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

## ***Consolidated financial statements - Prudential Conglomerate June***

***30, 2022***

*(A free translation of the original report issued  
in Portuguese as published in Brazil containing  
financial statements prepared in accordance  
with accounting practices adopted in Brazil  
applicable to Prudential Conglomerate)*

## Management's Report

(In thousands of Reais, unless otherwise indicated)

### 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 our shareholders and clients the profitability of capital, as well as Brazil-China integration; ensuring that our employees have opportunities for professional, material and intellectual growth; and encouraging the search for cutting-edge knowledge, especially in the financial and technological areas.

### Message from Management

The continuing economic recovery and rising inflation around the world due to the post-pandemic return to normal set the tone in the first half of 2022. Developed economies such as the United States, United Kingdom and eurozone saw a rapid revival of employment, and the positive economic performance was accompanied by an acceleration of inflation in its most inertial components, such as services. The Russia-Ukraine war added more complexity to the inflation outlook via a rise in prices of commodities, especially energy, and difficulties in the logistics of production and distribution of goods. During the first half of the year, developed-country central banks embarked on a cycle of interest-rate hikes. In Brazil, monetary tightening began in 2021, but more adverse international financial conditions have led to a continuation of the cycle in 2022. Despite monetary tightening, the Brazilian economy displayed considerable resilience in the first half of the year, thanks to a recovery by the service sector, improving job creation, and a number of fiscal stimulus measures that the government continues to roll out, such as an increase in the social assistance budget and tax breaks for regulated items such as gasoline. The upcoming presidential election adds uncertainty to the economic outlook. The reform agenda promised by the front runners will play a key role in determining whether the economy grows more robustly with fiscal sustainability in the coming years.

Having begun our transition from home working to a hybrid work model in late 2021, we briefly returned to the former in December in response to a surge in cases of COVID-19 caused by the omicron variant. As always, our priority was protecting the health of our employees, while at the same time maintaining the security and efficacy of our processes. When the third wave faded in February 2022, we were able to resume the hybrid approach.

Alongside our concern with the health and well-being of the people with whom we interact in this third year of exceptionality, our sustainability procedures aim to have a positive socio-environmental impact, mitigating environmental and social risks and complying with external and internal laws and regulations, always with transparent governance and the interests of all stakeholders in mind.

The adverse economic impacts of the pandemic on society reinforced the importance of corporate support by BOCOM BBM for actions to benefit the local community and investment in citizen education to deal with the challenges of the post-pandemic labor market. Our actions continue to involve support for vulnerable people, especially those living near our corporate HQ, by sponsoring educational projects in the technological, financial and economic segments, and with a focus mainly on women and children. In education and training, we continue to support professionals in the economic and technological areas, awarding scholarships at the Pontifical Catholic University (PUC-Rio), Getulio Vargas Foundation (FGV) and Aeronautical Technology Institute (ITA), and sponsoring the 42 Rio coding school. In supporting socio-environmental projects that are capable of having a positive impact on society, we continued to sponsor projects via federal tax incentive laws, such as the Rouanet Law and the Sports Incentive Law at the end of 2021. Our internal sustainability initiatives were strengthened by guidelines from the ESG Committee and Women's Committee – the latter with the aim of bolstering recruitment of women and promotion of their careers. In 2022, we remain committed to sponsoring projects with a high social and environmental return as our contribution to the sustainable development of the economy and society.

The resilience of the Brazilian economy in the first half of 2022, alongside the efforts of our staff and our focus on identifying the needs of our clients, enabled us to sustain the growth of our activities and profitability. Our systematic pursuit of diversification in the products offered to our clients led to a change in the composition of our revenue, leveraging the expansion of the Brazilian capital markets and financial protection via derivatives-based hedging. Wealth Management and sundry services accounted for 24% of total revenue.

We are an Asian bank, and the countries of Asia, unlike the other developed countries, are now reaping the fruits of the fiscal and monetary discipline imposed during the pandemic. In China, control of inflation provides scope for more expansionary fiscal and monetary policies in response to the prospect of lower economic growth in 2022. The deterioration of the real estate market, the public health policy of social isolation, especially in Shanghai, 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 the 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 on China's local market.

## Management's Report

*(In thousands of Reals, unless otherwise indicated)*

### Message from Management (Continued)

Monetary tightening in the main developed economies, accelerated by the inflationary impact of the military operations in Ukraine, points to an economic slowdown in the near future. The speed at which the labor market, demand for goods and household financial conditions adjust will be crucial to determine whether these corrections will be sufficient to contain the inflationary pressures we are seeing now. Changes as significant as these, occurring simultaneously in several countries, present challenges for states, governments, corporations and people. We must bear this in mind in our work throughout 2022.

### Performance of Prudential Conglomerate

The Prudential Conglomerate recorded equity of R\$ 920 million and net income of R\$ 87 million on June 30, 2022, which corresponds to annual profitability of 19.8%, calculated based on the average equity for the period.

Total assets on June 30, 2022 amounted to R\$ 17,355 million. The amount raised in the domestic and foreign markets totaled R\$ 14,375 million at end of the semester. The Bank's Basel Capital Adequacy Ratio was 13.54% at the end of the semester.

### Corporate Credit

Our expanded credit portfolio, which includes export-import finance and guarantees such as sureties, reached R\$ 12.1 billion in first-half 2022. This corresponded to growth of 16.76% when compared to the previous six months.

### Wealth Management

Using constantly updated tools to manage the assets of Brazilian and foreign clients, the Wealth Management area offers a diversified range of financial products via an open platform and global investment opportunities suited to clients' long-term objectives. Assets under management totaled BRL 9.9 billion in June 2022.

### Asset Management

Asset Management offers investment funds with a medium- and long-term horizon. In addition to private credit funds, our ESG, US and China global equity funds focus on sustainability, returns on US companies and returns on Chinese companies respectively. Our main differentials are robust management processes, using macro research, credit analysis and monitoring. In June 2022, assets invested in the funds totaled BRL 1.4 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 by offering opportunities for growth and full individual development to all. We are committed to maintaining a meritocratic, dynamic, transparent and diverse work environment, taking into account the dignity and well-being of all those with whom we interact.

### Credit Rating

In our point of view, the classification of the rating agencies are 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 April, 2022. 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, on April 13, 2022, 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-"). In addition, the outlook for long-term IDRs was reviewed from negative to stable, following the outlook for sovereign ratings.

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## Management's Report

*(In thousands of Reais, unless otherwise indicated)*

### 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, thus, together with the reorganization.

### 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. 4,553 of 2017.



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## Independent auditors' report on the consolidated financial statements of the prudential conglomerate

*(A free translation of the original report issued in Portuguese as published in Brazil containing financial statements prepared in accordance with specific procedures provided by Brazilian Monetary Council and Central Bank to the consolidated financial statements of Prudential Conglomerate).*

To the Management and Shareholders of  
Banco BOCOM BBM S.A. (leading institution of the prudential conglomerate)  
Rio de Janeiro - RJ

### Opinion

We have examined the consolidated financial statements of Prudential Conglomerate of Banco BOCOM BBM ("Conglomerate"), which comprise the consolidated balance sheet as of June 30, 2022 and the respective consolidated statements of income, changes in comprehensive income, changes in shareholders' equity and cash flows for the year then ended, as well as the corresponding notes, including the summary of the significant accounting policies. These special-purpose financial statements were prepared in accordance with the specific procedures provided for by Resolution 4950, of September 30, 2021, of the National Monetary Council (CMN) and Resolution 168, of December 1, 2021, of the Central Bank of Brazil (BCB), as well as complementary regulations, described in Note 2– Presentation of the financial statements.

In our opinion, the aforementioned consolidated financial statements of the Prudential Conglomerate present fairly, in all material respects, the consolidated financial position of the Prudential Conglomerate as of June 30, 2022, the performance of its operations and its consolidated cash flows for the semester then ended, in accordance with the provisions for the preparation of Prudential Conglomerate's consolidated financial statements provided for in Resolution CMN 4950 and Resolution BCB 168, for the preparation of special purpose consolidated financial statements, as described in Note 2 to the aforementioned statements.

### Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in compliance with such standards, are described in the following section, denominated "Auditor's responsibilities for the audit of consolidated financial statements of Prudential Conglomerate." We are independent of Conglomerate, based on the significant ethical principles established in the Code of Professional Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and fulfill other ethical responsibilities according to such standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of matter - Basis for preparation and presentation of the consolidated financial statements of Prudential Conglomerate

We draw attention to the Note 2 to the consolidated financial statements of the Prudential Conglomerate, which discloses the basis for preparing these financial statements, that were prepared by the Bank's Management, according to the requirements of Resolution CMN 4950 and Resolution BCB 168. Consequently, our report on the consolidated financial statements of the Prudential Conglomerate was exclusively prepared to comply with these specific requirements; thus, might not be proper for other purposes. Our opinion is not modified in respect of this matter.

## Other matters

### *Audit of the amounts corresponding to the previous semester/year*

The consolidated balance sheet as of December 31, 2021, and the consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows, as well as the respective notes for the semester ended June 30, 2021, presented as corresponding amounts in the consolidated financial statements of the Prudential Conglomerate for the current semester, were previously audited by other independent auditors, who issued reports dated February 21, 2022 and August 16, 2021, respectively, without a qualified opinion.

### *Audit of the Bank's individual financial statements for general purpose*

The Bank BOCOM BBM S.A. prepared a set of general-purpose individual financial statements for the semester ended June 30, 2022, in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil, on which we issued an audit report without qualification on August 22, 2022.

## Management's and governance's responsibilities for the consolidated financial statements of Prudential Conglomerate

Management is responsible for the preparation and fair presentation of the consolidated financial statements of the Prudential Conglomerate in accordance with Resolution CMN 4950 and Resolution BCB 168, whose main accounting criteria and practices are described in Note 2, as well as internal controls that it deemed necessary to allow the preparation of the consolidated financial statements of the Prudential Conglomerate free of material misstatements, regardless of whether caused by fraud or error.

In the preparation of Prudential Conglomerate's consolidated financial statements, management is responsible for assessing the ability of the Conglomerate to continue as a going concern, disclosing, where applicable, the matters relating to its going concern and the use of this basis of accounting in preparing the Prudential Conglomerate's consolidated financial statements, unless management intends to liquidate the Conglomerate or cease their operations, or has no realistic alternative to avoid doing so.

Those charged with the governance of the Conglomerate are those with responsibility for overseeing the process of preparation of Prudential Conglomerate's consolidated financial statements.

## Responsibilities of auditors regarding the audit of Prudential Conglomerate's consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements of the Prudential Conglomerate, prepared by the Conglomerate's management in accordance with the requirements of Resolution CMN 4950 and Resolution BCB 168, taken as a whole, are free from material misstatement, regardless of whether caused by fraud or error, and to issue an audit report containing our opinion. Reasonable assurance is a high assurance level, but not a guarantee that the audit performed according to the Brazilian and International Standards on Auditing always detect any existing material misstatements. Misstatements may be due to fraud or error and are considered

material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these Prudential Conglomerate's consolidated financial statements.

As part of the audit conducted in accordance with Brazilian and international auditing standards, considering the NBC TA 800 (Special Conditions – Audit of Financial Statements in accordance with Conceptual Accounting Structures for Special Purposes) we exercise professional judgment and maintain our professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Prudential Conglomerate's consolidated financial statements, regardless of whether caused by fraud or error, we plan and perform audit procedures in response to such risks; and we obtain audit evidence that is appropriate and sufficient to provide basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit to design auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Conglomerate.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Reach a conclusion as to the suitability of Management's use of the accounting basis for going concern and, based on the audit evidence obtained, as to whether there is a material uncertainty regarding events or conditions that could raise a significant doubt regarding the Conglomerate's capacity to continue as a going concern. If we conclude that there is a material uncertainty, we must highlight the related disclosures in the consolidated financial statements of Prudential Conglomerate, or include a modification in our opinion, if the disclosures are inappropriate. Our conclusions are based on the audit evidence obtained until the date of our report. However, future events or conditions may cause the Bank and its subsidiaries to no longer remain in going concern.
- Evaluate the overall presentation, structure and content of Prudential Conglomerate's consolidated financial statements, including disclosures, and whether the Prudential Conglomerate's consolidated financial statements represent the corresponding transactions and events in a manner that is consistent with the objective of proper reporting.
- 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 of Prudential Conglomerate. We are responsible for the management, oversight and performance of audit of the group, and, consequently, the 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 controls that we identified during our audit.

