

(A free translation of the original in Portuguese)

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# ***Banco BOCOM BBM S.A.***

***Parent company and consolidated  
financial statements at  
December 31, 2021  
and independent auditor's report***



(A free translation of the original in Portuguese)

## ***Independent auditor's report***

To the Board of Directors and Stockholders  
Banco BOCOM BBM S.A.

### **Opinion**

We have audited the accompanying parent company financial statements of Banco BOCOM BBM S.A. ("Bank"), which comprise the balance sheet as at December 31, 2021 and the statements of operations, comprehensive income, changes in equity and cash flows for the year and six-month period then ended, as well as the accompanying consolidated financial statements of Banco BOCOM BBM S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2021 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the year and six-month period then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

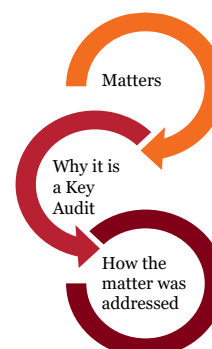
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banco BOCOM BBM S.A. and of Banco BOCOM BBM S.A. and its subsidiaries as at December 31, 2021, and the Bank's financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the year and six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil (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 year. 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.



Why it is a Key Audit Matter	How the matter was addressed in the audit
<p><b>Measurement of the Allowance for Doubtful Accounts (Notes 3(l) e 7)</b></p>	
<p>The determination of the allowance for doubtful accounts is a process that requires judgment and the use of a set of assumptions in determining the credit risk by management, as well as taking into account the economic situation, past experience and specific risks in relation to operations, debtors and guarantors, observing the parameters established by Resolution No. 2,682 of the Central Bank of Brazil and subsequent amendments by BACEN.</p> <p>This continues to be defined as an area of focus of the audit, as the use of this judgment in determining the amount of the allowance for doubtful accounts could result in significant variations in the estimate of this provision.</p>	<p>We updated our understanding of the relevant internal controls in determining and recognizing the allowance for doubtful accounts.</p> <p>We carry out tests in order to observe the integrity of the data used to calculate the allowance for loan losses, in addition to tests to observe the application of the methodology used to calculate this allowance in relation to the assigned ratings, the assumptions adopted, as well as the comparison of balances accounting with analytical reports.</p> <p>We consider that the criteria and assumptions adopted by management are consistent with the information analyzed in our audit.</p>
<p><b>Measurement of the fair value of certain financial instruments with low liquidity and no active market (Notes 3(b), 3(g) e 6)</b></p>	
<p>The measurement of the fair value of financial instruments with low liquidity and no active market continues to be considered an area of focus in our audit due to its relevance in the context of the financial statements and/or the involvement of a high level of judgment on the part of the management, since these instruments depend on valuation techniques carried out through internal models, which consider certain assumptions for the valuation of instruments with low liquidity and no active market and/or data market observables. These financial instruments with low liquidity and no active market are substantially comprised of derivative contracts and investments in certain private securities.</p>	<p>We updated our understanding of the relevant internal controls that involve the measurement, recognition and disclosure of the fair value of these financial instruments with low liquidity and no active market.</p> <p>With the help of our specialists in the pricing of financial instruments of this nature, we updated our understanding of the calculation methodologies for pricing, analyzed the reasonableness of the assumptions used by management in the construction of curves and internal pricing models, as well as analyzing the alignment of these assumptions and models with practices used in the market. We carry out independent valuation tests for certain operations, selected on a sample basis.</p> <p>We consider that the criteria and assumptions adopted by management in measuring the fair value of these financial instruments with low liquidity and no active market are consistent with those analyzed in our audit.</p>



Banco BOCOM BBM S.A.

### **Other information accompanying the parent company and consolidated financial statements and the auditor's report**

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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.

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**

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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 Central Bank of Brazil (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**

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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.



Banco BOCOM BBM S.A.


- 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.
- 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 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.

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

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

Rio de Janeiro, February 21, 2022

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

  
Caio Fernandes Arantes  
Contador CRC 1SP222767/O-3

## Management's Report

(In thousands of Reais)

### Who We Are

With agility and transparency, we meet the need for credit and financial services of companies established in Brazil. For the management and consultancy of individual assets (Wealth Management), we use methods that have been successfully tested and improved over decades and the expertise of a highly qualified and certified team. The credit funds area provides private credit funds, in addition to global funds.

Through ethical and transparent procedures, we focus our efforts on sustainably offering to our shareholders and customers the profitability of capital, as well as the Brazil-China integration; to our employees, opportunities for professional, material and intellectual growth, encouraging the search for cutting-edge knowledge, especially in the financial and technological areas.

### Message from Management

The global economy recovered strongly in 2021, as vaccine rollout enabled the main economies to relax social distancing rules and mobility restrictions. In Brazil, 67% of the population had been immunized (two doses) by the end of the year, and economic growth was driven mainly by the global recovery and rising commodity prices. Record tax collection, the end of extraordinary expenditure due to the pandemic and nominal GDP growth brought relief to the fiscal outlook and the debt-to-GDP ratio. In 2021, growth benefited from the resumption of activity, but the prospects for 2022 are less favorable. The labor market and service sector continue to recover, but a restrictive monetary policy and the high level of household debt represent challenges to growth. Brazil's presidential election and adverse international financial conditions, including monetary tightening in the United States, add even more uncertainty to the outlook. The tax and administrative reform agenda remains decisive for the Brazilian economy to grow robustly and achieve fiscal sustainability in the years ahead.

In 2021, we continued with the requisite procedures in our offices to protect our staff and consequently their families and friends from contamination by COVID 19. Thanks to these procedures, in conjunction with the precautions taken by us all personally and the results of the public vaccination policy, we had only one case involving hospitalization among our entire staff. In September, we began the transition to a new normal by incentivizing a return to work at the office at the same time as our managers and senior executives created methods that permit remote working on some weekdays.

In this manner, we sought to balance the need to spend less time commuting with more time to socialize with coworkers, improving the work experience and productivity in both cases. This transition was interrupted in December by the advent of the omicron variant, and resumed in February 2022.

Precautions and care to protect the health and wellbeing of the people with whom we interact in this second year of exceptionality join our sustainability procedures as we strive to have a positive socio-environmental impact, mitigate environmental and social risks, and comply with laws and regulations, both external and internal, always ensuring that governance is transparent and aligned with the interests of all our stakeholders.

Our actions involved the donation of baskets of staples to poor families living in the vicinity of our Rio de Janeiro office, and support for COVID-19 Analytics, a tool developed by researchers at the Pontifical Catholic University of Rio de Janeiro (PUC-Rio) to monitor the evolution of the pandemic. Alongside actions directly relating to the pandemic, we advanced our internal and external ESG initiatives. Internally, we formalized our ESG Committee and Women's Committee. Our external initiatives include a continuing commitment to support education and training in economics and technology by awarding scholarships for study at PUC-Rio, Getúlio Vargas Foundation (FGV) and the Aeronautics Institute of Technology (ITA), and by sponsoring the 42 Rio coding school.

Brazil's economic recovery in 2021, combined with the efforts of our staff and our focus on identifying the needs of our clients, enabled us to maintain the growth of our activities and our profitability. The product diversification we offer clients changed the composition of our income, with the capital markets and financial protection via derivatives-based hedging accounting for a growing share. Wealth management and financial services reached 24.6% of total income.

We are an Asian bank, and the countries of Asia that responded promptly to the public health crisis as it began are now reaping the fruits of this strategy. In China, the policy of case control and monitoring was successful, and the economy grew 8.1% in 2021. In contrast with the other developed countries, China's fiscal discipline during the pandemic allows it to opt for more expansionary fiscal and monetary policies in response to the prospect of slower growth in 2022. The deterioration of the real estate market and decelerating consumption are guiding the government's planning and actions toward stable growth, with a focus on economic development, a reduction in inequality, and the use of technology to achieve sustainable growth. This vision leads us to seek opportunities and means to integrate the Brazilian market with those of Asia, especially China. This is why we were the first Latin American bank to join Bond Connect, the main platform for the purchase of bonds by foreigners on China's local market.

The global economic recovery that took place in 2021 was accompanied by changes in consumer habits, supply chains, and the labor market, especially the types of available professionals and jobs. These factors, previously witnessed only at times of large-scale war, alongside widespread demand pressures due to low or negative real interest rates, present challenges to states, governments, business organizations and individuals. We must take this into account in our work in 2022.

## Management's Report

(In thousands of Reais)

### Performance of Financial Group

The Prudential Conglomerate recorded equity of R\$ 841 million and net income of R\$ 147 million on December 31, 2021, which corresponds to annual profitability of 18.37%, calculated based on the average equity for the period.

Total assets in 2021 amounted to R\$ 14,853 million. The amount raised in the domestic and foreign markets totaled R\$ 11,008 million at end of the year. The Bank's Basel Capital Adequacy Ratio was 12.64% at the end of the year.

### Corporate Credit

The expanded credit portfolio reached BRL 10.33 billion, including export-import finance and guarantees such as sureties and avals, and we participated actively in the extension of credit facilities as part of the measures implemented to mitigate the economic impact of the pandemic via PEAC and BNDES, for a total of BRL 2.5 billion.

### Wealth Management

Using constantly updated tools to manage the assets of Brazilian and foreign clients, we offer a range of financial products via an open platform and global investment opportunities suited to long-term objectives. Assets under management totaled BRL 9.3 billion at end-2021.

### Asset Management

Asset Management offers investment funds with a medium and long term horizon. In addition to private credit funds, global equity funds ESG, US and China, focus on sustainability, return on US companies and return on Chinese companies, respectively. Our main differentials are the robust management processes, using macro research, credit analysis and monitoring. In December 2021, assets invested in the funds totaled R\$ 1.1 billion.

### People

We are recognized for identifying and developing talents, valuing the search for cutting-edge knowledge and encouraging people who want to achieve their material and intellectual goals with the support of practical and academic experience. We know the importance of teaching and motivating those who join us, in order to discover new ways to do our job better. We are committed to maintaining a meritocratic, dynamic, transparent and diverse work environment, taking into account the dignity and well-being of the social groups with which we interact.

### Credit Rating

In our point of view, the classification of the rating agencies is an important source of transparent and independent assessment of the quality of our credit.

Moody's Investors Service assigned the ratings of Banco BOCOM BBM on June 30, 2021. On a global scale, "Ba1" rating was assigned to local and foreign currency deposits, with a notch above the Brazilian rating ("Ba2") and "Ba1" for deposits in foreign currency, and "stable perspective". In the national scale, the "Aaa.br" rating was assigned by the Moody's Local Brazil, in July 12, 2021, with "stable perspective", the best possible credit rating in this category.

In addition, on August 24, 2021, Fitch Ratings assigned the long-term national rating "AAA (bra)", the highest possible rating in this category. On a global scale, long-term issuer default ratings (IDR) "BB" and "BB+" were assigned in foreign currency and local currency, respectively, keeping above the sovereign rating ("BB-"). BOCOM BBM's long-term IDR prospects reflect those of sovereign ratings.

### Securities Portfolio

The Sales & Trading area is responsible for managing and negotiating corporate securities. The scope of this business unit includes the active negotiation of corporate securities in the secondary market.

### Bank Segmentation Transition

In June 2020, Banco BOCOM BBM S.A. completed 3 six-month periods with the Total Exposure/GPD ratio higher than 0.1%, thus being subject to the regulation of the S3 segment at the end of 2020, according to Article 8 of Resolution No. 4,552 of 2017.



## Balance Sheet

(In thousands of Reais)

Assets	Note	Bank		Operational Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Current and long-term assets</b>		<b>15,163,645</b>	<b>12,923,570</b>	<b>14,638,167</b>	<b>12,497,754</b>
<b>Cash</b>	<b>4</b>	<b>872,723</b>	<b>613,564</b>	<b>972,602</b>	<b>666,823</b>
Cash		4	3	4	3
Free reserves		2,110	11,469	2,110	11,469
Bank deposits in foreign currencies		870,609	602,092	970,488	655,351
<b>Short-term interbank investments</b>	<b>5</b>	<b>1,789,667</b>	<b>1,735,069</b>	<b>411,082</b>	<b>768,723</b>
Open market investments	<b>4</b>	14,333	540,007	14,333	540,007
Interbank deposits		257,236	226,637	257,236	226,637
Investments in foreign currencies	<b>4</b>	1,518,098	968,425	139,513	2,079
<b>Marketable securities and derivative financial instruments</b>	<b>6</b>	<b>4,869,141</b>	<b>3,836,738</b>	<b>5,235,977</b>	<b>4,017,015</b>
Bank portfolio		1,880,257	2,467,862	1,890,300	2,467,862
Subject to repurchase agreements		1,786,946	283,794	1,786,946	283,794
Derivative financial instruments		1,007,170	969,402	1,009,511	971,640
Linked to guarantees given	<b>21</b>	194,949	115,800	549,401	293,839
Allowance for marketable securities		(181)	(120)	(181)	(120)
<b>Interbank accounts</b>		<b>7,110</b>	<b>63,684</b>	<b>7,110</b>	<b>63,684</b>
Correspondent banks		274	85	274	85
Deposits – Central Bank of Brazil		6,836	63,599	6,836	63,599
<b>Loan transactions</b>	<b>7</b>	<b>6,831,040</b>	<b>6,173,389</b>	<b>7,210,205</b>	<b>6,471,638</b>
Discounted securities and loans		5,014,932	4,837,377	5,397,606	5,137,907
Financing		1,285,963	734,566	1,285,963	734,566
Rural and agroindustrial financing		575,327	636,906	575,327	636,906
Allowance for loans		(45,182)	(35,460)	(48,691)	(37,741)
<b>Other receivables</b>		<b>782,950</b>	<b>485,193</b>	<b>790,177</b>	<b>493,938</b>
Foreign exchange portfolio	<b>8</b>	520,573	223,478	520,573	223,478
Unearned income		19,703	19,536	18,933	19,159
Trading and brokerage		-	2	-	2
Credit assignment	<b>7</b>	20,887	25,937	20,887	25,937
Sundry	<b>14</b>	109,642	111,754	116,715	119,298
Tax credits	<b>25</b>	116,791	105,754	117,715	107,332
Allowance for other receivables	<b>7</b>	(4,646)	(1,268)	(4,646)	(1,268)
<b>Other assets</b>	<b>15</b>	<b>11,014</b>	<b>15,933</b>	<b>11,014</b>	<b>15,933</b>
<b>Permanent assets</b>		<b>485,538</b>	<b>452,739</b>	<b>215,146</b>	<b>207,275</b>
<b>Investments</b>		<b>441,999</b>	<b>416,833</b>	<b>171,575</b>	<b>171,332</b>
Income from interest in subsidiaries					
In Brazil	<b>9</b>	14,697	12,226	-	-
Abroad	<b>9</b>	426,221	403,960	170,494	170,685
Other investments		2,891	2,457	3,710	3,276
Provision for losses		(1,810)	(1,810)	(2,629)	(2,629)
<b>Property and equipment in use</b>		<b>11,117</b>	<b>10,970</b>	<b>11,149</b>	<b>11,007</b>
Furniture and equipment		13,850	11,816	13,912	11,876
(-) Furniture and equipment depreciation		(5,861)	(4,418)	(5,891)	(4,441)
Improvements in third party real estate		6,936	6,936	6,936	6,936
(-) Depreciation in improvement in third parties properties		(3,809)	(3,365)	(3,809)	(3,365)
Lands		1	1	1	1
<b>Intangible</b>		<b>32,422</b>	<b>24,936</b>	<b>32,422</b>	<b>24,936</b>
<b>Total assets</b>		<b>15,649,183</b>	<b>13,376,309</b>	<b>14,853,313</b>	<b>12,705,029</b>

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



## Balance Sheet

(In thousands of Reals)

Liabilities	Note	Bank		Operational Consolidated	
		12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Current and long-term liabilities</b>		<b>14,788,459</b>	<b>12,592,081</b>	<b>13,992,589</b>	<b>11,920,801</b>
<b>Deposits</b>	<b>10</b>	<b>3,334,404</b>	<b>3,760,061</b>	<b>2,380,644</b>	<b>2,911,275</b>
Demand deposits		1,422,299	1,577,334	472,515	738,262
Time deposits		1,146,662	1,533,845	1,146,662	1,533,845
Interbank deposits		765,443	648,882	761,467	639,168
<b>Repurchase agreements</b>	<b>11</b>	<b>1,733,897</b>	<b>296,761</b>	<b>1,733,897</b>	<b>296,761</b>
Bank portfolio		1,733,897	296,761	1,733,897	296,761
<b>Funds from acceptance and issue of securities</b>	<b>12</b>	<b>4,115,737</b>	<b>4,171,851</b>	<b>4,115,737</b>	<b>4,171,851</b>
Liabilities – marketable securities abroad		341,329	153,599	341,329	153,599
Liabilities from issue of agribusiness credit bills - LCA		2,087,510	1,450,829	2,087,510	1,450,829
Liabilities from issue of housing credit bills - LCI		47,910	67,442	47,910	67,442
Liabilities from issue of financial bills - LF		1,432,992	1,456,749	1,432,992	1,456,749
Liabilities from financial letter with guarantee - LFG		-	841,472	-	841,472
Liabilities from issue of financial bills - LF - Subordinated Debts		205,996	201,760	205,996	201,760
<b>Interbranch accounts</b>		<b>31,831</b>	<b>60,097</b>	<b>31,831</b>	<b>60,097</b>
Third-party funds in transit		31,831	60,097	31,831	60,097
<b>Borrowings</b>	<b>13</b>	<b>4,663,429</b>	<b>3,462,816</b>	<b>4,663,429</b>	<b>3,462,816</b>
Loans abroad		4,663,429	3,462,816	4,663,429	3,462,816
<b>Derivative financial instruments</b>	<b>6 and 22</b>	<b>339,909</b>	<b>413,769</b>	<b>492,537</b>	<b>584,303</b>
Derivative financial instruments		339,909	413,769	492,537	584,303
<b>Other liabilities</b>		<b>569,252</b>	<b>426,726</b>	<b>574,514</b>	<b>433,698</b>
Collection of similar taxes		613	32	613	32
Foreign exchange portfolio	<b>8</b>	1,272	1,301	1,272	1,301
Social		35,008	27,023	35,008	27,023
Statutory		60,569	54,920	62,661	56,274
Tax and social security		183,865	129,466	186,077	130,294
Securities trading		50,619	5,597	50,619	5,597
Allowance for financial guarantees	<b>7 and 27</b>	14,208	17,021	10,699	14,740
Sundry	<b>14</b>	223,098	191,366	227,565	198,437
<b>Deferred income</b>	<b>28</b>	<b>19,916</b>	<b>19,900</b>	<b>19,916</b>	<b>19,900</b>
<b>Equity</b>	<b>17</b>	<b>840,808</b>	<b>764,328</b>	<b>840,808</b>	<b>764,328</b>
<b>Capital</b>		<b>469,300</b>	<b>469,300</b>	<b>469,300</b>	<b>469,300</b>
Domiciled in Brazil		469,300	469,300	469,300	469,300
<b>Income reserves</b>		<b>556,936</b>	<b>449,852</b>	<b>556,936</b>	<b>449,852</b>
<b>Market value adjustment - marketable securities and financial instruments</b>		<b>(3,589)</b>	<b>27,015</b>	<b>(3,589)</b>	<b>27,015</b>
Securities available for sale		(3,589)	27,015	(3,589)	27,015
<b>Treasury stock</b>		<b>(181,839)</b>	<b>(181,839)</b>	<b>(181,839)</b>	<b>(181,839)</b>
<b>Total liabilities and equity</b>		<b>15,649,183</b>	<b>13,376,309</b>	<b>14,853,313</b>	<b>12,705,029</b>

