

Commerzbank Brasil S.A.-Banco Múltiplo

Financial statements at June 30, 2022 and independent auditor's report

(A free translation of the original report in Portuguese as published in Brazil containing financial information prepared in accordance with accounting practices adopted in Brazil, applicable to financial institutions authorized to operate by the Central Bank of Brazil)

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Commerzbank Brasil S.A. – Banco Múltiplo

Management's Report In thousands of Reais

Dear Shareholders: In accordance with legal and statutory provisions, we hereby submit for your consideration the Balance Sheet, the Income Statement, the Other Comprehensive Income Statement, Changes in Shareholders' Equity and Cash Flows of Commerzbank Brasil S.A. – Banco Múltiplo (the "Bank") for the period ended on June 30, 2022, together with the Accompanying Notes and the Independent Auditor's Report.

Commerzbank AG, controlling shareholder, decided to change its overall strategy (New Strategy 2024), which includes the closure of several international units, including Commerzbank Brasil S.A.

The closure of the activities of Commerzbank Brasil S.A. is being carried out in a gradual manner that foresees the conclusion of business wind down until September 2022 and conclusion of operational wind down until September 2023.

Thus, the financial statements are not prepared on a going concern basis, with the assets and liabilities presented at liquidation value.

According to the wind down process of the Bank, the relevant positions at June 30, 2022 totaled as follows, the total assets on June 30, 2022 were R\$ 141.997 (R\$ 312.219 on December 31, 2021). The Bank's assets consisted primarily of government bonds classified as "available for sale", amounted R\$ 101.758 (R\$ 97.580 on December 31, 2021), loans transactions totaled R\$ 21.858 (R\$ 60.910 on December 31, 2021). The Bank raised funding mainly through credit lines from Commerzbank AG amounting to R\$ 22.262 (R\$ 156.785 on December 31, 2021). Shareholders' equity totaled R\$ 90.799 (R\$ 103.153 on December 31, 2021).

During the period there was no remuneration paid to the shareholders.

Basel Ratio: The Bank adopts the calculation of operating limits based on the financial data in accordance with BACEN guidelines. The ratio calculated according to the rules prevailing at June 30, 2022 was 55,83% (32,88% on December 31, 2021).

Risk Management: the Bank is equipped with structures designed to control and monitor the risks inherent to its activities, and it discloses its credit risk, market risk, operating risk, capital management structures, and information pursuant to Central Bank Circular n.º 3.930/19 available for public access at <https://www.commerzbank.com.br> (not audited) in the item Financial and Regulatory Information.

São Paulo, August 25, 2022

The Management



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Independent auditors' report on the financial statements

**To the Shareholders and Administrators of
Commerzbank Brasil S.A. – Banco Múltiplo**
São Paulo - SP

Opinion

We have audited the financial statements of Commerzbank Brasil S.A. – Banco Múltiplo (“Bank”), which comprise the balance sheets as of June 30, 2022 and the statements of income, comprehensive income, statement of changes in shareholders’ equity and statement of cash flows for the semester then ended, as well as the corresponding explanatory notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Commerzbank Brasil S.A. – Banco Múltiplo as of June 30, 2022, performance of its operations and its cash flows, for the semester then ended, in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent in relation to the Bank, according to the relevant ethical principles established in the Accountants’ Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis

Basis of preparation of financial statements

We draw attention to Note No. 1 to the financial statements, which describes that the Bank's controlling shareholder, Commerzbank AG, decided to change its overall strategy, which includes the closure of several international units, including Commerzbank Brasil S.A. – Banco Múltiplo. As a result of this matter, the going concern basis of accounting is not appropriate and the financial statements were prepared on a liquidation basis and, therefore, should be read in this context. Our opinion is not modified in respect of this matter.

Other Information

The balance sheets as of December 31, 2021 and the statements of income, comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the semester ended as of June 30, 2021, as well as the corresponding explanatory notes, presented as corresponding figures in the financial statements for the current semester, were previously audited by another independent auditors, who issued an audit report on March 22, 2022 for the financial statements of December 31, 2021 and on August 27, 2021 for the financial statements of June 30, 2021, without modification.

Other information accompanying the financial statements and auditors' report

Bank's management is responsible for this other information that comprise the Management Report.

Our opinion on the financial statements does not include the Management Report and we do not express any form of audit conclusion on such report.

Regarding the audit of financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is, in a material way, inconsistent with the financial statements or with our knowledge gained in the audit or otherwise appears to be materially misstated. If, based on the performed work, we conclude that there is material misstatement in the Management Report, we are required to report such fact. We do not have anything to report on this respect.

Responsibility of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the auditors regarding the audit of financial statements

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

As part of an audit in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

São Paulo, August 26, 2022

KPMG Auditores Independentes Ltda.
CRC SP-027685/O-0 'F' SP

Original report in Portuguese signed by
Luciana Liberal Sâmia
Accountant CRC 1SP198502/O-8

Commerzbank Brasil S.A. – Banco Múltiplo

Balance Sheet at June 30, 2022 and December 31, 2021.

In thousands of Reais

A free translation from Portuguese into English of financial statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN).

ASSETS	Note	June 2022	December 2021
Cash	4	<u>2.372</u>	<u>23.867</u>
Financial instruments		<u>132.912</u>	<u>280.307</u>
Interbank loans	5	<u>9.296</u>	<u>57.009</u>
Securities	6	<u>101.758</u>	<u>97.580</u>
Own portfolio		78.094	26.347
Pledged as collateral		23.664	71.233
Derivatives	7	<u>-</u>	<u>836</u>
Lending operations	8	<u>21.858</u>	<u>60.910</u>
Private sector		21.858	60.910
Foreign exchange portfolio	9	<u>-</u>	<u>63.972</u>
Allowance for loan losses	8	<u>(107)</u>	<u>(212)</u>
Interbank relations		<u>40</u>	<u>50</u>
Central Bank compulsory deposits		40	50
Other assets		<u>2.906</u>	<u>3.720</u>
Income receivable		-	158
Negotiation and intermediation of securities	7	94	1.134
Taxes and contributions to be offset	10a	1.311	1.557
Sundry	10b	1.071	591
Prepaid expenses	11	430	280
Property and equipment in use	13	<u>3.874</u>	<u>4.487</u>
Other properties for use		11.267	11.267
Accumulated depreciation		(7.393)	(6.780)
Total Assets		<u><u>141.997</u></u>	<u><u>312.219</u></u>

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

Commerzbank Brasil S.A. – Banco Múltiplo

Balance Sheet Balance Sheet at June 30, 2022 and December31, 2021.
In thousands of Reais

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	June 2022	December 2021
Financial instruments		23.546	165.628
Deposits	14	1.284	1.201
Demand deposits		1.284	1.201
Borrowings	15	22.262	156.785
Foreign borrowings		22.262	156.785
Derivatives	7	-	-
Foreign exchange portfolio	9	-	7.642
Interbank relations		255	10.665
Settlement payments		255	-
Third-party resources	16	-	10.665
Liability provisions	17a	22.550	22.201
Other liabilities		4.847	10.303
Tax and social security obligations	17b	686	1.543
Negotiation and intermediation of securities	7	2	2.980
Other	17c	4.159	5.780
Deferred Income		-	269
Shareholders' Equity	18	90.799	103.153
Capital:		268.138	268.138
Of shareholders' domiciled abroad		268.138	268.138
OCI - Available-for-sale mark-to-market Adjustment		64	(1.156)
Accumulated losses		(177.403)	(163.829)
Total Liabilities and Shareholders' Equity		141.997	312.219

Commerzbank Brasil S.A. – Banco Múltiplo

Income statements for the six-month period ended on June 30, 2022 and 2021.

