

Banco Paulista S.A.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Financial statements and independent auditor's report

As of December 31, 2021



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MANAGEMENT REPORT

Dear Shareholders,

We hereby submit the financial statements of Banco Paulista for the years ended December 31, 2021 and 2020, prepared in accordance with the standards established by the Central Bank of Brazil (BACEN) and the National Monetary Council (CMN).

Loss, Equity, Assets and Money Market Funding: Banco Paulista closed the year ended December 31, 2021 with a profit of R\$ 6.0 million and equity of R\$ 184.9 million. Assets amounted to R\$ 1.5 billion, comprised of R\$ 630.1 million in lending operations and R\$ 499.4 million in securities and derivatives. Money market funding was R\$ 1.3 billion.

Governance, Risk Management and Human Resources: Banco Paulista has a governance framework based on decision-making committees, in the functional specialization of the different areas and segregation of duties.

Circular Letter 3.068/01 - BACEN: Banco Paulista hereby represents that it has financial capacity and intention to hold to maturity the securities classified in the "Held to maturity" category in the amount of R\$166.5 million, accounting for only 33.3% of the total securities and derivative financial instruments.

Banco Paulista has been adopting a set of actions to protect the institution which have already contributed to disseminate and promote measures and good management practices for the corporate environment integrity, ethics, and transparency.

Banco Paulista's Management's commitment goes beyond meeting the requirements in prevailing legislation; rather, Management's objective is to position the Bank among the companies having the best transparency practices, which includes a commitment to communicate relevant, timely and fair information to the market.

Acknowledgements: We would like to thank our clients for trusting Banco Paulista and our employees for their continued hard work and dedication.

São Paulo, March 18, 2022

The Management

EXECUTIVE BOARD REPRESENTATION

SECURITIES

As required by BACEN Circular Letter 3.068/01, the Executive Board herein represents that BANCO PAULISTA S.A. has the intent to held to maturity the securities classified under the “held-to-maturity” category, in the amount of R\$ 166,456 thousand (R\$ 144,828 thousand in 2020), as shown in Note 6.

The Executive Board also represents herein that BANCO PAULISTA S.A. has financial capacity to hold such securities to their respective maturity dates.

Financial statements

The Executive Board herein represents that they reviewed, discussed and agree with the opinion expressed in the independent auditor’s report and, also, reviewed, discussed and agree with the financial statements of BANCO PAULISTA S.A. for the year ended December 31, 2021, and authorized them for issue on March 18, 2022.

BANK’S OMBUDSMAN

BANCO PAULISTA S.A.’s ombudsman structure is in conformity with CMN Resolution 4.860/2020, as it provides its clients with channels to access the Ombudsman and discloses them through its bank correspondents, the Internet, and communication materials. The Bank’s Ombudsman acts as a prime client relations tool and it is in strict compliance with legal and regulatory consumer protection rules.

RELATIONSHIP WITH INDEPENDENT AUDITORS

In the year ended December 31, 2021, BANCO PAULISTA did not engage nor was provided services by Grant Thornton Auditores Independentes that compromise or may compromise the independence necessary to the performance of the external audit of the financial statements. The adopted policy complies with principles that preserve the auditor’s independence, in accordance with internationally accepted criteria, that is, the auditor cannot audit his own work, perform management functions in his client or act as client’s advocate.

ACKNOWLEDGEMENTS

We would like to thank our clients for trusting Banco Paulista and to our employees for their continued hard work and dedication.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail. See Note No. 39 to the financial statements.)

Independent auditor's report on the financial statements

**Grant Thornton Auditores
Independentes**

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To the Shareholders and Management of
Banco Paulista S.A.
São Paulo – SP

Disclaimer of opinion

We have been engaged to perform an audit of the financial statements of Banco Paulista S.A. (“Bank”), which comprise the statement of financial position as of December 31, 2021, and the statement of profit or loss, statement of changes in equity, and statement of cash flows for the six-month period and year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the financial statements of Banco Paulista S.A. due to the significance of the matters described in the “Basis for disclaimer of opinion” paragraph, we were unable to obtain sufficient and appropriate audit evidence to provide a basis for our opinion on these financial statements.

Basis for disclaimer of opinion

Investigation processes underway

As mentioned in Note 2.c, on May 8, 2019, the Bank was the target of the 61st phase of Operation Car Wash, dubbed “Disguises of Mammon”, whereby the Federal Prosecution Office (“MPF”) and the Federal Police investigate money laundering practices by means of foreign exchange transactions related to members of Odebrecht Group’s Structured Operations Sector, which resulted in the execution of search and seizure warrants at the Bank’s premises to identify any illegitimate service agreements. This matter was also the subject of an administrative proceeding with the Central Bank of Brazil (BACEN) in 2018.

In view of the foregoing, the Bank’s Management conducted an independent investigation over the service providers referred to in the proceedings started by BACEN and MPF to identify any failures of its former management members and former providers of the services related to such Operation to comply with applicable laws and regulations.

The investigation counted on an independent internal committee, which, in turn, relied on the assistance of a legal advisory firm and a firm specializing in risks, the results of which are disclosed in Note 2.c. The investigation only covered those service providers under the investigation processes conducted by federal government authorities. The work indicated that certain service expenses arising from commissions on foreign exchange transactions performed by the Bank were not supported by appropriate sufficient evidence to corroborate the provision of services. In addition, the investigation identified expenses lacking formal agreements, payments of expenses whose agreements lacked the rationale for remuneration or commission percentage and lack of request for purchases or quotes with other suppliers, which resulted in a tax assessment notice being issued by the Federal Revenue Service (“RFB”) in the amount of R\$ 55,586 thousand, whose balance adjusted for inflation through December 31, 2021 was R\$ 24,230 thousand, as shown in Note 16.a.

RFB completed its inspection on December 03, 2019 and, as a result, issued an additional tax assessment notice relating to the disallowance of deductibility for income tax, social contribution on net profit and withholding income tax.

For such tax assessment notice, the Bank has filed an appeal against this disallowance, which was assessed by its legal advisors as remote and possible loss, as shown in Note 30.c, and in the investigation performed, which did not identify irregularities for the related expenses. As mentioned in Note 2.c, on July 10, 2020, RFB issued a new tax assessment notice that supplemented and adjusted the second assessment notice issued when the inspection was completed, on December 03, 2019, relating to the fine percentage applied. The legal counsel classified the potential loss arising from this assessment the same way they classified the potential loss on the original tax assessment notice.

On September 10, 2020, the 74th phase of Operation Car Wash was initiated having as targets the transactions the Bank carried out with Petróleo Brasileiro S.A. and Petrobras Biocombustível S.A. (collectively “Petrobras Group”) in the period from September 12, 2008 to March 18, 2011. This phase of the Operation deepened the investigation on possible illegal acts committed in connection with agreements that would have been made between the parties under which surcharges were allegedly applied, causing funds belonging to the executives involved in the related transactions to be frozen. The Banks’ Management and legal counsel understand that the frozen funds are sufficient to support possible collections arising from the application of surcharges, if that is proven. Recognizing a provision for this contingency was not deemed necessary. However, we were not provided with any position on reimbursements that may eventually be required by the Petrobras Group companies involved and on any liabilities that should be recognized. Concluding on these matters by performing additional auditing procedures was not possible. We emphasize that the independent investigation previously performed by the Bank has not covered all the service providers and, mainly, the transactions performed by Petrobras Group companies, nor has a new investigation on these matters or amounts involved, if any, been performed. Accordingly, we were unable to conclude as to the whether a prosecution for administrative corruption will be instituted against the Bank, which might result in an indemnity being claimed and require the recognition of contingent liabilities that have not been recorded in the Bank’s financial statements as of December 31, 2021.