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

## Statement of Operations

(In thousands of Reais, except the net income per share)

	Note	Bank			Operational Consolidated		
		Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
<b>Financial income</b>		<b>754,850</b>	<b>851,410</b>	<b>712,711</b>	<b>761,352</b>	<b>862,971</b>	<b>737,084</b>
Loan transactions		326,822	501,875	303,412	332,612	512,042	324,109
Income from marketable securities transactions	5 and 6	174,644	211,282	235,076	174,846	211,532	231,469
Gain/(Loss) on derivative financial instruments	22	253,384	138,253	174,223	253,894	139,397	181,506
<b>Financial expenses</b>		<b>(560,853)</b>	<b>(470,270)</b>	<b>(421,638)</b>	<b>(560,342)</b>	<b>(469,434)</b>	<b>(420,863)</b>
Market funding operations	18	(217,582)	(295,753)	(197,017)	(217,315)	(295,493)	(197,216)
Loans, assignments and onlending operations	18	(273,673)	(137,686)	(345,625)	(273,673)	(137,781)	(345,001)
Result of exchange operations	16	(61,942)	(21,981)	148,775	(61,698)	(21,310)	149,125
(Provisions)/Reversals of allowance doubtful acco	7	(7,818)	(14,891)	(26,925)	(7,818)	(14,891)	(26,925)
(Provisions)/Reversals for marketable securities	6	162	41	(846)	162	41	(846)
<b>Gross financial income</b>		<b>193,997</b>	<b>381,140</b>	<b>291,073</b>	<b>201,010</b>	<b>393,537</b>	<b>316,221</b>
<b>Other operating income (expenses)</b>		<b>(15,104)</b>	<b>(45,102)</b>	<b>(44,770)</b>	<b>(18,936)</b>	<b>(51,602)</b>	<b>(62,766)</b>
Service revenues	19	75,093	128,152	100,157	81,912	139,850	105,974
Personnel expenses		(56,237)	(104,983)	(85,588)	(59,912)	(111,568)	(90,028)
Other administrative expenses	20	(36,242)	(67,049)	(57,605)	(38,080)	(70,390)	(60,491)
Tax expenses		(14,844)	(26,659)	(22,019)	(15,308)	(27,494)	(22,901)
Income from interest in subsidiaries	9	17,181	25,501	17,209	12,503	18,066	1,560
Other operating income		711	1,645	7,337	721	1,657	7,387
Other operating expenses		(766)	(1,709)	(4,261)	(772)	(1,723)	(4,267)
<b>Operating income</b>		<b>178,893</b>	<b>336,038</b>	<b>246,303</b>	<b>182,074</b>	<b>341,935</b>	<b>253,455</b>
<b>Non-operating expenses</b>		<b>32</b>	<b>1,110</b>	<b>(7,445)</b>	<b>32</b>	<b>1,133</b>	<b>(7,445)</b>
<b>Income before income taxes and profit sharing</b>		<b>178,925</b>	<b>337,148</b>	<b>238,858</b>	<b>182,106</b>	<b>343,068</b>	<b>246,010</b>
<b>Income and social contributions taxes</b>	25	<b>(54,161)</b>	<b>(112,386)</b>	<b>(73,264)</b>	<b>(57,187)</b>	<b>(117,670)</b>	<b>(79,614)</b>
Provision for income tax		(34,083)	(60,861)	(56,956)	(36,185)	(64,703)	(62,859)
Provision for social contribution tax		(31,865)	(51,810)	(42,901)	(32,411)	(52,598)	(43,122)
Deferred tax asset/(liability)		11,787	285	26,593	11,409	(369)	26,367
<b>Profit sharing – management and employees</b>		<b>(40,904)</b>	<b>(77,363)</b>	<b>(49,022)</b>	<b>(41,059)</b>	<b>(77,999)</b>	<b>(49,824)</b>
<b>Net income</b>		<b>83,860</b>	<b>147,399</b>	<b>116,572</b>	<b>83,860</b>	<b>147,399</b>	<b>116,572</b>
<b>Earnings per outstanding share</b>		<b>0.41</b>	<b>0.72</b>	<b>0.57</b>	<b>0.41</b>	<b>0.72</b>	<b>0.57</b>

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

## Statement of Comprehensive Income

(In thousands of Reais)

	Bank/ Operational Consolidated		
	Second half of 2021	12/31/2021	31/12/2020
<b>Net income</b>	<b>83,860</b>	<b>147,399</b>	<b>116,572</b>
<b>Market adjustment variation of the securities</b>	<b>(10,374)</b>	<b>(30,604)</b>	<b>26,636</b>
Securities available for sale	(15,020)	(36,785)	29,564
Tax effects	4,646	6,181	(2,928)
<b>Exchange variation of investments abroad</b>	<b>12,613</b>	<b>8,371</b>	<b>20,349</b>
<b>Derivative financial instruments used for hedging</b>	<b>(12,613)</b>	<b>(8,371)</b>	<b>(20,620)</b>
Derivative financial instruments	(18,919)	(12,942)	(36,221)
Tax effects	6,306	4,571	15,601
<b>Comprehensive income for the six-month period/year</b>	<b>73,486</b>	<b>116,795</b>	<b>142,937</b>

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

**Statement of changes in equity of Banco BOCOM BBM S.A.**
*(In thousands of Reais, except for the values per share)*

	Capital	Income reserves		Market value adjustment of securities and derivatives	Hedge of Investments Abroad	Treasury shares	Retained earnings	Total
		Legal	Statutory	Bank				
Year Ended December 31, 2020								
Balances at January 1, 2020	469,300	36,098	328,974	650	-	(181,839)	-	653,183
Market value adjustments - marketable securities				26,636				26,636
Exchange variation of investments abroad					20,349			20,349
Derivative financial instruments used for hedging					(20,620)			(20,620)
Net income for the year							116,572	116,572
- Reserves		5,829	78,951				(84,780)	-
- Interest on equity (R\$ 0.15 per share)							(31,792)	(31,792)
Balances at December 31, 2020	469,300	41,927	407,925	27,286	(271)	(181,839)	-	764,328
Changes in the year	-	5,829	78,951	26,636	(271)	-	-	111,145
Year Ended December 31, 2021								
Balances at January 1, 2021	469,300	41,927	407,925	27,286	(271)	(181,839)		764,328
Market value adjustments - marketable securities				(30,604)				(30,604)
Exchange variation of investments abroad					8,371			8,371
Derivative financial instruments used for hedging					(8,371)			(8,371)
Net income for the year							147,399	147,399
- Reserves		7,370	99,714				(107,084)	-
- Dividends payable							(4,940)	(4,940)
- Interest on equity (R\$ 0.17 per share)							(35,375)	(35,375)
Balances at December 31, 2021	469,300	49,297	507,639	(3,318)	(271)	(181,839)	-	840,808
Changes in the year	-	7,370	99,714	(30,604)	-	-	-	76,480
Balances at July 1, 2021	469,300	45,104	468,287	7,056	(271)	(181,839)	-	807,637
Market value adjustments - marketable securities				(10,374)				(10,374)
Exchange variation of investments abroad					12,613			12,613
Derivative financial instruments used for hedging					(12,613)			(12,613)
Net income for the semester							83,860	83,860
- Reserves		4,192	39,353				(43,545)	-
- Dividends payable							(4,940)	(4,940)
- Interest on equity (R\$ 0.17 per share)							(35,375)	(35,375)
Balances at December 31, 2021	469,300	49,296	507,640	(3,318)	(271)	(181,839)	-	840,808
Changes in the six-month period	-	4,192	39,353	(10,374)	-	-	-	33,171

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

## Statement of Cash Flow

(In thousands of Reais)

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
<b>Cash flow statements</b>						
<b>Net income</b>	<b>83,860</b>	<b>147,399</b>	<b>116,572</b>	<b>83,860</b>	<b>147,399</b>	<b>116,572</b>
<b>Adjustments to net income:</b>	<b>(73,529)</b>	<b>(72,352)</b>	<b>30,780</b>	<b>(66,772)</b>	<b>(61,545)</b>	<b>48,141</b>
Allowance/Reversion for doubtful accounts	7,818	14,891	26,924	7,818	14,891	26,924
Depreciation and amortization	5,165	9,902	7,703	5,169	9,908	7,708
Expenses from civil, labor and tax allowances	488	1,351	3,864	488	1,351	3,864
Income from interest in subsidiaries	(17,181)	(25,501)	(17,209)	(12,503)	(18,066)	(1,560)
Deferred income and social contribution taxes	(11,787)	(285)	(26,593)	(11,409)	369	(26,367)
Gain/losses on fair value adjustment on marketable securities and derivatives	(58,032)	(72,710)	36,091	(56,335)	(69,998)	37,572
<b>Adjusted net income</b>	<b>10,331</b>	<b>75,047</b>	<b>147,352</b>	<b>17,088</b>	<b>85,854</b>	<b>164,713</b>
(Increase)/Decrease in short-term interbank investments	93,618	(34,733)	(226,637)	93,618	(34,733)	(226,637)
(Increase) in marketable securities and derivative financial instruments	(573,693)	(1,033,553)	(1,312,218)	(521,386)	(1,240,730)	(1,108,865)
(Increase)/Decrease in interbank and interbranch accounts	(3,027)	28,308	(68,480)	(3,027)	28,308	(68,480)
(Increase) in loan and lease transactions	(717,373)	(672,542)	(2,787,634)	(875,632)	(753,458)	(2,691,285)
(Decrease)/Increase in deposits	(81,706)	(425,657)	2,573,150	(356,211)	(530,631)	1,946,181
(Decrease)/Increase in open market funding	422,515	1,437,136	(1,416,494)	422,515	1,437,136	(1,416,494)
Increase in borrowings and onlending	338,720	1,200,613	1,150,087	338,720	1,200,613	1,208,659
Increase in deferred income	1,312	16	3,989	1,312	16	3,989
(Increase)/Decrease in other assets	203,716	(292,553)	139,167	210,437	(291,689)	150,271
(Decrease)/Increase in other liabilities	(163,816)	73,837	55,534	(172,136)	72,127	43,032
(Decrease)/Increase in market value adjustments - marketable securities	(10,374)	(30,604)	26,365	(10,374)	(30,604)	26,365
<b>Net cash flow from (used in) operating activities</b>	<b>(490,108)</b>	<b>250,268</b>	<b>(1,863,171)</b>	<b>(872,164)</b>	<b>(143,645)</b>	<b>(2,133,264)</b>
<b>Cash flow from investing activities:</b>						
Increase in investments	527	335	(134)	26,827	17,823	(72,484)
Property and equipment for use and leased acquisition	(12,829)	(17,535)	(13,531)	(12,831)	(17,536)	(13,568)
<b>Net cash provided by (used in) investing activities</b>	<b>(12,302)</b>	<b>(17,200)</b>	<b>(13,665)</b>	<b>13,996</b>	<b>287</b>	<b>(86,052)</b>
<b>Cash flow from financing activities:</b>						
(Decrease)/Increase in securities issue resources	714,871	(56,114)	1,245,134	714,871	(56,114)	1,245,134
Dividends and interest on equity paid	27,023	27,023	48,410	27,023	27,023	48,410
<b>Net cash used in financing activities</b>	<b>741,894</b>	<b>(29,091)</b>	<b>1,293,544</b>	<b>741,894</b>	<b>(29,091)</b>	<b>1,293,544</b>
<b>Net increase in cash and cash equivalents</b>	<b>249,815</b>	<b>279,024</b>	<b>(435,940)</b>	<b>(99,186)</b>	<b>(86,595)</b>	<b>(761,059)</b>
At the beginning of the six-month period/year	2,151,205	2,121,996	2,557,936	1,221,500	1,208,909	1,969,968
Changes for the six-month period/year	367,570	332,918	(452,384)	18,641	(32,627)	(777,644)
Exchange variation for the six-month period/year	(117,755)	(53,894)	16,444	(117,827)	(53,968)	16,585
At the end of the six-month period/year	2,401,020	2,401,020	2,121,996	1,122,314	1,122,314	1,208,909
<b>Net increase in cash and cash equivalents</b>	<b>249,815</b>	<b>279,024</b>	<b>(435,940)</b>	<b>(99,186)</b>	<b>(86,595)</b>	<b>(761,059)</b>
<b>Non-monetary transaction</b>						
Unpaid interest on equity	35,375	35,375	31,792	35,375	35,375	31,792
Deliberate dividends	4,940	4,940	-	4,940	4,940	-

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

## **Notes to the financial statements as at December 31, 2021**

*(In thousands of Reals, otherwise indicated)*

### **1. Operations**

Banco BOCOM BBM is the leading institution of the Financial Group Banco BOCOM BBM (Note 2) and is authorized to operate as finance bank with the following portfolios:

- Commercial;
- Investment;
- Loan, Financing and Investment;
- Foreign Exchange;
- Energy trading.

The Bank and the Financial Group operates as a group of institutions which operate together in the financial market, with certain operations involving co-participation or intermediation of associated institutions which are part of Banco BOCOM BBM Financial Group. The benefits of services rendered by such institutions and the costs of the Financial Group's shared operating and administrative structures are fully or individually absorbed, which is practical and reasonable in the circumstances.

### **2. Presentation of the Financial Statements and Consolidation Criteria**

The financial statements of the Bank and the Financial Group were prepared in accordance with the Resolution No. 4,280/2013, of the Brazilian National Monetary Council (CMN), and Circular Letter No. 3,701/2015 of the Central Bank of Brazil (BACEN), which are elaborated based on the accounting guidelines arising from the Laws No. 4,595/64 (National Financial System Law) and No. 6,404/76 (Corporation Law), including the amendments introduced by the Laws No.11,638/07 and No. 11,941/09, in compliance with the standards and instructions from CMN, BACEN, Federal Accounting Council (CFC) and the accounting practices adopted in Brazil applicable to financial institutions regulated by the BACEN.

The preparation of these statements in accordance with the accounting practices adopted in Brazil, applicable to financial institutions, requires management to use judgment in the determination and recording of accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include: allowance for doubtful accounts, realization of deferred tax assets, provision for labor, tax and civil claims, valuation of financial instruments and other provisions. The definitive values of the transactions involving these estimates will only be known at the time of their settlement.

As of May 2020, the amendments to CMN Resolution No. 4,818/20 and BACEN Resolution No. 2/20 were included in Banco BOCOM BBM's consolidated financial statements. The main objective of these standards is to comply with the guidelines for the presentation of financial statements in accordance with international accounting standards, International Financial Reporting Standards (IFRS). The main changes implemented were: the Balance Sheet balances for the period are presented in comparison with the end of the immediately preceding year and the other statements are compared with the same periods of the previous year for which they were presented; and the inclusion of the Statement of Comprehensive Income. The changes implemented by the new standards had no impact in the Net Income or Shareholders' Equity.

#### **2.1 Consolidation**

The financial statements of Banco BOCOM BBM and Financial Group of Banco BOCOM BBM were prepared in accordance with the consolidation criteria stated by Resolution No. 4,280/2013 from BACEN, which includes financial institutions and other institutions authorized to operate by the Central Bank of Brazil.

In the consolidation process of the entities members of Banco BOCOM BBM and of the Financial Group Banco BOCOM BBM, it was adjusted, at the base date, in order that the same classifications, criteria, procedures and accounting practices used in the lead institution are applied in the evaluation and recognition of the assets, liabilities, revenues and expenses, with the following eliminations:

- Capital share, reserves and accumulated results held between the institutions (it also should be noted that there is no intercompany transactions);
- Balances of current accounts and other Assets and/or Liabilities between the institutions, whose balance sheets were consolidated; and
- The effects on profit or loss arising from significant transactions between these institutions.

The Operating Consolidation comprises the financial statements at December 31, 2021 and December 31, 2020 of the following institutions:

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 2.1 Consolidation (Continued)

Banco BOCOM BBM S.A. and Nassau branch

BBM Bank Ltd. (a)

BOCOM BBM Corretora de Câmbio e Valores Mobiliários S.A. (b)

- (a) The indirect participation of 100% of Banco BOCOM BBM in the social capital of BBM Bank Ltd. was eliminated from the Operating Consolidate.
- (b) Banco BOCOM BBM directly holds 100% of the capital of this entity.

### 3. Significant Accounting Practices

#### (a) Results of Operations

Calculated on an accrual basis.

According to BACEN Resolution No. 2/20, recurring and non-recurring results were presented separately.

	Bank/Operational Consolidated		
	Second Half of 2021	12/31/2021	12/31/2020
<b>Recurring Net Income</b>	<b>83,825</b>	<b>146,933</b>	<b>120,929</b>
<b>Non-recurring Events</b>	<b>35</b>	<b>466</b>	<b>(4,357)</b>
Fines	(68)	(185)	(178)
(Provisions)/Reversals for contingencies	139	(144)	(3,603)
Provision for devaluation of properties not for use (BNDU)	-	-	(2,600)
Result from sale of properties not for use (BNDU)	-	1,261	(1,540)
Income tax and social contribution	(36)	(466)	3,564
<b>Net Income</b>	<b>83,860</b>	<b>147,399</b>	<b>116,572</b>

#### (b) Marketable securities and derivative financial instruments

In accordance with BACEN Circular Letter No. 3,068, securities are classified into the following categories:

I- Trading securities;

II- Securities held for sale;

III- Securities held up to maturity.

Securities classified in categories I and II are adjusted to market value, being the adjustment of the former directly accounted in the result and the adjustment of the latter in specific equity account, net of tax effects. Securities classified as "held up to maturity" are evaluated based on the cost plus the earnings.

Derivative financial instruments are adjusted to market value, in accordance with BACEN Circular Letter No. 3,082.

Investment fund shares are restated monthly based on the share value disclosed by the funds Administrators where funds are invested. The appreciation and depreciation of investment fund quotas are presented in "Result from transactions with marketable securities".

#### (c) Current and non-current assets

These are presented at their realization amounts, including, when applicable, the earnings and monetary variations (on a pro rata basis) and foreign exchange variations, less corresponding proceeds from future realization and/or provision for losses. Balances maturing within 12 months (or 360 days) are classified as current assets.



## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 3. Significant Accounting Practices (Continued)

#### (d) Permanent assets

These are stated at cost, plus the following aspects:

- Evaluation of the significant investments in subsidiaries on an equity accounting basis.
- Depreciation of property and equipment in use and lease calculated on a straight-line basis, based on annual rates that reflect the economic useful life of the assets, being properties in use - 4%; furniture and utensils - 10% and data processing - 20%.
- Amortization of intangible assets calculated according to the economic useful life of the asset.

In accordance with CMN Resolution No. 4,534/16, financial institutions and institutions authorized to operate by BACEN cannot record Deferred Assets. Balances recorded as deferred assets at the date this resolution became effective, except for lease losses to amortize, must be:

I- Reclassified to the proper asset accounts, according to the operation nature, when they refer to items that constitute an asset, according to the effective regulation; and

II- Amortized on a straight-line basis up to December 31, 2021, in the other cases.