In thousands of Reais (except losses per share)

	Note	June 2022	June 2021
Revenue from financial intermediation		7.545	13.479
Lending operations	19 a	2.389	8.297
Securities transactions	19 b	5.156	5.182
Expenses from financial intermediation		(1.684)	(484)
Open market funding transactions	19 g	(1)	(74)
Borrowing and onlending transactions	19 h	11.384	9.827
Derivative financial instruments	19 c	(8.504)	(1.915)
Foreign exchange transactions	19 d	(4.563)	(8.322)
Gross income from financial intermediation		5.861	12.995
Allowance for loan losses	8b	458	1.957
Loan portfolio		45	1.318
Foreign portfolio		60	602
Guarantees		353	37
Results from financial intermediation		6.319	14.952
Other operating income		1.646	8.933
Income from services provided	19 e	1.495	8.495
Income from banking fees	19 f	33	324
Other operating revenues		118	114
Other operating expenses		(21.539)	(48.420)
Personnel expenses	19 i	(13.574)	(37.408)
Other administrative expenses	19 j	(6.723)	(8.461)
Tax expenses	19 k	(498)	(1.738)
Other operating expenses		(99)	(121)
Depreciation and amortization expenses		(614)	(692)
Provision for labor contingency		(31)	-
Results before income taxes		(13.574)	(24.535)
Income and social contribution taxes	20	-	-
Allowance for income and social contribution taxes		-	-
Deferred tax assets		-	-
Losses for the period		(13.574)	(24.535)
Number of shares (in thousands)		268.137	268.137
Losses per share		(0,0506)	(0,0915)

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

Commerzbank Brasil S.A. – Banco Múltiplo

Other comprehensive income statements for the six-month period ended on June 30, 2022 and 2021.
In thousands of Reais (except losses per share)

	<u>June 2022</u>	<u>June 2021</u>
Accumulated losses	<u>(13.574)</u>	<u>(24.535)</u>
Other comprehensive income		
Securities portfolio - available for sale	<u>1.220</u>	<u>(2.028)</u>
OCI - Available-for-sale mark-to-market Adjustment	1.220	(2.028)
Tax effect	-	-
Total other comprehensive income	<u><u>(12.354)</u></u>	<u><u>(26.563)</u></u>

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

Commerzbank Brasil S.A. – Banco Múltiplo

Statement of changes in shareholders' equity for the six-month period ended on June 30, 2022 and 2021.

In thousands of Reais

	<u>Note</u>	<u>Capital Stock</u>	<u>Other comprehensive income</u>	<u>Accumulated Losses</u>	<u>Total</u>
On December 31, 2020		<u>268.138</u>	<u>1.079</u>	<u>(131.688)</u>	<u>137.529</u>
Other comprehensive income					
OCI - Available-for-sale securities		-	(2.028)	-	(2.028)
Loss for the period	18	-	-	(24.535)	(24.535)
On June 30, 2021		<u>268.138</u>	<u>(949)</u>	<u>(156.223)</u>	<u>110.966</u>
On December 31, 2021		<u>268.138</u>	<u>(1.156)</u>	<u>(163.829)</u>	<u>103.153</u>
Other comprehensive income					
OCI - Available-for-sale securities		-	1.220	-	1.220
Loss for the period	18	-	-	(13.574)	(13.574)
On June 30, 2022		<u>268.138</u>	<u>64</u>	<u>(177.403)</u>	<u>90.799</u>

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

Commerzbank Brasil S.A. – Banco Múltiplo

Statement of cash flow (indirect method) for the six-month period ended on June 30, 2022 and 2021.

In thousands of Reais

	<u>Nota</u>	<u>June 2022</u>	<u>June 2021</u>
From operations			
Adjusted loss		(10.585)	(4.009)
Loss for the period		(13.574)	(24.535)
Allowance for loans losses	8b	(458)	(1.957)
Provision for bonus		2.162	108
Depreciation and amortization		614	692
Restructuring provisions	28	671	21.683
Variance in assets and liabilities		(58.623)	19.547
Interbank investments		(10.400)	2.226
Securities		(2.122)	194.460
Lending Operations		39.052	164.215
Foreign exchange portfolio		56.330	86.910
Other credits		964	(7.601)
Other valuables and assets		(150)	52
Deposits		83	(7.983)
Borrowings		(134.523)	(413.599)
Other obligations		(7.588)	(198)
Deferred income		(269)	1.065
Net cash from operations		(69.208)	15.538
Increase in cash and cash equivalents	4	(69.208)	15.538
Cash and cash equivalents at the beginning of the period		80.876	40.797
Cash and cash equivalents at the end of the period		11.668	56.335

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

Commerzbank Brasil S.A. – Banco Múltiplo

Notes to the Financial Statements for the period ended on June 30, 2022 and December 31, 2021 for the balance sheet accounts and six-month period ended on June 30, 2022 and 2021 for the profit and loss accounts.

In thousands of *Reais*, unless otherwise indicated

1 Operations

Commerzbank Brasil S.A. - Banco Múltiplo (the “Bank”), located in São Paulo at 1240, Dr. Chucri Zaidan avenue 11th floor, is a private financial institution controlled by Commerzbank A.G. located at Frankfurt, Germany. The Bank was approved by the National Monetary Council on August 20, 2015, incorporated on August 31, 2015 and registered with the Commercial Registry of the State of São Paulo on October 22, 2015, for an indefinite period of time. The Bank received approval to commence its activities, which are restricted to financial institutions, on July 28, 2016.

The corporate purpose of the Bank is to conduct credit, debit and ancillary banking, financial and lending transactions inherent to the activities of a commercial and investment bank, including foreign exchange transactions. The Bank may participate in any other companies or groups of companies, whether commercial or civil, national or foreign, as a partner or shareholder, in accordance with the rules issued by the Brazilian Central Bank (“BACEN”).

In February, 2021, the Commerzbank AG, controlling shareholder, decided to change its overall strategy (New Strategy 2024), which includes the closure of several international units, including Commerzbank Brasil S.A.

The closure of the activities of Commerzbank Brasil S.A. is being carried out in a gradual manner in 3 fases:

Phase I – business wind down until September 30, 2022;

Phase II – transition period from October 1st, 2022 until March 31, 2023;

Phase III – operational wind down until September 30, 2023.

The business wind down seeks the termination of the relationship with customers, the liquidation of bank deposits in its records, and liquidation of any transaction restricted to financial institutions authorized to operate by BACEN.

During the transitional period, a request for approval for the cancellation of the operating authorization of Commerzbank Brasil S.A. – Banco Múltiplo. will be submitted to the BACEN.

The operational wind down phase will be dedicated to infrastructure decommissioning and office closure.

Following the closure of the activities of Commerzbank Brasil S.A. – Banco Múltiplo, until date of approval of the financial statements, the Bank has ended all assets and liabilities activities with customers and will initiate the requesting for approval for the cancellation of the operating authorization of the Bank.

The Bank’s financial statements were approved by Management on August 25, 2022.

2 Presentation of the financial statements

The financial statements are the responsibility of Management and were prepared according to the accounting practices adopted in Brazil for institutions authorized to operate by BACEN, presented according to the requirements of BACEN and the Accounting Pronouncements Committee (“CPC”) regarding the financial statements, rules and instructions of the National Monetary Council (“CMN”) and the Chart of Accounts of the National Financial System (“COSIF”), when applicable.

Commerzbank Brasil S.A. – Banco Múltiplo

Notes to the Financial Statements for the period ended on June 30, 2022 and December 31, 2021 for the balance sheet accounts and six-month period ended on June 30, 2022 and 2021 for the profit and loss accounts.

In thousands of *Reais*, unless otherwise indicated

The preparation of the Balance Sheet requires that the Management use assumptions and judgments in determining values and accounting estimates, such as the allowance for doubtful loans, impairment of securities and non-financial assets, deferred income tax and social contribution and the determination of the useful lives of certain assets. The settlement of these transactions involving these estimates may result in different values from those estimated due to the inaccuracies inherent in the determination process.