Consequently, we were unable to measure the possible effects of the transactions identified by this phase of Operation Car Wash, including the proper disclosure of the related explanatory notes; also, performing additional investigation procedures, not yet considered, may be required as part of the whole investigation process initiated. Additionally, to date, estimating the future developments of the investigation processes being conducted by federal public authorities, and the effects thereof on the financial statements as of December 31, 2021, if any, is not yet possible.

Deferral of acquisition of receivables assignment

As mentioned in Note 11, as of December 31, 2021, the Bank had the amount of R\$ 4,347 thousand recorded in "Other assets - Sundry" relating to the deferral of acquisition of receivables and recognized R\$ 4,371 thousand as an expense in profit or loss for the six-month ended December 31, 2021. As disclosed in Note 27, out of the total expense recognized as of December 31, 2021, the amount of R\$ 1,900 thousand refers to the six-month period ended June 30, 2021. Consequently, profit for the six-month period ended December 31, 2021 is understated by that amount.

Tax credits

As mentioned in Note 29.b to the financial statements, as of December 31, 2021, the Bank had tax credits recognized in the amount of R\$ 31,484 thousand, for which no sufficient appropriate audit evidence supporting the recognition of R\$ 1,949 thousand has been provided. Consequently, we were unable to determine the effects of adjustments, if any, to the Bank's financial statements as of December 31, 2021.

Valuation adjustment to equity

As shown in the statement of changes in equity, as of December 31, 2021, the Bank had R\$ 1,505 thousand recorded in equity relating to the negative adjustment to the fair value of the securities classified as "available for sale", whose valuation and/or devaluation, according to BACEN Circular Letter 3.068/01, must be recorded in a separate account in equity, net of taxes. In the year ended December 31, 2021, we identified that an adjustment of R\$ 1,450 thousand was made which had an effect on profit or loss. Consequently, profit for the year is understated by that amount.

Uncertainty on the ability to continue as a going concern

Based on the matters mentioned in the "Investigation processes underway" paragraph of the "Basis for disclaimer of opinion" section and the other aspects disclosed in Note 2.c), as a consequence of the pending lawsuits and investigation processes underway and their still uncertain outcome, coupled with the relevance of the reported matters relating to accounting procedures adopted by Management that were not in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN) and which were also a matter included in the "Basis for disclaimer of opinion" section, Management needs to continue to adopt measures to safeguard the Banks's ability to continue as a going concern.

Dismissal of Civil Investigation

We draw attention to Note 2, which mentions that on September 20, 2021 the Federal Prosecution Office (MPF) dismissed Civil Investigation #1.34.001.007268/2019-47, under which MPF would conduct its own investigation to verify the legality of the foreign exchange transactions conducted by the Bank abroad to sell foreign currencies against the respective amounts in reais in kind. We emphasize that a proceeding of the same nature had already been dismissed by the Central Bank of Brazil (BACEN). Our opinion is not qualified regarding this matter.

Transactions with related parties

As mentioned in Note 30, in the year ended December 31, 2021, the Bank recognized gains on assignment of receivables without recourse in the amount of R\$ 5,632 thousand, which accounts for 3.03% of its equity. Since these transactions are conducted between related parties, results might be different had these transactions been conducted with third parties. Our opinion is not qualified regarding this matter.

Other matters

Audit of corresponding figures as of December 31, 2020

The Bank's financial statements for the six-month period and year ended December 31, 2020 were audited by other independent auditors whose report thereon, dated April 12, 2021, contained a disclaimer of opinion regarding the following matters: **(i)** Investigation processes being conducted by the Federal Prosecution Office and the Brazilian Federal Revenue Services; **(ii)** Civil Investigation; **(iii)** Confirmation letters (external parties) and reconciliation of foreign financial institutions; **(iv)** Investments in subsidiaries and affiliates; **(v)** Confirmation letters of lending operations; **(vi)** Determination of tax credits; **(vii)** Custody of assets and liabilities; **(viii)** Losses associated to credit risks; **(ix)** Valuation adjustments to equity; **(x)** Deferral of commissions on money market funding; **(xi)** Administrative proceeding, a paragraph on uncertainty on the Bank's ability to continue as a going concern, and emphasis of matters regarding related-party transactions and investment in equity fund units.

Information other than the financial statements and auditor's report thereon

The Bank's Management is responsible for this other information that is included in the Management Report.

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

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

Responsibility of Management and those charged with governance for the financial statements

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

In preparing the 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 operations, or has no realistic alternative to avoid doing so.

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

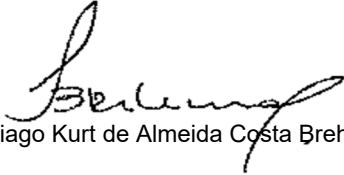
Auditor's responsibility for the audit of the financial statements

Our responsibility is to conduct an audit of the Bank's financial statements in accordance with the Brazilian and international standards on auditing and issue an audit report.

Because of the matters described in the "Basis for disclaimer of opinion" paragraph, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion on the financial statements.

We are independent of the Bank in accordance with the relevant ethical requirements set forth in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

São Paulo, March 18, 2022



Thiago Kurt de Almeida Costa Brehmer

Grant Thornton Auditores Independentes

BANCO PAULISTA S.A.
Statements of financial position
As of December 31, 2021 and 2020
(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	Notes	2021	2020		Notes	2021	2020
Assets				Liabilities			
Current assets		730,577	624,548	Current liabilities		667,682	648,152
Cash and cash equivalents		1,811	1,512				
Cash and cash equivalents	4	1,811	1,512	Deposits and other financial instruments		653,102	632,880
Financial instruments		723,461	622,677	Deposits	15	472,069	377,769
Short-term interbank investments	4/5a	119,998	123,696	Money market funding - own portfolio	16	55,045	89,131
Interbank deposits	5b	3,013	3,017	Funds from acceptances and issuance of securities	17	118,044	124,688
Securities	6	105,636	157,700	Payables due to borrowings and onlendings	17	7,432	6,701
Derivative financial instruments	7	910	-	Derivatives	7	-	1,961
Interbank accounts	10	17,815	17,991	Interbranch and interbank accounts	10	512	576
Lending operations - private sector	8	260,693	244,866	Subordinated debt	17	-	32,054
Trade and other receivables with characteristics of loans	8	211,303	74,705	Provisions		4,057	4,920
Trading account		1,423	677	Accrued liabilities		4,057	3,987
Trade and other receivables without characteristics of loans	9	2,670	25	Financial guarantees	32	-	933
Allowance for expected credit losses		(4,013)	(4,593)	Other liabilities		10,523	10,352
(-) Lending operations	8	(3,022)	(3,846)	Taxes payable		485	5
(-) Trade and other receivables with characteristics of loans	8	(965)	(747)	Fiscal and social security	18a	8,620	10,148
(-) Trade and other receivables without characteristics of loans	9	(26)	-	Corporate and statutory		300	-
Other assets		9,318	4,952	Sundry	18b	1,118	199
Prepaid expenses		5	42	Noncurrent liabilities		775,925	502,095
Nonfinancial assets held for sale - received	11	3,381	3,381	Deposits and other financial instruments		757,278	479,630
Other	12	5,932	1,529	Deposits	15	647,708	426,241
Noncurrent assets		898,615	708,959	Funds from acceptances and issuance of securities	17	109,570	53,389
Financial instruments		817,385	619,513	Provisions		4,909	2,765
Securities	6	393,733	291,720	Financial guarantees	32	1,002	-
Lending operations - private sector	8	369,366	285,624	Contingent liabilities	33b	3,907	2,765
(-) Trade and other receivables with characteristics of loans	8	8,045	9,014	Other liabilities		13,738	19,700
(-) Trade and other receivables without characteristics of loans	9	46,241	33,155	Fiscal and social security	18a	13,738	19,700
Allowance for expected credit losses		(4,764)	(4,908)	Equity	19	185,585	183,260
(-) Lending operations	8	(4,280)	(4,486)	Share capital - in Brazil		184,300	184,300
(-) Trade and other receivables with characteristics of loans	8	(37)	(90)	Earnings reserve		2,790	-
(-) Trade and other receivables without characteristics of loans	9	(447)	(332)	Accumulated losses		-	(1,213)
Tax credits	29b	31,484	34,249	Adjustment to fair value - securities and derivatives		(1,505)	173
Other assets		48,532	50,253	Total liabilities		1,629,192	1,333,507
Others	12	48,532	50,253				
Investments	13	1,461	3,006				
Other investments		1,713	3,258				
(-) Allowances for losses		(252)	(252)				
Property and equipment		1,099	1,387				
Properties on use		957	957				
Other property and equipment in use		5,148	5,838				
(-) Accumulated depreciation		(5,006)	(5,408)				
Intangible assets	14	3,418	5,459				
Intangible assets		7,831	9,281				
(-) Accumulated amortization		(4,413)	(3,822)				
Total assets		1,629,192	1,333,507				