Rio de Janeiro, August 22, 2022

KPMG Auditores Independentes  
CRC SP-014428/O-6 F-RJ

*Original in Portuguese signed by*

Bruno Vergasta de Oliveira  
Accountant CRC 1RJ093416/O-0 T-SP

**Balance Sheet**
*(In thousands of Reais)*

<b>Assets</b>	<b>Note</b>	<b>Prudential Conglomerate</b>	
		<b>06/30/2022</b>	<b>12/31/2021</b>
<b>Current and long-term assets</b>		<b>17,307,826</b>	<b>14,139,490</b>
<b>Cash</b>	<b>4</b>	<b>342,715</b>	<b>972,605</b>
Bank deposits		1	3
Cash		4	4
Free reserves		655	2,110
Bank deposits in foreign currencies		342,055	970,488
<b>Short-term interbank investments</b>	<b>5</b>	<b>1,262,600</b>	<b>411,082</b>
Open market investments	<b>4</b>	10,281	14,333
Interbank deposits		1,251,222	257,236
Investments in foreign currencies	<b>4</b>	1,097	139,513
<b>Marketable securities and derivative financial instruments</b>	<b>6</b>	<b>5,347,726</b>	<b>4,742,472</b>
Bank portfolio		2,430,859	1,765,968
Subject to repurchase agreements		1,803,494	1,786,946
Linked to guarantees given		818,537	1,009,511
Derivative financial instruments	<b>21</b>	295,259	180,228
Allowance for marketable securities		(423)	(181)
<b>Interbank accounts</b>		<b>32,072</b>	<b>7,110</b>
Correspondent banks		27,002	274
Deposits – Central Bank of Brazil		5,027	6,836
Check Payment Services and Other Papers		43	-
<b>Loan transactions</b>	<b>7</b>	<b>9,100,033</b>	<b>7,210,205</b>
Discounted securities and loans		5,560,776	5,397,606
Financing		2,153,739	1,285,963
Rural and agroindustrial financing		1,443,752	575,327
Allowance for loans		(58,234)	(48,691)
<b>Other receivables</b>		<b>1,209,218</b>	<b>785,002</b>
Foreign exchange portfolio	<b>8</b>	917,382	520,573
Unearned income		16,758	18,934
Trading and brokerage		32,022	-
Credit assignment	<b>7</b>	17,152	20,887
Sundry	<b>13</b>	102,158	111,539
Tax credits	<b>24</b>	130,155	117,715
Allowance for other receivables	<b>7</b>	(6,409)	(4,646)
<b>Other assets</b>	<b>14</b>	<b>13,462</b>	<b>11,014</b>
<b>Permanent assets</b>		<b>46,897</b>	<b>44,652</b>
<b>Investments</b>		<b>1,837</b>	<b>1,081</b>
Other investments		4,466	3,710
Provision for losses		(2,629)	(2,629)
<b>Property and equipment in use</b>		<b>10,701</b>	<b>11,149</b>
<b>Intangible assets</b>	<b>15</b>	<b>34,359</b>	<b>32,422</b>
<b>Total assets</b>		<b>17,354,723</b>	<b>14,184,142</b>

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



**Balance Sheet**
*(In thousands of Reals)*

	Note	Prudential Conglomerate	
		06/30/2022	12/31/2021
<b>Liabilities</b>			
<b>Current and long-term liabilities</b>		<b>16,434,726</b>	<b>13,343,334</b>
<b>Deposits</b>	<b>9</b>	<b>1,974,188</b>	<b>2,235,688</b>
Demand deposits		448,496	327,559
Time deposits		883,637	1,146,662
Interbank deposits		642,055	761,467
<b>Repurchase agreements</b>	<b>10</b>	<b>1,648,370</b>	<b>1,731,600</b>
Own portfolio		1,648,370	1,731,600
<b>Funds from acceptance and issuance of securities</b>	<b>11</b>	<b>6,348,779</b>	<b>3,774,408</b>
Liabilities from issuance of agribusiness credit bills - LCA		4,381,780	2,087,510
Liabilities from issuance of housing credit bills - LCI		41,635	47,910
Liabilities from issuance of financial bills - LF		1,430,310	1,432,992
Liabilities from issuance of financial bills - LF - Subordinated Debts		495,054	205,996
<b>Interbank accounts</b>		<b>80</b>	<b>-</b>
Receipts and payments to be settled		80	-
<b>Interbranch accounts</b>		<b>85,374</b>	<b>31,831</b>
Third-party funds in transit		85,374	31,831
<b>Borrowings</b>	<b>12</b>	<b>5,785,139</b>	<b>4,663,429</b>
Loans abroad		5,785,139	4,663,429
<b>Derivative financial instruments</b>	<b>6 and 21</b>	<b>133,555</b>	<b>317,682</b>
Derivative financial instruments		133,555	317,682
<b>Other liabilities</b>		<b>459,241</b>	<b>588,696</b>
Collection of similar taxes		1,051	613
Foreign exchange portfolio	<b>8</b>	87,294	1,272
Social		-	35,008
Statutory		58,820	62,661
Tax and social security		174,923	186,078
Securities trading		2	50,619
Allowance for financial guarantees	<b>7 and 26</b>	9,953	10,699
Sundry	<b>13</b>	127,198	241,746
<b>Equity</b>	<b>16</b>	<b>919,997</b>	<b>840,808</b>
<b>Capital</b>		<b>469,300</b>	<b>469,300</b>
Domiciled in Brazil		469,300	469,300
<b>Income reserves</b>		<b>649,134</b>	<b>556,936</b>
<b>Other comprehensive income</b>		<b>(16,598)</b>	<b>(3,589)</b>
<b>Treasury stock</b>		<b>(181,839)</b>	<b>(181,839)</b>
<b>Total liabilities and equity</b>		<b>17,354,723</b>	<b>14,184,142</b>

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

**Statement of Comprehensive Income**
*(In thousands of Reais)*

	Note	Prudential Conglomerate	
		06/30/2022	06/30/2021
<b>Financial income</b>		<b>855,344</b>	<b>385,015</b>
Loan transactions		456,058	179,430
Income from marketable securities transactions	<b>5 and 6</b>	234,011	35,878
Result of exchange operations	<b>17</b>	-	33,815
Loans, assignments and onlending operations	<b>17</b>	165,275	135,892
<b>Financial expenses</b>		<b>(625,258)</b>	<b>(186,239)</b>
Market funding operations	<b>17</b>	(368,987)	(76,914)
Loss on derivative financial instruments	<b>21</b>	(213,556)	(102,131)
Result of exchange operations	<b>17</b>	(31,780)	-
(Provisions)/Reversals of allowance doubtful accounts	<b>7</b>	(10,560)	(7,073)
(Provisions)/Reversals for marketable securities	<b>6</b>	(375)	(121)
<b>Gross financial income</b>		<b>230,086</b>	<b>198,776</b>
<b>Other operating income (expenses)</b>		<b>(23,881)</b>	<b>(38,915)</b>
Service revenues	<b>18</b>	79,039	57,728
Personnel expenses		(57,726)	(51,656)
Other administrative expenses	<b>19</b>	(40,005)	(32,575)
Tax expenses		(13,792)	(12,397)
Other operating income	<b>7 (d)</b>	10,916	936
Other operating expenses		(2,313)	(951)
<b>Operating income</b>		<b>206,205</b>	<b>159,861</b>
<b>Non-operating expenses</b>		<b>448</b>	<b>1,101</b>
<b>Income before income taxes and profit sharing</b>		<b>206,653</b>	<b>160,962</b>
<b>Income and social contributions taxes</b>	<b>24</b>	<b>(80,394)</b>	<b>(60,483)</b>
Provision for income tax		(48,334)	(28,518)
Provision for social contribution tax		(33,762)	(20,187)
Deferred tax asset/(liabilities)		1,702	(11,778)
<b>Profit sharing – management and employees</b>		<b>(39,000)</b>	<b>(36,940)</b>
<b>Net income</b>		<b>87,259</b>	<b>63,539</b>
<b>Earnings per outstanding share</b>		<b>0.42</b>	<b>0.31</b>

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

**Statement of Comprehensive Income**
*(In thousands of Reais)*

	<b>Prudential Conglomerate</b>	
	<b>06/30/2022</b>	<b>06/30/2021</b>
<b>Net income</b>	<b>87,259</b>	<b>63,539</b>
<b>Market adjustment variation of the securities</b>	<b>(12,955)</b>	<b>(20,230)</b>
Securities available for sale	(23,651)	(21,765)
Tax effects	10,696	1,535
<b>Exchange variation of investments abroad</b>	<b>(10,149)</b>	<b>(4,242)</b>
<b>Derivative financial instruments used for hedging</b>	<b>10,149</b>	<b>4,242</b>
Derivative financial instruments	10,149	5,977
Tax effects	-	(1,735)
<b>Cumulative translation adjustment</b>	<b>(54)</b>	<b>-</b>
<b>Comprehensive income for the six-month period</b>	<b>74,250</b>	<b>43,309</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		Other comprehensive income			Treasury stock	Retained earnings	Total
		Legal	Statutory	Market value adjustment of securities and derivatives	Hedge of Investments Abroad	Cumulative translation adjustment			
<b>Semester Ended June 30, 2021</b>									
<b>Balances at January 1, 2021</b>	<b>469,300</b>	<b>41,927</b>	<b>407,925</b>	<b>27,286</b>	<b>(271)</b>	<b>-</b>	<b>(181,839)</b>	<b>-</b>	<b>764,328</b>
Market value adjustments - marketable securities				(20,230)					(20,230)
Exchange variation of investments abroad					(4,242)				(4,242)
Derivative financial instruments used for hedging					4,242				4,242
Net income for the semester								63,539	63,539
Allocations:									
- Reserves		3,177	60,362					(63,539)	
<b>Balances at June 30, 2021</b>	<b>469,300</b>	<b>45,104</b>	<b>468,287</b>	<b>7,056</b>	<b>(271)</b>	<b>-</b>	<b>(181,839)</b>	<b>-</b>	<b>807,637</b>
<b>Changes in the semester</b>	<b>-</b>	<b>3,177</b>	<b>60,362</b>	<b>(20,230)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,309</b>
<b>Semester Ended June 30, 2022</b>									
<b>Balances at January 1, 2022</b>	<b>469,300</b>	<b>49,297</b>	<b>507,639</b>	<b>(3,318)</b>	<b>(271)</b>		<b>(181,839)</b>		<b>840,808</b>
Market value adjustments - marketable securities				(12,955)					(12,955)
Exchange variation of investments abroad					(10,149)				(10,149)
Derivative financial instruments used for hedging					10,149				10,149
Cumulative translation adjustment						(54)			(54)
Net income for the semester								87,259	87,259
Allocations:									
- Reserves		4,363	82,896					(87,259)	
- Reversal of proposed dividends			4,939						4,939
<b>Balances at June 30, 2022</b>	<b>469,300</b>	<b>53,660</b>	<b>595,474</b>	<b>(16,273)</b>	<b>(271)</b>	<b>(54)</b>	<b>(181,839)</b>	<b>-</b>	<b>919,997</b>
<b>Changes in the semester</b>	<b>-</b>	<b>4,363</b>	<b>87,835</b>	<b>(12,955)</b>	<b>-</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>79,189</b>