As outlined above, Commerzbank AG, the controlling shareholder, decided to change its overall strategy (New Strategy 2024) which includes the closure of several international units, including Commerzbank Brasil S.A.. Thus, the financial statements are not prepared on a going concern basis, with the assets and liabilities presented at liquidation value. The restructuring provisions are described in Note 28.

3 Significant accounting policies

a) Functional currency

The functional currency of the Bank is the Real, which is also used in the presentation of these financial statements.

b) Income recognition

Income is recognized on an accrual basis, according to which revenues and expenses should be included in the income recognition for the periods in which they occur, always simultaneously when they are correlated, regardless of whether they are received or paid. Transactions bearing post-fixed interest rates, calculated by the exponential method, as well as foreign currency-linked transactions, calculated by the linear method, have been restated up to the dates of the balance sheets.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks in domestic or foreign currency, interbank loans (open-market reverse repos) with maturities within 90 days or less from the investment date, and with low risk of change in fair value, being used by the bank to manage short-term obligations, according to the CMN Resolution n.º 4.910/21.

d) Interbank investments

These are shown at cost plus accrued interest up to the balance sheet date, net of impairment provision, when applicable.

e) Securities

As provided for in BACEN Circular no. 3.068/01, securities are classified in three distinct categories, according to the management, taking into account the following accounting criteria:

- i. Trading securities: are adjusted to fair value, and their adjustments are booked against income for the period;

Commerzbank Brasil S.A. – Banco Múltiplo

Notes to the Financial Statements for the period ended on June 30, 2022 and December 31, 2021 for the balance sheet accounts and six-month period ended on June 30, 2022 and 2021 for the profit and loss accounts.

In thousands of *Reais*, unless otherwise indicated

- ii. Securities available for sale: are booked by the cost of acquisition plus income earned, which is recognized in the result of the period, and adjusted at fair value. Unrealized gains and losses, net of tax effects, due to changes in fair value are recognized in the Equity on a specific account of “other comprehensive income”; and
- iii. Securities held to maturity: purchased with the purpose and financial capacity to be held to maturity, valued at the acquisition cost, plus yields ascertained, against income for the period.

f) Derivatives

In accordance with BACEN Circular n.º 3.082/02 and BACEN Circular Letter n.º 3.026/02, derivative financial instruments are booked according to the following criteria:

- **Futures transactions:** the daily adjustments are booked in asset or liability accounts according to the nature of the balance and recognized in the profit and loss;
- **Currency swap and forward transactions (NDF):** any differential receivable or payable is recorded at fair value in the caption “Derivatives” in assets or liabilities, respectively, and allocated to profit or loss as income (when relating to gains) or expense (when relating to losses); and
- **Forward transactions:** these are recorded at the final contractual amount, less the difference between such amount and the cash price of the asset, adjusted to fair value, with income and expenses being recognized over the contractual terms.

Derivative financial instruments are adjusted to market value and the differences are recognized in income for the period.

g) Lending operations and allowance for loan losses

These are recorded considering the income earned, recognized pro rata on a daily basis based on the variations of the index and the agreed interest rate. Lending operations are classified based on Management’s risk assessment, considering past experience with prior borrowers, the risk ratings of such borrowers and their guarantors, the economic environment, and specific and overall portfolio risks, pursuant to CMN Resolution n.º 2.682/99, which requires a periodic analysis of the portfolio and its classification into nine risk rating levels from AA (lowest risk) to H (highest risk).

Renegotiated operations are maintained at a minimum at the same risk level as they were classified prior to renegotiation. Credit operations overdue for more than 59 days, regardless of their level of risk classification, have their income recognized only when it is effectively received.

The provision for provided financial guarantees is based on the evaluation of losses associated with the probability of future disbursements linked to the guarantees, as well as specific characteristics of the operations performed, according to the requirements of CMN Resolution n.º 4.512/16 and is recorded in an amount considered sufficient to cover probable losses throughout the term of the provided guarantees.

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Notes to the Financial Statements for the period ended on June 30, 2022 and December 31, 2021 for the balance sheet accounts and six-month period ended on June 30, 2022 and 2021 for the profit and loss accounts.

In thousands of *Reais*, unless otherwise indicated

h) Foreign exchange portfolio

Transactions are shown at the realization value, including earnings and currency variations (calculated pro rata on a daily basis) and a allowance for loan losses in accordance with CMN Resolution n.º 2.682/99.

i) Negotiation and intermediation of securities (assets and liabilities)

These are shown at the value of own securities traded on stock, commodities and futures exchanges which are not yet settled.

j) Other current assets and long-term receivables

These are stated at the realization value, including, when applicable, monetary changes and income ascertained up to the balance date.

k) Prepaid expenses

Payments in advance, for which the rights, benefits or services to be provided will occur in the future, are booked and shown in the line “Other assets”.

l) Fixed assets

Fixed assets are recorded at cost and deducted by its depreciation. Fixed assets depreciation is calculated and recorded using the straight-line method, and the annual rates applied, taking into consideration the useful economic lives of the assets. The rate for useful lives are as follows: premises, furniture and equipment for use, communication and security systems - 10%; premises - leasehold improvements, vehicles and data processing equipment - 20%.

m) Impairment

An impairment is recognized in the period during which the book value of an asset exceeds its recoverable value. The values of non-financial assets, except for other valuables, assets and tax credits, are tested at least once a year for impairment.

n) Open market deposits

These are shown at the amount payable, including, when applicable, charges payable up to the balance sheet date, recognized *pro rata* on a daily basis.

o) Foreign borrowings

These are shown at the amount payable. Charges are recognized pro rata on a daily basis, and amounts due in foreign currency are adjusted at the official exchange rates ruling on the balance sheet date.

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In thousands of *Reais*, unless otherwise indicated

p) Current and long-term liabilities

These are shown at known or ascertainable amounts including, when applicable, the corresponding charges and monetary or exchange rate restatement incurred up to the dates of the balance sheets.

q) Income tax and social contribution

The income tax provision was calculated at the rate of 15% on the taxable income, plus 10% on certain limits.

On March 1st, 2021, the Provisional Measure n. 1034 was published. This measure increases the Social Contributions rate from 20% to 25%, with effect from July 1st, 2021 to December 31, 2021, returning to the 20% rate on January 1st, 2022.

On April 28th, 2021, the Provisional Measure n. 1115 was published. This measure increases the Social Contributions rate from 20% to 21%, with effect from August 1st, 2022 to December 31, 2021, returning to the 20% rate on January 1st, 2023.

Deferred income tax and social contribution calculated on temporary additions and tax losses are recorded under "Other receivables - miscellaneous" and "Other liabilities - tax and social security". The recognition of deferred tax credits and liabilities is made at the rates above and applicable to the period in which the realization of the asset is estimated and the settlement of the liability.

r) Income from future periods

This refers to income received prior to the expiry date of the obligation that gave rise to it, and whose recording as actual income depends solely on the expiry date passing.

s) Recurring and non-recurring result

Resolution BACEN 2/20 States that financial institutions must provide in their explanatory notes in a segregated manner the recurring and non-recurring results incurred in the period.

A non-recurring result is considered when:

- i) it is not related to or relates incidentally to the typical activities of the institution;
- ii) is not expected to occur frequently in future years.