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

BANCO PAULISTA S.A.

Statements of profit or loss

Six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020

(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	Note	2nd half	2021	2020
Revenue from financial intermediation		74,334	115,913	83,447
Lending operations	8h	42,905	71,276	44,152
Gain on short-term interbank investments and securities	5/6	30,954	45,424	34,068
Gain (loss) on derivative financial instruments	7d	360	(841)	(3,164)
Gain (loss) on foreign exchange transactions		115	54	8,391
Expenses on financial intermediation		(47,652)	(71,295)	(47,988)
Money market funding	20	(46,628)	(70,319)	(41,187)
Payables due to borrowings and onlending		-	-	(4,327)
Allowance for expected credit losses	8e	(1,024)	(976)	(2,474)
Gross profit from financial intermediation		26,682	44,618	35,459
Other operating income (expenses)		(22,439)	(39,117)	(37,221)
Service revenue	21	2,046	3,844	4,385
Revenue from banking fees	21	18,033	33,521	42,847
Personnel expenses	22	(22,146)	(41,347)	(42,479)
Administrative expenses	23	(14,483)	(29,444)	(32,775)
Tax expenses	24	(4,759)	(8,871)	(9,348)
Expenses on provisions	25	(1,051)	(3,914)	(2,909)
Other operating income	26	16,668	31,219	17,106
Other operating expenses	27	(16,747)	(24,125)	(14,048)
Operating profit		4,243	5,501	(1,762)
Nonoperating income	28	4,965	5,317	(164)
Profit before taxes on income and profit sharing		9,208	10,818	(1,926)
Income tax and social contribution	29	(3,960)	(4,148)	(141)
Provision for income tax		859	8	220
Provision for social contribution		691	(18)	97
Deferred tax assets		(5,510)	(4,138)	(458)
Statutory profit sharing		(525)	(667)	(364)
Profit for the six-month period/years		4,723	6,003	(2,431)
Earnings per one thousand shares - R\$		11.13	14.14	(5.73)

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

BANCO PAULISTA S.A.

Statements of comprehensive income (loss)

Six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020

(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	2nd half	2021	2020
Profit (loss) for the six-month period and years	4,723	6,003	(2,431)
Other comprehensive income	(2,001)	(1,678)	(1,609)
Available-for-sale financial instruments	(3,638)	(3,052)	(2,654)
Income tax and social contribution	1,637	1,374	1,045
Profit (loss) for the six-month period and years	<u>2,722</u>	<u>4,325</u>	<u>(4,040)</u>

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

BANCO PAULISTA S.A.
Statements of changes in equity
Six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020
(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	Share capital	Earnings reserve		Adjustment to market value	Retained earnings/ Accumulated losses	TOTAL
		Legal reserve	Statutory reserve			
Balances at December 31, 2019	206,300	1,218	-	1,782	-	209,300
Capital increase	38,000	-	-	-	-	38,000
Capital reduction	(60,000)	-	-	-	-	(60,000)
Loss for the year	-	-	-	-	(2,431)	(2,431)
MtM adjustment - securities and derivatives	-	-	-	(1,609)	-	(1,609)
Absorption of losses from reserves	-	(1,218)	-	-	1,218	-
Balances at December 31, 2020	184,300	-	-	173	(1,213)	183,260
Changes in the year	(22,000)	(1,218)	-	(1,609)	(1,213)	(26,040)
Balances at December 31, 2020	184,300	-	-	173	(1,213)	183,260
Profit for the year	-	-	-	-	6,003	6,003
Legal reserve	-	240	-	-	(240)	-
Statutory reserve	-	-	2,550	-	(2,550)	-
Interest on capital	-	-	-	-	(2,000)	(2,000)
MtM adjustment - securities and derivatives	-	-	-	(1,678)	-	(1,678)
Balances at December 31, 2021	184,300	240	2,550	(1,505)	-	185,585
Changes in the year	-	240	2,550	(1,678)	1,213	2,325
Balances at June 30, 2021	184,300	4	63	496	-	184,863
Profit for the year	-	-	-	-	4,723	4,723
Legal reserve	-	236	-	-	(236)	-
Statutory reserve	-	-	2,487	-	(2,487)	-
Interest on capital	-	-	-	-	(2,000)	(2,000)
MtM adjustment - securities and derivatives	-	-	-	(2,001)	-	(2,001)
Balances at December 31, 2021	184,300	240	2,550	(1,505)	-	185,585
Changes in the six-month period	-	236	2,487	(2,001)	-	722

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

BANCO PAULISTA S.A.

Statement of cash flows - indirect method

Six-month period ended December 31, 2021 and years ended December 31, 2021 and 2020

(In thousands of reais)

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

	2nd half	2021	2020
Adjusted profit (loss) for the six-month period and years	69,647	93,245	2,598
Profit (loss) for the six-month period and years	4,723	6,003	(2,431)
Adjustments to reconcile profit to net cash	64,924	87,242	5,029
Allowance for expected credit losses (Note 8e)	1,024	976	2,474
Provisions for deferred income tax and social contribution	5,510	4,138	458
Depreciation and amortization (Note 27)	468	935	901
Inflation adjustment of judicial deposits	(96)	(123)	(70)
Reversal of provision for civil, tax and labor risks	-	(117)	(1,643)
Reversal of judicial deposits	169	234	42
Provisions for contingencies	598	1,943	1,245
Provisions for guarantees	58	173	126
Provisions for tax assessment notice - Federal Revenue Service (Note 18)	395	1,798	1,496
Provisions for income tax and social contribution	(1,550)	10	-
Borrowing costs	46,628	70,319	-
Expenses on payroll loans - INSS	4,371	6,291	-
MtM adjustment - securities	7,349	665	-
Changes in assets and liabilities			
Decrease (increase) in investments in interbank deposits	-	4	(1,209)
(Increase) decrease in securities	(51,070)	(52,292)	140,812
Decrease (increase) in interbranch and interbank accounts	2,078	112	(27)
(Increase) in lending operations	(51,033)	(101,575)	(42,240)
Decrease (increase) in other assets	8,146	(9,047)	(10,177)
(Increase) in trading account and financial intermediation	(889)	(746)	(58,393)
Decrease (increase) in derivative financial instruments	(810)	(2,871)	5,208
(Increase) in tax credits	(1,636)	(1,372)	(728)
(Increase) in trade and other receivables	(171,640)	(151,054)	(46,307)
Decrease in foreign exchange portfolio	-	-	11,756
Increase in deposits	98,309	245,448	151,775
(Decrease) in money market funding	(30,304)	(34,086)	(777,989)
(Decrease) increase in other liabilities	(1,169)	1,399	(19,579)
(Decrease) in tax and social security obligations	(4,226)	(9,298)	(9,963)
(Decrease) in tax and social security obligations	300	300	-
Increase (decrease) increase in provisions	(526)	(718)	(2,318)
Net cash provided by (used in) operating activities	(134,823)	(22,551)	(656,781)
Cash flow from investing activities			
Acquisition of property and equipment in use	(21)	(57)	(130)
Investments in intangible assets	(163)	(163)	(88)
Intangible assets disposed of	1,613	1,613	-
Fixed assets disposed of	-	-	250
Investments	1,773	1,545	3,329
Net cash provided by (used in) investing activities	3,202	2,938	3,361
Cash flow from financing activities			
Capital increase (Note 19a)	-	-	38,000
Interest on capital	(2,000)	(2,000)	-
Increase (decrease) in borrowings and onlendings	731	731	(517)
Increase in funds from acceptances and issuance of securities	49,804	49,537	50,266
(Decrease (increase) in subordinated debt	(32,522)	(32,054)	991
Net cash provided by financing activities	16,013	16,214	88,740
(Decrease) increase in cash and cash equivalents	(115,608)	(3,399)	(564,680)
Cash and cash equivalents			
Cash and cash equivalents at the beginning of the six-month period and years (Note 4)	237,417	125,208	689,888
Cash and cash equivalents at the end of six-month period and years (Note 4)	121,809	121,809	125,208
	(115,608)	(3,399)	(564,680)