**Statement of Cash Flow**
*(In thousands of Reais)*

	<b>Prudential Conglomerate</b>	
	<b>06/30/2022</b>	<b>06/30/2021</b>
<b>Cash flow from operating activities</b>		
<b>Net income</b>	<b>87,259</b>	<b>63,539</b>
<b>Adjustments to net income:</b>	<b>(46,449)</b>	<b>20,271</b>
Allowance/Reversion for doubtful accounts	10,560	7,073
Depreciation and amortization	6,055	4,739
Expenses from civil, labor and tax allowances	-	283
Deferred income and social contribution taxes	(1,702)	11,778
Gain/losses on fair value adjustment on marketable securities and derivatives	(61,308)	(3,602)
Equity adjustments	(54)	-
<b>Adjusted net income</b>	<b>40,810</b>	<b>83,810</b>
(Increase) in short-term interbank investments	(989,851)	(141,378)
(Increase) in marketable securities and derivative financial instruments	(728,074)	(477,195)
Decrease in interbank and interbranch accounts	28,661	31,335
(Increase)/Decrease in loan and lease transactions	(1,900,388)	122,174
(Increase)/Decrease in other assets	(424,962)	(492,331)
(Decrease) in deposits	(261,501)	(330,924)
(Decrease)/Increase in open market funding	(83,230)	1,018,052
Increase in borrowings and onlending	1,121,709	861,893
(Decrease)/Increase in other liabilities	(154,581)	233,296
Market value adjustments - marketable securities	(12,955)	(20,230)
<b>Net cash flow from operating activities</b>	<b>(3,405,172)</b>	<b>804,692</b>
<b>Cash flow from investing activities:</b>		
(Increase) in investments	(756)	(192)
Property and equipment for use and leased acquisition	(7,544)	(4,705)
<b>Net cash used in investing activities</b>	<b>(8,300)</b>	<b>(4,897)</b>
<b>Cash flow from financing activities:</b>		
Dividends and interest on equity paid	30,068	-
(Decrease)/Increase in securities issue resources	2,574,370	(884,041)
<b>Net cash used in financing activities</b>	<b>2,604,438</b>	<b>(884,041)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(768,224)</b>	<b>(436)</b>
At the beginning of the six-month period	1,122,317	1,208,912
Changes for the six-month period	646,316	(57,689)
Exchange variation for the six-month period	(1,414,540)	57,253
At the end of the six-month period	354,093	1,208,476
<b>Net increase in cash and cash equivalents</b>	<b>(768,224)</b>	<b>(436)</b>
<b>Non-monetary transaction</b>		
Reversal of proposed dividends	(4,939)	-

The accompanying notes are an integral part of these financial statements

**Notes to the financial statements as at June 30, 2022***(In thousands of Reals, unless otherwise indicated)***1. Operations**

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

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

Prudential Conglomerate operates as a group of institutions that 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 Prudential Conglomerate were prepared in accordance with the Resolution No. 4,950/2021, of the Brazilian National Monetary Council (CMN), and Circular Letter No. 168/2021 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 determining and recording 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.

The Bacen Resolutions No. 2/2020 and 4,818/2020 consolidated the general criteria and the procedures for disclosure of the parent company financial statements. As determined by BCB 2, as from January 2021, the elaboration of the financial statements of the Prudential Conglomerate are not required anymore. However, Management opted to continue elaborating them for the purpose of reporting to the controller.

According to BCB Resolution No. 2/2020, the balance sheets items are exposed in liquidity and enforceability order.

According to the provisions of BCB Resolution No. 92/2021, Group 5 – Revenues from Future Years – was extinct, consequently, all its balances are transferred to the line of Sundry under Other Liabilities. Due to the prospective adoption, the balances of the items of Group 5 before the enforcement date of the new rules are being presented for comparison effects.

**2.1 Consolidation**

The Prudential Conglomerate's financial statements were prepared in accordance with the consolidation criteria stated by BACEN's Resolution No. 4,950/2021, which includes financial institutions and other institutions authorized to operate by the Central Bank of Brazil.

In the consolidation process of the entities participating in the Prudential Conglomerate, at the base date, there was an adjustment 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:

- Share capital, reserves and accumulated results held between the institutions (it also should be noted that there is no intercompany transaction);
- 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 Prudential Conglomerate financial statements comprise the financial statements as of June 30, 2022 and December 31, 2021 and June 30, 2021 of the following institutions:

## Notes to the financial statements as at June 30, 2022

(In thousands of Reais, unless 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)

The Southern Atlantic Investments (b)

Jiang Fundo de Investimento Multimercado Credito Privado Investimento no Exterior (b)

Haitan Fund (a)

Tai Yang Fund (a)

- (a) The indirect participation of 100% of Banco BOCOM BBM in the share capital of BBM Bank Ltd., Bahia Fund, Haitan Fund and Tai Yang Fund was eliminated from the Prudential Conglomerate.
- (b) Banco BOCOM BBM directly holds 100% of the capital of these entities. The consolidation of Jiang FIM CPIE has started at March 2018.

BOCOM BBM Corporate Credit Advisory FIC FIM CP e BOCOM BBM Corporate Credit High Yield Advisory FI funds, whose controlling quotaholder is Bocom BBM Corretora de Câmbio e Valores Mobiliários, were not consolidated because they are Seed Money (settlement in 12/2022) and the main investment is a quota of other fund.

### 2.2 Functional currency

The elements presented in Banco Bocom BBM's financial statements are measured using the currency of the primary economic environment in which the institution operates ("functional currency"). In this sense, the prudential conglomerate is stated in reais.

The functional currency of the group's investees in Brazil is also the Brazilian Real. Some investees outside Brazil have different functional currencies, including U.S. dollars ("USD").

### 3. Significant Accounting Practices

#### (a) Results of operations

Recorded on an accrual basis.

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

	Prudential Conglomerate	
	06/30/2022	06/30/2021
<b>Recurring Net Income</b>	<b>87,043</b>	<b>63,065</b>
<b>Non-recurring Events</b>	<b>216</b>	<b>474</b>
Fines	(11)	(117)
(Provisions)/Reversals for contingencies	404	(283)
Result from sale of properties not for use (BNDU)	-	1,261
Income tax and social contribution	(177)	(387)
<b>Net Income</b>	<b>87,259</b>	<b>63,539</b>

**Notes to the financial statements as at June 30, 2022***(In thousands of Reais, unless otherwise indicated)***3. Significant Accounting Practices (Continued)****(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 available 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 quotas are restated monthly based on the quota value disclosed by the Administrators of the funds in which 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 realizable value, 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.

**(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, is as following: 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.

The amounts not provided for in the "Other investments" line refer to the shares of CERTA (Central de Registro de Títulos e Ativos S.A.) and Swift.

**(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 a 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%.



**Notes to the financial statements as at June 30, 2022***(In thousands of Reais, unless otherwise indicated)*

The deferred tax assets and liabilities arising from temporary differences were recognized in accordance with CMN Resolutions No. 3,059, of December 20, 2002, and No. 3,355, of March 31, 2006, and they 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.

In 2021, the Law 14,183, resulting from Provisional Measure (MP) 1,034/2021, increased the rate of the Social Contribution on Net Profit (CSLL) payable by legal entities of the financial sector. The impact on BOCOM BBM Bank was the increase of the CSLL rate from 20% to 25% and on BOCOM BBM CCVM from 15% to 20%, for the period between 07/01/2021 and 12/31/2021.

As of January 2022, the CSLL rate returned to 20% for BOCOM BBM Bank and 15% for BOCOM BBM CCVM. On April 28, 2022, Provisional Measure 1,115/22 was issued, increasing the CSLL rate for these legal entities by 1%, in accordance with the changes proposed in Law 7,689/88. The CSLL rate of BOCOM BBM Bank increased from 20% to 21%, and of BOCOM BBM CCVM, from 15% to 16%, effective from August 1, 2022 to December 31, 2022.

**(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, 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 average number of outstanding shares at the period.

**(i) Impairment of assets**

In accordance with CPC 1, as approved by CMN Resolution No. 3,566/08 of May 29, 2008, and based on management analysis, if the carrying amount of the assets of the Bank and of others institutions of the Prudential Conglomerate exceeds their recoverable value, an impairment is recognized in the statement of operations. Currently, within the scope of our equity, we have real estate foreclosed on credit guarantees subject to evaluation and analysis of its recoverable value.

**(j) Contingent assets and liabilities and legal obligations**

The recognition, measurement and disclosure of contingent assets and liabilities, and legal obligations are as follows:

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, even if the suits are classified as possible, they may be provided for.

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 carried out.

**Notes to the financial statements as at June 30, 2022***(In thousands of Reais, unless otherwise indicated)***(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 carried out. 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 the 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 the result 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 as income upon the effective receipt.

Credit assignments with no retention risk 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. In January 2012, as determined by CMN Resolutions No. 3,533/2008 and No. 3,895/2010, all credit assignments with retention risk 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 held 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).

**(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, limited to the debt value.

**(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 hedges and 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 installment of appreciation or depreciation recorded, 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 objectives of the risk management 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. 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.

## Notes to the financial statements as at June 30, 2022

(In thousands of Reais, unless otherwise indicated)

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

### (p) Deposits and funding in the open market

These 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.

## 4. Cash and Cash Equivalents

	Prudential Conglomerate	
	06/30/2022	12/31/2021
Bank deposits in foreign currencies	342,055	970,488
Open market investments (a)	10,281	10,199
Free reserves	655	2,110
Cash	4	4
Bank deposits	1	3
Investments in foreign currencies (b)	1,097	139,513
<b>Total</b>	<b>354,093</b>	<b>1,122,317</b>

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

(b) Operations in currencies other than Real with immediate liquidity.

## 5. Short-term Interbank Investments

Short-term interbank investments are as follows:

	Prudential Conglomerate	
	06/30/2022	12/31/2021
<b>Open market investments</b>	<b>10,281</b>	<b>14,333</b>
<b>Self-funded position</b>	<b>10,281</b>	<b>14,333</b>
Financial treasury bills	10,281	14,333
<b>Interbank deposits (*)</b>	<b>1,251,222</b>	<b>257,236</b>
<b>Investments in foreign currencies</b>	<b>1,097</b>	<b>139,513</b>
	<b>1,262,600</b>	<b>411,082</b>
Current assets	1,246,820	345,282
Long-term receivables	15,780	65,800
<b>Total</b>	<b>1,262,600</b>	<b>411,082</b>

(\*) The interbank deposits in the Prudential Conglomerate on June 30, 2022 basically refer to Time Interbank Deposits. In the semester ended June 30, 2022, their maturities are between July 2022 and June 2023.

At June 30, 2022 and December 31, 2021, the collateral received through repurchase agreements amounted to R\$ 10,547 thousand and R\$ 14,752 thousand, respectively, in the Prudential Conglomerate. The provided collateral amounted to R\$ 778,070 thousand and R\$ 3,425,812 thousand during the same periods.