#### (e) Current Liabilities and Long-term Liabilities

These are stated at their known or calculable values including, whenever applicable, the charges and the monetary (on a daily pro rata basis) and exchange variations, less the corresponding expenses to be allocated. Balances maturing within 12 months (or 360 days) are classified as Current Liabilities.

#### (f) Income tax and social contribution

The provision for income tax is set up based on the taxable profit, at 15% rate, plus 10% surcharge on annual taxable profit exceeding R\$ 240 thousand. The provision for social contribution tax is set up at the rate of 20%.

The deferred tax assets and liabilities arising from temporary differences were recognized in accordance with CMN Resolutions No. 3,059 issued on December 20, 2002, and No. 3.355, issued on March 31, 2006, and take into account the history of profitability and the expected generation of future taxable income supported by technical feasibility studies. The deferred taxes were constituted based on the expected income tax of 25% and social contribution rates of 15% and 20%, since used while the rate is effective.

The president Jair Bolsonaro approved the Law No. 14,183, of 2021, arising from the Provisional Measure (MP) No. 1,034/2021, effective as from July /2021, amending the Law No. 7,689/1988, in order to increase the Social Contribution on Net Income (CSLL) rate due by financial institutions. The impact for Banco BOCOM BBM was the increase of the CSLL rate from 20% to 25%, between 7/1/2021 and 12/31/2021, as from 1/1/2022, the rate will be of 20%, according to the amendment proposed by the MP No. 1,034/2021, article 3, item III of the Law No. 7,689/1988. BOCOM BBM CCVM had the CSLL rate increased from 15% to 20%, between 7/1/2021 and 12/31/2021, and as from 1/1/2022, the rate will be of 15%, according to amendments proposed by MP No. 1,034/2021, article 3, item I, of the Law No. 7,689/1988.

#### (g) Swaps, futures, forwards and options

The nominal amounts of contracts are recorded in offsetting accounts. Daily adjustments of transactions conducted in the future market are recorded as effective income or expense as they are incurred. Premiums paid or received upon the realization of operations in the options market are recorded in the respective equity accounts at cost value, adjusted to market value as a counterparty to the result. The market value of swap and term operations are individually recorded in asset and liability equity accounts, as a counterparty to the respective income and expense accounts

#### (h) Earnings per share

These are calculated based on the number of outstanding shares at the balance sheet dates.

#### (i) Impairment of assets

In accordance with CPC 1, as approved by CMN Resolution 3,566/08 of May 29, 2008, and based on management's analysis, if the book value of the Bank's and its subsidiaries' assets exceed their recoverable value, an impairment loss is recognized in the result.

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**Notes to the financial statements as at December 31, 2021***(In thousands of Reals, otherwise indicated)***3. Significant Accounting Practices (Continued)****(j) Contingent assets and liabilities and legal obligations**

The recognition, measurement and disclosure of contingent assets and liabilities, and legal obligations are made pursuant to the criteria defined below:

Contingent assets - these are not recognized in the financial statements, except when there are evidences that offer guarantees of their realization, with no appeals.

Contingent liabilities - these are recognized in the financial statements when, based on the opinion of the legal advisors and of management, the loss of a lawsuit or administrative proceeding is evaluated as probable and whenever the amounts involved can be measured with sufficient reliability. The contingent liabilities classified as possible losses by legal advisors are not recorded and are just disclosed in the notes to the financial statements and those classified as remote loss do not require any provision disclosure. Regarding the labor suits with loss probability classified as possible by the external lawyers, management will consider some assumptions such as: procedure stage, involved right, losses background, deal possibility. Accordingly, we can have provision, even if the suits are classified as possible.

Legal obligations - tax and social security - these refer to lawsuits contesting the legality and constitutionality of some taxes and contributions. The discussed amount is quantified and accounted for.

**(k) Short-term interbank investments**

Interbank investments are stated at the acquisition, investment or release cost, plus foreign exchange, monetary and interest variations, as contractually defined. When the market value is lower, a provision for the adjustment of an asset to its realization value is made.

**(l) Loan transactions**

Credit operations are stated at the acquisition, investment or release cost, plus foreign exchange, monetary and interest variations, as contractually defined. When the market value is lower, a provision for the adjustment of an asset to its realization value is made. An allowance for doubtful accounts is set at an amount considered sufficient to cover any losses, and it considers, in addition to past experience, the assessment of debtors and their guarantors, as well as the specific characteristics of transactions, in accordance with the requirements of Brazilian Central Bank Resolution No. 2,682. These are recorded at present value on a daily pro rata basis, based on the index variation and the agreed-upon interest rate, restated up to the 59th day in arrears at the financial companies, observing the estimated receipt date. After the 60th day, the recognition in results occurs on the effective receipt of the installments. The renegotiated operations are maintained, at least, at the same level in which they were classified previously to the renegotiation and, if they have already been written-off against the provision, they are classified as level H; the gains are recognized in income upon the effective receipt.

Credit assignments without risk retention result in the write-off of the financial assets that are the object of the operation, which are then kept in an offsetting account. The result of the assignment is fully recognized when it is realized. As of January 2012, as determined by CMN Resolutions No. 3,533/2008 and No. 3,895/2010, all credit assignments with risk retention are recognized in the remaining terms of operations, and the financial assets subject to assignment are recorded as credit operations and the amount received as obligations for sales or transfer of financial assets.

**(m) Cash and cash equivalents**

These represent cash and cash equivalents, unlinked balances with the Central Bank of Brazil and financial assets of high liquidity with maturities within three months, subject to an immaterial risk of changes in their fair values, which are used by the Group to manage short term commitments. See Note 4.

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**Notes to the financial statements as at December 31, 2021***(In thousands of Reals, otherwise indicated)***3. Significant Accounting Practices (Continued)****(n) Other values and assets**

The operations classified as Other values and assets represent operations arising from the execution of loan guarantees, which are initially valued at the remaining balance of the debt, and which are valued at fair value based on valuation reports prepared by professional entities with recognized qualifications, using evaluation techniques.

**(o) Hedge Accounting**

The Bank allocated derivative financial assets to hedge principal amounts raised and the corresponding interest due.

Derivative financial instruments used to mitigate risks arising from exposure to variations in the market values of financial assets and liabilities, and that are highly correlated regarding changes in its market value in relation to the market value of the item that is being protected, at the beginning and during the life of the contract and considered effective in reducing the risk associated to the exposure to be protected, are considered protection instruments (hedges) and are classified based on their nature:

- (a)** Market risk hedge: the financial instruments classified under this category, as well as their related financial assets and liabilities, which are the hedge objects, are recorded at fair value and have their gains/losses, whether realized or not, reflected in the result; and
- (b)** Cash flow hedge: the financial instruments classified in this category are marked at fair value, being the effective parcel of appreciation or depreciation registered, net of tax effects, in a specific account on equity. The ineffective portion of the respective hedge is recognized directly in the result.

If the hedging instrument expires or is sold, cancelled or exercised, or when the hedging position does not fall under hedge accounting conditions, the hedging relationship ends.

The risk management objectives of this operation, as well as the strategy of protection against such risks during the operation, are duly documented, as well as it is documented the evaluation, both at the beginning of the protection operation and on an ongoing basis, that the derivative financial instruments are highly effective in offsetting the variations of the fair value (mark-to-market) of the hedged item. A hedge is expected to be highly effective if the variation in the fair value or cash flow attributable to the risk being hedged during the hedge relation period nulls from 80% to 125% of the risk variation.

Derivative instruments used for hedging purposes, as well as the marked-to-market value of the hedged object are disclosed in Note 21.

**(p) Deposits and Funding in the Open Market**

The deposits and funding in the open market are recognized at the amounts of the liabilities, and the charges payable, when applicable, are recorded on a daily pro rata basis.

**(q) Intangible assets**

These correspond to the acquired rights that aim at assets incorporated into the maintenance of the entity or exercised with this condition, in accordance with CMN Resolution No. 4,534, of November 24, 2016. It consists of (i) licenses and copyrights and use and (ii) Software.

Intangible assets with defined useful lives are amortized on a straight-line basis over the period of their useful lives in which the rights generate benefits.

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**4. Cash**

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Investments in foreign currencies	1,518,098	968,425	139,513	2,079
Bank deposits in foreign currencies	870,609	602,092	970,488	655,351
Open market investments (a)	10,199	540,007	10,199	540,007
Free reserves	2,110	11,469	2,110	11,469
Cash	4	3	4	3
<b>Total</b>	<b>2,401,020</b>	<b>2,121,996</b>	<b>1,122,314</b>	<b>1,208,909</b>

(a) Committed transactions maturing within 90 days, on the date of application.

**5. Short-term interbank investments**

Short-term interbank investments are as follows:

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Open market investments</b>	<b>14,333</b>	<b>540,007</b>	<b>14,333</b>	<b>540,007</b>
<b>Self-funded position</b>	<b>14,333</b>	<b>540,007</b>	<b>14,333</b>	<b>540,007</b>
Financial treasury bills	14,333	60,004	14,333	60,004
National treasury bills	-	380,001	-	380,001
National treasury notes – B series	-	100,002	-	100,002
<b>Interbank deposits (*)</b>	<b>257,236</b>	<b>226,637</b>	<b>257,236</b>	<b>226,637</b>
<b>Investments in foreign currencies</b>	<b>1,518,098</b>	<b>968,425</b>	<b>139,513</b>	<b>2,079</b>
	<b>1,789,667</b>	<b>1,735,069</b>	<b>411,082</b>	<b>768,723</b>
Current assets	1,723,867	1,566,672	345,282	600,326
Long-term receivables	65,800	168,397	65,800	168,397
	<b>1,789,667</b>	<b>1,735,069</b>	<b>411,082</b>	<b>768,723</b>

(\*) The interbank deposits in the Bank and in the Operational Consolidated in December 2021 basically refer to Time Deposits with Special Guarantees. In the year ended December 31, 2021, their maturities are between January 2022 and June 2023.

At December 31, 2021 and December 31, 2020, the collateral received through repurchase agreements amounted to R\$ 14,752 thousand and R\$ 542,414 thousand, respectively, in the Prudential Conglomerate. The provided collateral amounted to R\$ 3,428,117 thousand and R\$ 15,075 thousand during the same periods.

The results of short-term interbank investments in the Bank and in the Operational Consolidated are as follows:

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
Open market investments	12,973	20,065	26,604	12,973	20,065	26,604
Interbank deposits	11,572	16,923	4,845	11,570	16,921	4,846
Investments in foreign currencies	195	320	5,541	279	425	1,897
<b>Income from marketable securities transactions</b>	<b>24,740</b>	<b>37,308</b>	<b>36,990</b>	<b>24,822</b>	<b>37,411</b>	<b>33,347</b>

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 6. Marketable securities and derivative financial instruments

	Bank				Operational Consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2021		12/31/2020		12/31/2021		12/31/2020	
<b>I- Marketable securities</b>	<b>4,720,761</b>	<b>4,674,192</b>	<b>3,687,525</b>	<b>3,720,938</b>	<b>4,733,145</b>	<b>4,686,576</b>	<b>3,689,763</b>	<b>3,723,176</b>
<b>Securities for trading (*)</b>	<b>1,312,900</b>	<b>1,280,179</b>	<b>959,486</b>	<b>962,943</b>	<b>1,325,284</b>	<b>1,292,563</b>	<b>961,724</b>	<b>965,181</b>
<b>Bank portfolio</b>	<b>566,953</b>	<b>560,641</b>	<b>910,068</b>	<b>913,499</b>	<b>576,996</b>	<b>570,684</b>	<b>910,068</b>	<b>913,499</b>
<b>Fixed-income securities</b>	<b>416,718</b>	<b>410,406</b>	<b>764,934</b>	<b>768,365</b>	<b>416,718</b>	<b>410,406</b>	<b>764,934</b>	<b>768,365</b>
Financial Treasury Bills	148,072	148,360	406,727	407,381	148,072	148,360	406,727	407,381
National Treasury Bills	301	301	274,431	276,982	301	301	274,431	276,982
National Treasury Notes - B series	268,345	261,745	83,776	84,002	268,345	261,745	83,776	84,002
<b>Investment funds quotas</b>	<b>150,235</b>	<b>150,235</b>	<b>145,134</b>	<b>145,134</b>	<b>160,278</b>	<b>160,278</b>	<b>145,134</b>	<b>145,134</b>
Credit fund quotas	-	-	-	-	10,043	10,043	-	-
Multimarket fund quotas	150,235	150,235	145,134	145,134	150,235	150,235	145,134	145,134
<b>Subject to repurchase agreements</b>	<b>694,498</b>	<b>669,520</b>	<b>5,604</b>	<b>5,616</b>	<b>694,498</b>	<b>669,520</b>	<b>5,604</b>	<b>5,616</b>
Financial Treasury Bills	35,017	35,086	-	-	35,017	35,086	-	-
National Treasury Notes - B series	659,481	634,434	5,604	5,616	659,481	634,434	5,604	5,616
<b>Linked to guarantees given</b>	<b>51,449</b>	<b>50,018</b>	<b>43,814</b>	<b>43,828</b>	<b>53,790</b>	<b>52,359</b>	<b>46,052</b>	<b>46,066</b>
Financial Treasury Bills	-	-	19,329	19,343	-	-	19,329	19,343
National Treasury Notes - B series	26,208	24,777	-	-	26,208	24,777	-	-
Fund quotas given as guarantee	25,241	25,241	24,485	24,485	27,582	27,582	26,723	26,723
<b>Securities available for sale (*)</b>	<b>2,182,483</b>	<b>2,168,635</b>	<b>1,899,815</b>	<b>1,929,771</b>	<b>2,182,483</b>	<b>2,168,635</b>	<b>1,899,815</b>	<b>1,929,771</b>
<b>Bank portfolio</b>	<b>1,170,429</b>	<b>1,167,052</b>	<b>947,138</b>	<b>969,981</b>	<b>1,170,429</b>	<b>1,167,052</b>	<b>947,138</b>	<b>969,981</b>
<b>Fixed-income securities</b>	<b>568,496</b>	<b>570,443</b>	<b>318,046</b>	<b>318,163</b>	<b>568,496</b>	<b>570,443</b>	<b>318,046</b>	<b>318,163</b>
Financial Treasury Bills	285,062	285,837	58,050	58,042	285,062	285,837	58,050	58,042
National Treasury Bills	24,099	23,186	980	1,000	24,099	23,186	980	1,000
National Treasury Notes - B series	8	8	7	7	8	8	7	7
Promissory notes	103,584	103,584	142,618	142,621	103,584	103,584	142,618	142,621
Debentures	25,052	26,145	1,525	1,489	25,052	26,145	1,525	1,489
CRA	32,653	32,653	13,934	14,072	32,653	32,653	13,934	14,072
Rural product note	67,541	67,541	100,932	100,932	67,541	67,541	100,932	100,932
Private Financial Bills	30,497	31,489	-	-	30,497	31,489	-	-
<b>Marketable securities abroad</b>	<b>601,933</b>	<b>596,609</b>	<b>629,092</b>	<b>651,818</b>	<b>601,933</b>	<b>596,609</b>	<b>629,092</b>	<b>651,818</b>
Eurobonds (a)	601,933	596,609	629,092	651,818	601,933	596,609	629,092	651,818
<b>Subject to repurchase agreements</b>	<b>916,924</b>	<b>910,938</b>	<b>276,926</b>	<b>278,178</b>	<b>916,924</b>	<b>910,938</b>	<b>276,926</b>	<b>278,178</b>
Financial Treasury Bills	211,918	212,349	9,504	9,459	211,918	212,349	9,504	9,459
National Treasury Bills	206,160	197,600	-	-	206,160	197,600	-	-
Debentures	356,168	364,196	267,422	268,719	356,168	364,196	267,422	268,719
Eurobonds (a)	142,678	136,793	-	-	142,678	136,793	-	-
<b>Linked to guarantees given</b>	<b>95,130</b>	<b>90,645</b>	<b>675,751</b>	<b>681,612</b>	<b>95,130</b>	<b>90,645</b>	<b>675,751</b>	<b>681,612</b>
Financial Treasury Bills	20,217	20,217	274,462	274,350	20,217	20,217	274,462	274,350
National Treasury Bills	72,400	67,925	-	-	72,400	67,925	-	-
Debentures	2,513	2,503	401,289	407,262	2,513	2,503	401,289	407,262

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**6. Marketable Securities and Derivative Financial Instruments (Continued)**

	Bank				Operational Consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2021		12/31/2020		12/31/2021		12/31/2020	
<b>Securities held up to maturity</b>	<b>1,225,378</b>	<b>1,225,378</b>	<b>828,224</b>	<b>828,224</b>	<b>1,225,378</b>	<b>1,225,378</b>	<b>828,224</b>	<b>828,224</b>
<b>Bank portfolio</b>	<b>152,564</b>	<b>152,564</b>	<b>584,382</b>	<b>584,382</b>	<b>152,564</b>	<b>152,564</b>	<b>584,382</b>	<b>584,382</b>
<b>Fixed-income securities</b>	<b>25,045</b>	<b>25,045</b>	<b>400,237</b>	<b>400,237</b>	<b>25,045</b>	<b>25,045</b>	<b>400,237</b>	<b>400,237</b>
National Treasury Notes - F series	-	-	400,237	400,237	-	-	400,237	400,237
National Treasury Bills	25,045	25,045	-	-	25,045	25,045	-	-
<b>Marketable securities abroad</b>	<b>127,519</b>	<b>127,519</b>	<b>184,145</b>	<b>184,145</b>	<b>127,519</b>	<b>127,519</b>	<b>184,145</b>	<b>184,145</b>
Eurobonds (a)	127,519	127,519	184,145	184,145	127,519	127,519	184,145	184,145
<b>Subject to repurchase agreements</b>	<b>206,488</b>	<b>206,488</b>	-	-	<b>206,488</b>	<b>206,488</b>	-	-
Eurobonds (a)	130,311	130,311	-	-	130,311	130,311	-	-
National Treasury Bills	76,177	76,177	-	-	76,177	76,177	-	-
<b>Linked to guarantees given</b>	<b>866,507</b>	<b>866,507</b>	<b>243,962</b>	<b>243,962</b>	<b>866,507</b>	<b>866,507</b>	<b>243,962</b>	<b>243,962</b>
National Treasury Notes - F series	630,654	630,654	243,962	243,962	630,654	630,654	243,962	243,962
National Treasury Bills	235,853	235,853	-	-	235,853	235,853	-	-
<b>Provision for marketable securities</b>	<b>(181)</b>	<b>(181)</b>	<b>(120)</b>	<b>(120)</b>	<b>(181)</b>	<b>(181)</b>	<b>(120)</b>	<b>(120)</b>
Eurobonds (a)	(181)	(181)	(120)	(120)	(181)	(181)	(120)	(120)
<b>II-Derivative financial instruments</b>	<b>116,824</b>	<b>194,949</b>	<b>91,835</b>	<b>115,800</b>	<b>477,533</b>	<b>549,401</b>	<b>269,873</b>	<b>293,839</b>
Swap operations	48,187	125,484	35,421	63,433	408,546	479,587	212,196	240,210
Term	64,915	66,101	54,073	50,137	65,265	66,450	54,993	51,056
Options premium	1,659	1,301	1,158	1,047	1,659	1,301	1,501	1,390
Futures	2,063	2,063	1,183	1,183	2,063	2,063	1,183	1,183
<b>Total marketable securities and</b>								
<b>Derivative financial instruments</b>	<b>4,837,585</b>	<b>4,869,141</b>	<b>3,779,360</b>	<b>3,836,738</b>	<b>5,210,678</b>	<b>5,235,977</b>	<b>3,959,636</b>	<b>4,017,015</b>
<b>Segregation of portfolio by maturity range:</b>								
<b>No maturity</b>								
<b>Up to 3 months</b>	1,543,837	1,507,350	1,178,661	1,187,080	1,584,985	1,548,499	1,277,714	1,286,133
<b>From 3 to 12 months</b>	280,192	274,686	324,129	340,760	289,118	283,612	379,912	396,544
<b>More than 12 months</b>	3,013,556	3,087,105	2,276,570	2,308,898	3,336,575	3,403,866	2,302,010	2,334,338
<b>Total</b>	<b>4,837,585</b>	<b>4,869,141</b>	<b>3,779,360</b>	<b>3,836,738</b>	<b>5,210,678</b>	<b>5,235,977</b>	<b>3,959,636</b>	<b>4,017,015</b>

(a) The amount refers to Eurobonds, of which R\$ 257,649 thousand are classified as "Securities held to Maturity" with final maturity up to September 2031, and R\$ 733,402 thousand as "Securities Available for Sale" with final maturity up to September 2031.