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

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

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1. General information

Banco Paulista S.A. (“Bank”) is a privately held corporation controlled by Mr. Álvaro Augusto Vidigal and established as a multipurpose bank, primarily engaged in granting loans to medium- and large-sized entities, providing services and structuring operations for sale and distribution.

Through 2019, the bank’s operations were conducted in the context of a group of institutions that operated in the financial market in an integrated manner. Certain operations were conducted jointly with or intermediated by its former subsidiary Singulare Corretora de Títulos e Valores Mobiliários S.A. (“Singulare”) (formerly “SOCOPA - Sociedade Corretora Paulista S.A.”) and other companies belonging to the controlling shareholders. However, since the corporate restructuring involving the Bank and Singulare was completed, Singulare is no longer part of the Group.

The Extraordinary Shareholders Meeting of February 06, 2020 resolved for the Bank’s corporate reorganization whereby share capital was reduced without cancellation of shares and all shares in Singulare Corretora de Títulos e Valores Mobiliários S.A. were returned to its shareholders, with the current shareholders’ ownership interest in the Bank’s capital remaining unchanged.

Capital was reduced to make the Bank’s and Singulare’s corporate structures independent from each other through the transfer of all shares issued by Singulare to the shareholders. By this way, Singulare is no longer a wholly-owned subsidiary of the Bank. The following chronological order was followed:

- Singulare reduced its capital by R\$ 3,783, without cancellation of shares, with return of funds at the equivalent amounts to the Bank;
- The Bank reduced its share capital by R\$ 60,000, without cancellation of shares, with return of all shares in Singulare to its shareholders. The current shareholders’ ownership interest in the Bank’s capital remained unchanged;
- A resolution was made to increase the Bank’s share capital by R\$ 38,000, fully subscribed by shareholder Álvaro Augusto Vidigal and paid in local currency, as follows: R\$ 19,000 were paid in on February 13, 2020 and the remaining R\$ 19,000, was paid in on July 03, 2020, in local currency.

These resolutions were approved by the Central Bank by means of Official Letter 12.778/2020–BCB/Deorf/GTSP1, on July 03, 2020.

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Impact of Covid-19 on the financial statements

Following the recommendations provided by government and, mainly, by health authorities, the Bank has been adopting measures to help stop the Covid-19 spread.

The institution has intensified the communication to raise employees' awareness and has adopted administrative actions, such as, for example, adopt flextime, work-from-home model, and virtual meetings.

Management did not identify significant changes in its business process, since it continues to operate normally.

To date, the Bank has not recorded peak default levels on its lending portfolio, and fundraising continues to grow, with provides an excellent liquidity level, which could be seen through the date these financial statements were issued.

Management continues to monitor any new developments arising from the pandemic and take actions on a timely basis to mitigate its effects.

2. Basis of presentation of the financial statements

- a) The financial statements have been prepared and are presented in accordance with the accounting practices adopted in Brazil applicable to financial institutions authorized to operate by Bacen, which include the accounting standards established in the Standard Chart of Accounts of Institutions taking part in the National Financial System (Cosif), and the standards issued by the National Monetary Council (CMN), the Central Bank of Brazil and Brazilian Corporate Law.

Accounting estimates are determined by Management, based on factors and assumptions established in reliance upon judgments. Significant items subject to these estimates and assumption include the provisions for adjustment of assets to the probable realizable or recoverable amount, allowances for losses, provisions for risks, mark-to-market of financial instruments, deferred taxes, among others. The settlement of these transactions involving estimates may result in different amounts due to inaccuracies inherent in the estimation process. Estimates are revised on a periodic basis.

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To gradually reduce the differences between the accounting standards established in COSIF Standard Chart of Accounts and the International Financial Reporting Standards (IFRS), the Central Bank of Brazil, under BCB Resolution 2/2020, regulated new procedures for the preparation and disclosure of financial statements. The main changes implemented by said BCB Resolution were the presentation of the statement of financial position accounts in order of liquidity for assets and in order of shortest term to longest term for liabilities; the statement of financial position balances are presented comparatively to those as of the immediately preceding fiscal year, and the other statements are compared to the same periods of the fiscal year preceding the reporting year; inclusion of information on recurring and non-recurring profits, and inclusion of a statement of comprehensive income. The changes introduced by the new standards did not impact profit or equity.

Management hereby represents that the disclosures made in the financial statements evidence all relevant information used in managing the Bank and that the accounting practices were applied consistently to all reporting periods.

In the process of convergence to the International Financial Reporting Standards, the Bank adopts technical pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee (CPC), as ratified by CMN and BACEN as of their effective date.

The financial statements were approved on March 18, 2022.

- b) The financial statements are presented in Brazilian reais, which is the Bank's functional currency. All financial information presented in reais were converted into thousands of reais, unless otherwise stated.
- c) In completing the analyses on the financial statements for the year ended December 31, 2021, mentioning the following events – most of them already considered in the 2020 and 2019 financial statements – is necessary:
 - On April 13, 2018, BACEN started an administrative proceeding which was challenged by the Bank. In August 2020, the Central Bank decided the appeal and imposed a pecuniary fine (see Note 33.d).