The results of short-term interbank investments in the Prudential Conglomerate are as follows:

**Notes to the financial statements as at June 30, 2022**

(In thousands of Reals, unless otherwise indicated)

	Prudential Conglomerate	
	06/30/2022	06/30/2021
Investments in interbank deposits	23,908	5,351
Open market investments	6,183	6,726
Investments in foreign currencies	224	146
<b>Total</b>	<b>30,315</b>	<b>12,223</b>

**6. Marketable Securities and Derivative Financial Instruments**

	Prudential Conglomerate			
	Cost	Market	Cost	Market
	06/30/2022	12/31/2021		
<b>I - Marketable securities</b>	<b>5,169,634</b>	<b>5,052,467</b>	<b>4,608,794</b>	<b>4,562,244</b>
<b>Securities for trading (*)</b>	<b>1,785,767</b>	<b>1,733,619</b>	<b>1,200,934</b>	<b>1,168,231</b>
<b>Bank portfolio</b>	<b>1,402,989</b>	<b>1,364,806</b>	<b>452,646</b>	<b>446,352</b>
<b>Fixed income securities</b>	<b>1,392,331</b>	<b>1,354,148</b>	<b>442,603</b>	<b>436,309</b>
Financial Treasury Bills	242,342	242,545	173,957	174,263
National Treasury Bills	-	-	301	301
National Treasury Notes - B series	1,149,989	1,111,603	268,345	261,745
<b>Investment fund shares</b>	<b>10,658</b>	<b>10,658</b>	<b>10,043</b>	<b>10,043</b>
Credit fund quotas	10,658	10,658	10,043	10,043
<b>Subject to repurchase agreements</b>	<b>321,708</b>	<b>309,848</b>	<b>694,498</b>	<b>669,520</b>
Financial Treasury Bills	8,543	8,550	35,017	35,086
National Treasury Notes - B series	313,165	301,298	659,481	634,434
<b>Linked to guarantees given</b>	<b>61,070</b>	<b>58,965</b>	<b>53,790</b>	<b>52,359</b>
National Treasury Notes - B series	28,182	26,077	26,208	24,777
Fund quotas given as guarantee	32,888	32,888	27,582	27,582
<b>Securities available for sale (*)</b>	<b>1,897,800</b>	<b>1,832,781</b>	<b>2,182,482</b>	<b>2,168,635</b>
<b>Bank portfolio</b>	<b>951,642</b>	<b>934,350</b>	<b>1,170,428</b>	<b>1,167,052</b>
<b>Fixed-income securities</b>	<b>772,240</b>	<b>769,290</b>	<b>568,495</b>	<b>570,443</b>
Financial Treasury Bills	427,947	428,948	285,062	285,837
National Treasury Bills	92,951	87,317	24,099	23,186
National Treasury Notes - B series	8	8	8	8
Promissory note	111,228	111,228	103,584	103,584
Debentures	2,400	3,313	25,052	26,145
CRA	32,775	32,775	32,653	32,653
Rural product note	72,512	72,512	67,541	67,541
Private Financial Bills	32,419	33,189	30,496	31,489
<b>Marketable securities abroad</b>	<b>179,402</b>	<b>165,060</b>	<b>601,933</b>	<b>596,609</b>
Eurobonds	179,402	165,060	601,933	596,609
<b>Subject to repurchase agreements</b>	<b>910,885</b>	<b>863,010</b>	<b>916,924</b>	<b>910,938</b>
Financial Treasury Bills	134,652	135,035	211,918	212,349
National Treasury Bills	220,741	207,550	206,160	197,600
Debentures	267,142	273,743	356,168	364,196
Eurobonds	288,350	246,682	142,678	136,793
<b>Linked to guarantees given</b>	<b>35,273</b>	<b>35,421</b>	<b>95,130</b>	<b>90,645</b>
Financial Treasury Bills	35,273	35,421	20,217	20,217
National Treasury Bills	-	-	72,400	67,925
Debentures	-	-	2,513	2,503
<b>Securities held up to maturity</b>	<b>1,486,067</b>	<b>1,486,067</b>	<b>1,225,378</b>	<b>1,225,378</b>
<b>Bank portfolio</b>	<b>131,703</b>	<b>131,703</b>	<b>152,564</b>	<b>152,564</b>
<b>Fixed-income securities</b>	<b>126,072</b>	<b>126,072</b>	<b>25,045</b>	<b>25,045</b>
National Treasury Bills	126,072	126,072	25,045	25,045
<b>Marketable securities abroad</b>	<b>5,631</b>	<b>5,631</b>	<b>127,519</b>	<b>127,519</b>
Eurobonds	5,631	5,631	127,519	127,519
<b>Subject to repurchase agreements</b>	<b>630,636</b>	<b>630,636</b>	<b>206,488</b>	<b>206,488</b>
National Treasury Bills	128,478	128,478	76,177	76,177
Eurobonds	502,158	502,158	130,311	130,311
<b>Linked to guarantees given</b>	<b>724,151</b>	<b>724,151</b>	<b>866,507</b>	<b>866,507</b>
National Treasury Notes - F series	623,374	623,374	630,654	630,654
National Treasury Bills	100,777	100,777	235,853	235,853
<b>Provision for marketable securities</b>	<b>(423)</b>	<b>(423)</b>	<b>(181)</b>	<b>(181)</b>
Eurobonds	(423)	(423)	(181)	(181)
<b>II - Derivative financial instruments</b>	<b>202,739</b>	<b>295,259</b>	<b>109,850</b>	<b>180,228</b>
Swap operations	114,388	205,854	42,483	112,043
Term	39,759	41,172	63,874	65,050
Options	1,548	1,189	1,430	1,072
Futures	47,044	47,044	2,063	2,063
<b>Total marketable securities and derivative financial instruments</b>	<b>5,372,373</b>	<b>5,347,726</b>	<b>4,718,644</b>	<b>4,742,472</b>
<b>Segregation of portfolio by maturity range:</b>				
<b>Up to 3 months</b>	1,891,520	1,811,711	1,568,836	1,532,358
<b>From 3 to 12 months</b>	218,028	208,135	120,401	114,828
<b>Over 12 months</b>	3,262,825	3,327,880	3,029,407	3,095,286
<b>Total</b>	<b>5,372,373</b>	<b>5,347,726</b>	<b>4,718,644</b>	<b>4,742,472</b>

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reais, unless otherwise indicated)*
**6. Marketable Securities and Derivative Financial Instruments (Continued)**

(a) The amount refers to investment funds quotas, whose main asset is the interest in other fund. The latter is constituted as an open-end fund, with indeterminate term. The portfolio mainly comprises local private debt securities, and in lower number, investments in bonds carried out in the international market (limited to a percentage of the fund's equity, always with foreign exchange exposure hedge. BOCOM BBM is its indirect controlling quotaholder, but its assets and liabilities are not in the Prudential Conglomerate, as mentioned in Note 2.1.

(\*) Securities classified as "Securities for trading" maturing in more than 12 months and which, on June 30, 2022, amount to R\$ 1,558,601 thousand in the Prudential Conglomerate (December 31, 2021 - R\$ 1,094,075 thousand), are classified and segregated 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\$ 1,767,274 thousand on June 30, 2022 (December 31, 2021 - R\$ 1,738,655 thousand) are classified and segregated according to BACEN Circular Letter No. 3,068/01, regardless its liquidity level. The effect of this determination in net current capital is shown in Note 22 - Liquidity risk.

There were no transfers in the bond category in the semester ended June 30, 2022.

	Prudential Conglomerate			
	Cost	Market	Cost	Market
	06/30/2022		12/31/2021	
<b>III-Derivative financial instruments</b>				
Swap Operations	168,750	107,614	183,142	169,669
Term	4,733	4,424	122,618	137,864
Futures	485	485	6,464	6,463
Options	19,291	21,032	3,748	3,686
<b>Liability Position</b>	<b>193,259</b>	<b>133,555</b>	<b>315,972</b>	<b>317,682</b>
<b>Segregation by maturity range:</b>				
<b>Up to 3 motnths</b>	8,622	8,316	84,856	88,537
<b>From 3 to 12 months</b>	31,854	35,185	86,162	100,006
<b>Over 12 months</b>	152,783	90,054	144,954	129,139
<b>Total</b>	<b>193,259</b>	<b>133,555</b>	<b>315,972</b>	<b>317,682</b>

The results of Marketable Securities in the Prudential Conglomerate are as follows:

	Prudential Conglomerate	
	06/30/2022	06/30/2021
Private securities	30,392	47,618
Government bonds	170,823	35,205
Investment funds quotas	2,412	333
Exchange Variation	69	(59,501)
<b>Income from marketable securities</b>	<b>203,696</b>	<b>23,655</b>

	Prudential Conglomerate	
	06/30/2022	06/30/2021
(Provision)/Reversal of provision for Marketable Securities	(375)	(121)
<b>Result of (provision)/reversal of provision for Marketable Securities</b>	<b>(375)</b>	<b>(121)</b>

## Notes to the financial statements as at June 30, 2022

(In thousands of Reals, unless otherwise indicated)

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 that consider certain assumptions for the valuation of instruments without liquidity and no active market and/or observable market data.

### 7. Loan Transactions

At June 30, 2022 and December 31, 2021, loans and guarantees provided through sureties or guarantee agreements in the Prudential Conglomerate, classified according to the clients' economic activities and representativeness, are as follow:

	Prudential Conglomerate			
	06/30/2022		12/31/2021	
Agriculture	2,563,499	22.63%	1,229,633	13.21%
Sugar and Ethanol	1,676,457	14.80%	1,391,855	14.95%
Banks and Insurers	991,580	8.75%	773,251	8.31%
Utilities (energy)	574,456	5.07%	546,200	5.87%
Building and Real Estate	483,496	4.27%	609,250	6.55%
Retail market	453,065	4.00%	566,882	6.09%
Chemical and Petrochemical	411,841	3.64%	296,933	3.19%
Vehicles and Parts	399,497	3.53%	371,038	3.99%
Transportation and Logistics	358,920	3.17%	254,369	2.73%
Foods - Sundry	295,116	2.60%	320,966	3.45%
Telecommunication	271,211	2.39%	155,039	1.67%
Specialized Services	271,065	2.39%	293,413	3.15%
Diversified Holdings	251,616	2.22%	122,718	1.32%
Meat Industry	235,415	2.08%	186,361	2.00%
Pharmaceutics	223,403	1.97%	242,324	2.60%
Health	211,760	1.87%	216,863	2.33%
Pulp and Paper	194,787	1.72%	246,878	2.65%
Metallurgy	166,788	1.47%	165,193	1.77%
Heavy Construction	161,137	1.42%	194,559	2.09%
Textile and Leathers	124,812	1.10%	113,093	1.22%
Individuals	123,389	1.09%	57,408	0.62%
Others (*)	564,040	4.98%	593,274	6.37%
<b>Private sector</b>	<b>11,007,350</b>	<b>97%</b>	<b>8,947,500</b>	<b>96%</b>
Utilities (energy)	242,327	2.14%	262,002	2.81%
Others (*)	80,132	0.71%	98,146	1.05%
<b>Public Sector</b>	<b>322,459</b>	<b>3%</b>	<b>360,148</b>	<b>4%</b>
<b>Total</b>	<b>11,329,809</b>	<b>100%</b>	<b>9,307,648</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 June 30, 2022 and December 31, 2021.

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**7. Loan Transactions (Continued)**

Loan transactions are stated in the Prudential Conglomerate balance sheet as follows:

Prudential Conglomerate		
	06/30/2022	12/31/2021
<b>Current Assets</b>		
<b>Loan Transactions</b>	<b>4,396,826</b>	<b>2,835,106</b>
Private Sector	4,379,473	2,817,313
Public Sector	17,353	17,793
<b>Other Receivables</b>	<b>25,713</b>	<b>19,682</b>
Foreign Exchange Portfolio - Receivables (a)	15,671	10,017
Securities and Credits Receivable (b)	10,042	9,665
<b>Noncurrent Assets</b>		
<b>Loan Transactions</b>	<b>4,761,441</b>	<b>4,423,790</b>
Private Sector	4,761,441	4,405,263
Public Sector	-	18,527
<b>Other Receivables</b>	<b>7,110</b>	<b>11,222</b>
Securities and Credits Receivable (b)	7,110	11,222
<b>Current Liabilities</b>		
<b>Other Liabilities</b>	<b>805,382</b>	<b>492,443</b>
Foreign Exchange Portfolio - Advances on exchange contracts (a)	805,382	492,443
<b>Subtotal On-balance Loans</b>	<b>9,996,472</b>	<b>7,782,243</b>
Co-obligations and risks in guarantees provided (c)	1,333,337	1,525,405
<b>Subtotal Off-balance Loans</b>	<b>1,333,337</b>	<b>1,525,405</b>
<b>Total</b>	<b>11,329,809</b>	<b>9,307,648</b>

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

(b) This refers to credit assignment, recorded in “Other credits” account.