4 Cash and cash equivalents

These are shown as follows:

	<u>June 2022</u>	<u>December 2021</u>
Cash - free reserves	471	1.723
Cash - foreign currency	1.901	22.144
Interbank loans (note 5)		
National treasury bills	9.296	57.009
Total	<u>11.668</u>	<u>80.876</u>

Commerzbank Brasil S.A. – Banco Múltiplo

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5 Interbank loans

	June 2022		December 2021
	Actual Cost	Until 90 days	Total
Open market			
National treasury bills	9.296	9.296	57.009
Total	9.296	9.296	57.009

6 Securities

The securities portfolio was as follows:

	June 2022					
	Adjusted cost	Mark-to-Market	Fair Value	Maturity		
				From 91 to 180 days	From 181 to 365 days	More than 365 days
Available for sale						
Own portfolio						
National Treasury Bills - LFT	78.044	50	78.094	-	-	78.094
Pledged as collateral at futures exchange:						
National Treasury Bills - LFT	23.650	14	23.664	-	-	23.664
Total	101.694	64	101.758	-	-	101.758

	December 2021					
	Adjusted cost	Mark-to-Market	Fair Value	Maturity		
				From 91 to 180 days	From 181 to 365 days	More than 365 days
Available for sale						
Own portfolio						
National Treasury Bills - LTN	26.659	(312)	26.347	26.347	-	-
Pledged as collateral at futures exchange:						
National Treasury Bills - LTN	72.077	(844)	71.233	71.233	-	-
Total	98.736	(1.156)	97.580	97.580	-	-

Securities classified as available for sale were marked to market in the amount of R\$ 64 (R\$ (1.156) on December 31, 2021), and recognized against shareholders' equity with tax effects.

The market value of government bonds is determined according to disclosures in the daily bulletins issued by the Brazilian Association of Financial and Capital Market Entities (“ANBIMA”).

Government bonds are recorded in the Special Settlement and Custody System (“SELIC”) of the BACEN.

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7 Derivatives

The Bank trades derivative financial instruments to meet its own needs and those of its customers. These instruments are booked in equity, income and off-balance accounts.

The derivative financial instruments used are approved based on the policy for the use of these products. The policy requires that before these instruments are traded, all aspects must be analyzed, including: objectives, method of use, risks involved, and the existence of suitable infrastructure for operational support.

The components of credit and market risk for derivative financial instruments are monitored daily. Specific limits are set for trading in these instruments, for each customer and also for the chambers for registration and settlement. These limits are managed through a system which shows the aggregate exposure by counterparty. Any breaches of these limits are immediately noted and forwarded to the appropriate area for action.

Market risk management for derivative financial instruments is subject to the current risk policy which mandates that potential risks arising from price fluctuations in the financial markets must be centralized in the Treasury area.

i) Market value:

The market value of derivative financial instruments is calculated using the available market information, principally the prices and rates published by B3 S.A. – Brasil, Bolsa, Balcão. When necessary, mathematical models are used to interpolate rates for intermediary periods, and to extrapolate rates for longer periods.

The following pricing method has been adopted to calculate the market value of derivative financial instruments:

- Futures – prices published by B3 S.A. – Brasil, Bolsa, Balcão.

The derivatives included in the Level II are Swaps and Non Deliverable Forwards, whose adopted pricing model information, are observable in the actively quoted markets.

ii) On balance sheet accounts:

There were no on balance sheet accounts for derivatives on June 30, 2022.

	December 2021					
	Reference value	Adjusted cost	Mark-to-Market	Fair value	Maturity	
					Until 90 days	From 91 to 365 days
Assets						
Swap	9,000	176	660	836	-	836
CDI x FIXED	9,000	176	660	836	-	836
Total	9,000	176	660	836	-	836

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iii) Composition of the balances recorded in asset and liability accounts, under the heading "Securities trading and intermediation":

Securities trading and intermediation:

Assets	<u>June 2022</u>	<u>December 2021</u>
Transactions with financial assets to be settled		
Futures - DOL	94	1.129
Futures - DI1	-	5
Total	<u>94</u>	<u>1.134</u>
Liabilities	<u>June 2022</u>	<u>December 2021</u>
Commission and brokerage payable	-	1
Transactions with financial assets to be settled		
Futures - DOL	2	695
Futures - DDI	-	6
Futures - DI1	-	2.278
Total	<u>2</u>	<u>2.980</u>

The receivable or payable differences and daily adjustments paid or received on derivative financial instruments traded on B3 S.A. – Brasil, Bolsa, Balcão, are booked in Assets and Liabilities accounts as “Securities trading and intermediation”, which are marked to market, with the reference values of the transactions being recorded in off-balance accounts (Note 7 item iv).

iv) Off-balance sheet account - Futures contracts:

	<u>June 2022</u>		<u>December 2021</u>	
	<u>Market value</u>	<u>Adjustment receivable / (payable)</u>	<u>Market value</u>	<u>Adjustment receivable / (payable)</u>
Future contracts	<u>Reference value</u>	<u>(payable)</u>	<u>Reference value</u>	<u>(payable)</u>
Long position	<u>27.570</u>	<u>92</u>	<u>251.034</u>	<u>(1.839)</u>
Futures - DOL	21.073	92	35.106	434
Futures - DI1	6.497	-	104.453	5
Futures - DDI	-	-	111.475	(2.278)
Short position	<u>-</u>	<u>-</u>	<u>157.401</u>	<u>(6)</u>
Futures - DOL	-	-	55.805	-
Futures - DI1	-	-	101.596	(6)
Total	<u>27.570</u>	<u>92</u>	<u>408.435</u>	<u>(1.845)</u>

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v) Transactions by maturity (reference values - notional):

	June 2022				Total
	Due within 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	
Futures contracts					
Futures - DOL	-	21.073	-	-	21.073
Futures - DII	6.497	-	-	-	6.497
	6.497	21.073	-	-	27.570

	December 2021				Total
	Due within 30 days	From 31 to 180 days	From 181 to 365 days	Over 365 days	
Futures contracts					
Futures - DOL	55.805	35.106	-	-	90.911
Futures - DII	2.498	183.551	10.848	9.152	206.049
Futures - DDI	55.766	55.709	-	-	111.475
	114.069	274.366	10.848	9.152	408.435

8 Lending operations

Information about the loan transaction portfolio is shown as follows:

a) By type of operation:

	June 2022	December 2021
Loans (working capital)	21.858	48.730
Export financing (NCE)	-	12.180
Total lending operations	21.858	60.910
Advances on foreign exchange contracts (note 9)	-	42.277
Income from advances against foreign exchange contracts (note 9)	-	251
Total lending operations and other credits	21.858	103.438
Allowance for losses	(107)	(212)
Total	21.751	103.226
Open import credits	-	2.092
Guarantees and sureties issued	15.064	134.823
Total guarantees	15.064	136.915
Allowance for losses	(8)	(361)
Total	15.056	136.554

In order to meet the demand and operational processes of our customers, the bank, together with our customers, decided to renew some contacts maturing in the period totaling R\$ 20.980. There was no renegotiation of contracts due to late payment or financial deterioration on the part of our customers.

Following the timetable for the wind down of the Bank's activities, as stated in Note 1, the last loan operation was settled on July 14, 2022, and the last letter of credit was settled on July 18, 2022, with no further open credit operation remains in the Bank.