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- On February 8, 2018, the Brazilian Federal Revenue Service (RFB) started an inspection process which resulted in the Bank being assessed at the end of 2018 for the IRPJ, CSLL and IRRF issues under Administrative Proceeding 16327-721.025/2018-35, relating to the disallowance of expenses that had been included in the calculation base of those taxes. The resulting debt has been paid in installments on a timely basis under an agreement made with RFB (see Notes 18.a and 33.c);
- On May 08, 2019, the Bank was the target of the 61st phase of Operation Car Wash, dubbed “Disguises of Mammon”, whereby the Federal Prosecution Office (“MPF”) and the Federal Police investigate money laundering practices by means of foreign exchange transactions related to members of Odebrecht Group’s Structured Operations Sector, which resulted in the execution of search and seizure warrants at the Bank’s premises to identify any illegitimate service agreements. By the date of completion of these financial statements, no new position or requirements had been issued by that body;
- In December 2019, as mentioned in Note 33.c, the RFB inspection was completed. However, in July 2020, the Bank was issued an additional tax assessment notice since, according to RFB, the fine amount applied by original tax assessment in December 2019 had been calculated incorrectly. RFB then issued a supplemental assessment which has already been challenged by the Bank;
- In July 2020, BACEN approved a corporate reorganization process involving the Bank and Singulare, as described in Note 1;
- In September 2020, the Bank was again the target of Operation Car Wash in its 74th phase which executed search and seizure warrants involving data on foreign exchange transactions made with Petrobras from 2008 to 2011 under the allegation that surtaxes had been applied on such transactions. The Bank promptly made itself available to provide any clarifications and information that might be required. To date, nothing concrete was identified. For this reason, the Bank did not turn to its legal counsel and did not determine the transactions and their possible effects.
- In October 2020, BACEN unanimously decided to dismiss Administrative Proceeding PE 157096 which had been started to determine the legality of the foreign exchange transactions conducted by the Bank abroad to sell foreign currencies in exchange for the respective amounts in reais in kind;

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- Regarding this issue, MPF, in a civil proceeding, sent an Official Letter requesting the Bank to provide clarifications which was done in due time. The Bank informed that, upon an unanimous resolution, the abovementioned Administrative Proceeding was dismissed;
- In May 2021, news was published on the 74th phase of Operation Car Wash where Banco Paulista's name was mentioned. However, there were no new reports neither against the Bank nor against its executives or employees;
- The Bank's current Management has no knowledge of the transactions being investigated and reassures that the Institution's operations have always being based on legality and all the standards and guidance established by the Central Bank of Brazil are followed.

Considering the events above, Management removed and terminated the Bank's officers and employees involved in the reports and decided to establish an investigation committee comprised of law firm Felsberg Advogados, members from the Bank, and independent members to oversee and perform an investigation process on the transactions that are the subject of the 61st phase of Operation Car Wash dubbed "Disguises of Mammon". All the information, documents and reports generated by the investigation team have been kept confidential. This investigation did not cover all the transactions performed by the foreign exchange department nor have they covered the transactions made with Petrobras.

On March 26, 2020, law firm Felsberg Advogados issued a final report on the investigation process which details all the bases and data collected for the conclusion of the investigation work.

In summary, the final report presents the following data:

- the objective of the work was to gather information on specific transactions performed between the Bank and third parties, considering the companies referred to in the proceedings started by MPF, Bacen and RFB, encompassing the period from January 2007 and May 2019;
- an analysis was made of the relevant documents which included electronic messages, financial proposals, contracts, opinions, reports, access to the building where the Bank's premises are located, among others;
- a forensic collection was made that allowed to recover and analyze a substantial volume of information from varying sources of electronic data, including personal computers, servers, cell phones, among others, as well as an analysis of mass plea bargain;

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- an accounting and financial analysis was performed by identifying the amounts paid to the main entities involved and comparing them to MPF's allegations;
- interviews with then key employees were also made according to their potential participation in the cases under analysis; related entities and individuals were also considered for background check purposes.

The final report also mentions that, during the investigation process, they verified that a series of mitigating measures were taken by the Bank, such as, for example:

- revision of the governance system;
- creation of an Ethics Channel;
- engagement of independent consulting firms and hiring of new professional to reinforce the departments;
- transaction monitoring systems; and
- new internal procedures to obtain and check information on clients, suppliers and partners.

It is worth noting that, as the final report on the investigation covering the list of reported companies was issued, no new cases were reported other than those already publicly known, which were the subject of the assessment notice mentioned in Note 18.a and the 74th phase of Operation Car Wash. That allows to conclude that the Bank has faced a specific issue restricted to its foreign exchange department.

Management and the legal counsel understand that by the date of completion of these financial statements, there are no elements, facts or circumstances that impose the Bank, as a result of the import of currencies and the 74th phase of Operation Car Wash any contingencies that would require the recognition of a provision, since:

- The Bank was not subject to binding measures under the criminal proceedings underway;
- When losses were identified under these proceedings, assets owned by the individuals under investigation were frozen;

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- For a prosecution for administrative corruption to be instituted in connection with imports of foreign currencies or transactions involving PETROBRAS, there should be evidence of an illegal act causing loss. Considering that BACEN unanimously decided to dismiss the relevant Administrative Proceeding, the likelihood of loss arising from a prosecution for administrative corruption is considered remote;
- On June 07, 2021, the Federal Prosecution Office, under Civil Investigation #1.34.001.007268/2019-47, sent by Operation Car Wash task force in São Paulo, due to negative conflicts of jurisdiction, for investigation at the civil level of an alleged failure by BANCO PAULISTA S.A. to comply with the standards established by the Central Bank of Brazil (BACEN) dismissed the records based on all elements gathered and also on their understanding that there was no reason to proceed with the process, and emphasized that the position of BACEN itself was that there were no irregularities according to Administrative PE 157096.

The Bank reinforces its commitment to society, clients and authorities and, for this purpose, the new Management is focused on adopting strict standards, mainly measures to strengthen governance and compliance, such as management, control, audit and transparency of information.

Management hereby asserts that, through the date these financial statements were closed, there had been no updates or new information on the matter.

3. Summary of significant accounting policies

a) Revenue and expenses recognition

Finance income and costs are recorded on the accrual basis, on a daily pro rata basis. Fees and commissions received are recognized during the period services are provided (accrual basis).

Finance income and finance costs are calculated under the exponential method. Fixed-rate transactions are stated at redemption value and income and expenses for the future period are stated as a reduction of related assets and liabilities. Floating rate transactions are adjusted for inflation through the statement of financial position date based on the agreed-upon indexes. Fees and commissions on transactions with third parties, such as brokerage, are recognized when the service or transaction is performed.

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b) Cash and cash equivalents

Under Resolution 3064/08, cash and cash equivalents include cash, bank deposits, highly liquid short-term investments, subject to an insignificant risk of change in value and limits, with maturity equal to or less than 90 days.

c) Financial instruments

Short-term interbank investments

Fixed rate transactions are recorded at their redeemable amount less income allocated to future periods, and floating rate transactions are recorded at cost plus income earned through the statement of financial position date, less impairment allowance, when applicable.

Investments in transactions under repurchase agreements are classified according to their maturity, regardless of the maturity terms of the papers backing the transactions.

Securities and derivative financial instruments

As established by BACEN Circular 3068/01, portfolio securities are classified into three different categories, according to Management's intention, as follows

Trading securities: stated in current assets, regardless of the related maturity dates, and comprise the securities acquired to be actively and frequently traded. They are stated at fair value and any gains or losses are recorded in profit or loss.

Available-for-sale securities: securities that were not acquired to be frequently traded and are used, among other purposes, for liquidity reserve, collaterals and hedge against risks. The income earned, at the acquisition rates, and possible impairment losses are recorded in profit or loss. These securities are stated at fair value and any gains or losses are recorded as a balancing item to a separate equity account (net of taxes) which will be transferred to profit or loss when realized.

Held-to-maturity securities: refer to acquired securities that Management has the intent and financial capacity to hold in portfolio up to their maturity. They are stated at acquisition cost, plus accrued earnings. Impairment losses, if any, are immediately charged to profit or loss.

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Derivative financial instruments consisting of futures, forward and swap transactions are accounted for under the following criteria:

- *Futures* – mark-to-market amounts are recorded on a daily basis in assets or liabilities and allocated either as income or expenses on a daily basis;
- *Forward transactions* - recorded at the final contract amount, less the difference between this amount and the fair value of the asset or right, with income and expenses recorded over the term of the contract through the statement of financial position date.
- *Swap transactions* - the difference receivable or payable is accounted for at fair value in assets or liabilities, respectively, and recognized as income or expenses on a daily pro rata basis through the statement of financial position date.