(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 other liabilities and appropriated to the result according to the guarantees’ contractual terms. The Bank also includes guarantees provided for the credit operations of BBM Bank Limited, which are eliminated in the Prudential Conglomerate.

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

The classification of the loan transactions in the Prudential Conglomerate is as follows:

Risk Level	06/30/2022										12/31/2021	
	Overdue - days					Falling due - days					Total	Allowance
	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		
AA	-	-	-	-	-	1,296,919	594,610	1,073,044	2,000,684	4,965,257	-	4,241,080
A	492	-	-	-	-	439,476	582,964	1,043,685	2,178,950	4,245,567	21,228	3,375,773
B	-	-	-	-	-	261,222	198,816	403,825	681,302	1,545,165	15,836	1,182,947
C	-	-	-	-	-	126,637	83,836	127,164	161,614	499,251	21,295	475,111
D	7	3	-	-	-	715	1,146	17,712	22,709	42,292	4,229	6,695
E	-	980	8,058	8,058	-	4,867	2,605	-	11,278	28,316	8,495	16,806
F	-	-	-	896	-	-	-	-	-	896	448	-
G	-	-	-	-	-	-	-	-	-	-	-	7,518
H	-	-	-	-	3,065	-	-	-	-	3,065	3,065	1,718
	<b>499</b>	<b>983</b>	<b>528</b>	<b>8,954</b>	<b>3,065</b>	<b>2,129,836</b>	<b>1,463,977</b>	<b>2,665,430</b>	<b>5,056,537</b>	<b>11,329,809</b>	<b>74,596</b>	<b>9,307,648</b>
												<b>64,036</b>

## Notes to the financial statements as at June 30, 2022

(In thousands of Reals, unless otherwise indicated)

### 7. Loan Transactions (Continued)

The allowance below is presented in the Prudential Conglomerate balance sheets as follows:

	06/30/2022	12/31/2021
<b>Allowance for loan losses</b>	<b>58,234</b>	<b>48,691</b>
Current Assets	30,375	24,284
Noncurrent Assets	27,859	24,407
<b>Provision for Other Credits</b>	<b>6,409</b>	<b>4,646</b>
<b>Securities and Credits Receivable</b>	<b>6,409</b>	<b>4,646</b>
Current Assets	5,369	2,891
Noncurrent Assets	1,040	1,755
<b>Provision for Co-obligations and Risks in Guarantees Provided</b>	<b>9,953</b>	<b>10,699</b>
Current Liability	9,773	9,966
Noncurrent Liability	180	733
<b>Total</b>	<b>74,596</b>	<b>64,036</b>

Changes in allowances are as follows:

	06/30/2022	12/31/2021
<b>Balance at January 1st</b>	<b>64,036</b>	<b>53,749</b>
Increase / (reversal)	10,560	14,891
Write-offs to loss	-	(4,604)
<b>Total</b>	<b>74,596</b>	<b>64,036</b>

In the six-month period ended June 30, 2022, there were loan transactions renegotiated in the Prudential Conglomerate in amount of R\$ 57,452 thousand (December 31, 2021 – R\$ 0)

- (d) In the six-month period ended June 30, 2022, there was a recovery of losses on loan transactions in the amount of R\$ 9,515 thousand (December 31, 2021 - R\$ 5,482 thousand). This amount is impacting Other Operating Income in the Statements of Operations for the year.

The credit risk concentration in the Prudential Conglomerate statements is as follows:

	06/30/2022	%	12/31/2021	%
Top debtor	242,327	2.1%	262,002	2.8%
Top 10 debtors	1,721,353	15.2%	1,443,077	15.5%
Top 20 debtors	2,813,729	24.8%	2,337,617	25.1%
Top 50 debtors	4,949,327	43.7%	4,076,071	43.8%
Top 100 debtors	7,204,109	63.6%	5,909,530	63.5%

The breakdown of the Prudential Conglomerate credit portfolio by type is as follows:

	06/30/2022	12/31/2021
Working Capital	6,528,275	5,660,819
Co-obligations and Risk in Guarantees Provided	1,333,337	1,525,405
Export Credit Bills	2,170,356	1,257,842
Trade Finance	1,102,284	786,416
Others	195,557	77,166
<b>Total</b>	<b>11,329,809</b>	<b>9,307,648</b>



**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**8. Foreign Exchange Portfolio**

	Prudential Conglomerate	
	06/30/2022	12/31/2021
<b>Other receivables – Foreign exchange portfolio</b>		
Foreign exchange purchases pending settlement	846,466	509,334
Rights on foreign exchange sales	56,644	1,265
Income receivable from advances granted (a)	15,671	10,017
(-) Advances in national currency received	(1,399)	(43)
<b>Total</b>	<b>917,382</b>	<b>520,573</b>
<b>Other payables – Foreign exchange portfolio</b>		
Exchange purchase obligations	836,632	492,443
Foreign exchange sales pending settlement	56,044	1,272
Advances on foreign exchange contracts granted (a)	(805,382)	(492,443)
<b>Total</b>	<b>87,294</b>	<b>1,272</b>

(a) See Note 7.

On June 30, 2022, there were federal government securities deposited securing foreign exchange transactions with B3 in the amount of R\$ 75,212 thousand (December 31, 2021 – R\$ 311,944 thousand).

**9. Deposits**

Maturity range	Time deposits	Interbank deposits	Total	Total
			06/30/2022	12/31/2021
Within 1 month	16,055	137,534	153,589	214,079
From 1 to 3 months	29,905	70,928	100,833	242,409
From 3 to 6 months	48,031	433,593	481,624	92,127
From 6 to 12 months	351,095	-	351,095	703,013
More than 12 months	438,551	-	438,551	656,501
<b>Subtotal</b>	<b>883,637</b>	<b>642,055</b>	<b>1,525,692</b>	<b>1,908,129</b>
<b>Demand Deposits</b>			448,496	327,559
<b>Total</b>			<b>1,974,188</b>	<b>2,235,688</b>

The average term of interbank and time deposits for outstanding transactions at June 30, 2022 is 704 days and 828 days (December 31, 2021 – 558 and 822 days), respectively.

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reais, unless otherwise indicated)*

<b>Maturities upon issuance</b>	<b>Time deposits</b>	<b>Interbank deposits</b>	<b>Total 06/30/2022</b>	<b>Total 12/31/2021</b>
Within 1 month	4,637	-	4,637	196,772
From 1 to 3 months	4,183	25,581	29,764	161,857
From 3 to 6 months	8,849	-	8,849	46,458
From 6 to 12 months	44,492	-	44,492	53,934
More than 12 months	821,476	616,474	1,437,950	1,449,108
<b>Subtotal</b>	<b>883,637</b>	<b>642,055</b>	<b>1,525,692</b>	<b>1,908,129</b>
<b>Demand deposits</b>			448,496	327,559
<b>Total</b>			<b>1,974,188</b>	<b>2,235,688</b>

**9. Deposits (Continued)**

The breakdown per segment of the Prudential Conglomerate is as follows:

	<b>Demand deposits</b>		<b>Time deposits</b>		<b>Interbank deposits</b>		<b>Total</b>			
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021		
Legal entities	423,140	285,063	632,303	810,404	-	-	1,055,443	53.46%	1,095,467	49.00%
Institutional customers	1,978	4	8,796	113,699	168,456	159,039	179,230	9.08%	272,742	12.20%
Group	8,677	20,778	223,937	139,919	-	-	232,614	11.78%	160,697	7.19%
Financial institutions	-	-	13,396	24,483	473,599	602,428	486,995	24.67%	626,911	28.04%
Individuals	14,701	21,714	5,205	58,157	-	-	19,906	1.01%	79,871	3.57%
<b>Total</b>	<b>448,496</b>	<b>327,559</b>	<b>883,637</b>	<b>1,146,662</b>	<b>642,055</b>	<b>761,467</b>	<b>1,974,188</b>	<b>100%</b>	<b>2,235,688</b>	<b>100%</b>

	<b>06/30/2022</b>		<b>12/31/2021</b>	
Top depositor	338,003	17.09%	498,762	22.03%
Top 10 depositors	980,012	49.54%	981,382	43.35%
Top 20 depositors	1,234,544	62.41%	1,275,175	56.33%
Top 50 depositors	1,610,736	81.42%	1,718,296	75.90%
Top 100 depositors	1,795,790	90.78%	1,975,720	87.27%

**10. Repurchase Agreements**

The obligations from repurchase agreements in the Prudential Conglomerate are as follows:

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*

	Prudential Conglomerate	
	06/30/2022	12/31/2021
<b>Own Portfolio</b>		
Eurobonds	602,350	215,529
National Treasury Bills	330,534	270,445
National treasury notes	294,992	623,389
Debentures	273,245	362,990
Financial treasury bills	147,249	259,247
	<b>1,648,370</b>	<b>1,731,600</b>
Current liabilities	1,632,202	1,719,830
Noncurrent liabilities	16,168	11,770
<b>Total</b>	<b>1,648,370</b>	<b>1,731,600</b>

**11. Funds from Acceptance and Issuance of Securities**

On June 30, 2022 and December 31, 2021, fundraising through Agribusiness Credit Bills (LCA), Housing Credit Bills (LCI), Financial Bills (LF) and Financial Bills – Subordinated Debt were segregated by maturity range as follows:

Maturity	Prudential Conglomerate							
	LCA (a)		LCI (b)		LF (c)		LF - Subordinated debt (d)	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Within 1 month	160,872	118,883	615	-	34,607	122,915	-	-
From 1 to 3 months	207,850	55,157	7,266	-	107,373	135,857	10,221	5,996
From 3 to 6 months	478,508	124,543	6,625	598	280,620	42,297	-	-
From 6 to 12 months	1,569,420	803,660	1,515	16,660	286,588	486,249	-	-
More than 12 months	1,965,130	985,267	25,614	30,652	721,122	645,674	484,833	200,000
<b>Total</b>	<b>4,381,780</b>	<b>2,087,510</b>	<b>41,635</b>	<b>47,910</b>	<b>1,430,310</b>	<b>1,432,992</b>	<b>495,054</b>	<b>205,996</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 is from 87% to 123% DI.
- (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 is from 92% to 120.7% of DI.
- (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 from 100% to 129% of DI, 100% of pre-set and 100% of IPCA.
- (d) Financial Bill (LFSN) - 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 basis. The rates used for this operation are 110% of SELIC. Financial Bill (LFSC) - Subordinated Debt has a ten-year term with an option to repurchase it after five years, with payment of principal and interest on maturity. The amount raised will be used as complementary capital in order to make up the institution's Level II capital. The rate was CDI+2.60% and the private and bilateral issue was directed to institutional investors.