(\*) Securities classified as "Securities for trading" maturing in more than 12 months and which, on December 31, 2021, amount to R\$ 1,078,630 in the Bank and Operational Consolidated (December 31, 2020 - R\$ 0 thousand), are stated in current assets, according to BACEN Circular Letter No. 3,068/01. Securities classified as "Available for sale", maturing in more than 12 months, in the amount of R\$ 1,738,655 thousand on December 31, 2021 (December 31, 2020 - R\$ 1,354,338 thousand), in the Bank and Operational Consolidated, are stated as long-term receivables, according to BACEN Circular Letter No. 3,068/01, regardless its liquidity level. The effect of this classification in net current capital is shown in Note 21 - Liquidity risk.

There were no transfers in the bond category during 2021.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 6. Marketable Securities and Derivative Financial Instruments (Continued)

	Bank				Operational Consolidated			
	Cost	Market	Cost	Market	Cost	Market	Cost	Market
	12/31/2021		13/31/2020		12/31/2021		13/31/2020	
<b>III-Derivative financial instruments</b>	<b>319,517</b>	<b>339,909</b>	<b>332,449</b>	<b>413,769</b>	<b>472,214</b>	<b>492,537</b>	<b>502,982</b>	<b>584,303</b>
Swap operations	178,706	183,131	193,624	284,553	191,590	195,945	217,743	308,673
Term	130,360	146,401	114,194	104,678	130,662	146,703	115,068	105,552
Futures	6,464	6,463	24,193	24,193	6,464	6,464	24,193	24,193
Options	3,987	3,914	438	345	143,498	143,425	145,978	145,885
<b>Liability position</b>	<b>319,517</b>	<b>339,909</b>	<b>332,449</b>	<b>413,769</b>	<b>472,214</b>	<b>492,537</b>	<b>502,982</b>	<b>584,303</b>
<b>Segregatio by maturity range:</b>								
<b>Up to 3 months</b>	92,729	97,197	27,621	31,717	236,170	240,640	174,034	178,130
<b>From 3 to 12 months</b>	89,683	109,766	56,694	57,645	89,509	109,592	56,694	57,645
<b>More than 12 months</b>	137,105	132,946	248,134	324,407	146,535	142,305	272,254	348,528
<b>Total</b>	<b>319,517</b>	<b>339,909</b>	<b>332,449</b>	<b>413,769</b>	<b>472,214</b>	<b>492,537</b>	<b>502,982</b>	<b>584,303</b>

The results of Marketable Securities in the Bank and in the Operational Consolidated are as follows:

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
Private securities	38,088	85,704	146,866	38,088	85,704	146,866
Government bonds	78,837	113,466	103,022	78,837	113,466	103,022
Investment funds quotas	4,900	6,225	1,957	5,019	6,371	1,992
Exchange Variation	28,080	(31,421)	(53,758)	28,080	(31,420)	(53,758)
<b>Income from marketable securities</b>	<b>149,905</b>	<b>173,974</b>	<b>198,087</b>	<b>150,024</b>	<b>174,121</b>	<b>198,122</b>

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
(Provision)/Reversal of provision for Marketable Securities	162	41	(846)	162	41	(846)
<b>Result of (provision)/reversal of provision for Marketable Securities</b>	<b>162</b>	<b>41</b>	<b>(846)</b>	<b>162</b>	<b>41</b>	<b>(846)</b>

The market values of marketable securities and derivative financial instruments are determined based on market price quotations at the balance sheet date, when available, or through price valuation models.



## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 7. Loan Transactions, Sureties and Guarantees

At December 31, 2021 and December 31, 2020, loans and guarantees provided through sureties or guarantee agreements in the Bank and in the Operational Consolidated, classified according to the clients' economic activities, are as follows:

	Bank/Operational Consolidated			
	12/31/2021		12/31/2020	
Sugar and Ethanol	1,391,855	14.95%	1,158,216	14.60%
Agriculture	1,229,633	13.21%	888,006	11.19%
Banks and Insurers	773,251	8.31%	444,854	5.61%
Building and Real Estate	609,250	6.55%	611,331	7.70%
Retail market	566,882	6.09%	513,970	6.48%
Utilities (energy)	546,200	5.87%	570,491	7.19%
Vehicles and Parts	371,038	3.99%	256,961	3.24%
Foods - Sundry	320,966	3.45%	277,560	3.50%
Chemical and Petrochemical	296,933	3.19%	218,285	2.75%
Specialized Services	293,413	3.15%	198,480	2.50%
Transportation and Logistics	254,369	2.73%	292,597	3.69%
Pulp and Paper	246,878	2.65%	222,367	2.80%
Pharmaceutics	242,324	2.60%	249,452	3.14%
Health	216,863	2.33%	171,160	2.16%
Heavy Construction	194,559	2.09%	101,990	1.29%
Meat Industry	186,361	2.00%	162,630	2.05%
Metallurgy	165,193	1.77%	95,127	1.20%
Telecommunication	155,039	1.67%	100,970	1.27%
Civil Aviation	135,906	1.46%	163,639	2.06%
Diversified Holdings	122,718	1.32%	124,250	1.57%
Textile and Leathers	113,093	1.22%	56,196	0.71%
Others (*)	514,776	5.53%	658,911	8.30%
<b>Private sector</b>	<b>8,947,500</b>	<b>96%</b>	<b>7,537,446</b>	<b>95%</b>
Utilities (energy)	262,002	2.81%	271,563	3.42%
Others (*)	98,146	1.05%	125,724	1.58%
<b>Public Sector</b>	<b>360,148</b>	<b>4%</b>	<b>397,287</b>	<b>5%</b>
<b>Total</b>	<b>9,307,648</b>	<b>100%</b>	<b>7,934,733</b>	<b>100%</b>

(\*) The activities classified as Others include all economic sectors that individually represent less than 1% of the total active loan portfolio at the base dates December 31, 2021 and December 31, 2020.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 7. Loan Transactions, Sureties and Guarantees (Continued)

Loans transactions are stated in the Bank and in the Operational Consolidated balance sheet as follows:

	Bank		Operational Consolidated	
	31/12/2021	31/12/2020	12/31/2021	12/31/2020
<b>Current Assets</b>				
<b>Loan Transactions</b>	<b>2,640,619</b>	<b>1,960,567</b>	<b>2,835,106</b>	<b>2,183,045</b>
Private Sector	2,622,826	1,931,947	2,817,313	2,154,425
Public Sector	17,793	28,620	17,793	28,620
<b>Other Receivables</b>	<b>19,682</b>	<b>13,864</b>	<b>19,682</b>	<b>13,864</b>
Foreign Exchange Portfolio - Receivables (a)	10,017	5,287	10,017	5,287
Securities and Credits Receivable (b)	9,665	8,577	9,665	8,577
<b>Noncurrent Assets</b>				
<b>Loan Transactions</b>	<b>4,235,603</b>	<b>4,248,282</b>	<b>4,423,790</b>	<b>4,326,334</b>
Private Sector	4,217,076	4,198,602	4,405,263	4,276,654
Public Sector	18,527	49,680	18,527	49,680
<b>Other Receivables</b>	<b>11,222</b>	<b>17,360</b>	<b>11,222</b>	<b>17,360</b>
Securities and Credits Receivable (b)	11,222	17,360	11,222	17,360
<b>Current Liabilities</b>				
<b>Other Liabilities</b>	<b>492,443</b>	<b>210,121</b>	<b>492,443</b>	<b>210,121</b>
Foreign Exchange Portfolio - Advances on exchange contracts (a)	492,443	210,121	492,443	210,121
<b>Subtotal</b>	<b>7,399,569</b>	<b>6,450,194</b>	<b>7,782,243</b>	<b>6,750,724</b>
Co-obligations and risks in guarantees provided (c)	1,908,079	1,484,539	1,525,405	1,184,009
<b>Total</b>	<b>9,307,648</b>	<b>7,934,733</b>	<b>9,307,648</b>	<b>7,934,733</b>

(a) The Advances on Exchange Contracts are classified as reduction accounts of Other Liabilities – Exchange Portfolio and as Other Receivables – Exchange Portfolio, respectively, as shown in Note 8.

(b) Refers to credit assignment. recorded in “Other credits” accounts.

(c) These refer to guarantees granted through sureties and guarantees. The granted guarantees are recorded in offsetting accounts and the respective earnings are classified as deferred income and appropriated to the result according to the guarantees’ contractual terms. Includes also, the guarantees provided for BBM Bank Limited and Nassau Branch, which are eliminated in the Operating Consolidated.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 7. Loan Transactions, Sureties and honored Guarantees (Continued)

The provision for loan transactions was calculated according to the criteria established by the CMN Resolutions No. 2,682 and 2,697, based on the risk classification of the transactions and on their level of arrears.

The classification of the loan transactions in the Bank and in the Operational Consolidated is as follows:

	12/31/2021										12/31/2020		
	Overdue - days					Falling due - days							
Risk Level	Within 14	15 to 60	61 to 90	91 to 180	181 to 360	Within 90	From 91 to 180	From 181 to 360	Over 360 days	Total	Allowance	Total	Allowance
AA	-	-	-	-	-	1,154,255	620,504	592,786	1,873,535	4,241,080	-	4,143,787	-
A	88	-	-	-	-	316,918	380,722	579,604	2,098,441	3,375,773	16,879	2,591,917	12,960
B	-	13	-	-	-	89,828	165,887	298,470	628,749	1,182,947	12,247	855,565	8,846
C	-	976	-	-	-	82,321	59,520	162,720	169,574	475,111	22,218	316,496	19,761
D	7	529	-	-	-	1,585	1,437	2,677	460	6,695	670	-	-
E	-	1,888	-	-	-	-	-	3,640	11,278	16,806	5,042	18,024	5,407
F	-	-	-	-	-	-	-	-	-	-	-	4,339	2,170
G	-	-	-	7,518	-	-	-	-	-	7,518	5,262	-	-
H	-	-	-	-	1,718	-	-	-	-	1,718	1,718	4,605	4,605
	95	3,406	-	7,518	1,718	1,644,907	1,228,070	1,639,897	4,782,037	9,307,648	64,036	7,934,733	53,749

The allowance below is presented in the Operational Consolidated balance sheets as follows:

	Bank		Operational Consolidated	
	12/31/2021	31/12/2020	12/31/2021	31/12/2020
<b>Allowance for loan losses</b>	<b>45,182</b>	<b>35,460</b>	<b>48,691</b>	<b>37,741</b>
Current Assets	21,998	14,665	24,284	16,540
Noncurrent Assets	23,184	20,795	24,407	21,201
<b>Provision for Other Credits</b>	<b>4,646</b>	<b>1,268</b>	<b>4,646</b>	<b>1,268</b>
<b>Securities and Credits Receivable</b>	<b>4,646</b>	<b>607</b>	<b>4,646</b>	<b>607</b>
Current Assets	2,891	-	2,891	-
Noncurrent Assets	1,755	607	1,755	607
<b>Provision for Advances on Exchange Contracts</b>	<b>-</b>	<b>661</b>	<b>-</b>	<b>661</b>
Current Assets	-	661	-	661
<b>Provision for Co-obligations and Risks in Guarantees Provided</b>	<b>14,208</b>	<b>17,021</b>	<b>10,699</b>	<b>14,740</b>
Current Liability	12,253	15,546	9,966	13,671
Noncurrent Assets	1,955	1,475	733	1,069
<b>Total</b>	<b>64,036</b>	<b>53,749</b>	<b>64,036</b>	<b>53,749</b>

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 7. Loan Transactions, Sureties and Guarantees (Continued)

Changes in allowances are as follows:

	12/31/2021	31/12/2020
<b>Balance at January 1</b>	<b>53,749</b>	<b>47,513</b>
Increase / (reversal)	14,891	26,925
Write-offs to loss	(4,604)	(20,689)
<b>Total</b>	<b>64,036</b>	<b>53,749</b>

In the year ended December 31, 2021, there were no loan transactions in the Bank and in the Operational Consolidated (December 31, 2020 - R\$ 34,825)

In the year ended December 31, 2021, there was a recovery of losses on loan transactions in the amount of R\$ 5,482 thousand (December 31, 2020 - R\$ 5,815 thousand).

The credit risk concentration in the Operational Consolidated is as follows:

	12/31/2021	%	12/31/2020	%
Top debtor	262,002	2.8%	271,563	3.4%
Top 10 debtors	1,443,077	15.5%	1,385,395	17.5%
Top 20 debtors	2,337,617	25.1%	2,113,933	26.6%
Top 50 debtors	4,076,071	43.8%	3,591,012	45.3%
Top 100 debtors	5,909,530	63.5%	5,120,335	64.5%

The breakdown of the Operational Consolidated credit portfolio by type is as follows:

	12/31/2021	12/31/2020
Working Capital	5,660,819	5,433,410
Co-obligations and Risk in Guarantees Provided	1,525,405	1,184,009
Export Credit Notes	1,257,842	710,066
Trade Finance	786,416	551,635
Others	77,166	55,613
<b>Total</b>	<b>9,307,648</b>	<b>7,934,733</b>

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 8. Foreign exchange portfolio

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Other receivables – Foreign exchange portfolio</b>				
Foreign exchange purchases pending settlement	509,334	216,889	509,334	216,889
Income receivable from advances granted (a)	10,017	5,287	10,017	5,287
Rights on foreign exchange sales	1,265	1,302	1,265	1,302
(-) Advances in national currency received	(43)	-	(43)	-
<b>Total</b>	<b>520,573</b>	<b>223,478</b>	<b>520,573</b>	<b>223,478</b>
<b>Other payables – Foreign exchange portfolio</b>				
Exchange purchase obligations	492,443	210,121	492,443	210,121
Foreign exchange sales pending settlement	1,272	1,301	1,272	1,301
Advances on foreign exchange contracts granted (a)	(492,443)	(210,121)	(492,443)	(210,121)
<b>Total</b>	<b>1,272</b>	<b>1,301</b>	<b>1,272</b>	<b>1,301</b>

(a) See Note 7.

On December 31, 2021, there were federal government securities deposited securing foreign exchange transactions with B3 in the amount of R\$ 311,944 thousand (December 31, 2020 – R\$ 65,101 thousand).

### 9. Investments – Interest in Subsidiaries

	BOCOM BBM CCVM S.A.	The Southern Atlantic Investments Ltd.	Total
<b>At December 31, 2020:</b>			
Number of issued shares	127,374	229,201,370	
Common shares	63,687	229,201,370	
Preferred nominative shares	63,687		
Direct interest	100%	100%	
Capital – R\$ thousand	8,755	43,283	52,038
Equity – R\$ thousand	14,697	426,221	440,918
Net income for the semester – R\$ thousand	2,049	15,132	17,181
Dividends, Interest on Equity or Capital reduction	770	-	770
<b>Book value of investments – R\$ thousand</b>			
December 31, 2020	14,697	426,221	440,918
<b>Income from interest in subsidiaries – R\$ thousand</b>			
Second half of 2021	2,049	15,132	17,181
Year ended 2021	3,241	22,260	25,501
<b>At December 31, 2020</b>			
Number of issued shares	127,374	229,201,370	
Common nominative shares	63,687	229,201,370	
Preferred nominative shares	63,687		
Direct interest	100%	100%	
Capital – R\$ thousand	8,755	229,201	237,956
Equity – R\$ thousand	12,226	403,960	416,186
Net income for the semester – R\$ thousand	838	6,394	7,232
Dividends, Interest on Equity or Capital reduction – R\$ thousand	211	-	211
<b>Book value of investments – R\$ thousand</b>			
December 31, 2020	12,226	403,960	416,186
<b>Income from interest in subsidiaries – R\$ thousand</b>			
Second half of 2020	838	6,394	7,232
Year ended 2020	890	16,319	17,209

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**9. Investments – Interest in Subsidiaries (Continued)**
**b) Operational Consolidated**

	Investment book value		Income from interests in subsidiaries		
	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
<b>The Southern Atlantic Investments Ltd. (a)</b>	170,494	170,685	12,503	18,066	1,560
<b>Total</b>	<b>170,494</b>	<b>170,685</b>	<b>12,503</b>	<b>18,066</b>	<b>1,560</b>

a) The indirect participation of 100% of Banco BOCOM BBM in the social capital of BBM Bank Ltd. was eliminated in the Operational Consolidated as "Interest in Subsidiaries - The Southern Atlantic Investments Ltd.". For the year ended in December 31, 2021, this elimination gave rise to the following effects in the Operational Consolidated: decrease in the permanent investment of R\$ 255,727 thousand (December 31, 2020 - R\$ 233,257 thousand) and decrease in the equity result of R\$ 4,197 thousand (December 31, 2020 - R\$ 2,855 thousand). The Bank holds 100% of the Capital in The Southern Atlantic Investments, a non-financial holding company located at Shirley House, 50 Shirley Street, Nassau, Bahamas.

**10. Deposits**

Maturity range	Time deposits		Interbank deposits		Total 12/31/2021		Total 12/31/2020	
	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated
Within 1 month	34,014	34,014	180,065	180,065	214,079	214,079	492,460	490,902
From 1 to 3 months	242,409	242,409	-	-	242,409	242,409	322,417	322,417
From 3 to 6 months	92,127	92,127	-	-	92,127	92,127	110,147	109,642
From 6 to 12 months	121,611	121,611	585,378	581,402	706,989	703,013	199,168	191,517
More than 12 months	656,501	656,501	-	-	656,501	656,501	1,058,535	1,058,535
<b>Subtotal</b>	<b>1,146,662</b>	<b>1,146,662</b>	<b>765,443</b>	<b>761,467</b>	<b>1,912,105</b>	<b>1,908,129</b>	<b>2,182,727</b>	<b>2,173,013</b>
<b>Demand Deposits</b>					1,422,299	472,515	1,577,334	738,262
<b>Total</b>					<b>3,334,404</b>	<b>2,380,644</b>	<b>3,760,061</b>	<b>2,911,275</b>

The average term of interbank and time deposits, for outstanding transactions at December 31, 2021, in the Operational Consolidated, is 558 days and 822 (December 31, 2020 - 640 and 605 days), respectively.