Derivative transactions, not eligible for hedge accounting, are stated at fair value at the statement of financial position date, and the related appreciation or depreciation is accounted for as income or expenses in profit or loss for the period.

Lending operations and allowance for expected credit losses

Lending operations (borrowing and financing) and other receivables (receivables without recourse) are recorded at present value calculated on a daily pro rata basis, according to the variation of the index and agreed-upon interest rate, adjusted through the 60th day of arrears, considering the expected collection.

Lending operations are classified according to Management's risk assessment, considering the economic conditions, past experience and specific risks related to the operation, debtors and guarantors, according to the parameters set forth by BACEN Resolution 2682/99, which requires a periodic analysis of the portfolio and its classification into nine levels, from "AA" (minimum risk) to "H" (loss).

Income from lending operations with maturity equal or above 60 days, regardless of their risk level, is only recognized as revenue when actually received.

H-rated loans remain under this rating for 180 days, when they are written off against the existing allowance and controlled for a minimum of five years in a memorandum account, no longer appearing on the statement of financial position.

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Restructured lending operations remain at least in the same rating in which they were originally classified. Renegotiated loans that had been written off against the allowance and were maintained in memorandum accounts are rated as H, and possible recoveries are only recognized as income when received.

For transactions with a term longer than 36 months, the Bank and Paulista Companhia Securitizadora S.A. ("Securitizadora") use double counting of the term, as permitted by Resolution 2682/99 to determine the risk level. The allowance for expected credit losses, considered sufficient by Management, is compliant with Resolution 2682/99, as shown in Note 8.

Securitizadora's receivables refer to overdue lending operations that were acquired without recourse and were recorded based on an appraisal report prepared by an independent firm.

CMN Resolution 4.803, as amended by the abovementioned CMN Resolution 4.855, permitted financial institutions to reclassify transactions renegotiated between March 1 to December 31, 2020 to the level they were classified into on February 29, 2020 (as amended by Resolution 4.855), except those transactions that as of February 29, 2020 were past due for a term equal or above 15 days and for which there are indications of incapacity to honor the new renegotiated conditions.

CMN Resolution 4.855, of September 24, 2020, effective January 1, 2021, determined that, for purposes of recognizing an allowance for transactions conducted under the scope of the programs launched to face the effects of the COVID-19 pandemic on economy, in which resources and risks are shared between the federal government and the participating institutions, or collateral provided by the federal government, the percentages provided for in Resolution No. 2.682 will only be applied on the portion of the carrying amount of the transaction whose credit risk is held by the institution. In case of transfer to loss, the amount to be maintained in memorandum accounts must be 100% of the transaction balance.

The Bank did not apply the criteria permitted by Resolutions 4.803 and 4.855 during 2021.

Trading account

Represents the intermediation of transactions carried out on stock exchanges, recognized at the amount of the commitments assumed, on behalf of customers. Brokerage is recognized on profit or loss on an accrual basis.

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d) Investments

Investments are recognized at acquisition cost, less allowance for losses, where applicable.

e) Property and equipment and intangible assets

Represents the rights acquired in tangible and intangible assets for the maintenance of the Company's activities or exercised for such purpose.

Property and equipment items (tangible assets) are stated at acquisition cost. Depreciation of property and equipment is calculated on a straight-line basis at the following rates: 20% p.a. for vehicles and data processing system and 10% p.a. for other assets.

Intangible assets correspond to rights acquired in intangible assets for the maintenance of the Company's activities or exercised for such purpose. Recorded at acquisition cost, less accumulated amortization. Intangible assets with finite useful life are amortized based on its effective use or a method that reflects its economic benefits; intangible assets with indeterminate useful life are annually tested for impairment.

f) Impairment of nonfinancial assets

The accounting recognition of an asset should evidence events or changes in economic, operating or technological circumstances that might indicate that an asset is impaired. Whenever evidence is identified and the net carrying amount exceeds the recoverable value, an allowance for impairment losses is recognized to adjust the carrying amount to the recoverable value. These allowances are recognized in profit or loss for the period/year, as provided for in CMN Resolution 3.566/08.

Except for tax credits, whose realization is assessed semiannually, the amounts of nonfinancial assets are tested for impairment at least annually.

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g) Deposits, money market funding, funds from acceptances and issuance of securities, and payables due to onlendings and borrowings

Stated at the original amounts, plus charges incurred through the statement of financial position date, recognized on a daily pro rata basis. Foreign currency liabilities are adjusted at the exchange rates prevailing on the statement of financial position date. Money market funding is recorded in current liabilities according to the respective maturity terms, regardless of the maturity of the papers backing the transactions.

h) Current and deferred income tax and social contribution

Current

The provisions for income tax (IRPJ) and social contribution (CSLL), as applicable, are calculated based on the book profit or loss adjusted by temporary and permanent additions or deductions. Income tax is calculated at a 15% rate, plus a 10% surtax on taxable income exceeding R\$ 240 in the year (R\$ 120 in the six-month period).

Social contribution through February 2020 was calculated at a rate of 15%. As Constitutional Amendment No. 103, art. 32, was enacted, the social contribution rate applicable to banks increased to 20% effective March 2020.

Deferred

Deferred taxes were calculated on temporary additions and exclusions. Deferred taxes are calculated on temporary additions, exclusions, and taxable income to be realized when the recognition bases are used and/or reversed based on the expected realization periods and considering technical studies and Management's analyses.

i) Contingent assets and contingent liabilities, and legal, tax and social security obligations

Contingent assets and contingent liabilities, and legal obligations are recognized, measured, and disclosed in accordance with the criteria set forth in Resolution 3823/09 and CPC 25, issued by the Accounting Pronouncements Committee (CPC), based on the following criteria:

Contingent assets - are not recognized in the financial statements, except when there is evidence that they will materialize and when they are no longer subject to appeals.

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Contingent liabilities - are recognized in the financial statements when, based on the opinion of the legal counsel and Management, the risk of loss in a lawsuit or administrative proceeding is assessed as probable, with a probable disbursement of resources to settle the obligations, and when the relevant amounts can be reliably measured. Contingent liabilities assessed by the legal counsel as possible loss are disclosed in the notes to the financial statements whereas those assessed as remote loss are neither accrued nor disclosed.

Legal obligations (tax and social security) - refer to lawsuits challenging the legality and constitutionality of certain taxes (or fees and contributions). The amount under litigation is quantified, recognized, and adjusted on a monthly basis.

j) Other current and noncurrent assets and liabilities

Stated at their realizable or settlement amounts and include income, charges, inflation adjustments, or exchange rate changes earned and/or incurred through the reporting date, calculated on a daily pro rata basis, and, when applicable, less allowance for losses to reflect their realizable value. Receivables and payables due within 12 months are classified in current assets and current liabilities, respectively.

k) Earnings (loss) per share

Earnings (loss) per share are calculated based on the number of shares outstanding at the statement of financial position date.

l) Recurring and nonrecurring profit or loss

Article 34 of BCB Resolution 2, of August 12, 2020, requires the disclosure of recurring and nonrecurring profit or loss separately. Nonrecurring profit or loss for the year is defined as: I – the one that is not related or is incidentally related to the institutions' core activities; and II – the one that is not expected to occur frequently in future years.

The nature and financial effect of events considered nonrecurring are disclosed in Note 36.