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**12. Borrowings**

Borrowings abroad in the Prudential Conglomerate are as follows:

	Prudential Conglomerate	
	06/30/2022	12/31/2021
Obligations with borrowings abroad (*)	5,548,566	4,568,886
Export credit facility	230,272	66,422
Import credit facility	4,029	28,121
Exchange Variation	2,272	-
	<b>5,785,139</b>	<b>4,663,429</b>
Current liabilities	4,779,641	3,448,121
Long-term payables	1,005,498	1,215,308
	<b>5,785,139</b>	<b>4,663,429</b>

(\*) The amount of R\$ 5,548,566 thousand on June 30, 2022 (December 31, 2021 – R\$ 4,568,886 thousand), classified as Borrowings Abroad, refers to:

1 - The funding operations in dollars and renminbi taken with the Bank of Communications Shanghai, with final maturities up to July 2022 representing R\$ 655,018, up to August 2022 representing R\$ 366,992, up to September 2022 representing R\$ 969,577, up to March 2023 representing R\$ 352,172, up to March 2025 representing R\$ 169,514 and up to January 2026 representing R\$ 524,420. The range between the remuneration rates practiced for these operations are 0.75% - 3.00%. The dollar funding with Bank of Communications Macau, with maturities of less than 365 days, representing R\$ 16,028, with Bank of Communications New York, with maturities of less than 365 days, representing R\$ 1,181,358 and with Bank of Communications Hong Kong, with maturities of less than 365 days, representing R\$263,243. The range between the remuneration rates practiced for these operations are 0.57% - 3.00%; and

**12. Borrowings (Continued)**

2 - Working capital operations with maturities of less than 365 days representing R\$ 1,050,245. The range between rates used for this operation is 2.14% - 4.00%.

**13. Sundry**

	Prudential Conglomerate	
	06/30/2022	12/31/2021
<b>Other receivables - Sundry</b>		
Debtors deposits on warranty	53,533	52,555
Taxes and contributions to offset	24,858	42,665
Sundry debtors – domestic	20,074	12,914
Sundry debtors – foreign	1,872	2,940
Advances – Salaries and constructions	1,821	465
	<b>102,158</b>	<b>111,539</b>
Current asset	83,027	94,912
Long-term asset	19,131	16,627
	<b>102,158</b>	<b>111,539</b>

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*

	Prudential Conglomerate	
	06/30/2022	12/31/2021
<b>Other payables - Sundry</b>		
Sundry debtors – Abroad (a)	73,267	188,003
Sundry debtors – Local	10,132	7,661
Income on Guarantees for Credit Operations (b)	17,326	19,916
Allowance for payments to be made	13,384	12,855
Allowance for contingent liabilities	12,223	12,462
Administrative checks	849	849
Payables for acquisition of goods and rights	17	-
	<b>127,198</b>	<b>241,746</b>
Current liabilities	111,618	202,277
Non-current liabilities	15,580	39,469
	<b>127,198</b>	<b>241,746</b>

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

(b) – Based on the BCB resolution Nº 92/2021, the accounting line income from future years was discontinued, and its balances reclassified to the other liabilities group for comparison purposes.

**14. Other assets**

	Prudential Conglomerate	
	06/30/2022	12/31/2021
<b>Other Values and Goods</b>		
Properties	8,323	8,323
Others	5,139	2,691
	<b>13,462</b>	<b>11,014</b>
Current asset (a)	13,462	10,187
Long-term assets	-	827
	<b>13,462</b>	<b>11,014</b>

(a) On June 30, 2022, 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.

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**15. Intangible assets**

	12/31/2021	Acquisitions	Write Off	Amortization in the period	06/30/2022
<b>Intangible assets</b>					
<b>Data processing systems</b>					
Cost	49,093	8,419	(1,403)	-	56,109
Accrued Amortization	(19,143)	-	-	(4,630)	(23,773)
<b>Communication and security systems</b>					
Cost	922	-	-	-	922
Accrued Amortization	(605)	-	-	(77)	(682)
<b>Licenses and copyright and use rights</b>					
Cost	4,405	-	-	-	4,405
Accrued Amortization	(2,250)	-	-	(372)	(2,622)
<b>Total</b>	<b>32,422</b>	<b>8,419</b>	<b>(1,403)</b>	<b>(5,079)</b>	<b>34,359</b>

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

The capital comprises 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 reporting date, after the legal allocations.

**(d) Treasury shares**

On June 30, 2022, the Bank BOCOM BBM has 76,296,769 shares to be held in treasury in the amount of R\$ 181,839 thousand.

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**17. Financial Intermediation Expenses, Result of Foreign Exchange Operations, Borrowings, Assignments and Onlending Operations**

	Prudential Conglomerate	
	06/30/2022	06/30/2021
<b>Market funding operations</b>		
Agriculture credit bills	(150,735)	(23,924)
Financial bills	(100,926)	(32,230)
Time deposits	(53,272)	(16,775)
Interbank deposits	(36,421)	(10,659)
Repurchase agreements	(36,215)	(6,489)
Credit guarantee fund	(3,230)	(2,518)
Real estate credit bills	(2,195)	(732)
Deposits previous notice	(516)	(276)
Expenses with securities abroad	-	7
Foreign exchange variation (a)	14,523	16,682
<b>Total</b>	<b>(368,987)</b>	<b>(76,914)</b>
<b>Borrowings, assignments and onlending operations</b>		
Foreign exchange variation (a)	192,292	157,045
Borrowings expenses abroad	(27,017)	(21,153)
<b>Total</b>	<b>165,275</b>	<b>135,892</b>
<b>Foreing Exchange Transactions</b>		
Foreign exchange variations and interest differences	(44,974)	26,327
Other expenses	(223)	(246)
Revenue from Advances on Exchange Contracts (ACC)	13,417	7,734
<b>Total</b>	<b>(31,780)</b>	<b>33,815</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.

**18. Service Revenue**

	Prudential Conglomerate	
	06/30/2022	06/30/2021
<b>Service Revenue</b>		
Structuring commission	25,492	11,792
Bank fee income	22,486	12,107
Management and performance fees of investment funds	19,653	14,307
Guarantees commission and letter of credit (a)	11,088	17,197
Other services	320	2,325
<b>Total</b>	<b>79,039</b>	<b>57,728</b>

(a) On June 2022, total income refers mainly to surety transactions, which represent a significant portion of the amount of co-obligations and risks in financial guarantees provided – see note 7 (c). Furthermore, its provision balances can be seen in note 13 (b).

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**19. Other Administrative Expenses**

	Prudential Conglomerate	
	06/30/2022	06/30/2021
Data processing	(7,350)	(5,183)
Amortization and depreciation	(6,055)	(4,739)
Financial system services (a)	(5,286)	(3,068)
Rentals	(5,173)	(4,655)
Specialized technical services	(3,810)	(4,157)
Communications	(2,676)	(2,514)
Travel	(1,756)	(311)
Third-party services	(1,660)	(1,496)
Condominium fee	(1,027)	(1,111)
Property maintenance and upkeep	(928)	(821)
Water, energy and gas	(523)	(370)
Transportation	(436)	(227)
Promotion/ Advertising/ Publications	(412)	(832)
Registry	(384)	(449)
Material	(51)	(27)
Surveillance and security services	(16)	-
Fines	(11)	(117)
Insurance	(1)	(21)
Other administrative expenses	(2,450)	(2,477)
	<b>(40,005)</b>	<b>(32,575)</b>

(a) In the six-month period ended June 30, 2022, this includes brokerage expenses, charges and commission related to guarantee transactions of R\$ 2,423 thousand (June 30, 2021 - R\$ 1,004 thousand).



**Notes to the financial statements as at June 30, 2022**

(In thousands of Reais, unless otherwise indicated)

**20. Related-parties' Significant Transactions**

a) The related-parties' transactions were carried out using the average rates practiced by the market, in force at the operations dates, as follows:

	Rate	Prudential Conglomerate	
		6/30/2022	12/31/2021
<b>Asset</b>			
<b>Cash and cash equivalents</b>		<b>695</b>	<b>499</b>
Bocom Shanghai		49	40
Bocom Hong Kong		16	18
Bocom Macau		630	441
<b>Loan Operations</b>		<b>241</b>	<b>52,985</b>
Bank of Communications Co., Ltd		-	52,659
Other related individuals/legal entities	<b>100% DI + 1.1</b>	241	326
<b>Derivative Financial Instruments</b>		<b>20,994</b>	<b>73,581</b>
Bocom Brazil Holding Company Ltda		20,994	73,581
<b>Marketable Securities</b>		<b>15,800</b>	<b>35,242</b>
Bocom Macau	<b>3.05%</b>	15,800	35,242
<b>Liabilities</b>			
<b>Demand Deposits</b>		<b>8,677</b>	<b>20,778</b>
Bocom Brazil Holding Company Ltda		15	24
Évora S.A.		10	10
Bahia AM Renda Fixa Ltda		5	5
Bahia AM Renda Variável Ltda		5	5
Bahia Holding S.A.		1	1
Other related individuals/legal entities		8,641	20,733
<b>Time Deposits</b>		<b>223,937</b>	<b>139,919</b>
Bocom Brazil Holding Company Ltda	<b>97% DI</b>	162,033	68,549
Aleutas S.A.	<b>97.5% DI</b>	46,825	54,122
Bahia Holding S.A.	<b>97% - 97.2% DI</b>	8,975	11,516
Évora S.A.	<b>97% DI</b>	3,780	3,592
Colares Participações S/A	<b>97.2% DI</b>	2,169	2,105
Other related individuals/legal entities	<b>99% - 115% DI</b>	155	35
<b>Debentures Agreements</b>		<b>17,845</b>	<b>79,065</b>
Other related individuals/legal entities	<b>100% DI</b>	17,845	79,065
<b>Government Bonds Agreements</b>		<b>31,262</b>	<b>23,069</b>
Other related individuals/legal entities		31,262	23,069
<b>Financial Bills</b>		<b>389</b>	<b>290</b>
Other related individuals/legal entities	<b>100% - 111% DI</b>	389	290
<b>Agriculture Credit Bills</b>		<b>196,302</b>	<b>173,674</b>
Other related individuals/legal entities	<b>91% - 123% DI</b>	196,302	173,674
<b>Real Estate Credit Bills</b>		<b>9,713</b>	<b>46,180</b>
Other related individuals/legal entities	<b>97% - 104% DI</b>	9,713	46,180
<b>Derivative Financial Instruments</b>		-	<b>146,400</b>
Bocom Brazil Holding Company Ltda		-	146,400
<b>Subordinated Debt</b>		<b>210,221</b>	<b>205,996</b>
Bocom Brazil Holding Company Ltda	<b>110% SELIC</b>	168,833	165,441
Other related individuals/legal entities	<b>110% SELIC</b>	41,388	40,555
<b>Liabilities on Loans Abroad</b>		<b>4,498,322</b>	<b>3,895,561</b>
Bocom Shanghai	<b>0.6% - 2.65%</b>	3,210,785	3,021,848
Bocom Macau	<b>3.0%</b>	16,028	35,480
Bocom Hong Kong	<b>0.99%</b>	263,243	279,775
Bocom NY	<b>0.57% - 2.25%</b>	1,008,266	558,458
<b>Dividends and Bonuses Payable</b>		-	<b>30,068</b>
Interest on capital credited to shareholders		-	30,068

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**20. Related-parties' Significant Transactions (Continued)**

	Prudential Conglomerate	
	6/30/2022	06/30/2021
<b>Result</b>		
<b>Result with Derivative Financial Instruments</b>	<b>28,602</b>	<b>8,972</b>
Bocom Brazil Holding Company Ltda	28,602	8,972
<b>Income with Marketable Securities</b>	<b>388</b>	<b>-</b>
Bocom Macau	388	-
<b>Loans operations Income</b>	<b>192</b>	<b>-</b>
Bank of Communications Co., Ltd.	177	-
Other related individuals/legal entities	15	-
<b>Open Market Funding</b>	<b>(36,881)</b>	<b>(9,846)</b>
<b>Time Deposits Expenses</b>	<b>(10,062)</b>	<b>(1,671)</b>
Évora S.A.	(183)	(42)
Bocom Brazil Holding Company Ltda	(6,540)	(651)
Bahia Holding S.A.	(487)	(193)
Aleutas S.A.	(2,764)	(676)
Colares Participações S/A	(85)	(109)
Other related individuals/legal entities	(3)	-
<b>Repurchase Agreements - Debentures Expenses</b>	<b>(1,683)</b>	<b>(270)</b>
Other related individuals/legal entities	(1,683)	(270)
<b>Repurchase Agreements - Government Bonds</b>	<b>(4,118)</b>	<b>(2,162)</b>
Other related individuals/legal entities	(4,118)	(2,162)
<b>Agriculture Credit Bills Expenses</b>	<b>(9,410)</b>	<b>(2,319)</b>
Other related individuals/legal entities	(9,410)	(2,319)
<b>Real Estate Credit Bills Expenses</b>	<b>(1,257)</b>	<b>(636)</b>
Other related individuals/legal entities	(1,257)	(636)
<b>Financial Bills Expenses</b>	<b>(21)</b>	<b>-</b>
Other related individuals/legal entities	(21)	-
<b>Subordinated Debt</b>	<b>(10,330)</b>	<b>(2,788)</b>
Bocom Brazil Holding Company Ltda	(9,542)	(2,242)
Other related individuals/legal entities	(788)	(546)
<b>Loans Expenses Abroad</b>	<b>(16,224)</b>	<b>(15,636)</b>
Bocom Shanghai	(10,944)	(13,978)
Bocom Macau	(383)	(233)
Bocom Hong Kong	(1,309)	(1,343)
Bocom NY	(3,588)	(82)
<b>Foreign Exchange Variation with Loans Abroad</b>	<b>33,719</b>	<b>32,359</b>
Bocom Shanghai	32,571	32,559
Bocom Macau	1,148	(200)
<b>Total</b>	<b>9,796</b>	<b>15,849</b>

## Notes to the financial statements as at June 30, 2022

(In thousands of Reais, unless otherwise indicated)

### 20. Related-parties' Significant Transactions (Continued)

#### b) Key Management Compensation

The total compensation will be calculated as follows:

##### I) Fixed and variable compensation

The total compensation of the Participants will comprise a fixed and a 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.