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b) Changes in allowance for losses, in accordance with CMN Resolution n.º 2.682/99:

	June 2022					Total
	Lending operations	Others credits	Guaranties issued	Short term	Long term	
Opening balance	(152)	(60)	(361)	(552)	(21)	(573)
Provision recorded	45	60	353	437	21	458
Closing balance	(107)	-	(8)	(115)	-	(115)

	December 2021					Total
	Lending operations	Others credits	Guaranties issued	Short term	Long term	
Opening balance	(1.720)	(922)	(539)	(1.431)	(1.750)	(3.181)
Provision recorded	1.568	862	178	879	1.729	2.608
Closing balance	(152)	(60)	(361)	(552)	(21)	(573)

c) By maturity date:

Outstanding	Working capital	Advances on		June 2022	December 2021
		Export and import financing	foreign exchange contracts		
Up to 30 days	21.858	-	-	21.858	1.117
From 31 to 60 days	-	-	-	-	10.282
From 61 to 90 days	-	-	-	-	13.868
From 91 to 180 days	-	-	-	-	69.825
From 181 to 365 days	-	-	-	-	6.492
Over 365 days	-	-	-	-	1.854
Total	21.858	-	-	21.858	103.438

d) By business sector:

Private sector	Working capital	Advances on		June 2022	December 2021
		Export and import financing	foreign exchange contracts		
Others	21.421	-	-	21.421	84.431
Commerce	437	-	-	437	7.136
Metallurgy and steel	-	-	-	-	11.871
Total	21.858	-	-	21.858	103.438

e) By maturity date and risk rating:

Outstanding	Risk Rating		June 2022	December 2021
	AA	A		
Up to 30 days	437	21.421	21.858	1.117
From 31 to 60 days	-	-	-	10.282
From 61 to 90 days	-	-	-	13.868
From 91 to 180 days	-	-	-	69.825
From 181 to 365 days	-	-	-	6.492
Over 365 days	-	-	-	1.854
Total	437	21.421	21.858	103.438
Allowance for losses	-	(107)	(107)	(212)

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f) By type of operation and risk rating:

Product	AA	A	June 2022	December 2021
Loans (working capital)	437	21.421	21.858	48.730
Export financing (NCE)	-	-	-	12.180
Advances on foreign exchange contracts	-	-	-	42.528
Total	437	21.421	21.858	103.438

g) Portfolio concentration

	June 2022		December 2021	
	Portfolio	% Portfolio	Portfolio	% Portfolio
Largest borrower	21.421	98,00%	30.657	29,64%
Next ten largest borrowers	437	2,00%	72.781	70,36%
Total	21.858	100%	103.438	100%

h) Guarantees and sureties issued:

As at December 31, 2021, the Bank's commitments under guarantees and sureties issued were as follows:

Outstanding	AA	A	B	June 2022	December 2021
Until 30 days	-	1.529	-	1.529	15.032
From 91 to 180 days	-	-	-	-	64.330
From 181 to 365 days	6.641	-	-	6.641	-
Over 365 days	6.894	-	-	6.894	57.553
Total	13.535	1.529	-	15.064	136.915
Allowance for losses (note 17a)	-	(8)	-	(8)	(361)
Private sector	AA	A	B	June 2022	December 2021
Mining	13.535	-	-	13.535	59.029
Transports	-	1.529	-	1.529	32.743
Others	-	-	-	-	17.893
Energy	-	-	-	-	10.838
Machines and equipaments	-	-	-	-	7.696
Chemical and Petrochemical	-	-	-	-	4.553
Paper and Cellulose	-	-	-	-	4.163
Total	13.535	1.529	-	15.064	136.915
Allowance for losses (note 17a)	-	(8)	-	(8)	(361)

Allowance for losses associated with the likelihood of future disbursements linked to financial guarantees are measured according to models and practices of recognized credit risk management and based on consistent information and consistent verifiable criteria.

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9 Foreign exchange portfolio

	<u>June 2022</u>	<u>December 2021</u>
Other credits		
Foreign exchange purchased pending settlement	-	59.870
Right on foreign exchange sold	-	3.851
Income receivable from advances granted (note 8a)	-	251
Total	<u>-</u>	<u>63.972</u>
Other obligations		
Payable for foreign exchange purchased	-	3.792
Foreign exchange sold pending settlement	-	46.127
Advances on foreign exchange contracts (note 8a)	-	(42.277)
Total	<u>-</u>	<u>7.642</u>

10 Other assets

a) Taxes and contributions to be offset

Amounts of tax paid in advance are as follows:

	<u>June 2022</u>	<u>December 2021</u>
Corporate Income Tax ("IRPJ")	928	943
Social Contribution Tax on Net Income ("CSLL")	254	257
National Institute of Social Security ("INSS")	129	343
Contribution to Financing the Social Security Systems ("COFINS")	-	11
Social Integration Program ("PIS")	-	3
Total	<u>1.311</u>	<u>1.557</u>

b) The following amounts make-up sundry:

	<u>June 2022</u>			<u>December 2021</u>		
	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Total</u>
Advances on payroll	374	-	374	62	-	62
Judicial deposits	-	40	40	-	40	40
Amounts receivable from associated companies	623	-	623	489	-	489
Other	34	-	34	-	-	-
Total	<u>1.031</u>	<u>40</u>	<u>1.071</u>	<u>551</u>	<u>40</u>	<u>591</u>

11 Prepaid expenses

These refer substantially to prepaid expenses related to insurance, the provision of real-time economic and market information services and services involving information provided for compliance purposes. The amount of deferred prepaid expenses during the period was R\$ 430 (R\$ 280 on December 31, 2021).

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12 Income and social contribution tax credits

The Bank has tax credits not recognized in accounting books because they do not meet the standards of Resolution CMN 4.842/20 which requires that:

- I. there is expectation of generating future taxable income or profits for the purposes of income tax and social contribution in subsequent periods based on a technical study demonstrating the likelihood of future obligations with taxes and contributions that would allow the deferred tax asset to be carried out within a maximum of ten years; and
- II. Present a history of taxable income or profits for the purposes of income tax and social contribution on net income evidenced by the occurrence of such situations at least in three out of the last five financial years, including the current year.

Income and social contribution tax credits not recorded include the following:

	June 2022				
	Tax base IRPJ	Tax base CSLL	IRPJ	CSLL	Total
Fiscal loss carry-forward (i)	138.659	139.782	34.665	27.956	62.621
Provision for restructuring (note 28)	21.942	21.942	5.486	4.388	9.874
Provision for staff bonuses	1.614	1.614	404	323	727
Provision for losses	600	600	150	120	270
Contingency provision	115	115	29	23	52
Provision for accounts payable	53	53	13	11	24
Adjustment derivative financial instruments	(2)	(2)	(1)	-	(1)
Total			40.746	32.821	73.567

	December 2021				
	Tax base IRPJ	Tax base CSLL	IRPJ	CSLL	Total
Fiscal loss carry-forward (i)	124.082	125.049	31.021	25.010	56.031
Provision for restructuring (note 28)	21.271	21.271	5.318	4.254	9.572
Provision for staff bonuses	3.657	3.657	914	731	1.645
Provision for losses	573	573	143	115	258
Contingency provision	569	569	142	114	256
Provision for accounts payable	50	50	13	10	23
Adjustment derivative financial instruments	(617)	(617)	(154)	(123)	(277)
Others	1	1	-	-	-
Total			37.397	30.111	67.508

- (i) Tax losses and negative social contribution base subject to be offset against future taxable income, as provided for under the prevailing legislation;

13 Fixed assets

Property and equipment in use

	Depreciation (years)	June 2022			December 2021		
		Cost	Accumulated		Cost	Accumulated	
			Depreciation	Net Amount		Depreciation	Net Amount
Premises	10	1.307	(818)	489	1.307	(753)	554
Furniture and equipment	10	896	(577)	319	896	(532)	364
Data processing system	5	8.995	(5.956)	3.039	8.995	(5.456)	3.539
Communication and security system	10	69	(42)	27	69	(39)	30
Total		11.267	(7.393)	3.874	11.267	(6.780)	4.487

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Fixed assets are still in use and will be depreciated until June 2023 according to the wind down timeframe, the eventual impairment will be recorded at an appropriate time when the disposition will be determined.

14 Demand deposits

These refer to deposits in the current account from corporate companies, amounting to R\$ 1.284 (R\$ 1.201 on December 31, 2021).