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4. Cash and cash equivalents

As of December 31, 2021 and 2020, cash and cash equivalents were broken down as follows:

	<u>2021</u>	<u>2020</u>
Cash in local currency	1,186	937
Cash in foreign currency	625	575
Money market investments (Note 5a)	119,998	123,696
Cash and cash equivalents	<u>121,809</u>	<u>125,208</u>

5. Short-term interbank investments

a) Money market investments

	<u>2021</u>		<u>2020</u>
	<u>1 to 30 days</u>	<u>Total</u>	<u>Total</u>
Money market investments			
Own portfolio:	119,998	119,998	123,696
National Treasury Bills (LTN)	30,001	30,001	123,696
National Treasury Notes (NTNs)	89,997	89,997	-
Total	<u>119,998</u>	<u>119,998</u>	<u>123,696</u>

In the year ended December 31, 2021, the result on transactions under repurchase agreements was R\$ 6,067 (R\$ 11,791 in 2020).

b) Investments in interbank deposits

	<u>2021</u>	<u>2020</u>
Up to 90 days	3,013	3,017
Total	<u>3,013</u>	<u>3,017</u>

In the year ended December 31, 2021, income from interbank deposits was R\$ 643 (R\$ 29 in 2020).

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6. Securities

a) Securities - Breakdown by classification

	2021		2020	
	Cost (i)	Market (ii)	Cost (i)	Market (ii)
Trading securities				
• Own portfolio – trading	52,222	51,966	48,911	48,857
Financial Treasury Bills (LFT)	402	402	129	129
National Treasury Notes (NTNs)	41,076	40,839	489	601
Agricultural Debt Securities - TDA	2	2	4	2
Units in Investment Funds - CFI (iii)	9,813	9,813	16,681	16,681
Units in Receivables Funds - FIDC (iii)	-	-	3,511	3,511
Certificate of Agribusiness Receivables (CRA)	-	-	27,023	26,777
Shares of listed companies	53	53	19	98
Certificates of Real Estate Receivables ("CRIs")	876	857	1,055	1,058
Total trading securities	52,222	51,966	48,911	48,857
Available-for-sale securities				
• Own portfolio – trading	188,627	184,439	126,593	126,734
Financial Treasury Bills (LFT)	15,995	16,002	95,786	95,908
National Treasury Notes (NTNs)	115,589	111,444	709	730
Agricultural Debt Securities - TDA	5	4	6	4
Units in Investment Funds - CFI (iii)	40,742	40,742	30,092	30,092
Certificates of Real Estate Receivables ("CRIs")	16,296	16,247	-	-
Linked to repurchase agreements	57,645	55,795	89,274	89,303
Financial Treasury Bills (LFT)	6,016	6,018	89,274	89,303
National Treasury Notes (NTNs)	51,629	49,777	-	-
Linked to guarantees given (iv)	40,722	40,713	39,725	39,698
National Treasury Bills (LFT)	28,303	28,294	29,702	29,675
Units in Investment Funds - CFI (iii)	12,419	12,419	10,023	10,023
Total available-for-sale securities	286,994	280,947	255,592	255,735
Held-to-maturity securities				
• Own portfolio – trading	166,456	166,456	144,828	144,828
Units in Receivables Funds - FIDC (iii)	166,456	166,456	144,828	144,828
Total held-to-maturity securities	166,456	166,456	144,828	144,828
Total	505,672	499,369	449,331	449,420

(i) Cost value

For fixed income securities, that refers to acquisition cost plus income earned through the statement of financial position date; for shares, the acquisition cost is considered. Units in Investment Funds and Units in Receivables Funds refer to the cost adjusted to UP which is provided by their respective fund administrators.

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(ii) Market value

The market value of public securities is determined according to disclosures made in daily bulletins provided by ANBIMA - Brazilian Financial and Capital Markets Association. Shares and debentures are valued based on the closing price of the last day they were traded on stock exchange. Private securities are recorded at cost plus daily income earned and adjusted to market value. The units in investment funds are adjusted based on the unit price disclosed by the fund administrator.

(iii) Investments in investment fund units:

	<i>FUNDS</i>	2021	2020
FIM	SINGULARE USA FUNDO DE INVESTIMENTO MULTIMERCADO INVESTIMENTO NO EXTERIOR	-	5,392
FIP	INDUSTRIAL PARKS BRASIL FIP MULTIESTRATÉGIA (b)	3,044	8,416
FIDC	ESMERALDA - FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS	3,246	2,873
FIDC	FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS CREDZ	3,523	3,511
	<i>Total Funds Invested for trading</i>	9,813	20,192
FIC FIM	SUPRA MID FUNDO DE INVESTIMENTO EM COTAS DE FUNDOS DE INVESTIMENTO MULTIMERCADO - CRÉDITO PRIVADO	16,761	25,361
FIC FIM	PAULISTA CONSIGNADO FUNDO DE INVESTIMENTO EM COTAS DE FUNDOS DE INVESTIMENTO MULTIMERCADO CRÉDITO PRIVADO	17,546	-
FIC FIM	PAULISTA CONSIGNADO II FUNDO DE INVESTIMENTO EM COTAS DE FUNDOS DE INVESTIMENTO MULTIMERCADO CRÉDITO PRIVADO (a)	3,224	-
FIDC	ESMERALDA - FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS	2,229	2,049
FII	SINGULARE FUNDO DE INVESTIMENTO IMOBILIÁRIO	971	2,653
FIM	FUNDO DE INVESTIMENTO LIQUIDEZ CAMARA	12,419	10,023
FIP	INDUSTRIAL PARKS BRASIL FIP MULTIESTRATÉGIA	11	29
	<i>Total Funds Invested available for sale</i>	53,161	40,115
FIDC	SILLER FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS - NÃO PADRONIZADOS	113,439	141,328
FIDC	STRUCTURE FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS	49,517	-
FIDC	FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS CREDZ	3,500	3,500
	<i>Total Funds Invested held to maturity</i>	166,456	144,828
	<i>Total</i>	229,430	205,135

- (a) O The Bank has funds invested in units in “Paulista Consignado II – Fundo de Investimento em Cotas de Fundos de Investimento Multimercado – Crédito Privado” (FIC FIM II), which holds units in “BPD Consignado Fundo de Investimento em Direitos Creditórios” (BPD FIDC).

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Fundo Consignado II was created on June 01, 2021 as a closed-end fund with indeterminate duration. The Fund is administered and managed by Singulare Corretora de Títulos e Valores Mobiliários S.A.

The Bank held three million five hundred thousand units (3,500,000) subordinated units in FIC FIM II.

During December 2021, the Bank redeemed the subordinated units originally issued by BPD FIDC.

As of December 31, 2021, total net assets of Fundo BPD FIDC was R\$ 46,943, mainly represented by payroll loans, with the Bank's interest in FIC FIM II being R\$ 3,224, represented by 2,300,000 senior units.

During 2021, the Bank assigned payroll loans to BPD FUNDO DE INVESTIMENTOS EM DIREITOS CREDITÓRIOS CONSIGNADOS for the amount of R\$ 49,215, whose notional value amounted to R\$ 65,915. As a result of this assignment, a profit of R\$ 8,775 was recorded in "Profit from assignment of receivables".

- (b) INDUSTRIAL PARKS FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES MULTIESTRATÉGIA (Fund), administered by Lions Trust Administradora de Recursos Ltda., was created on August 19, 2008 as a closed-end fund under CVM Instruction 391, dated July 16, 2003, superseded by CVM Instruction 578, dated August 30, 2016, with duration set for November 19, 2023.

The Fund is in liquidation phase and most of the assets were realized at the beginning of 2021.

- (c) SILLER FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS NÃO PADRONIZADOS started operations on October 30, 2020 as a closed-end funds administered by Singulare Corretora de Títulos e Valores Mobiliários S.A., with a duration of 96 months.

The Bank's investment in said fund is represented by the acquisition of senior units.

- (d) STRUCTURE FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS started operations on November 29, 2019 as a closed-end funds administered by Singulare Corretora de Títulos e Valores Mobiliários S.A., with a duration of 61 months.

The Bank's investment in said fund is represented by the acquisition of mezzanine subordinated units.