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**10. Deposits (Continued)**

	Time deposits		Interbank deposits		Total 12/31/2021		Total 12/31/2020	
	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated	Bank	Operational Consolidated
<b>Maturities upon issuance</b>								
Within 1 month	16,707	16,707	180,065	180,065	196,772	196,772	69,189	69,189
From 1 to 3 months	161,857	161,857	-	-	161,857	161,857	314,663	314,663
From 3 to 6 months	46,458	46,458	-	-	46,458	46,458	127,898	127,898
From 6 to 12 months	53,934	53,934	-	-	53,934	53,934	107,866	106,859
More than 12 months	867,705	867,706	585,377	581,402	1,453,082	1,449,108	1,563,111	1,554,404
<b>Subtotal</b>	<b>1,146,662</b>	<b>1,146,662</b>	<b>765,443</b>	<b>761,467</b>	<b>1,912,105</b>	<b>1,908,129</b>	<b>2,182,727</b>	<b>2,173,013</b>
<b>Cash deposits</b>					1,422,299	472,515	1,577,334	738,262
<b>Total</b>					<b>3,334,404</b>	<b>2,380,644</b>	<b>3,760,061</b>	<b>2,911,275</b>

The breakdown per segment of the Operational Consolidated is as follows:

	Demand deposits		Time deposits		Interbank deposits		Total			
	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020		
Legal entities	285,063	554,523	810,404	1,140,506	-	121,773	1,095,468	46.02%	1,816,801	62.41%
Institutional customers	4	4	113,699	281,833	159,039	180,907	272,742	11.46%	462,745	15.89%
Group	165,733	157,782	139,919	107,504	-	-	305,652	12.84%	265,286	9.11%
Financial institutions	-	-	24,483	-	602,428	336,488	626,911	26.33%	336,488	11.56%
Individuals	21,714	25,953	58,157	4,002	-	-	79,871	3.36%	29,956	1.03%
<b>Total</b>	<b>472,515</b>	<b>738,262</b>	<b>1,146,662</b>	<b>1,533,845</b>	<b>761,467</b>	<b>639,168</b>	<b>2,380,644</b>	<b>100%</b>	<b>2,911,275</b>	<b>100%</b>

The concentration of our main customers of the Operational Consolidated is as follows:

	12/31/2021		12/31/2020	
Top depositor	498,762	20.95%	301,392	10.35%
Top 10 depositors	1,063,695	44.68%	911,911	31.32%
Top 20 depositors	1,372,470	57.65%	1,257,365	43.19%
Top 50 depositors	1,833,535	77.02%	1,846,311	63.42%
Top 100 depositors	2,090,959	87.83%	2,340,892	80.41%



## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 11. Repurchase Agreements

The obligations from repurchase agreements in the Operational Consolidated are as follows:

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Own portfolio</b>				
National treasury notes – F series	625,686	5,553	625,686	5,553
Debentures	362,990	281,578	362,990	281,578
Financial Treasury Bills	270,445	-	270,445	-
Financial treasury bills	259,247	9,630	259,247	9,630
Eurobonds	215,529	-	215,529	-
	<b>1,733,897</b>	<b>296,761</b>	<b>1,733,897</b>	<b>296,761</b>
Current liabilities	1,722,127	282,049	1,722,127	282,049
Noncurrent liabilities	11,770	14,712	11,770	14,712
	<b>1,733,897</b>	<b>296,761</b>	<b>1,733,897</b>	<b>296,761</b>

The main variation was the increase in the position of prefixed National treasury notes, which the acquisition happened in December 30 of 2021, maturing on January 3, 2022 and they were settled on the same date

### 12. Funds from Acceptance and Issue of Securities and Real Estate Bills

Banco BOCOM BBM has a Eurobond issue in the amount of R\$ 341.329 thousand in December 2021 (December 2020 R\$ 153.599 thousand), acquired by The Southern Atlantic Investments Ltd, a company not consolidated in the Operational Consolidated. On April 23, 2019, R\$ 28,489 thousand were issued with maturity on January 24, 2022, on November 29, 2019, R\$ 36,836 thousand were issued with maturity on March 29, 2022, on March 10 of 2021, R\$ 38,998 thousand were issued with maturity on March 14, 2022, on March 17, 2021, R\$ 40,197 thousand were issued with maturity on March 18, 2022, on March 23, 2021, R\$ 10,200 thousand were issued with maturity on July 25, 2022, on June 30, 2021, R\$ 40,774 thousand were issued with maturity on January 31, 2022, on October 04, 2021, R\$ 15,562 thousand were issued with maturity on September 30, 2022, on November 22, 2021, R\$ 20,163 thousand were issued with maturity on February 21, 2022, on November 29, 2021, R\$ 10,084 thousand were issued with maturity on January 31, 2022, on December 01, 2021, R\$ 35,122 thousand were issued with maturity on April 03, 2023, on December 07, 2021, R\$ 50,213 thousand were issued with maturity on December 01, 2022, and on December 17, 2021, 14,691 thousand were issued maturing on October 31, 2022.

On December 31, 2021 and December 31, 2020, fundraising through Agribusiness Credit Bills (LCA), Housing Credit Bills (LCI), Financial Bills (LF), Guaranteed Financial Bills (LFG) and Financial Bills – Subordinated Debt were segregated by maturity range as follows:

	Bank/Operational Consolidated									
	LCA (a)		LCI (b)		LF (c)		LFG (d)		LF - Subordinated debt (e)	
Maturity	31/12/2021	12/31/2020	31/12/2021	12/31/2020	31/12/2021	12/31/2020	31/12/2021	12/31/2020	31/12/2021	12/31/2020
Within 1 month	118,883	107,225	-	2,647	122,915	26,045	-	-	-	-
From 1 to 3 months	55,157	155,825	-	6,298	135,857	18,886	-	-	5,996	-
From 2 to 6 months	124,543	229,523	598	7,720	42,297	101,896	-	92,045	-	-
From 6 to 12 months	803,660	236,073	16,660	40,318	486,249	355,894	-	749,427	-	-
More than 12 months	985,267	722,183	30,652	10,459	645,674	954,028	-	-	200,000	201,760
	-	-	-	-	-	-	-	-	-	-
Total	<b>2,087,510</b>	<b>1,450,829</b>	<b>47,910</b>	<b>67,442</b>	<b>1,432,992</b>	<b>1,456,749</b>	<b>-</b>	<b>841,472</b>	<b>205,996</b>	<b>201,760</b>

(a) Agribusiness Credit Bills (LCA) are issued by the Bank and registered with B3, according to Laws No. 11,076/2004 and No. 11,311/2006 and subsequent amendments. The range between rates used for this operation are 85% of DI – 123% of DI and 100% of pre-set.

(b) Housing Credit Bills (LCI) are nominative securities created by Provisional Measure No. 2,223 on September 4, 2001, which resulted in Law No. 10,931 of August 2, 2004. The range between rates used for this operation are 92% of DI – 120.7% of DI.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

- (c) Financial Bills (LF) are issued by the Bank and registered with B3 - according to the Law No. 12,249/10 (Section II, articles 37 to 43), and ruled by CMN (Law No. 3,836). The range between rates used for this operation are 100% of DI – 129% DI, 100% of pre-set and 100% of IPCA.
- (d) Financial Letter with Guarantee (LFG) is regulated by Resolution No. 4,795 through which the Central Bank of Brazil is authorized to carry out loan operations under specific conditions through direct acquisition, in the primary market, of Financial Bills with financial assets or securities as guarantees. The rates used for this operation are 100% of SELIC.
- (e) Financial Bill (LF) - Subordinated Debt has a perpetual term and a repurchase option starting within 5 semiannual windows. The Bank uses the amount raised as complementary capital in order to make up the institution's Level I capital. The issue was private and carried out with the Bank's shareholder base. The rates used for this operation are 110% of SELIC.

### 13. Borrowings and onlendings

#### a) Borrowings abroad

Borrowings abroad in the Bank and in the Operational Consolidated are as follows:

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Obligations with borrowings abroad (*)	4,568,886	3,300,574	4,568,886	3,300,574
Export credit facility	66,422	146,673	66,422	146,673
Import credit facility	28,121	15,569	28,121	15,569
	<b>4,663,429</b>	<b>3,462,816</b>	<b>4,663,429</b>	<b>3,462,816</b>
Current liabilities	3,448,121	2,313,174	3,448,121	2,313,174
Long-term payables	1,215,308	1,149,642	1,215,308	1,149,642
	<b>4,663,429</b>	<b>3,462,816</b>	<b>4,663,429</b>	<b>3,462,816</b>

(\*) The amount of R\$ 4,568,886 thousand on December 31, 2021 (December 31, 2020 – R\$ 3,300,574 thousand), classified as Borrowings Abroad, refers:

1 - To the fundraising in U.S. dollars with Bank of Communications with final maturity up to September 2022 representing R\$ 618,214 and March 2023 representing the amount of R\$ 378,233. The range between rates used for this operation are 0.90% – 1.01%;

2 - Money market operations in dollars and renminbi, taken with the Bank of Communications GMC, with maturities of less than 365 days representing R\$ 1,467,350 and maturities up to January 2026 representing R\$ 558,050, with the Bank of Communications Macau, with maturities of less than 365 days representing R\$ 35,480, with the Bank of Communications New York, with maturities of less than 365 days representing R\$ 558,458 and with the Bank of Communications Hong Kong, with maturities of less than 365 days representing R\$ 750 and maturities up to September 2023 representing R\$ 279,025. The range between rates used for this operation are 0.30% – 3.00%; and;

3 - Working capital operations with maturities of less than 365 days representing R\$ 673,326. The range between rates used for this operation are 0.88% – 1.10%.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 14. Sundry

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Sundry</b>				
Debtors deposits on warranty	52,412	53,069	52,555	53,209
Taxes and contributions to offset	41,898	34,654	42,665	35,127
Sundry debtors – domestic	10,473	15,144	12,163	15,355
Sundry debtors – foreign	4,342	8,077	8,867	14,794
Advances – Salaries and constructions	463	798	465	813
Receivables from related parties	54	12	-	-
	<b>109,642</b>	<b>111,754</b>	<b>116,715</b>	<b>119,298</b>
Current asset	93,247	53,974	100,088	61,322
Long-term asset	16,395	57,780	16,627	57,976
	<b>109,642</b>	<b>111,754</b>	<b>116,715</b>	<b>119,298</b>

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**14. Sundry (Continued)**

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Other payables - Sundry</b>				
Sundry Debtors – Abroad (a)	190,054	153,381	193,767	159,881
Allowance for payments to be made	12,436	13,186	12,462	13,201
Sundry debtors – Domestic	12,163	10,720	12,833	11,276
Allowance for contingent liabilities	7,596	13,356	7,654	13,356
Administrative checks	849	723	849	723
	<b>223,098</b>	<b>191,366</b>	<b>227,565</b>	<b>198,437</b>
Current liabilities	203,578	171,856	208,017	178,782
Noncurrent liabilities	19,520	19,510	19,548	19,655
	<b>223,098</b>	<b>191,366</b>	<b>227,565</b>	<b>198,437</b>

(a) – It mainly refers to the prepayment of letters of credit. The original maturity date of these contracts were from May 25, 2022, September 16, 2022 and November 11, 2022.

**15. Other assets**

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Other Values and Goods</b>				
Properties	8,323	13,454	8,323	13,454
Others	2,691	2,479	2,691	2,479
	<b>11,014</b>	<b>15,933</b>	<b>11,014</b>	<b>15,933</b>
Current asset (a)	10,187	15,933	10,187	15,933
Long-term assets	827	-	827	-
	<b>11,014</b>	<b>15,933</b>	<b>11,014</b>	<b>15,933</b>

- (a) On December 31, 2021, the amount of R\$ 8,323 thousand, classified as current assets, refers mainly to the execution of guarantee of properties, recorded as properties not for use (BNDU), according to independent appraisal report, limited to the value of debt. In the year ended December 31, 2021, the bank BOCOM BBM has sold one of its buildings received as guarantee for credit operations resulting in R\$ 1,261 thousand of profit.

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**16. Intangible**

	12/31/2020	Acquisitions	Write Off	Amortization in the period	12/31/2021
<b>Intangible</b>					
<b>Data processing systems</b>					
Cost	33,715	16,314	(936)		49,093
Accrued Amortization	(12,171)		125	(7,097)	(19,143)
<b>Communication and security systems</b>					
Cost	922				922
Accrued Amortization	(441)			(164)	(605)
<b>Licenses and copyright and use rights</b>					
Cost	4,405				4,405
Accrued Amortization	(1,494)			(756)	(2,250)
<b>Total</b>	<b>24,936</b>	<b>16,314</b>	<b>(811)</b>	<b>(8,017)</b>	<b>32,422</b>

**17. Equity**
**(a) Capital - Banco BOCOM BBM S.A.**

The capital is comprised of 282,201,085 registered shares with a par value of R\$ 1.60 each, divided into 188,626,652 common shares and 93,574,433 preferred shares. Each common share is entitled to 1 (one) vote in resolutions of the General Meeting. Preferred shares have no voting rights.

**(b) Legal reserve**

This reserve is calculated at the rate of 5% of the net income at each balance sheet date, up to the limit of 20% of capital, as determined by the Corporation Law.

**(c) Statutory reserve**

In accordance with the articles of incorporation, this reserve represents the remaining balance of net income at each balance sheet date, after the legal allocations.

**(d) Treasury stock**

On December 31, 2021, the Bank BOCOM BBM has 76,296,769 shares to hold in treasury in the amount of R\$ 181,839 thousand.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 17. Equity (Continued)

#### (e) Interest on Equity

According to article 9 of Law No. 9.249/95 and its subsequent amendments, Banco BOCOM BBM S.A., at the end of 2021, declared interest on equity of R\$ 35,375 thousand (2020 - R\$ 31,792 thousand), with withholding income tax of R\$ 1,427 thousand (2020 - R\$ 4,769 thousand), calculated at a 15% rate. The amount of interest on equity was determined based on the legal limits in force and classified in the group's official records as "Other Operating Expenses".

For the purposes of the publication of the statement of operations, as established by CMN Resolution No. 4,706, BOCOM BBM S.A., recognized as other obligations, as a counterpart for the appropriate retained earnings account, the declared capital remuneration was set by the obligation at balance sheet date.

Interest on equity proposed at the end of 2021 reduced tax burden by R\$ 17,688 thousand (2020 - R\$ 14,306 thousand).

In the year ended December 31, 2021, R\$ 27,023 thousand was paid as interest on equity.

#### (f) Dividends

	12/31/2021	12/31/2020
Net income - Banco BBM S.A.	147,399	116,572
(-) Legal reserve	(7,370)	(5,829)
Calculation basis	<b>140,029</b>	<b>110,743</b>
Minimum mandatory dividends (a)	25%	25%
	<b>35,008</b>	<b>27,686</b>
Interest on own capital	30,068	27,023
Dividends	4,940	-
Total	<b>35,008</b>	<b>27,023</b>

(a) - The minimum mandatory dividends decided as Interest on Equity and dividends.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 18. Financial Intermediation Expenses, Result of Foreign Exchange Operations, Loans, Assignments and Transfers

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
<b>Open market funding</b>						
Expenses with securities abroad	(132,138)	(224,796)	(88,304)	(132,138)	(224,796)	(88,304)
Agriculture credit bills	(58,195)	(82,119)	(33,285)	(58,195)	(82,119)	(33,285)
Financial bills	(52,303)	(84,533)	(57,438)	(52,303)	(84,533)	(57,438)
Time deposits	(33,784)	(50,559)	(30,694)	(33,784)	(50,559)	(30,694)
Interbank deposits	(21,588)	(32,378)	(3,755)	(21,222)	(31,881)	(3,500)
Repurchase agreements	(16,655)	(23,564)	(9,059)	(16,655)	(23,564)	(9,059)
Credit guarantee fund	(2,537)	(5,055)	(3,566)	(2,537)	(5,055)	(3,566)
Real estate credit bills	(1,587)	(2,319)	(3,386)	(1,587)	(2,319)	(3,386)
Deposits previous notice	(168)	(307)	(261)	(267)	(543)	(715)
Foreign exchange variation (a)	101,373	209,877	32,731	101,373	209,876	32,731
	<b>(217,582)</b>	<b>(295,753)</b>	<b>(197,017)</b>	<b>(217,315)</b>	<b>(295,493)</b>	<b>(197,216)</b>
<b>Loans, assignments and onlending operations</b>						
Foreign exchange variation (a)	(250,675)	(93,631)	(287,328)	(250,675)	(93,630)	(287,328)
Loan expenses abroad	(22,954)	(44,011)	(58,297)	(22,998)	(44,151)	(57,673)
Other expenses	(44)	(44)	-	-	-	-
	<b>(273,673)</b>	<b>(137,686)</b>	<b>(345,625)</b>	<b>(273,673)</b>	<b>(137,781)</b>	<b>(345,001)</b>
<b>Foreign exchange transactions</b>						
Foreign exchange variations and interest differences	(73,476)	(41,003)	126,614	(73,231)	(40,331)	126,964
Other expenses	(303)	(549)	(597)	(304)	(550)	(597)
Revenue from Advances on Exchange Contracts (ACC)	11,837	19,571	22,758	11,837	19,571	22,758
	<b>(61,942)</b>	<b>(21,981)</b>	<b>148,775</b>	<b>(61,698)</b>	<b>(21,310)</b>	<b>149,125</b>

- (a) This substantially represents the effects of foreign exchange variations on loans raised by the Bank from its branch abroad through the transfer of funds raised in foreign currency. In the year ended December 31, 2021, the increase of the dollar justifies the expenses of exchange variation.

### 19. Service Revenues

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
<b>Service Revenue</b>						
Bank fee income	29,113	41,176	53,023	29,134	41,215	53,023
Management and performance fees of investment funds	15,814	32,717	18,384	23,176	45,500	25,206
Guarantees commission and letter of credit	14,496	26,288	17,332	14,496	26,288	17,332
Structuring commission	12,101	21,535	5,917	12,101	21,535	5,917
Other services	3,569	6,436	5,501	3,005	5,312	4,496
<b>Total</b>	<b>75,093</b>	<b>128,152</b>	<b>100,157</b>	<b>81,912</b>	<b>139,850</b>	<b>105,974</b>

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**20. Other Administrative Expenses**

		Bank			Operational Consolidated	
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
Data processing	(6,000)	(11,054)	(9,506)	(6,154)	(11,337)	(9,728)
Amortization and depreciation	(5,165)	(9,902)	(7,703)	(5,169)	(9,908)	(7,708)
Rentals	(4,667)	(8,937)	(7,066)	(5,095)	(9,750)	(7,890)
Specialized technical services	(4,165)	(8,337)	(7,201)	(4,299)	(8,444)	(7,174)
Financial system services (a)	(3,180)	(5,847)	(4,823)	(3,441)	(6,375)	(5,420)
Communications	(2,208)	(4,707)	(4,567)	(2,258)	(4,772)	(4,610)
Third-party services	(1,640)	(2,780)	(2,049)	(1,967)	(3,387)	(2,437)
Condominium	(872)	(1,983)	(2,049)	(872)	(1,983)	(2,049)
Property maintenance and upkeep	(1,064)	(1,884)	(1,640)	(1,064)	(1,885)	(1,646)
Promotion/ Advertising/ Publications	(919)	(1,705)	(1,161)	(993)	(1,825)	(1,260)
Travel	(950)	(1,261)	(1,260)	(951)	(1,262)	(1,262)
Registry	(800)	(1,248)	(1,557)	(802)	(1,251)	(1,560)
Water, energy and gas	(412)	(782)	(856)	(412)	(782)	(856)
Transportation	(415)	(642)	(414)	(415)	(642)	(414)
Fines	(67)	(182)	(177)	(68)	(185)	(178)
Material	(53)	(78)	(241)	(53)	(80)	(260)
Insurance	-	(21)	(40)	-	(21)	(40)
Surveillance and security services	-	-	(771)	-	-	(772)
Other administrative expenses	(3,665)	(5,699)	(4,524)	(4,067)	(6,501)	(5,227)
	<b>(36,242)</b>	<b>(67,049)</b>	<b>(57,605)</b>	<b>(38,080)</b>	<b>(70,390)</b>	<b>(60,491)</b>

(a) In the year ended December 31, 2021, this includes brokerage expenses, charges and commission related to guarantee transactions and derivative financial instruments of R\$ 2,267 thousand (December 31, 2020 - R\$ 1.683 thousand).



## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 21. Related-parties Significant Transactions

- a) The operations between related parties were carried out using the average rates practiced by the market, effective on the operations dates, as follows:

	Bank			Operational Consolidated		
	Rate	12/31/2021	12/31/2020	Rate	12/31/2021	12/31/2020
<b>Asset</b>						
<b>Cash and cash equivalents</b>		<b>3,278</b>	<b>531</b>		<b>499</b>	<b>531</b>
Bank of Communications Co., Ltd		1	90		1	90
Bank of Communications - GMC		10	-		10	-
Bocom Hong Kong		47	40		47	40
Bocom Macau		441	401		441	401
BBM Bank Limited		2,779	-		-	-
<b>Short-term interbank investments</b>						
<b>Investments in foreign currencies</b>		<b>1,378,585</b>	<b>966,362</b>		-	-
BBM Bank Limited		1,378,585	966,362		-	-
<b>Investments Funds Quotes</b>		<b>150,235</b>	<b>145,134</b>		<b>150,235</b>	<b>145,134</b>
Jiang Fundo De Investimento Multimercado C PIE		150,235	145,134		150,235	145,134
<b>Dividends and bonuses receivables</b>		<b>770</b>	<b>377</b>		-	-
BOCOM BBM CCVM S.A.		770	377		-	-
<b>Other Receivables</b>		<b>2,342</b>	<b>3,993</b>		<b>6,049</b>	<b>10,461</b>
BOCOM BBM CCVM S.A.		54	13		-	-
Haitan		2,249	3,944		6,049	10,425
Tai Yang Fund		39	-		-	-
Bahia Fund		-	36		-	36
<b>Loan Operations</b>		<b>52,985</b>	-		<b>52,985</b>	-
Bank of Communications Co., Ltd	<b>1.02% - 1.07%</b>	52,659	-	<b>1.02% - 1.07%</b>	52,659	-
Other related individuals/legal entities	<b>100% DI + 1.1%</b>	326	-	<b>100% DI + 1.1%</b>	326	-
<b>Marketable Securities</b>		<b>35,242</b>	-		<b>35,242</b>	-
Bocom Macau	<b>2.68% - 3.05%</b>	35,242	-	<b>2.68% - 3.05%</b>	35,242	-
<b>Derivative Financial Instruments</b>		<b>94,915</b>	<b>95,494</b>		<b>442,755</b>	<b>272,151</b>
Bocom Brazil Holding Company Ltda		73,581	64,323		73,581	64,323
BBM Bank Limited		6,801	25		-	-
The Southern Atlantic Investments Ltd		-	-		341,242	153,539
Jiang Fundo De Investimento Multimercado C PIE		2,323	2,304		2,323	2,304
Haitan Fund		12,210	28,842		25,609	51,985

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 21. Related-parties Significant Transactions (Continued)

	Bank			Operational Consolidated		
	Rate	12/31/2021	12/31/2020	Rate	12/31/2021	12/31/2020
<b>Liability</b>						
<b>Demand deposits</b>		<b>1,115,518</b>	<b>996,854</b>		<b>165,733</b>	<b>157,782</b>
Évora S.A.		10	10		10	10
Haitan Fund		120,319	95,065		120,319	95,065
BBM Bank Limited		971,943	850,590		-	-
BOCOM BBM CCVM S.A.		507	61		-	-
Tai Yang Fund		1,971	2,299		1,971	2,299
The Southern Atlantic Investments Ltd		-	-		22,665	11,579
Bocom Brazil Holding Company Ltda		24	39,087		24	39,087
Bahia Holding S.A.		1	5		1	5
Bahia AM Renda Fixa Ltda		5	5		5	5
Bahia AM Renda Variável Ltda		5	4		5	4
Outras pessoas físicas/jurídicas ligadas		20,733	9,728		20,733	9,728
<b>Interbank deposits</b>		<b>3,976</b>	<b>9,714</b>		-	-
BOCOM BBM CCVM S.A.	<b>100% DI</b>	3,976	9,714		-	-
<b>Time deposits</b>		<b>139,919</b>	<b>107,504</b>		<b>139,919</b>	<b>107,504</b>
Bahia Holding S.A.	<b>97% DI - 97.2% DI</b>	11,516	18,101	<b>97% DI - 97.2% DI</b>	11,516	18,101
Évora S.A.	<b>97% DI</b>	3,592	3,445	<b>97% DI</b>	3,592	3,445
Aleutas S.A.	<b>97.5% DI</b>	54,122	54,812	<b>97.5% DI</b>	54,122	54,812
Colares Participações S/A	<b>97% DI</b>	2,105	8,882	<b>97% DI</b>	2,105	8,882
Bocom Brazil Holding Company Ltda	<b>97% DI</b>	68,549	22,264	<b>97% DI</b>	68,549	22,264
Outras pessoas físicas/jurídicas ligadas	<b>115% DI</b>	35	-	<b>115% DI</b>	35	-
<b>Repurchase agreements - Debentures</b>		<b>79,065</b>	<b>27,023</b>		<b>79,065</b>	<b>27,023</b>
Other related individuals/legal entities	<b>100% DI</b>	79,065	27,023	<b>100% DI</b>	79,065	27,023
<b>Government Bonds Agreements</b>		<b>25,367</b>	<b>5,554</b>		<b>25,367</b>	<b>5,554</b>
Jiang Fundo de Investimento Multimercado CPIE		2,298	5,554		2,298	5,554
Other related individuals/legal entities		23,069	-		23,069	-
<b>Financial Bills</b>		<b>290</b>	-		<b>290</b>	-
Other related individuals/legal entities	<b>100% - 111% DI</b>	290	-	<b>100% - 111% DI</b>	290	-
<b>Agriculture Credit Bills</b>		<b>173,674</b>	<b>239,984</b>		<b>173,674</b>	<b>239,984</b>
Other related individuals/legal entities	<b>92% - 123% DI</b>	173,674	239,984	<b>92% - 123% DI</b>	173,674	239,984
<b>Real Estate Credit Bills</b>		<b>46,180</b>	<b>59,581</b>		<b>46,180</b>	<b>59,581</b>
Other related individuals/legal entities	<b>92% - 120.7% DI</b>	46,180	59,581	<b>92% - 120.7% DI</b>	46,180	59,581
<b>Obligations for securities abroad</b>		<b>341,329</b>	<b>153,599</b>		<b>341,329</b>	<b>153,599</b>
The Southern Atlantic Investments Ltd	<b>0.145%-2.38%</b>	341,329	153,599	<b>0.145%-2.38%</b>	341,329	153,599
<b>Derivative Financial Instruments</b>		<b>183,522</b>	<b>188,380</b>		<b>321,663</b>	<b>189,254</b>
Bocom Brazil Holding Company Ltda		146,400	121,313		146,400	121,313
Haitan Fund		1,835	1,816		2,346	1,816
BBM Bank Limited		2,183	-		139,511	-
The Southern Atlantic Investments Ltd		185	567		487	1,441
Jiang Fundo De Investimento Multimercado CPIE		32,919	64,684		32,919	64,684
<b>Subordinated Debt</b>		<b>205,996</b>	<b>201,760</b>		<b>205,996</b>	<b>201,760</b>
Bocom Brazil Holding Company Ltda	<b>110% SELIC</b>	165,441	162,039	<b>110% SELIC</b>	165,441	162,039
Other related individuals/legal entities	<b>110% SELIC</b>	40,555	39,721	<b>110% SELIC</b>	40,555	39,721
<b>Liabilities on Loans abroad</b>		<b>3,895,561</b>	<b>2,724,090</b>		<b>3,895,561</b>	<b>2,724,090</b>
Bank of Communications Co., Ltd	<b>0.75% - 1.01%</b>	996,447	873,917	<b>0.75% - 1.01%</b>	996,447	873,917
Bocom Macau	<b>2.63% - 3.0%</b>	35,480	16,121	<b>2.63% - 3.0%</b>	35,480	16,121
Bank of Communications - GMC	<b>0.45% - 0.96%</b>	2,025,401	1,574,162	<b>0.45% - 0.96%</b>	2,025,401	1,574,162
Bocom Hong Kong	<b>0.99%</b>	279,775	259,890	<b>0.99%</b>	279,775	259,890
Bocom NY	<b>0.3% - 0.47%</b>	558,458	-	<b>0.3% - 0.47%</b>	558,458	-
<b>Dividends and bonuses payable</b>		<b>30,068</b>	<b>27,023</b>		<b>30,068</b>	<b>27,023</b>
Interest on capital credited to shareholders		30,068	27,023		30,068	27,023
<b>Sundry</b>		<b>2,182</b>	<b>4,010</b>		<b>5,857</b>	<b>10,467</b>
The Southern Atlantic Investments Ltd		2,182	3,930		5,857	10,387
Haitan		-	80		-	80

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
<b>Result</b>						
<b>Investment Income Abroad</b>	-	-	<b>4,394</b>	-	-	-
BBM Bank Limited	-	-	4,394	-	-	-
<b>Result with Derivative Financial Instruments</b>	<b>18,877</b>	<b>9,433</b>	<b>129,426</b>	<b>18,140</b>	<b>5,423</b>	<b>248,562</b>
The Southern Atlantic Investments Ltd	14,881	7,661	18,028	36,412	16,610	113,021
Bocom Brazil Holding Company Ltda	(20,872)	(11,900)	130,626	(20,872)	(11,900)	130,626
Bahia Fund	-	-	(3,566)	-	-	(3,566)
BBM Bank Limited	(945)	1,531	(5,543)	-	-	-
Jiang Fundo de Investimento Multimercado C PIE	41,771	21,783	(45,093)	41,771	21,783	(45,093)
Haitan Fund	(15,958)	(9,642)	35,058	(39,171)	(21,070)	53,658
Other related individuals/legal entities	-	-	(84)	-	-	(84)
<b>Loans operations Income</b>	<b>293</b>	<b>293</b>	-	<b>293</b>	<b>293</b>	-
Bank of Communications Co., Ltd.	277	277	-	277	277	-
Other related individuals/legal entities	16	16	-	16	16	-
<b>Income with Marketable Securities</b>	<b>593</b>	<b>593</b>	-	<b>593</b>	<b>593</b>	-
Bocom Macau	593	593	-	593	593	-
<b>Earnings from investments funds</b>	<b>4,083</b>	<b>5,102</b>	<b>1,442</b>	<b>4,083</b>	<b>5,102</b>	<b>1,442</b>
Jiang Fundo de Investimento Multimercado C PIE-DRE-RendaAplic.	4,083	5,102	1,442	4,083	5,102	1,442
<b>Open market funding</b>	<b>(52,751)</b>	<b>(46,937)</b>	<b>(74,234)</b>	<b>(52,385)</b>	<b>(46,440)</b>	<b>(73,980)</b>
<b>Expenses from investments funds</b>	<b>(30,764)</b>	<b>(14,919)</b>	<b>(55,572)</b>	<b>(30,764)</b>	<b>(14,919)</b>	<b>(55,572)</b>
The Southern Atlantic Investments Ltd	(30,764)	(14,919)	(55,572)	(30,764)	(14,919)	(55,572)
<b>Repurchase agreements - Debentures expenses</b>	<b>(1,377)</b>	<b>(1,647)</b>	<b>(1,039)</b>	<b>(1,377)</b>	<b>(1,647)</b>	<b>(1,039)</b>
Other related individuals/legal entities	(1,377)	(1,647)	(1,039)	(1,377)	(1,647)	(1,039)
<b>Repurchase agreements - Securities</b>	<b>(3,811)</b>	<b>(6,027)</b>	<b>(59)</b>	<b>(3,811)</b>	<b>(6,027)</b>	<b>(59)</b>
Jiang Fundo de Investimento Multimercado C PIE	(104)	(158)	(59)	(104)	(158)	(59)
Outras pessoas físicas/jurídicas ligadas	(3,707)	(5,869)	-	(3,707)	(5,869)	-
<b>Interbank deposits expenses</b>	<b>(366)</b>	<b>(497)</b>	<b>(254)</b>	-	-	-
BOCOM BBM CCVM S.A.	(366)	(497)	(254)	-	-	-
<b>Time deposits expenses</b>	<b>(3,711)</b>	<b>(5,382)</b>	<b>(3,575)</b>	<b>(3,711)</b>	<b>(5,382)</b>	<b>(3,575)</b>
Évora S.A.	(104)	(146)	(91)	(104)	(146)	(91)
Bocom Brazil Holding Company Ltda	(1,443)	(2,094)	(629)	(1,443)	(2,094)	(629)
Bahia Holding S.A.	(397)	(590)	(978)	(397)	(590)	(978)
Aleutas S.A.	(1,595)	(2,271)	(1,705)	(1,595)	(2,271)	(1,705)
Colares Participações S/A	(171)	(280)	(172)	(171)	(280)	(172)
Outras pessoas físicas/jurídicas ligadas	(1)	(1)	-	(1)	(1)	-
<b>Agriculture credit bills expenses</b>	<b>(4,538)</b>	<b>(6,857)</b>	<b>(6,857)</b>	<b>(4,538)</b>	<b>(6,857)</b>	<b>(6,857)</b>
Other related individuals/legal entities	(4,538)	(6,857)	(6,857)	(4,538)	(6,857)	(6,857)
<b>Real estate credit bills expenses</b>	<b>(1,396)</b>	<b>(2,032)</b>	<b>(1,603)</b>	<b>(1,396)</b>	<b>(2,032)</b>	<b>(1,603)</b>
Other related individuals/legal entities	(1,396)	(2,032)	(1,603)	(1,396)	(2,032)	(1,603)

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 21. Related-parties Significant Transactions (Continued)

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
<b>Loans expenses abroad</b>	<b>(16,194)</b>	<b>(31,830)</b>	<b>(46,704)</b>	<b>(16,194)</b>	<b>(31,830)</b>	<b>(46,704)</b>
Bank of Communications Co., Ltd	(6,881)	(13,169)	(18,658)	(6,881)	(13,169)	(18,658)
Bocom Macau	(358)	(591)	(472)	(358)	(591)	(472)
Bank of Communications - GMC	(6,808)	(14,498)	(26,817)	(6,808)	(14,498)	(26,817)
Bocom Hong Kong	(1,410)	(2,753)	(757)	(1,410)	(2,753)	(757)
Bocom NY	(737)	(819)	-	(737)	(819)	-
<b>Foreign Exchange Variation with Loans Abroad</b>	<b>(5,883)</b>	<b>26,476</b>	<b>(244,182)</b>	<b>(5,883)</b>	<b>26,476</b>	<b>(244,182)</b>
Bank of Communications Co., Ltd	(96,752)	(64,193)	(240,507)	(96,752)	(64,193)	(240,507)
Bocom Macau	90,869	90,669	(3,675)	90,869	90,669	(3,675)
<b>Expenses with banks abroad</b>	<b>(252,264)</b>	<b>(297,200)</b>	<b>(63,526)</b>	<b>(252,264)</b>	<b>(297,200)</b>	<b>(12,537)</b>
BBM Bank Limited	(252,264)	(297,200)	(63,526)	(252,264)	(297,200)	(12,537)
<b>Other administrative expenses</b>	<b>(54)</b>	<b>(108)</b>	<b>(104)</b>	<b>(16)</b>	<b>(36)</b>	<b>2</b>
<b>Services provisions</b>	<b>(54)</b>	<b>(108)</b>	<b>(104)</b>	<b>(16)</b>	<b>(36)</b>	<b>2</b>
BBM Bank Limited	(54)	(108)	(104)	(16)	(36)	2
<b>Other operating income</b>	<b>796</b>	<b>1,566</b>	<b>1,365</b>	<b>234</b>	<b>444</b>	<b>272</b>
BBM Bank Limited	487	972	943	-	-	-
BOCOM BBM CCVM S.A.	75	150	150	-	-	-
Bahia Fund	-	-	109	-	-	109
Haitan Fund	117	222	109	117	222	109
Tai Yang	117	222	54	117	222	54
<b>Expenses with dividends and bonuses</b>	<b>(35,374)</b>	<b>(35,374)</b>	<b>(31,792)</b>	<b>(35,374)</b>	<b>(35,374)</b>	<b>(31,792)</b>
Interest on capital credited to shareholders	(35,374)	(35,374)	(31,792)	(35,374)	(35,374)	(31,792)
<b>Total</b>	<b>(337,878)</b>	<b>(367,986)</b>	<b>(323,915)</b>	<b>(338,773)</b>	<b>(372,549)</b>	<b>(158,917)</b>

The transactions between related parties were carried out at the average rates practiced by the market, effective on the transactions dates.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 21. Related-parties Significant Transactions (Continued)

#### b) Key Management Compensation

The total compensation is calculated as follows:

##### I) Fixed and variable compensation

The total compensation of the Participants will be comprised of fixed and variable part. The variable compensation of the Participants will be paid as follows:

- (a) The amount equivalent to, at most, 50% (fifty percent) of the variable compensation will be paid in cash, immediately available for the Participant ("Short-term compensation"); and
- (b) The amount equivalent to, at least, 50% (fifty percent) of the variable compensation will be deferred for payment within 3 (three) years, considering the provisions below ("Deferred Compensation" together with "Short-term Compensation" and "Variable Compensation");

The minimum and maximum amounts of the Variable Compensation of the Participants will be fixed by the Administrative Council of Banco BOCOM BBM.

##### II) Deferred compensation

The payment of the deferred compensation will be carried out on a scaled basis, every six months, in shares proportional to the deferral period ("Deferred Compensation Shares"), and all the deferred shares should be updated by the ROE of Banco Bocom BBM. In the year ended December 31, 2021, the payment of Deferred Remuneration occurred through repurchase agreements backed by public securities.

ROE is the profit before tax for the period divided by the Equity at the beginning of the period.

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Liabilities</b>				
<b>Statutory</b>	<b>17,108</b>	<b>14,354</b>	<b>18,035</b>	<b>15,254</b>
Management Variable Compensation - Short Term	5,876	7,177	6,121	7,410
Deferred Management Variable Compensation - Long Term	11,232	7,177	11,914	7,844

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
<b>Result</b>	<b>(28,355)</b>	<b>(54,196)</b>	<b>(29,267)</b>	<b>(28,962)</b>	<b>(55,700)</b>	<b>(30,861)</b>
Fixed compensation	(11,247)	(20,195)	(10,305)	(11,699)	(21,063)	(11,099)
Variable compensation	(17,108)	(34,001)	(18,962)	(17,263)	(34,637)	(19,762)

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**Notes to the financial statements as at December 31, 2021***(In thousands of Reals, otherwise indicated)***22. Derivative financial instruments**

The Bank and the other institutions of the Operational Consolidated participate in transactions involving derivative financial instruments to meet their own needs as well as on behalf of their clients.