15 Foreign borrowings

Currency	June 2022			December 2021		
	Amount in foreign currency	Until 90 days	Total	Amount in foreign currency	Until 90 days	Total
USD	4.250	<u>22.262</u>	<u>22.262</u>	28.050	<u>156.785</u>	<u>156.785</u>
Total		<u>22.262</u>	<u>22.262</u>		<u>156.785</u>	<u>156.785</u>

The balance of foreign borrowings consists of funds in USD provided by Commerzbank AG, annual rates between 1,860% and 1,900 on June 30, 2022 (0,383% and 0,830% on December 31, 2021).

16 Interbank relations

These refer to payment orders to be fulfilled in foreign currency in the amount of R\$ 10.665 on December 31, 2021.

17 Other liabilities

a) Liability provisions

	<u>June 2022</u>	<u>December 2021</u>
<u>Current liabilities</u>		
Restructuring provision	20.874	10.260
Allowance for guarantees and sureties issued	<u>8</u>	<u>340</u>
	<u>20.882</u>	<u>10.600</u>
<u>Long-term liabilities</u>		
Restructuring provision	1.068	11.011
Provision to contingency (note 25)	600	569
Allowance for guarantees and sureties issued	<u>-</u>	<u>21</u>
	<u>1.668</u>	<u>11.601</u>
Total	<u>22.550</u>	<u>22.201</u>

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b) Tax and social security

	<u>June 2022</u>	<u>December 2021</u>
<u>Current liabilities</u>		
Taxes and contributions on payroll	521	1.317
ISS tax payable	83	66
COFINS tax payable	52	47
Taxes and contributions on third-party services	22	51
Pis tax payable	8	8
Income tax provision	-	54
Total	<u>686</u>	<u>1.543</u>

c) Other

	<u>June 2022</u>	<u>December 2021</u>
<u>Current liabilities</u>		
Personnel expenses	3.442	5.208
Other administrative expenses	642	562
Related parties (note 21)	71	-
Other payments	4	10
Total	<u>4.159</u>	<u>5.780</u>

18 Shareholders' equity

a) Capital

The capital stock is represented by 268.138.562 common shares, with no par value and fully paid-in.

The subscribed capital is R\$ 268.138 divided in 268.137 nominated shares. On the six-month period, the accumulated losses was R\$ 13.574 on June 30, 2022 (R\$ 24.535 on June 30, 2021), and an accumulated loss per share was R\$ 0,0506 on June 30, 2022 (R\$ 0,0915 on June 30, 2021).

b) Income allocation

According to the bylaws, the Bank's net income for the period after offsetting the losses accrued in previous periods, if any, should be allocated as follows:

- 5% for the constitution of legal reserves, up to the limit of 20% of capital stock;
- A minimum of 5% for dividends and/or return on capital to shareholders, in accordance with the applicable laws; and
- The balance, if any, should be allocated according to the decision of the Annual Shareholders' Meeting as proposed by the Management according to the legal provisions on the matter.

The distribution of dividends and/or interest on capital will not be mandatory for fiscal years in which such payments would be deemed incompatible with the Bank's financial condition.

No income was distributed for the periods ended on June 30, 2022 and 2021.

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19 Breakdown of the income accounts

a) Lending transactions

	<u>2022</u>	<u>2021</u>
Loans (working capital)	2.067	6.628
Export financing (NCE)	<u>322</u>	<u>1.669</u>
Total	<u>2.389</u>	<u>8.297</u>

b) Income from securities transactions

	<u>2022</u>	<u>2021</u>
Income from transactions with fixed income securities (i)	3.890	3.920
Income from interbank loans	1.266	1.219
Gains on transactions with fixed income securities (i)	-	42
Income from money market investments	<u>-</u>	<u>1</u>
Total	<u>5.156</u>	<u>5.182</u>

(i) Refers to income from Brazilian government bonds – Treasury Bills (“LFTs”) and National Treasury Notes (“LTNs”).

c) Derivatives

	<u>2022</u>			<u>2021</u>		
	Gain	Loss	Net	Gain	Loss	Net
Swap	16	-	16	582	(1.348)	(766)
NDF	-	-	-	6.403	(2.326)	4.077
Future	<u>22.065</u>	<u>(30.585)</u>	<u>(8.520)</u>	<u>446.669</u>	<u>(451.895)</u>	<u>(5.226)</u>
Total	<u>22.081</u>	<u>(30.585)</u>	<u>(8.504)</u>	<u>453.654</u>	<u>(455.569)</u>	<u>(1.915)</u>

d) Foreign exchange transactions

	<u>2022</u>	<u>2021</u>
Income from foreign exchange transactions	9.204	16.373
Expenses from foreign exchange transactions	(19)	(79)
FX rate variation	<u>(13.748)</u>	<u>(24.616)</u>
Total	<u>(4.563)</u>	<u>(8.322)</u>

e) Income from services provided

	<u>2022</u>	<u>2021</u>
Service intercompany fees (note 21)	1.219	1.617
Guarantee fees	276	904
Commissions on mediation deals (note 21)	-	4.681
Intermediation of export letters of credit (note 21)	-	726
Commission on finance structuring	<u>-</u>	<u>567</u>
Total	<u>1.495</u>	<u>8.495</u>

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f) Income from bank fees

	<u>2022</u>	<u>2021</u>
Fees from foreign exchange income - import	28	302
Fees from current account	4	21
Fees from foreign exchange income - export	1	-
Fees from foreign exchange income - financial	-	<u>1</u>
Total	<u>33</u>	<u>324</u>

g) Open market funding transactions

	<u>2022</u>	<u>2021</u>
Credit guarantee fund	(1)	(5)
Time deposits	-	(66)
Repurchase agreements	-	<u>(3)</u>
Total	<u>(1)</u>	<u>(74)</u>

h) Borrowing and on-lending transactions

	<u>2022</u>	<u>2021</u>
Borrowing and on-lending transactions (note 21)	-	5
Borrowing with foreign Banks (note 21)	(336)	(1,434)
FX rate variation	<u>11.720</u>	<u>11.256</u>
Total	<u>11.384</u>	<u>9.827</u>

i) Personnel expenses

	<u>2022</u>	<u>2021</u>
Employee compensation (i)	(7.015)	(21.497)
Social charges (i)	(3.746)	(9.408)
Benefits	(1.766)	(5.497)
Management compensation	(1.025)	(935)
Training	(22)	(16)
Interns' salary	-	<u>(55)</u>
Total	<u>(13.574)</u>	<u>(37.408)</u>

- (i) Employee compensations and social charges include the restructuring expenses as described in the note 28.

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j) Other administrative expenses

	<u>2022</u>	<u>2021</u>
Data processing	(3,471)	(3,716)
Rentals	(1,187)	(2,434)
Expenses with specialist technical services	(562)	(655)
Third-party services	(510)	(354)
Expenses for financial systems services	(338)	(638)
Communication expenses	(252)	(267)
Transportation	(76)	(104)
Travel and accommodation	(58)	-
Publications and advertising	(41)	(19)
Lease	(31)	(86)
Other administrative expenses	(197)	(188)
Total	<u>(6,723)</u>	<u>(8,461)</u>

k) Tax expenses

	<u>2022</u>	<u>2021</u>
Contribution to Financing the Social Security Systems ("COFINS")	(274)	(1,002)
Other taxes	(101)	(121)
Service tax ("ISS")	(76)	(450)
Social Integration Program ("PIS")	(45)	(163)
Tax on Financial Transactions ("IOF")	(2)	(2)
Total	<u>(498)</u>	<u>(1,738)</u>

20 Income and social contribution taxes

a) Statement of calculation of income and social contribution taxes

	<u>2022</u>		<u>2021</u>	
	<u>IRPJ</u>	<u>CSLL</u>	<u>IRPJ</u>	<u>CSLL</u>
Pre-tax earnings	(13,574)	(13,574)	(32,141)	(32,141)
Additions:				
Temporary	1,435	1,435	23,025	23,025
Permanent	299	143	1,492	1,200
Exclusions:				
Temporary	(2,737)	(2,737)	(4,321)	(4,321)
Income tax and social contribution basis of calculation	<u>(14,577)</u>	<u>(14,733)</u>	<u>(11,945)</u>	<u>(12,237)</u>
Income and social contribution taxes	3,644	2,947	2,986	3,059
Effect of the adoption of different tax rates	-	-	-	(612)
Income and social contribution taxes - deferred tax losses	<u>3,644</u>	<u>2,947</u>	<u>2,986</u>	<u>2,447</u>

The deferred income and social contribution losses were not recorded because they do not meet the standards of Resolution CMN 4.842/20, as described in the note 12.