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

	Prudential Conglomerate	
	6/30/2022	12/31/2021
<b>Liabilities</b>		
<b>Statutory</b>	<b>14,143</b>	<b>18,035</b>
Management Variable Compensation - Short Term	4,545	6,121
Deferred Management Variable Compensation - Long Term	9,598	11,914

	Prudential Conglomerate	
	6/30/2022	6/30/2021
<b>Result</b>	<b>(26,638)</b>	<b>(26,738)</b>
Fixed Compensation	(12,528)	(9,364)
Variable Compensation Provision	(14,110)	(17,374)

**Notes to the financial statements as at June 30, 2022***(In thousands of Reals, unless otherwise indicated)***21. Derivative Financial Instruments**

The Bank and the other institutions of the Prudential Conglomerate 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), provided that 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 Prudential Conglomerate, international derivative 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 June 30, 2022, the guarantees for the transactions involving derivative financial instruments are represented mainly by government securities in the total amount of R\$ 625,475 thousand (December 31, 2021 - R\$ 578,159 thousand) and fund quotas in the total amount of R\$ 32,888 thousand (December 31, 2021 - R\$ 27,582 thousand).

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reais, unless otherwise indicated)*
**21. Derivative Financial Instruments (Continued)**
**a) At cost and market value**

	Prudential Conglomerate						
	06/30/2022						12/31/2021
	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	47,044	47,044	42,420	3,402	957	265	2,063
Sold position	485	485	485	-	-	-	6,463
<b>Swaps</b>							
Asset position	114,388	205,854	15,254	1,436	10,149	179,015	122,043
Liability position	168,750	107,614	3,996	1,898	23,993	77,727	169,669
<b>Term</b>							
Asset position	39,759	41,172	11,585	7,078	21,816	693	65,050
Liability position	4,733	4,424	3,548	733	68	75	137,864
<b>Options market</b>							
Asset position	1,548	1,189	1,099	-	-	90	1,072
Liability position	19,291	21,032	287	294	8,199	12,252	3,686

## Notes to the financial statements as at June 30, 2022

(In thousands of Reals, unless otherwise indicated)

### 21. 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\$ 5,058,389 thousand (December 31, 2021 – R\$ 4,305,243 thousand);
- Sold foreign exchange coupon contracts (DDI) of R\$ 1,000,277 thousand (December 31, 2021 – R\$ 436,778 thousand);
- Purchased interest contracts (DI1) of R\$ 2,352,005 thousand; (December 31, 2021 – R\$ 858,032 thousand);
- Sold interest contracts (DI1) of R\$ 443,303 thousand; (December 31, 2021 – R\$ 488,852 thousand);
- Purchased currency contracts (DOL) of R\$ 1,274,522 thousand; (December 31, 2021 – R\$ 365,725 thousand);
- Sold currency contracts (DOL) of R\$ 1,239,283 thousand (December 31, 2021 – R\$ 1,725,701 thousand);
- Purchased currency contracts (DAP) of R\$ 46,614 thousand; (December 31, 2021 – R\$ 64,178 thousand);
- Sold currency contracts (DAP) of R\$ 224,081 thousand (December 31, 2021 – R\$ 184,713 thousand);
- Purchased currency contracts (EUP) of R\$ 1,739,523 thousand (December 31, 2021 – R\$ 0 thousand);
- Purchased contracts in US treasury bonds (T-Note10) in the amount of R\$ 501,039 thousand; (December 31, 2021 – R\$ 0 thousand);

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

	Prudential Conglomerate	
	06/30/2022	06/30/2021
Future contracts	(513,494)	(205,058)
Options contracts	187	16,382
Swap and term contracts	299,751	86,545
<b>Total</b>	<b>(213,556)</b>	<b>(102,131)</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.

#### b) Hedge accounting

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

Bank 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 December 11, 2021 in the amount of USD 10,000 thousand with payment of fixed interest of 0.75% p.a..
- On March 31, 2022 in the amount of USD 32,500 thousand with payment of fixed interest of 2.38% 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.

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reais, unless otherwise indicated)*
**21. Derivative Financial Instruments (Continued)**

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 101.69%.

Hedge object	Prudential Conglomerate			
	06/30/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Fundraising (I)	(114,959)	113,046	101.69%	100.57%

**Fundraising fair value hedge (II)**

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 99.98% to LF PRÉ

Hedge object	Prudential Conglomerate			
	06/30/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Fundraising (II) - LF PRÉ	5,021	(5,022)	99.98%	99.44%

**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 98.55%.

Hedge object	Prudential Conglomerate			
	06/30/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Credit Operations	136	(138)	98.55%	98.90%

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**21. Derivative Financial Instruments (Continued)**
**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	Prudential Conglomerate			
	06/30/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Investment Abroad	10,149	(10,149)	100.00%	100.00%

**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 and in February 2022 Sofr vs. USD prefixed rate swap contracts, 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 and SOFR. 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 99.23% for Libor and 104.24% for SOFR.

Hedge object	Prudential Conglomerate			
	06/30/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Bonds Held to Maturity Abroad - LIBOR	(4,738)	4,775	99.23%	103.78%
Bonds Held to Maturity Abroad - SOFR	(5,116)	4,908	104.24%	0.00%

**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 99.37% and SOFR 106.18%.

Hedge object	Prudential Conglomerate			
	06/30/2022		12/31/2021	
	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Bonds Available for Sale Abroad - LIBOR	(5,203)	5,236	99.37%	99.24%
Bonds Available for Sale Abroad - SOFR	(2,579)	2,429	106.18%	88.04%



## Notes to the financial statements as at June 30, 2022

(In thousands of Reais, unless otherwise indicated)

### 22. Risks Management

#### Market risk

Bank 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 the 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, regardless 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, independent 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)
30/06/2022	7.5
31/12/2021	3.7
30/06/2021	3.6
31/12/2020	6.1

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 one of the risk factors, the consolidated financial loss of the portfolio under stress is calculated for each one of the two scenarios. Finally, the scenario with the greatest financial loss is used as a reference.

Reference Date	B3 Stress (in R\$ Millions)
06/30/2022	-143.1
12/31/2021	-111.5
06/30/2021	-57.5
12/31/2020	-20.2

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**22. Risks Management (Continued)**
**Liquidity risk**

Bank 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 to its equity and the current policies for fundraising, credit and treasury.

Bank BOCOM BBM has a liquidity risk management structure comprising 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)).

	Prudential Conglomerate	
	06/30/2022	12/31/2021
Current assets	8,947,104	6,228,325
Current liabilities	(11,526,477)	(9,318,497)
<b>Working capital, net</b>	<b>(2,579,373)</b>	<b>(3,090,172)</b>
Securities available for sale presented in long-term receivables	1,767,274	1,738,655
Borrowings abroad	2,364,051	2,121,045
	<b>1,551,952</b>	<b>769,528</b>

Bank 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\$ 2,364,051 thousands which, despite having a maturity of less than 1 year, are systematically renewed.

**Credit risk**

Bank BOCOM BBM has a credit risk management structure comprising the following elements and respective duties: a) the Credit Committee, which is responsible for defining the economic groups' credit limits, and 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 that make it easy to make a decision 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 providing the 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)).

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**Notes to the financial statements as at June 30, 2022***(In thousands of Reais, unless otherwise indicated)***22. Risks Management (Continued)****Operational risk**

It is the risk associated with faulty or inadequate internal processes, human or systems failures, or external events. Operational risk is inherent to the Conglomerate's activities and can manifest itself in several ways.

To monitor and control these risks, and in line with the guidelines of the Regulatory Bodies and best market practices, the Financial Conglomerate BOCOM BBM ("BOCOM BBM") established the "Operational Risk Management Policy". This document constitutes a set of principles, procedures and responsibilities to be observed, in order to ensure the functioning and strengthening of our internal control systems.

The area is responsible for ensuring, together with the other components of the risk management structure, the compliance with the guidelines established by the mentioned Policy. The Internal Controls and Operating Risk area is a segregated independent organizational area of Internal Audit, under the responsibility of the Risk Office.

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**

Bank BOCOM BBM manages its capital through a structure comprising 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 a 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 June 30, 2022**
*(In thousands of Reais, unless otherwise indicated)*
**23. 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 8.0% 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 for trade, according to BACEN's rules and instructions. The Prudential Conglomerate of Banco BOCOM BBM is within this operational limit on June 30, 2022.

	Prudential Conglomerate	
	06/30/2022	12/31/2021
<b>Reference Equity Level I</b>	<b>1,095,346</b>	<b>1,013,478</b>
Level I + Equity Adjustments Except Non-consolidated Interest and Tax Credit	1,130,217	1,046,804
Decrease in intangible / deferred assets according to CMN Resolution No. 4,955	34,871	33,326
<b>Reference Equity Level II</b>	<b>284,833</b>	<b>-</b>
<b>Reference Equity (PR)</b>	<b>1,380,179</b>	<b>1,013,478</b>
<b>Risk-Weighted Assets (RWA)</b>	<b>815,729</b>	<b>641,542</b>
Portion referring to:		
Credit risk (RWACPAD)	734,160	554,456
Market risk (RWAMPAD)	3,773	16,675
Operating risk (RWAOPAD)	77,796	70,411
<b>Margin or Insufficiency Value (PR - RWA)</b>	<b>564,450</b>	<b>371,936</b>
<b>Risk Factor – 8.00% of PR</b>	<b>110,414</b>	<b>81,078</b>
<b>Basel Rate (Risk Factor / RWA)</b>	<b>13.54%</b>	<b>12.64%</b>
RBAN	50,839	89,265
ACP required	254,915	160,386
<b>Reference Equity Margin + RBAN and ACP</b>	<b>258,696</b>	<b>122,285</b>

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**24. Income Tax and Social Contribution**

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

	<b>Prudential Conglomerate</b>	
	<b>06/30/2022</b>	<b>12/31/2021</b>
<b>Asset credit tax:</b>		
<b>Balance at January 1</b>	<b>117,715</b>	<b>107,332</b>
Constitution (Reversal)		
- With effects in the result	1,745	(369)
- With effects in equity		
(Securities held for sale)	10,695	10,752
<b>Balance at June 30</b>	<b>130,155</b>	<b>117,715</b>
<b>Provision for deferred taxes: (*)</b>		
<b>Balance at January 1</b>	<b>88,871</b>	<b>58,935</b>
Constitution (Reversal)		
- With effects in the result	33,999	29,936
<b>Balance at June 30</b>	<b>122,870</b>	<b>88,871</b>