Derivative financial instruments are classified according to management's intent at the inception of the transaction, taking into consideration whether or not the purpose is to hedge risks.

In accordance with BACEN Circular Letter No. 3,082, the derivative financial instruments assigned to offset, in whole or in part, exposure to risks from assets, liabilities, commitments or projected future transactions (hedged items), since they are considered effective in reducing the risk associated with the exposure to be hedged, are classified according to their nature:

These transactions are traded, recorded or held on B3. In the Operational Consolidated, international derivatives transactions are traded and recorded in the OTC market, at the Chicago Board of Trade (CBOT) or Chicago Mercantile Exchange (CME).

The criteria used to calculate the market values of the derivative financial instruments are:

- Futures: value of daily adjustments to the transactions;
- Swap and term transactions: Cash flow is estimated for each part discounted to present value according to the corresponding interest rate curves, obtained based on B3 prices or on the assets' prices;
- Options: average trading price on the calculation date or, when not available, estimated price based on pricing models, such as Black & Scholes.

At December 31, 2021, the guarantees for the transactions involving derivative financial instruments are represented mainly by government securities in the total amount of R\$ 578,159 thousand (December 31, 2020 - R\$ 460,987 thousand) and fund quotas in the total amount of R\$ 27,582 thousand (December 31, 2020 - R\$ 26,723 thousand).

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**a.) At cost and market value**

	Bank						
	12/31/2021						12/31/2020
	Cost	Market	Up to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total
<b>Future market</b>							
Purchased position	2,063	2,063	146	503	1,076	338	1,184
Sold position	6,464	6,463	3,398	2,730	303	32	24,193
<b>Swaps</b>							
Asset position	48,187	125,484	8,949	1,535	10,027	104,973	63,433
Liability position	178,706	183,131	20,561	13,093	20,844	128,633	284,553
<b>Non-deliverable forward - NDF</b>							
Asset position	64,915	66,101	3,697	938	61,466	-	50,138
Liability position	130,360	146,401	69,553	1,514	71,282	4,052	104,678
<b>Options market</b>							
Asset position	1,659	1,301	1,072	-	-	229	1,047
Liability position	3,987	3,914	3,685	-	-	229	345
	Operational Consolidated						
	12/31/2021						12/31/2020
	Cost	Market	Up to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total
<b>Future market</b>							
Purchased position	2,063	2,063	145	504	1,076	338	1,183
Sold position	6,464	6,464	3,398	2,731	303	32	24,193
<b>Swaps</b>							
Asset position	408,546	479,587	49,566	1,558	18,931	409,532	240,210
Liability position	191,590	195,945	24,191	13,115	20,648	137,991	208,673
<b>Non-deliverable forward - NDF</b>							
Asset position	65,265	66,450	4,046	938	61,466	-	51,056
Liability position	130,662	146,703	69,855	1,513	71,282	4,053	105,552
<b>Options market</b>							
Asset position	1,659	1,301	1,072	-	-	229	1,390
Liability position	143,498	143,425	143,196	-	-	229	145,885

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 22. Derivative financial instruments (Continued)

The futures market includes the following positions maturing on the first business day of the subsequent month:

- Purchased foreign exchange coupon contracts (DDI) of R\$ 4,305,243 thousand (December 31, 2020 – R\$ 2,597,208 thousand);
- Sold foreign exchange coupon contracts (DDI) of R\$ 436,778 thousand (December 31, 2020 – R\$ 341,744 thousand);
- Purchased interest contracts (DI1) of R\$ 858,032 thousand; (December 31, 2020 – R\$ 466,131 thousand);
- Sold interest contracts (DI1) of R\$ 488,852 thousand; (December 31, 2020 – R\$ 1,010,341 thousand);
- Purchased currency contracts (DOL) of R\$ 365,725 thousand; (December 31, 2020 – R\$ 392,716 thousand);
- Sold currency contracts (DOL) of R\$ 1,725,701 thousand (December 31, 2020 – R\$ 782,117 thousand);
- Purchased currency contracts (DAP) of R\$ 64,178 thousand; (December 31, 2020 – R\$ 43,404 thousand);
- Sold currency contracts (DAP) of R\$ 184,713 thousand (December 31, 2020 – R\$ 131,633 thousand).

Net gains (losses) on derivative financial instruments are as follows:

	Bank			Operational Consolidated		
	Second half of 2021	12/31/2021	12/31/2020	Second half of 2021	12/31/2021	12/31/2020
Futures contracts	303,030	99,712	(5,213,613)	303,029	97,971	(5,213,613)
Option contracts	3,255	18,076	658	3,034	19,413	1,205
Swap and term agreement	(52,901)	20,465	5,387,178	(52,169)	22,013	5,393,914
<b>Total</b>	<b>253,384</b>	<b>138,253</b>	<b>174,223</b>	<b>253,894</b>	<b>139,397</b>	<b>181,506</b>

The main factor of the variation in the result of derivatives is due to the devaluation of Brazilian real against U.S. dollar, taking into account that most of our derivatives are used as hedging instruments.



## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 22. Derivative Financial Instruments (Continued)

#### d.) Hedge Accounting

##### Fundraising fair value hedge (I)

During the 3rd quarter of 2017 and the 1st quarter of 2020, Banco BOCOM BBM entered into loan agreements in U.S. dollars with Bank of Communications Shanghai Branch with the objective of providing funding. They are as follows:

- On September 6, 2017 in the amount of USD 35,000 thousand with payment of pre-fixed interest of 0.90% p.a..
- On September 18, 2017 in the amount of USD 30,000 thousand with payment of fixed interest of 0.90% p.a..
- On September 11, 2017 in the amount of USD 35,000 thousand with payment of fixed interest of 0.90% p.a..
- On March 25, 2020 in the amount of USD 67,500 thousand with payment of fixed interest of 1.01% p.a..
- On December 11, 2021 in the amount of USD 10,000 thousand with payment of fixed interest of 0.75% p.a..

In order to index these flows to the CDI, a series of exchange coupon operations were carried out at B3, in accordance with the maturities and exposures of the available FRC contracts and the maturity of the operations. Disbursements were made in U.S. dollars and, upon cash receipt, a market risk hedge was contracted, designating a portfolio of derivative financial instruments, comprising DDI, DOL and ED contracts for total hedge, considering the foreign exchange exposure and interest rate risks. In order to equalize the mark-to-market effects of derivative financial instruments designated as hedge, the amount of the hedge principal, plus interest due, is stated at fair value and also marked to market.

Due to the fact that there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the operation remains close to 100.57%.

Hedge object	Bank/Operational Consolidated			
	12/31/2021		12/31/2020	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Fundraising (I)	(242,387)	243,773	100.57%	90.34%

##### Fundraising fair value hedge (II)

In June 2017, Banco BOCOM BBM designated a portfolio of derivative financial instruments constituted by DI1 and DAP contracts, with the objective of indexing to the CDI part of its funding portfolio indexed to the IPCA. In order to equalize the effects of mark-to-market derivative financial instruments designated as hedge, the value of the funding portfolio indexed to the IPCA is stated at fair value and also marked to market.

In December 2018, Banco BOCOM BBM designated a portfolio of derivative financial instruments constituted by DI1 and DAP contracts, with the objective of indexing to the CDI part of its pre-fixed funding portfolio. In order to equalize the effects of mark-to-market derivative financial instruments designated as hedge, the value of the pre-fixed funding portfolio is stated at fair value and also marked to market.

Due to the fact that there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the operation remains 98.69% to LF IPCA and 99.44% to LF PRÉ.

Hedge object	Bank/Operational Consolidated			
	12/31/2021		12/31/2020	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Fundraising (II) - LF IPCA	(367)	363	98.69%	102.37%
Fundraising (II) - LF PRÉ	8,772	(8,723)	99.44%	99.97%

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**22. Derivative Financial Instruments (Continued)**
**Credit operations fair value hedge**

In August 2017, Banco BOCOM BBM designated a portfolio of derivative financial instruments comprising Euro Dollar Futures contracts (ED), in order to hedge the U.S. Dollar short-term interest rate variations. In order to equalize the effects of the mark to market of the derivative financial instruments assigned as hedge, the amount of USD 29,761 thousand of the credit operation released in August 2017 by Banco BOCOM BBM SA Nassau Branch, with a fixed interest rate of 4.28 % p.a., is stated at fair value and also marked to market.

Due to the fact that there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the operation remains close to 98.90%.

Hedge object	Bank/Operational Consolidated			
	12/31/2021		12/31/2020	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Credit Operations	(172)	170	98.90%	95.66%

**Investment cash flow hedge abroad**

In September 2016, CMN edited the Resolution No. 4,524, establishing the criteria to record the transactions with financial instruments contracted in order to mitigate the risks associated to the foreign exchange exposure of the investments abroad.

In January 2017, Banco BOCOM BBM assigned a derivative financial instruments portfolio constituted by DI1 and DOL contracts, with the purpose of hedging the foreign exchange rate risk of its investment abroad in the amount of USD 5,000,000, which is consolidated in the Prudential Conglomerate.

Due to the fact that there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the transaction remained close to 100.00%.

Hedge object	Bank/Operational Consolidated			
	12/31/2021		12/31/2020	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Investment Abroad	8,370	(8,370)	100.00%	101.34%

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**22. Derivative Financial Instruments (Continued)**
**Bonds held to maturity fair value hedge**

In June 2020, Banco BOCOM BBM designated a portfolio of derivative financial instruments consisting of Libor flat swap contracts vs. fixed rate in USD, in order to cover the risk of fluctuations in the external profitability of bonds classified as "held to maturity" as spread over Libor due to fluctuations in the forward structure of the Libor curve. Because of the matching between the flows of the hedge object and the results of the derivatives intended for hedge, the effectiveness of the operation was of 103.78%.

Hedge object	Bank/Operational Consolidated			
	12/31/2021		12/31/2020	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Bonds Held to Maturity Abroad	426	(442)	103.78%	100.77%

**Bonds available for sale cash flow hedge**

In January 2021, Banco BOCOM BBM designated a portfolio of derivative financial instruments consisting of Libor flat swap contracts vs. fixed rate in USD and in December 2021 SOFR flat swap contracts vs. fixed rate in USD, in order to cover the risk of fluctuations in the external profitability of bonds classified as "available for sale" as spread over Libor due to fluctuations in the forward structure of the Libor and SOFR curve. Because of the matching between the flows of the hedge object and the results of the derivatives intended for hedge, the effectiveness of the operation was of LIBOR 99.24% and SOFR 88.04%.

Hedge object	Bank/Operational Consolidated			
	12/31/2021		12/31/2020	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Bonds Available for Sale Abroad - LIBOR	(965)	958	99.24%	-
Bonds Available for Sale Abroad - SOFR	12	(11)	88.04%	-

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 23. Risks Management

#### Market Risk

Banco BOCOM BBM was a pioneer in terms of quantifying market risk in Brazil, and developed a proprietary system in 1997 which became a benchmark for the industry. The market risk management structure includes the following: a) the Executive Board, responsible for reviewing risk management policies and proposing risk management operating limits, submitting these for the approval of the Board of Directors at least once a year; b) the Board of Directors, which approves the risk policies and limits at least once a year; c) the Market Risk area, subordinated to the Risk Officer, is responsible for identifying, measuring, monitoring and reporting online to the Executive Board the Bank's market risk, ensuring compliance with the market risk management policy, as well as guaranteeing that operational limits are observed; d) the Price department, which among other duties is responsible for defining the price models and sources used in mark-to-market adjustments of traded products, independently of the management departments; e) Internal Audit, which is responsible for ensuring the adequacy of procedures and the consistency between market risk management policies and the structure actually implemented.

The market risk is monitored through daily calculations of the Value at Risk (VaR), a statistical tool that measures the institution's maximum potential loss at a given confidence level over a given investment horizon. A VaR limit is established, which may be allocated by the Chief Treasury Officer among the various risk factors. The VaR calculation model is submitted to periodical back testing. Furthermore, scenarios are analyzed daily, and these scenarios are quarterly defined by the Risk Committee, independently of the management departments. A full description of the Bank's market risk management structure is available on Banco BOCOM BBM's website ([www.bancoBOCOMbbm.com.br](http://www.bancoBOCOMbbm.com.br)).

Market Risk means the risk arising from fluctuations in the values of assets and derivatives resulting from changes in market prices and rates, such as interest, stocks, currencies and commodities. Market Risk control is based on the calculation of VaR - Value at Risk, a statistical tool that measures the maximum potential loss of BOCOM BBM for a given confidence level and investment horizon. BOCOM BBM's daily VaR limit calculated with 95% confidence is 2% of Equity. The model used to calculate the VaR limit is the parametric one. The variance-covariance matrix is reestimated daily using GARCH models. This model captures the presence of volatility groupings and, according to the daily estimated parameters, gives more weight to the most recent past. It should be noted that other VaR models are available, such as Monte Carlo Simulation and Historical Simulation. The effectiveness of the risk model is tested annually through back-testing, which consists in comparing the VaR estimates with the actual daily results.

\*VaR = Maximum potential risk, given the level of reliability and the investment scenario. For Banco BBM, the limit is established based on a 95% likelihood of loss at a maximum of 2% of equity in 1 day.

Reference Date	VaR (in R\$ Millions)
12/31/2021	3.7
06/30/2021	3.6
12/31/2020	6.1
06/30/2020	4.0

In addition to VaR, stress tests are calculated based on the stress scenarios provided by B3. Based on the envelope scenarios for each risk factor, one optimistic and one pessimistic scenario are defined, considering a holding period of 3 business days. For risk factors in which there is no shock defined by the B3 scenarios, shocks from related risk factors are used. Thus, based on the exposure of the Bank's portfolio to each of the risk factors, the consolidated financial loss of the portfolio under stress is calculated for each of the two scenarios. Finally, the scenario with the greatest financial loss is used as a reference.

Reference Date	B3 Stress (in R\$ Millions)
12/31/2021	-111.5
06/30/2021	-57.5
12/31/2020	-20.2

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 23. Risks Management (Continued)

#### Liquidity Risk

Banco BOCOM BBM's liquidity target is to ensure that at any given time the Bank has sufficient cash to meet all its liabilities and other commitments. It is the responsibility of the Liquidity Risk area to monitor whether there is a sufficient free cash position to guarantee the continuity of the bank's operations in a severe stress scenario, following the limits and guidelines defined by the Risk Committee and approved by the Board of Directors.

Liquidity risk is managed based on cash flow forecasts, considering different scenarios for funding, loan and treasury operations. These cash flow analyses take into consideration: (a) the implicit risk of each client, (b) possible additional cash for compulsory deposits, (c) derivative adjustments; and (d) other existing obligations. The general principle is to ensure that the Bank's commitments are aligned with its equity and the current policies for fundraising, credit and treasury.

Banco BOCOM BBM has a liquidity risk management structure comprised of the following agents, with their respective assignments: a) Liquidity Risk area, subordinated to the Risk Director, which is responsible for centralizing and measuring the information referring to liquidity risk management, ensuring that operational limits are observed and disclosing reports to support decision making on liquidity risk; b) Internal Audit, which is responsible for ensuring the adequacy of the procedures and the consistency between the liquidity risk management policies and the effectively implemented structure. A full description of the Bank's liquidity risk management structure is available on the website of Banco BOCOM BBM ([www.BOCOMbbm.com.br](http://www.BOCOMbbm.com.br)).

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Current assets	7,448,779	5,962,320	6,418,420	5,431,644
Current liabilities	(10,480,875)	(8,054,761)	(9,676,796)	(7,359,023)
<b>Working capital, net</b>	<b>(3,032,096)</b>	<b>(2,092,441)</b>	<b>(3,258,376)</b>	<b>(1,927,379)</b>
Securities available for sale presented in long-term receivables	1,738,655	1,354,338	1,738,655	1,354,338
Loans abroad	2,121,045	1,574,162	2,121,045	1,574,162
	<b>827,604</b>	<b>836,059</b>	<b>601,324</b>	<b>1,001,121</b>

Banco BOCOM BBM's current liabilities are higher than its current assets calculated according to the nominal maturity of its operations. However, part of the current liabilities are loans made to the parent company in the total amount of R\$ 2,121,045 thousand which, despite having a maturity of less than 1 year, are systematically renewed.

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**Notes to the financial statements as at December 31, 2021***(In thousands of Reals, otherwise indicated)***23. Risks Management (Continued)****Credit Risk**

Banco BOCOM BBM has a credit risk management structure comprised of the following elements and respective duties: a) the Credit Committee, responsible for defining credit limits of the economic groups and for monitoring and evaluating the consolidated portfolio position, its concentration and risk level. It is also responsible for establishing the terms for solving default on credit operations or with a certain level of deterioration of the guarantees and deciding whether or not to initiate judicial collection proceedings, as applicable; b) Board of Directors, responsible for approving the risk policies and limits, at least once a year; c) Credit Risk area, subordinated to the Risk Director, is responsible for centralizing and evaluating information related to the individual and consolidated credit risk management, per operation, ensuring that operating limits are complied with, disclosing reports facilitating decision making related to credit limits approved by the Credit Committee. It is also the responsibility of the risk area to previously evaluate new operational genres related to credit risk; d) Credit Analysis area, responsible for assessing the credit risk of economic groups with which the Bank maintains or intends to maintain credit relationships; e) Internal Audit, which carries out periodic audits of the business units and of the Credit processes of the Group; f) Legal Department, responsible for analyzing the contracts entered into by Banco BOCOM BBM and its clients, as well as coordinating measures to recover credits or protect the Bank's rights; and g) Contracts Department, responsible for checking the adherence of operations to the parameters established in the Credit Limit Proposal ("PLC"), as well as the making of adequate guarantees. It is also responsible for issuing contracts to be entered into by Banco BOCOM BBM and the client. A full description of the credit risk management structure is available on the website of Banco BOCOM BBM ([www.BOCOMbbm.com.br](http://www.BOCOMbbm.com.br)).

**Operational Risk**

Aligned to the orientation of the Regulation Bodies and to the best market practices, Banco BOCOM BBM ("BOCOM BBM") established the "Operating Risk Management Policy", which defined principles, procedures and responsibilities to be observed in order that the internal controls systems of BOCOM BBM work and are strengthened, seeking to mitigate the risks according to the complexity of its businesses, as well as to disseminate the culture of the controls to ensure the compliance with laws, regulations and other internal standards.

The Internal Controls and Operating Risk area is a segregated independent organizational area of Internal Audit, under the responsibility of the Risk and Internal Controls Officer. The area is responsible for performing, together with the other components of the risk management structure, in order to comply with the guidelines established by the mentioned Policy.

The complete description of the operating risk management structure is available for the public in the website of Banco BOCOM BBM na Internet ([www.BOCOMbbm.com.br](http://www.BOCOMbbm.com.br)).