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b) Reconciliation of the calculation of income tax and social contribution

The reconciliation between the tax expense and the accounting result determined by the tax rate for the period ended on June 30, 2022 and 2021, is as follows:

	2022		2021	
	IRPJ	CSLL	IRPJ	CSLL
Pre-tax earnings	(13.574)	(13.574)	(32.141)	(32.141)
Income and social contribution taxes, calculated at the current tax rates	3.394	2.715	8.036	8.035
Effect of the adoption of different tax rates	-	-	-	(1.607)
Additions:				
Temporary	(359)	(286)	(5.756)	(4.605)
Permanent	(75)	(29)	(373)	(240)
Exclusions:				
Temporary	684	(547)	1.080	864
Income and social contribution taxes	3.644	1.853	2.987	2.447
Effective income tax and social contribution rate	26,85%	13,65%	9,29%	7,61%

21 Transactions with related parties

Transactions with related parties are carried out under arm's length. These operations are closed under rates at the beginning of the deal as well at the settlement dates according to the market conditions.

The following table shows the balance of the Bank's transactions with its related parties on June 30, 2022 and 2021.

	June 2022		June 2021	December 2021
	Revenues / (Expenses)	Assets / (Liabilities)	Revenues / (Expenses)	Assets / (Liabilities)
Foreign currency deposits (i)				
Commerzbank AG	-	1.183	-	3.940
Foreign borrowings (ii)				
Commerzbank AG	-	-	(971)	-
Commerzbank AG New York	(336)	(22.262)	(458)	(156.778)
Services provided (iii)				
Commerzbank AG	1.219	616	2.343	-
Commerzbank AG Luxembourg	-	-	930	109
Commerzbank AG New York	-	6	3.751	380
Services rendered expenses (iv)				
Commerzbank Singapore	(71)	(71)	-	-
Total	812	(20.528)	5.595	(152.349)

- (i) Represents foreign currency deposits;
- (ii) Represents the foreign borrowings;
- (iii) Represents the mediation services between the Bank and Commerzbank Luxembourg and New York, service agreement and letter of credit intermediation between the Bank and Commerzbank AG.
- (iv) Represents the services rendered from Commerzbank Singapore to Commerzbank Brasil.

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22 Key management compensation

	<u>2022</u>	<u>2021</u>
Fixed remuneration	707	687
Variable remuneration	318	248
Total	<u>1.025</u>	<u>935</u>

The key management compensation is not based on shares and there is no post-employment benefits.

23 Risk and Capital management

Risk management is a continuous process that identifies and measures existing risks, in addition to potential risks that might threaten the Bank's operations. The policy of Risk and Capital management is available in <https://www.commerzbank.com.br> (not audited) at Finance and Regulatory information item.

Identifying risks aims to map out risk events, both internal and external, that might affect the business strategy, with a possible adverse impact on the Bank's results, liquidity or reputation.

Responsibilities for risk management are, in principle, structured along three lines of defense:

- a) In the first line of defense, the role of the business areas and the support areas is to manage the risks by identifying, assessing, controlling and reporting those risks;
- b) In the second line of defense, an autonomous unit controls the risks in a centralized manner, seeking to ensure that the risks are managed in accordance with the established risk appetite, policies and procedures;
- c) In the third line of defense, the role of the internal audit function is independently to assess the activities in which the institution engages, enabling senior management to ascertain whether controls are adequate, risk management is effective and internal and external rules have been complied with.

Risk management structure

The risk management organizational structure complies with the regulations prevailing in Brazil and overseas and is aligned with best market practices and can be summarized as follows:

a) Credit risk

Credit risk is the possibility of loss due to default by the taker, issuer or counterparty on their financial obligations at the terms agreed, the impairment of a credit agreement due to the downgrading of the risk of the taker, issuer or counterparty, a decrease in earnings or remuneration, benefits granted in subsequent debt renegotiations, or the recovery of costs.

The Bank's credit risk management structure provides for consistent, integrated handling of credit risk for transactions in the trading and banking portfolios. The responsibilities of this structure include the identification, assessment, measurement, control and mitigation of risks. For this purpose, policies and strategies have been introduced to manage credit risk; systems, models and internal procedures for credit risk are properly validated; losses associated with credit risk are estimated using consistent and prudent criteria and the levels of Reference Capital ("PR") and provision are kept in line with the credit risk assumed by the institution.

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b) Market risk

Market risk is the possibility of loss resulting from fluctuations in the market prices of positions held by a financial institution. This definition includes the risk of operations subject to changes in currency rates, interest rates, share prices or commodities prices.

The Bank's market risk management structure is based on risk management policies and strategies that establish operating limits and procedures to keep market risk at acceptable levels as well as systems to measure, monitor and control market risk exposure, both for dealings in the trading portfolio and for other positions, and to generate timely reports for the management of the institution.

c) Liquidity risk

Liquidity risk can be defined as the possibility that the institution may not be able to honor its expected and unexpected obligations effectively, currently or in the future, including those arising from liabilities under guarantees, without affecting its routine operations or incurring significant losses, and the possibility that the institution may not be able to close out a position at the market price, due to its size in relation to the volumes normally traded, or because the market has been suspended.

The Bank's liquidity risk management structure is based on policies and strategies which set operating limits and procedures intended to keep liquidity risk exposure at the levels determined by management; processes to identify, assess, monitor and control liquidity risk exposure over different time horizons; periodical stress testing in short and long-term scenarios, and the assessment of liquidity risk as part of the approval process for new products, as well as checking their compatibility with existing procedures and controls. Liquidity management policies and limits are reviewed periodically.

In order to avoid such risk, a Assets and Liabilities Committee (ALCO) is held in a quarterly basis, which assesses potential liquidity risks, either by market factors or internal operations. The Cash management is performed in a daily basis where assumptions of disbursements to be realized and future receipts are used.

As part of its liquidity management, the Bank has assets considered highly liquid (government bonds) that ensure a comfortable position related to any type of short-term liquidity event. These assets are classified in the balance sheet according to their original maturity.

d) Operating risk

Operating risk is the possibility that losses may be caused by failings, defects or inadequacies in internal processes, people or systems, or by external events. This definition includes the legal risk of inadequate or defective contracts executed by the institution, sanctions resulting from a failure to comply with legal provisions or indemnities to third parties for damage caused by the institution's business activities.

The Bank's operating risk management structure operates by means of the identification, assessment, monitoring, control and mitigation of risk; documentation and the storage of information on losses resulting from operating risk. Reports are prepared at least once a year to permit the identification and prompt correction of weaknesses in the control and management of operating risk, the testing of operating risk control systems, carried out at least once a year; and an operating risk management policy is drafted and published to be followed by staff.

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Capital and liquidity management

The purpose of capital management is to ensure that the Bank has sufficient resources to support its operations and to meet its capital requirements in a sustainable manner, taking into account the institution's risk profile.

The capital and liquidity management system includes dealing with Risk Weighted Assets ("RWA"); the Leverage Ratio limit (as a method of managing excessive debt); Liquidity Management and Loss Management.