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

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**24. Income Tax and Social Contribution (Continued)**

Attending the BCB Resolution No. 15/2020, in its 13th article, the constitutions and realizations in asset credit taxes and provision for deferred taxes were highlighted, just like their nature and origins, as follows:

	Prudential Conglomerate			
	06/30/2022	Constitution	Reversal	12/31/2021
<b>Asset credit tax:</b>				
<b>Temporary differences (a)</b>				
- Provision for loan transactions	33,569	4,527	1,696	30,738
- Market value adjustment - marketable securities and derivatives	75,062	24,056	15,674	66,680
- Provisions for Contingencies (Note 25)	5,486	49	159	5,596
- Others	15,482	17,587	15,902	13,797
- CTA Tax Effects	43	43	-	-
<b>Social Contribution Negative Basis</b>	286	2,861	2,986	411
<b>Tax loss</b>	227	754	1,020	493
<b>Total</b>	<b>130,155</b>	<b>49,877</b>	<b>37,437</b>	<b>117,715</b>
<b>Provision for deferred taxes</b>				
<b>Temporary differences (a)</b>				
- Adjustment to Market of TVM and Derivatives	122,791	18,612	52,569	88,834
- Others	37	-	-	37
- CTA Tax Effects	43	43	-	-
<b>Total</b>	<b>122,871</b>	<b>18,655</b>	<b>52,569</b>	<b>88,871</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\$ 21 million respectively. 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 as from March 1, 2020.

The present value of the tax credits, considering the realization expectation for the deferred tax assets and liabilities, is as follows:

Description	Prudential Conglomerate	
	Tax credits on temporary differences	Loss and negative basis
2021	(9,662)	409
2022	30,369	
2023	5,974	
2024	585	
2025	1,171	
<b>Total</b>	<b>28,846</b>	
<b>Present value</b>	<b>20,807</b>	

The tax credits of Banco BOCOM BBM were accounted for in the financial statements using the rates applicable to the period they are expected to be realized, and they are based on the future results projections and on a technical study prepared in accordance with CMN Resolution No. 3,039/2002, amended by CMN Resolution No. 4,441/2015.

**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**24. Income Tax and Social Contribution (Continued)**

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:

	06/30/2022		06/30/2021	
	IRPJ	CSLL	IRPJ	CSLL
<b>Income before taxes</b>	<b>160,788</b>	<b>160,788</b>	<b>120,250</b>	<b>120,250</b>
Bank's net profit	87,259	87,259	63,542	63,542
(-/+ ) Income tax and social contribution	(73,529)	(73,529)	(56,708)	(56,708)
<b>Tax rate</b>	<b>25%</b>	<b>20%</b>	<b>25%</b>	<b>20%</b>
<b>Income tax and social contribution</b>				
At tax rate	(40,197)	(32,158)	(30,063)	(24,050)
<b>Permanent additions</b>	<b>56,279</b>	<b>42,762</b>	<b>53,179</b>	<b>36,287</b>
Non-deductible expenses	5,958	(7,558)	15,757	(1,136)
Addition on profit abroad	50,321	50,321	37,423	37,423
<b>Permanent exclusions</b>	<b>35,977</b>	<b>35,977</b>	<b>33,555</b>	<b>33,555</b>
Tax-free revenues	(10,149)	(10,149)	(2,121)	(2,121)
Equity in the result of investees (Bank)	46,126	46,126	35,676	35,676
<b>Temporary additions / exclusions</b>	<b>(73,541)</b>	<b>(75,677)</b>	<b>(24,359)</b>	<b>(23,090)</b>
<b>Tax basis</b>	<b>107,548</b>	<b>91,896</b>	<b>115,516</b>	<b>99,892</b>
<b>Tax basis with use of tax loss and negative basis</b>	<b>107,548</b>	<b>91,896</b>	<b>115,516</b>	<b>99,892</b>
<b>Income tax and social contribution (a)</b>	<b>(26,873)</b>	<b>(18,378)</b>	<b>(28,867)</b>	<b>(19,978)</b>
<b>Use of tax incentives and taxes of subsidiaries abroad</b>	<b>27</b>	<b>-</b>	<b>409</b>	<b>-</b>
<b>Income tax and social contribution in the result for the period</b>	<b>(26,846)</b>	<b>(18,378)</b>	<b>(28,457)</b>	<b>(19,978)</b>
DIPJ adjustment	(2,012)	-	355	-
Provision for Deferred Tax Liabilities	(18,864)	(15,091)	41	33
<b>Income tax and social contribution in the result for the period - Banco BOCOM BBM</b>	<b>(47,723)</b>	<b>(33,469)</b>	<b>(28,062)</b>	<b>(19,945)</b>
Income tax and social contribution of other institutions of the Operational Consolidated	(611)	(293)	(455)	(242)
<b>Income tax and social contribution in the result for the period - Prudential Conglomerate</b>	<b>(48,334)</b>	<b>(33,762)</b>	<b>(28,518)</b>	<b>(20,187)</b>

- a) In 2021, the Law No. 14,183, arising from the Provisional Measure (MP) No. 1,034/2021, increases 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. On April 28, 2022, Provisional Measure 1,115/22 was issued, increasing by 1% the CSLL rate for these legal entities, according to the changes proposed in Law 7,689/88. The CSLL rate of BOCOM BBM Bank increased from 20% to 21%, and of BOCOM BBM CCVM, from 15% to 16%, effective from August 1, 2022 to December 31, 2022.

## Notes to the financial statements as at June 30, 2022

(In thousands of Reals, unless otherwise indicated)

### 25. Provisions and Liabilities for Legal Obligation

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

#### Breakdown of provision

##### a) Labor Provisions

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

	Prudential Conglomerate	
	06/30/2022	12/31/2021
Labor	11,383	11,787
<b>Total - Provisions for contingencies</b>	<b>11,383</b>	<b>11,787</b>

These provisions are recorded as "Other liabilities - sundry" under Long-term liabilities. During the semester ended June 30, 2022, R\$ 404 thousand were reversed for contingent liabilities in the Prudential Conglomerate.

##### b) Tax and Social Security Provisions

Bocom BBM is a party to other proceedings for which the internal and external legal advisors have judged the risk of loss to be possible. From all the tax proceedings classified as possible loss, there are 9 in which the main discussion refers to the offsetting process that is in the initial administrative stage and the aggregate value is not relevant.

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 R\$ 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.

Considering that, at the moment, the suits are classified as possible, they were not recorded as liability.

##### c) Civil Provisions

Bocom BBM is a party to other lawsuits for which the internal and external legal advisors have judged the risk of loss to be possible. From all the tax proceedings classified as possible loss, there are 17 proceedings in which the main discussion is related to: request for a review of contractual terms and conditions, requests for monetary adjustments (including alleged effects of the implementation of various government economic plans), bankruptcy, protests, accountability, having counterparties originating from credit operations or products already discontinued, and provision services. For the purposes of provisioning for civil lawsuits, the legal advisors took into account the law, case law, case history and the procedural stage.

Considering that, at the moment, the suits are classified as possible, they were not recorded as liability.



**Notes to the financial statements as at June 30, 2022**
*(In thousands of Reals, unless otherwise indicated)*
**25. Provisions and Liabilities for Legal Obligation (Continued)**
**d) 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 PIS/Pasep and COFINS tax credits that are determined, with the incidence of Service Tax (ISS) in their calculation bases, as well as their respective bookkeeping for timely and future compensation, if applicable, with the respective ISS deductibility from 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, in November 2018, PIS/Pasep and COFINS disregarding the municipal tax in their respective calculation bases, having constituted a liability for the remaining balance up to June 2022, recorded as "Other Sundry Liabilities" in Long-Term Liabilities, as follows:

	Prudential Conglomerate	
	06/30/2022	12/31/2021
PIS and COFINS	840	675
<b>Total - Liabilities for legal obligations</b>	<b>840</b>	<b>675</b>

**e) Others**

On December 5, 2016, the Brazilian Administrative Council for Economic Defense (CADE) filed 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.

**26. Allowance for Financial Guarantees**

The allowance for doubtful accounts related to financial guarantees is 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.

	Prudential Conglomerate	
	06/30/2022	12/31/2021
<b>Guarantee</b>		
Surety Guarantee in lawsuits and administrative proceedings	381,847	369,085
Linked to bids, auctions, service render or construction	260,434	267,340
Other Sureties	143,934	189,931
Linked to international trade	8,080	28,829
<b>Total</b>	<b>794,295</b>	<b>855,185</b>
<b>Changes in allowance for financial guarantees</b>		
<b>Opening balance</b>	<b>10,699</b>	<b>14,740</b>
Constitution / (Reversal)	(746)	(4,041)
<b>Closing balance</b>	<b>9,953</b>	<b>10,699</b>

**27. 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 debts with financial institutions with which it has this kind of arrangement. On June 30, 2022, the total assets mitigated by compensatory arrangement was of R\$ 1,623,355 thousand (December 31, 2021 - R\$ 1,928,401 thousand).

**Notes to the financial statements as at June 30, 2022***(In thousands of Reals, unless otherwise indicated)***27. Other Information (Continued)****(b) Marketable securities portfolio**

In the six-month period ended June 30, 2022, 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\$ 21,057 thousand in bonds maturing in 2027 and 2031 and buying R\$ 24,569 thousand maturing in 2030 and 2031, which generated an effect on the result of R\$ 68 thousand.

At the end of the six-month period, Banco BOCOM BBM had R\$ 1,486,067 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.

**(c) Impacts of Covid-19**

The continued recovery in activity and the escalation of inflation around the world due to the post-Covid return to normalcy set the tone in the first half of 2022. Developed economies such as the United States, the United Kingdom, Canada and the Eurozone saw a rapid recovery in employment and an increase in consumption due to the fiscal and monetary stimuli implemented during the pandemic. The good performance of the economy and lower unemployment rates were accompanied by rising inflation, especially in services and its most inertial components, accelerated by the war between Russia and Ukraine, which further increased the pressure on commodity prices and made logistics more difficult in the production and distribution of goods. During the first half of the year, the Central Banks of the developed countries started cycles of interest rate hikes. In Brazil, monetary tightening started in 2021, but more adverse international financial conditions have led to the continuation of the cycle also in 2022. Despite the monetary policy continuing to advance in restrictive territory, the Brazilian economic activity showed a lot of resilience in the first half of the year, due to the recovery of the services sector, the recovery of employment, and a series of fiscal stimuli that continue to be practiced, with an increase in the budget dedicated to social assistance and tax exemptions on regulated items, such as gasoline. Presidential elections add uncertainty to the economic scenario, and the definition of the reform agenda of the main candidates continues to be determinant for a more robust growth path and for the fiscal sustainability of the Brazilian economy in the coming years.

Throughout the first half of the year, the third wave of COVID-19, caused by the crowds during the year-end external celebrations and the time window between vaccine doses, required extra attention to preserve the health of our employees and collaborators. The remote work model became more flexible for a determined period of time and the use of masks was mandatory in the internal environment during this period, thus preventing contamination from advancing into the work environment.

In parallel with the internal initiatives, we continue to help needy communities that have been severely impacted by the pandemic, through sponsorships and donations. In April, we donated hygiene kits for 70 children and teenagers living in poverty, in the amount of R\$ 5,600.00, reinforcing our corporate commitment to actions aimed at fighting COVID-19.

**28. 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 consummation of the operations is subject to the approval from the Brazilian and Chinese regulation authorities, with probable conclusion in about a year.

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