**Capital Management**

Banco BOCOM BBM manages its capital through a structure composed of the following bodies: Board of Directors, Executive Board, Internal Control, Capital and Risk Board, Treasury Board, Fund Raising Board, Back Office, Business Units and Audit Board. The Board of Directors is the highest body within this structure, in charge of monitoring the capital adequacy. The Executive Board must review the documents to be submitted to the Board of Directors, as well as approving the methodologies to be used for the management and monitoring of the capital adequacy. Capital management and centralization is the responsibility of the Capital and Risk Board, which must continuously work to improve and oversee the institution's compliance with the capital management policy and its capital plan. The Treasury and Fundraising Boards are responsible for planning the issuance of equity instrument, if necessary. The capital management department periodically generates reports on the capital adequacy, which are sent to the Executive Board and the Board of Directors.

These reports comprise simulations of severe events and extreme market conditions. The Business Units must provide all information that the Internal Control, Capital and Risk Board deems necessary for effective capital management. The Audit department is responsible for evaluating, from time to time, the effectiveness of the capital management process. The description of the capital management structure is available on the website of Banco BOCOM BBM ([www.BOCOMbbm.com.br](http://www.BOCOMbbm.com.br)).

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 24. Operating Limits

In October 2013, the new rules related to capital measurement became effective. The financial institutions and similar entities have to maintain minimum equity of 8.00% of their assets, weighted by grades of risk to expositions in gold, foreign exchange and operations subject to the operating risk and to the variations in: foreign exchange, interest rate, price of commodities and price of shares classified as held in portfolio for trade, according to BACEN's rules and instructions. The Operational Consolidated of Banco BOCOM BBM is within this operational limit on December 31, 2021.

	Operational Consolidated	
	12/31/2021	12/31/2020
<b>Reference Equity Level I</b>	<b>1,013,478</b>	<b>935,748</b>
Adjusted equity	1,046,804	966,087
Decrease in intangible / deferred assets according to CMN Resolution No. 4,192	33,326	30,339
<b>Reference Equity (PR)</b>	<b>1,013,478</b>	<b>935,748</b>
<b>Risk-Weighted Assets (RWA)</b>	<b>641,542</b>	<b>521,100</b>
Portion referring to:		
Credit risk (RWACPAD)	554,456	447,457
Foreign exchange risk (PCAM)	10,508	10,353
Interest rate risk (RWAMPAD)	6,167	4,360
Operating risk (RWAOPAD)	70,411	58,930
<b>Margin or Insufficiency Value (PR - RWA)</b>	<b>371,936</b>	<b>414,648</b>
<b>Risk Factor – 8.00% of PR</b>	<b>81,078</b>	<b>74,860</b>
<b>Basel Rate (Risk Factor / RWA)</b>	<b>12.64%</b>	<b>14.37%</b>
RBAN	89,265	62,754
ACP required	160,386	81,422
<b>Reference Equity Margin + RBAN</b>	<b>122,285</b>	<b>270,472</b>

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**25. Income Tax and Social Contribution**

Changes in tax credits and provision for deferred taxes on temporary differences are as follows:

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Asset credit tax:</b>	<b>105,754</b>	<b>66,487</b>	<b>107,332</b>	<b>68,292</b>
<b>Balance at January 1</b>				
Constitution (Reversal)				
- With effects in the result	285	26,593	(369)	26,367
- With effects in equity				
(Securities held for sale)	10,752	12,674	10,752	12,673
<b>Balance at December 31</b>	<b>116,791</b>	<b>105,754</b>	<b>117,715</b>	<b>107,332</b>
<b>Provision for deferred taxes: (*)</b>				
<b>Balance at January 1</b>	<b>58,892</b>	<b>19,156</b>	<b>58,935</b>	<b>19,199</b>
Constitution (Reversal)				
- With effects in the result	29,934	39,736	29,936	39,736
- With effects in equity				
(Securities available for sale)	-	-	-	-
<b>Balance at December 31</b>	<b>88,826</b>	<b>58,892</b>	<b>88,871</b>	<b>58,935</b>

(\*) The amount of provision for deferred taxes is recorded as Other tax and social security obligations.



## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 25. Income Tax and Social Contribution (Continuing)

Attending the BCB No 15/2020 Resolution, in its 13th article, the constitutions and realizations happened in asset credit taxes and provision for deferred taxes were highlighted, just like their nature and origins, as it is being shown at the table below:

	Bank				Operational Consolidated			
	12/31/2021	Constitution	Reversal	12/31/2020	12/31/2021	Constitution	Reversal	12/31/2020
<b>Asset credit tax:</b>								
<b>Temporary differences (a)</b>								
- Provision for loan transactions	30,737	5,913	8,673	33,497	30,738	5,914	8,673	33,497
- Market value adjustment - marketable securities and deriv	66,680	91,605	74,532	49,607	66,680	91,605	74,532	49,607
- Provisions for Contingencies (Note 25)	5,596	207	545	5,934	5,596	207	545	5,934
- Others	13,369	24,574	23,803	12,598	13,797	25,006	24,099	12,890
<b>Social Contribution Negative Basis</b>	182		1,648	1,830	411	25	1,953	2,339
<b>Tax loss</b>	227		2,061	2,287	493	3	2,575	3,065
<b>Total</b>	<b>116,791</b>	<b>122,299</b>	<b>111,262</b>	<b>105,753</b>	<b>117,715</b>	<b>122,760</b>	<b>112,377</b>	<b>107,332</b>
<b>Provision for deferred taxes</b>								
<b>Temporary differences (a)</b>								
- Market adjustment of securities and derivatives	88,789	101,280	131,214	58,855	88,834	101,279	131,215	58,898
- Adjustment of Selic Interest rate on Judicial Deposits								
- Others	37			37	37	-	-	37
<b>Total</b>	<b>88,826</b>	<b>101,280</b>	<b>131,214</b>	<b>58,892</b>	<b>88,871</b>	<b>101,279</b>	<b>131,215</b>	<b>58,935</b>

(a) It is expected that these tax credits will be realized up to the end of 2025 for income tax and social contribution, with a present value of R\$ 20 million. The Social Contribution on tax credits was calculated considering a new rate in force of 20%, after publication of the Proposed Amendment to Constitution No. 6/2019, for additions or exclusions from March 1, 2020.

The table below shows the composition of the present value of the tax credits, considering the expectations for realization of the deferred tax assets and liabilities:

Description	Bank		Operational Consolidated	
	Tax credits on temporary differences	Loss and negative basis	Tax credits on temporary differences	Loss and negative basis
2021	(10,342)	409	(10,342)	409
2022	30,255	-	30,255	-
2023	5,953		5,953	
2024	564		564	
2025	1,128		1,128	
<b>Total</b>	<b>27,966</b>		<b>27,966</b>	
<b>Present value</b>	<b>20,038</b>		<b>20,038</b>	

The accounting recording of tax credits in the financial statements of Banco BOCOM BBM was made at the rates applicable to the expected period of their realization and is based on the projection of future results and on a technical study prepared in accordance with CMN Resolution No. 3,059/2002, as amended of CMN Resolution No. 4.441/2015.

**Notes to the financial statements as at December 31, 2021**
*(In thousands of Reals, otherwise indicated)*
**25. Income Tax and Social Contribution (Continuing)**

The conciliation of the expense calculated using the tax rates and the expense of income tax and social contribution accounted for in the Bank is as follows:

	12/31/2021		12/31/2020	
	IRPJ	CSLL	IRPJ	CSLL
<b>Income before taxes</b>	<b>220,626</b>	<b>220,626</b>	<b>151,105</b>	<b>151,106</b>
Bank's net profit	147,401	147,401	116,564	116,564
(-) Interest on own capital	(35,374)	(35,374)	(31,792)	(31,792)
(-) Interest on Bank's Capital	(35,374)	(35,374)	(31,792)	(31,792)
(-/+) Income tax and social contribution	(108,599)	(108,599)	(66,333)	(66,333)
<b>Tax rate</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>20%</b>
<b>Income tax and social contribution</b>				
At tax rate	(55,157)	(55,157)	(37,776)	(30,221)
<b>Permanent additions</b>	<b>108,578</b>	<b>74,577</b>	<b>71,744</b>	<b>52,782</b>
Non-deductible expenses	41,645	7,644	20,905	1,943
Addition on profit abroad	66,933	66,933	50,839	50,839
<b>Permanent exclusions</b>	<b>73,349</b>	<b>73,349</b>	<b>38,102</b>	<b>38,102</b>
Tax-free revenues	4,190	4,190	-	-
Equity in the result of investees (Bank)	69,159	69,159	38,102	38,102
<b>Temporary additions / exclusions</b>	<b>(59,392)</b>	<b>(55,337)</b>	<b>(36,705)</b>	<b>(42,989)</b>
<b>Tax basis</b>	<b>196,463</b>	<b>166,518</b>	<b>148,043</b>	<b>122,797</b>
<b>Tax basis with use of tax loss and negative basis</b>	<b>196,463</b>	<b>166,518</b>	<b>148,043</b>	<b>122,797</b>
<b>Income tax and social contribution (a)</b>	<b>(49,092)</b>	<b>(38,506)</b>	<b>(36,987)</b>	<b>(24,719)</b>
<b>Use of tax incentives and taxes of subsidiaries abroad</b>	<b>1,834</b>	<b>-</b>	<b>1,260</b>	<b>14</b>
<b>Income tax and social contribution in the result for the period</b>	<b>(47,258)</b>	<b>(38,506)</b>	<b>(35,727)</b>	<b>(24,706)</b>
DIPJ adjustment	354	-	(5,154)	-
Provision for Deferred Tax Liabilities	(16,630)	(13,304)	(21,541)	(18,195)
<b>Income tax and social contribution in the result for the period - Banco BOCOM BBM</b>	<b>(63,534)</b>	<b>(51,810)</b>	<b>(62,422)</b>	<b>(42,901)</b>
Income tax and social contribution of other institutions of the Operational Consolidated	(1,169)	(788)	(437)	(221)
<b>Income tax and social contribution in the result for the period - Operational Consolidated</b>	<b>(64,703)</b>	<b>(52,598)</b>	<b>(62,859)</b>	<b>(43,122)</b>

a) The president Jair Bolsonaro approved the Law No. 14,183, of 2021, arising from the Provisional Measure (MP) No. 1,034/2021, effective as from July /2021, amending the Law No. 7,689/1988, in order to increase the Social Contribution on Net Income (CSLL) rate due by financial institutions. The impact for Banco BOCOM BBM was the increase of the CSLL rate from 20% to 25%, between 7/1/2021 and 12/31/2021, as from 1/1/2022, the rate will be of 20%, according to the amendment proposed by the MP No. 1,034/2021, article 3, item III of the Law No. 7,689/1988. BOCOM BBM CCVM had the CSLL rate increased from 15% to 20%, between 7/1/2021 and 12/31/2021, and as from 1/1/2022, the rate will be of 15%, according to amendments proposed by MP No. 1,034/2021, article 3, item I, of the Law No. 7,689/1988.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 26. Provisions and liabilities for legal obligation

The Operational Consolidated are a party to lawsuits and administrative proceedings arising from the normal course of operations, involving tax, labor and civil matters among others.

#### a) Breakdown of provisions

Based on information from its legal counsels and an analysis of the pending legal and civil proceedings and labor suits, considering previous experience related to the claimed amounts, management recorded a provision in an amount considered sufficient to cover the estimated losses expected in connection with ongoing litigation, as follows:

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Labor	11,787	12,154	11,787	12,154
Civil	-	633	-	633
<b>Total - Provisions for contingencies</b>	<b>11,787</b>	<b>12,787</b>	<b>11,787</b>	<b>12,787</b>

These provisions are recorded as "Other liabilities - sundry" under Long-term liabilities. During the year ended December 31, 2021, , R\$ 283 thousand was provided for contingencies in the in the Operational consolidated

#### b) Liabilities for legal obligations

Based on the preliminary injunction obtained, Banco BOCOM BBM and BOCOM BBM Corretora de Câmbio e Valores Mobiliários SA ensured the suspension of the requirement for tax credits of PIS/Pasep and COFINS that are determined, with the incidence of ISS in their calculation bases, as well as their respective bookkeeping for timely and future compensation, if applicable, with the respective ISS deductibility of the calculation bases of the mentioned contributions. Based on that preliminary injunction, Banco BOCOM BBM and BOCOM BBM Corretora de Valores Mobiliários SA started to collect, as of November 2018, PIS/Pasep and COFINS disregarding the municipal tax in their respective calculation bases, having been constituted a liability for the remaining balance until December 31, included in the item "Other Sundry Liabilities" in Long-Term Liabilities, as follows:

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
PIS and COFINS	648	400	675	414
<b>Total - Liabilities for legal obligations</b>	<b>648</b>	<b>400</b>	<b>675</b>	<b>414</b>

#### c) Others

On December 5, 2016, the Brazilian Administrative Council for Economic Defense (CADE) files an administrative proceeding against Banco BOCOM BBM S.A. investigating alleged anticompetitive practices in relation to the onshore foreign exchange market between 2008 and 2012. The Bank, together with its legal advisors, has already presented its administrative defense, still pending judgment.

In November 2019, Banco BOCOM BBM SA received assessments from the Federal Revenue of Brazil with the purpose of: (i) Social security contributions allegedly due on PLR (Profit Sharing or Results) in the amount of \$ 5.6 million and (ii) social security contributions allegedly due on food in the amount of R\$ 1.2 million, both correspond to payments made in 2015. The Bank discusses the assessments at the administrative level. In the opinion of our legal advisors, the chances of loss in these cases are possible.

## Notes to the financial statements as at December 31, 2021

(In thousands of Reals, otherwise indicated)

### 27. Allowance for financial guarantees

The Allowance for doubtful in account related with financial guarantees are based on the analysis of operations according to the type of obligation provided, past experience, future expectations and management's risk assessment policy. They are reviewed periodically, as established by CMN Resolution No. 4,512/2016.

	Bank		Operational Consolidated	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
<b>Guarantee</b>				
Other sureties	572,605	531,545	507,175	231,015
Surety or guarantee in lawsuits and administrative procedures	369,085	364,728	735,402	364,728
Linked to bids, auctions, service render or construction	267,340	307,213	567,312	307,213
Linked to international trade	28,829	9,205	31,169	9,205
<b>Total</b>	<b>1,237,859</b>	<b>1,212,691</b>	<b>1,841,058</b>	<b>912,161</b>
<b>Changes in allowances for financial guarantees</b>				
<b>Beginning balance</b>	<b>17,021</b>	<b>1,088</b>	<b>14,740</b>	<b>1,088</b>
Exchange variation	-	117	-	117
Constitution / (Reversal)	(2,813)	15,816	(4,041)	13,535
<b>Ending balance</b>	<b>14,208</b>	<b>17,021</b>	<b>10,699</b>	<b>14,740</b>

The raise of the provision for guarantee provided is due to our provision policy to sectors that were directly impacted by the Covid Crisis.

**Notes to the financial statements as at December 31, 2021***(In thousands of Reals, otherwise indicated)***28. Other information****(a) Compensatory and settlement of obligations arrangement**

Banco BOCOM BBM has a compensatory and settlement of obligations arrangement within the scope of the National Financial System, according to CMN Resolution No. 3,263/05, resulting in more guarantee to settle its debits with financial institutions with which it has this kind of arrangement. On December 31, 2021, the total assets mitigated by compensatory arrangement was of R\$ 1,928,401 thousand (December 31, 2020 - R\$ 203,053 thousand).

**(b) Deferred income**

Result for future years refers mainly to the earnings of guarantees granted, and its decrease in the period ended December 31, 2021 is aligned with the variation of the guarantees.

**(c) Marketable Securities Portfolio**

At the end of the year, based on Resolution 3,181 of the Central Bank of Brazil, considering the trend of positive effect on the nominal rates and liquidity of the Eurobonds offered by the national treasury and that for the budget and business plan of the coming years, it is important to have predictability and avoid revenue reductions, the Bank's Executive Committee unanimously approved to continue the process of stretching the portfolio of nominal securities held to maturity selling R\$ 162,184 thousand in bonds maturing in 2025 and 2027 and buying R\$ 163,967 thousand in 2030 and 2031, which generated an effect on the result of R\$ 5,068 thousand.

At the end of the semester, Banco BOCOM BBM had R\$ 1,225,378 thousand in marketable securities classified as "held to maturity", according to Circular Letter No. 3.068 /01 of Central Bank of Brazil. Banco BOCOM BBM has financial capacity and intention to hold them to maturity.

**(d) Energy trading**

In order to diversify the business lines that have synergy with the group's performance in the corporate credit segment and to increase the range of services available to meet the specific needs of customers, Banco BOCOM BBM plans to operate in the energy trading market, purchasing and selling electric power. The process of obtaining the necessary regulatory authorizations was concluded. The activities are expected to begin during 2022.

**(e) Impacts of Covid19**

The year of 2021 was marked by the strong recovery of the global economy, as several social isolation measures could be relaxed as vaccination advanced in the main developed economies. Most countries in the Northern Hemisphere ended the year with more than 75% of their population immunized with two doses of the vaccine. In response to the recovery in activity, several economies reduced fiscal and monetary stimulus that took place during the pandemic, especially because of concerns about the sustainability of spending and inflation. In Brazil, the year ended with 67% of the population immunized (two doses), and growth driven mainly by the global recovery and the increase in commodity prices. Record collections, the end of extraordinary expenses resulting from the pandemic and the growth of nominal GDP brought relief to the fiscal scenario and to the debt/GDP. For 2021, growth should reach just over 4%, but prospects are not very favorable for 2022. The labor market and the service sector continue to recover, but a restrictive monetary policy, combined with high household indebtedness, poses challenges for growth. Presidential elections in Brazil and less favorable international financial conditions add even more uncertainty to the scenario. The reform agenda – such as the tax and administrative ones – continues to be crucial for a more robust growth trajectory and for the fiscal sustainability of the Brazilian economy in the coming years.

Throughout the year, the mass vaccination and immunization of our employees allowed many to partially return to face-to-face work, and the hybrid system combined flexibility with the advantages of interactions in the work environment. Regular testing and the control protocols established by the bank were essential to prevent contamination by COVID-19 among our employees, and this year's experience and learning contribute to the return to normality of work in 2022.

Banco BOCOM BBM S.A., together with its employees, donated more than R\$150 thousand in projects aimed at mitigating the effects of the pandemic on low-income families, many of which are located in regions surrounding the Bank.

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**Notes to the financial statements as at December 31, 2021***(In thousands of Reals, otherwise indicated)***29. Events After the Reporting Period****(a) Corporate Change**

In 2021, Banco BOCOM BBM announced the beginning of the process of transferring 20% of its shares to Bank of Communications, current holder of the remaining 80%. This will result in the exit of individuals that controlled the share capital of Banco BOCOM BBM, it is about a continuity of the shareholders's agreement entered into in 2016 between the former owners and the Bank of Communications (when the acquisition of the initial 80% occurred). The consumption of the operations is subject to the approval from the Brazilian and Chinese regulation authorities, with probable conclusion in about a year.

**(b) Issuance of Subordinated Private Financial Bills**

In February 2022, Banco BOCOM BBM issued 270 million in 10-year Subordinated Private Financial Bills, with a CDI rate plus 2.6% for institutional investors. According to BCB Resolution nº 122 the amount issued is eligible to be included in Reference Equity Level II.

\*       \*       \*

Aline Gomes – Controller  
CRC 087.989/0-9 "S"- BA