504,018)
Net balance	(3,554,966)	7,330,296	3,775,330

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:

- (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 practices. 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.

Notes to the individual and consolidated financial statements

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

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, 2021, 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, 2021, 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, 2021, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

The scenarios adopted for June 30, 2021, and 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% incr.	25% incr.	50% incr.
B3 S.A. - Brasil, Bolsa, Balcão	10% decr.	25% decr.	50% decr.
Inflation	10% decr.	25% decr.	50% decr.

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 06/30/2021			
Risk factors	Scenario 1	Scenario 2	Scenario 3
Dollar and dollar coupon	(18,657,109)	(42,769,023)	(71,599,644)
Fixed Rate in reais	(15,181,716)	(36,633,302)	(69,231,728)
Inflation	(17,791)	(43,598)	(84,402)
Total loss	(33,856,616)	(79,445,923)	(140,915,774)

Notes to the individual and consolidated financial statements

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

Trading Portfolio - Results for risk factors in 12/31/2020			
Risk factors	Scenario 1	Scenario 2	Scenario 3
Dollar and dollar coupon	(19,244)	(53,754)	(126,436)
Fixed Rate in reais	(4,317,797)	(10,785,119)	(21,543,977)
Total loss	(4,337,041)	(10,838,873)	(21,670,413)

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.
- Shares and Indices – Comprises the shares and indices of stock exchanges, shares and options pegged to share indices.
- Inflation – Refers to all products that have price variations pegged to inflation coupon variations and inflation rates.

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 chart referring to the banking portfolio may, at first glance, give the impression of high sensitivity to volatility. For a better analysis of results obtained in this portfolio, the management chart below - which includes derivatives, assets and others - indicates the mismatching of the Institution's operations. It shows that there is substantial mismatching of prefixed positions, which would produce a negative impact on results, if there were an increase in interest rates. Nevertheless, the sensitivity chart presented does not consider correlations between and among the different risk factors. This means that the analysis disregards the correlation between the prefixed and CDI factors, that is, losses of prefixed rates are not offset by gains in CDI.

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 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.

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

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 4783/20 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 06/30/2021	Valid in 12/31/2020
Core capital ratio	6.12%	5.75%
Tier I Capital ratio	7.62%	7.25%
Basel Ratio (total PR)	9.62%	9.25%

The Leverage Ratio (RA) is defined as the ratio between Tier I Capital and Total Exposure, calculated in accordance with BACEN Circular 3,748. 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, 2021 and December 31, 2020 and those established in the RAS Policy for 2020 - 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 2021.

Notes to the individual and consolidated financial statements

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

In R\$ thousand	06/30/2021	12/31/2020
Capital – Level 1	1,403,908	1,422,085
- Core Capital	1,053,754	1,058,316
-Perpetual Bonds	350,154	363,769
Capital – Level 2	406,866	423,302
Reference Equity	1,810,774	1,845,387
-RWACpad	11,144,307	10,453,127
-RWAMpad	278,998	152,154
-RWAOpad	1,438,738	1,447,455
Total RWA	12,862,043	12,052,736
-	64,973	184,713
Ratios		
Main Capital	8.19%	8.78%
Level 1	10.92%	11.80%
Basel Ratio	14.08%	15.31%
IB to RWA + IRRBB	13.24%	12.85%

Art. 13, CMN Resolution 4,193/20, 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 (art. 3, CMN Resolution 4,193/20). At CCB Brasil, the limit for IRRBB is set in R\$ in the risk appetite statement and has represented on average 3 points in the capitalization indicator, as seen above. 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 to June 2021, as noted above.

42. 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. Thus, in the first half of 2020, in the Consolidated, the amount of R\$ 25,972 was recorded arising from the write-off of the tax credit recorded in the subsidiary CCB Financeira as there is no expectation of generating taxable income in the next 10 years, sufficient for absorption of this credit. In the first half of 2021, there was no record of non-recurring results in the Bank and Consolidated.

43. OTHER INFORMATION

a) Commitments assumed for guarantees received and funding from international bodies

CCB Brasil is debtor due to loans taken from Proparco (Société de Promotion et de Participation pour la Coopération Économique) for onlending to Brazilian companies, whose agreement requires the maintenance of minimum financial ratios (financial covenants) in addition to the assumption of social and environmental responsibility obligations. Foreign loans and onlendings, which contain covenants, are classified in current, due to non-compliance with indicators.

The financial ratios are calculated based on the financial information prepared in accordance with Brazilian law and standards of the Central Bank of Brazil (BACEN). These are monitored and assessed by the aforementioned creditor.

Notes to the individual and consolidated financial statements

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

BANK AND CONSOLIDATED	Required
Capitalization (Basel)	≥ 11%
Sum of the 20 biggest risks on PR	≤ 300%
Concentration of risk per market segment	≤ 25%
D-H Loans + Pledges - Provisions over Reference Equity	≤ 25%
Operating Expenses over Operating Income	≤ 85%
90-day Liquidity Gap in Reais	> 00%

b) 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

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