The Bank's minimum capital requirements are subject to the provisions of the resolutions and circulars issued by the CMN and by BACEN in respect of the global standard capital requirement, known as Basel III. These are expressed in the form of ratios of available capital - Reference Equity ("PR"), or Total Capital, made up of Level I, Level II and RWAs.

To calculate the minimum capital requirements, the total value of RWA is obtained by taking into account the total weighted assets for credit, operating and market risks. The Bank uses the **standard approach** to calculate the portions of RWA for market risk and credit risk; while for operating risk the Basic Indicator Approach is used.

The Bank has met the capital requirements of the regulations during the periods presented in this financial statement, with the main capitalization indicators and their minimum requirements on June 30, 2022 and December 31, 2021, as below:

	<u>June 2022</u>	<u>December 2021</u>
Regulatory Capital	90.800	103.153
Credit Risk	35.190	198.846
Market Risk	4.558	21.028
Operational Risk	91.969	87.905
Risk-Weighted Assets	131.717	307.779
Banking Book - Interest Rate Risk	3.247	592
Minimum Core Capital Requirement	13.784	25.214
Additional Core Capital Buffer	3.293	6.156
Shareholders' Equity Requirement	17.077	31.370
Basel Limit Margin	73.723	71.783
Basel Ratio	55,83%	32,88%
<i>minimum required</i>	<i>10,500%</i>	<i>10,000%</i>
Leverage Ratio	45,65%	16,62%
<i>minimum required</i>	<i>3,00%</i>	<i>3,00%</i>

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Socio-Environmental Responsibility

The Socio-environmental responsibility policy outlines the guidelines for the identification, evaluation, monitoring, mitigation and control of socio-environmental risk, in compliance with Resolution CMN 4.327/14. The Bank recognizes the importance of its responsibility for the socio-environmental issues in the conduct of its business and activities. It is also committed to utilizing market solutions to promote environmental sustainability, ensuring the long-term interests of its customers, suppliers and society, demonstrated by the implementation of actions aimed at ensuring adherence to regulatory criteria and good practices in relation to the subject.

The Socio-Environmental Risk Management Policy is available in <https://www.commerzbank.com.br> (not audited) at Finance and Regulatory information item.

24 Employee benefits

The Bank sponsors for its employees and managers (except expatriates), of its own free will, the benefits listed below:

Medical and Dental Plan: The Bank offers plans that include legal dependents at no cost to the employees: The expenditure on this benefit in the period was R\$ 1.466 (R\$ 1.830 on June 30, 2021).

Supplementary Pension Plan: Both staff and Commerzbank contribute. The Bank paid the amount of R\$ 263 in the period (R\$ 264 on June 30, 2021).

The Company's bonus programs is aligned with the remuneration system of Commerzbank AG, which was agreed with the German Federal Financial Supervisory Authority and the Special Fund for Financial Market Stabilization.

25 Contingencies

Assets and Liabilities contingents and legal, tax and social security obligations.

The assets and liabilities contingents and legal, tax and social security obligations are recognized, measured and released as follows:

- Contingents assets – are not recognized on financial statements, except when the evidences providing the guarantee of realization, when no claims are acceptable.
- Contingents liabilities – are recognized on financial statements when, based on legal advisors and management opinion to be considered the risk of losses are possible with a legal or administrative action with a probable settlement of obligations and when the amounts involved were measurable with enough certainty.
The liabilities contingents assessed as possible losses by legal advisors are only disclosed in an explanatory notes, whereas remote losses are not provisioned or disclosed.
- Legal obligations (legal and social security) – refer to legal demand where are being contested the legality and constitutionality of some taxes and contributions. The amount disputed is quantified, provisioned and monthly updated, independent of probability of losses.

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Liabilities contingents classified as probable and possible losses:

The contingent liabilities assessed as probable and possible losses are represented by labor claims, as follows:

	June 2022		December 2021	
	Probable	Possible	Probable	Possible
Opening balance	569	-	543	1.093
Provision in the period	31	-	26	(1.093)
Closing balance	<u>600</u>	<u>-</u>	<u>569</u>	<u>-</u>

26 Sensitivity analysis

The sensitivity analysis shows the impact of interest rate and exchange rate variations on the fair value of assets and liabilities as of June 2022 without considering the tax effect.

The impact on the fair value of assets and liabilities exposed to interest rate variation is measured by applying parallel variations in their respective interest rates without considering the correlations between them. The impact of exchange rate variation is measured by applying a fixed percentage of valuation or devaluation of the Real currency in relation to other currencies.

In this analysis are presented 4 scenarios with an increase or reduction of 50 basis points in interest rates for all periods and valuation or devaluation in exchange rates of 5%:

Scenario I – impact of the increase in interest rates and the valuation of exchange rates.

Scenario II – impact of the reduction in interest rates and the devaluation of exchange rates.

Scenario III – only adverse impacts of the increase in interest rates and the valuation of exchange rates

Scenario IV – only adverse impacts of the reduction of interest rates and the devaluation of exchange rates

Risk factor	Scenarios June 2022			
	I	II	III	IV
Fixed interest rate	(2)	2	-	2
Exchange coupon	(21)	21	(21)	-
FX variance	15	(15)	15	(15)
Total	<u>(8)</u>	<u>8</u>	<u>(6)</u>	<u>(13)</u>

Risk factor	Scenarios December 2021			
	I	II	III	IV
Fixed interest rate	(774)	774	-	774
Exchange coupon	(662)	662	(662)	-
FX variance	139	(139)	139	(139)
Total	<u>(1.297)</u>	<u>1.297</u>	<u>(523)</u>	<u>635</u>

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27 Non-recurring results

The Bank presented a non-recurring result as follows:

	<u>2022</u>	<u>2021</u>
Restructuring expenses (note 1 and 28)	(1.171)	(23.250)
Total	<u>(1.171)</u>	<u>(23.250)</u>

28 Other information

Impact of the Covid-19 Pandemic – up to the current date, the Bank has not suffered any significant financial impact and does not have enough information to predict future impacts. The Bank has highly liquid assets at comfortable levels to honor short-term obligations and to conduct its business activities. However, as a precaution, exposures to market risks have been reduced to minimum levels and new loans are granted after careful individual credit analysis.

The values of assets and liabilities presented are already at the liquidation value. This way, there are no disclosures with adjustments between book value and the liquidation value.

In the period ended on June 30, 2022, the bank booked restructuring expenses associated with the institution's wind down process. The restructuring provision expenses are described as follows:

	<u>2022</u>	<u>2021</u>
Employee compensations (i)	453	17.265
Social charges (i)	171	2.718
Contracts' penalties (ii)	47	695
Office reinstatement (iii)	-	1.005
Total provisions	<u>671</u>	<u>21.683</u>
Legal expenses (iv)	117	125
Third-party services (v)	-	27
Employee compensations and social charges (vi)	383	1.415
Total actual expenses	<u>500</u>	<u>1.567</u>
Total restructuring expenses	<u>1.171</u>	<u>23.250</u>

- (i) Refers to the amount of employee compensations social and charges arising from the termination of the employment contract in accordance with individual contracts..
- (ii) Refers to the expected termination penalties for the office rental contract and data center that will take place in 2023.
- (iii) Refers to the estimated office reinstatement costs.
- (iv) Legal services for amendment of employees' individual contracts
- (v) Human resources consultancy services.
- (vi) Expenses incurred with employees layoff in the period.

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29 Subsequent events

According to the schedule for the closure of the activities of Commerzbank Brasil S.A. – Banco Múltiplo, the last credit loan was settled on July 14, 2022 and the last letter of credit ended on July 18, 2022, the foreign borrowing was settled on July 20, 2022 and the last on demand deposit ended on August, 12 2022.

Ronaldo Correa
President director

Karsten Sieber
Director

Elio Pereira Sales
Accountant CRC-1SP 212554/O-0

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