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(iv) Linked to guarantees

Securities pledged as collaterals refer to securities linked to transactions traded on B3 S.A.- Brasil, Bolsa, Balcão in the amount of de R\$ 40,713 (R\$ 39,698 as of December 31, 2020). These securities may be replaced with other securities if selling them is needed.

b) Securities - Breakdown by maturity

	2021					2020	
	Without maturity date	Up to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total	Total
Trading securities							
Financial Treasury Bills (LFT)	-	-	-	135	267	402	129
National Treasury Notes (NTNs)	-	-	-	-	40,839	40,839	601
Agricultural Debt Securities – TDA	-	2	-	-	-	2	2
Investment fund units - CFI	9,813	-	-	-	-	9,813	16,681
Units in Receivables Funds – FIDC	-	-	-	-	-	-	3,511
Certificate of Agribusiness Receivables (CRA)	-	-	-	-	-	-	26,777
Shares of listed companies	53	-	-	-	-	53	98
Certificates of Real Estate Receivables (“CRIs”)	-	-	-	857	-	857	1,058
Total trading securities (i)	9,866	2	-	992	41,106	51,966	48,857
Available-for-sale securities							
Financial Treasury Bills (LFT)	-	505	-	33,184	16,625	50,314	214,886
National Treasury Notes (NTNs)	-	-	-	-	161,221	161,221	730
Agricultural Debt Securities – TDA	-	4	-	-	-	4	4
Certificates of Real Estate Receivables (“CRIs”)	-	-	-	-	16,247	16,247	-
Investment fund units - CFI	53,161	-	-	-	-	53,161	40,115
Total available-for-sale securities (i)	53,161	509	-	33,184	194,093	280,947	255,735
Held-to-maturity securities							
Units in Receivables Funds – FIDC	-	-	-	-	166,456	166,456	144,828
Total held-to-maturity securities	-	-	-	-	166,456	166,456	144,828
Total	63,027	511	-	34,176	401,655	499,369	449,420

(i) In breaking down the terms, the maturity of the papers, regardless of their accounting classification, was considered.

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In the year ended December 31, 2021, gain on securities investment was R\$ 38,714 (R\$ 22,248 in 2020).

Public securities are under the custody of the Special Settlement and Custody System (SELIC) whereas private securities and units and Funds, B3.

There was no reclassification of categories of securities in the years ended December 31, 2021 and 2020.

7. Derivative financial instruments

The Bank conducts transactions involving derivatives, recorded in statement of financial position and memorandum accounts, which are primarily intended for the Bank to manage its overall exposure to risk.

Sales of derivatives with the underlying counterparts is preceded by an evaluation of the credit risks involved.

As of December 31, 2021 and 2020, derivatives recorded in statement of financial position accounts, including MtM, are as follows:

	2021				2020			
	Notional value	Assets	Liabilities	Net	Notional value	Assets	Liabilities	Net
Non-deliverable Forwards (NDF)	39,537	910	-	910	36,788	-	(1,961)	(1,961)
Total	39,537	910	-	910	36,788	-	(1,961)	(1,961)

a) Breakdown of transactions

Description	2021		2020	
	Notional value (In reais)	Carrying amount receivable/(payable)	Notional value (In reais)	Carrying amount receivable/(payable)
Forwards				
Real x USD	39,537	910	36,788	(1,961)
Total	39,537	910	36,788	(1,961)

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b) Derivatives mature as follows:

Description	2021		2020	
	Up to 3 months	Total	Up to 3 months	Total
Non-deliverable forwards (NDFs)	910	910	(1,961)	(1,961)

The determination of derivatives at market value is based on quotes disclosed by specialized stock exchanges and, in certain cases, pricing techniques are used.

The Bank has derivative transactions that are conducted in futures market - B3. Such transactions are exclusively pegged to foreign currency futures which as of December 31, 2021 have a notional value of R\$ 40,723 (R\$ 91,967 in 2020), and an adjustment receivable of R\$ 841 (R\$ 134 receivable in 2020) was determined.

All derivative transactions performed by the Bank are registered with B3. DI futures and foreign currency contracts are primarily used as instruments limiting funding rates, due to mismatch of terms, currencies and/or indexes with asset transactions.

c) Call margin

The following assets are pledged as collateral in conducting derivative transactions:

	2021	2020
National Treasury Bills (LTN)	7,280	9,635
	7,280	9,635

d) Gain (loss) on derivative financial instruments

Gain (loss) on derivative transactions in the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Futures	(2,904)	(17,081)
Non-deliverable forwards - NDF	2,063	13,917
	(841)	(3,164)

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8. Lending operations

As of December 31, 2021 and 2020, lending operations are broken down as follows:

a) By type of operation

	<u>2021</u>	<u>2020</u>
Lending operations:		
Loans and discounted notes	479,975	430,526
Financing - Export credit bills	131,406	99,964
Financing - Rural to agroindustrial	18,678	-
	630,059	530,490
Other receivables:		
Receivables without recourse	219,348	83,719
	219,348	83,719
Total lending operations	849,407	614,209
Expected credit losses	(7,302)	(8,332)
Other expected credit losses	(1,002)	(837)
Total expected credit losses	(8,304)	(9,169)
	841,103	605,040

b) By sector

	<u>2021</u>	<u>2020</u>
Private sector		
Industry	83,460	79,085
Commerce	314,084	297,529
Services	250,172	215,480
Individuals	201,691	22,115
Total	849,407	614,209

c) By maturity

	<u>2021</u>	<u>2020</u>
Past due	4,404	2,279
Falling due		
up to 90 days	255,560	137,286
91 to 180 days	121,950	100,773
181 to 360 days	90,082	79,233
over 360 days	377,411	294,638
Total	849,407	614,209

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d) Portfolio breakdown by risk rating

Portfolio balances						
Rating	2021				2020	
	Regular way	Past due	Total	%	Total	%
AA	119,147	-	119,147	14.03	-	-
A	62,724	240	62,964	7.41	975	0.16
B	636,609	2,051	638,660	75.19	582,017	94.76
C	23,233	1,105	24,338	2.86	25,328	4.12
D	2,793	270	3,063	0.36	3,232	0.53
E	495	404	899	0.11	565	0.09
F	-	71	71	0.01	-	-
G	-	14	14	-	-	-
H	2	249	251	0.03	2,092	0.34
	845,003	4,404	849,407	100.00	614,209	100.00

Provision							
Rating	% of allowance	2021				2020	
		Regular way	Past due	Total	%	Total	%
A	0.5	314	1	315	3.79	5	0.05
B	1.0	6,366	20	6,386	76.91	5,820	63.47
C	3.0	697	33	730	8.79	760	8.29
D	10.0	279	27	306	3.69	322	3.52
E	30.0	149	121	270	3.25	170	1.85
F	50.0	-	36	36	0.43	-	-
G	70.0	-	10	10	0.12	-	-
H	100.0	2	249	251	3.02	2,092	22.82
		7,807	497	8,304	100.00	9,169	100.00

e) Changes in the allowance for expected credit losses

	2021	2020
Balance at the beginning of the year	9,169	24,912
Allowances, net	976	2,474
Loans derecognized against loss	(1,841)	(18,217)
Balance at the end of the year	8,304	9,169

f) Renegotiated and recovered receivables

In the year ended December 31, 2021, renegotiated receivables amounted to R\$ 6,748 (R\$ 8,073 in 2020). (*)

(*) Resolution 2.682, art. 8, paragraphs 1-3; the resolutions mentioned in Note 3.c were not applied.

In the year ended December 31, 2021, recovered receivables amounted to R\$ 1,512 (R\$ 6,975 in 2020).

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g) Assignment of receivables

In December 2020, the Bank entered into an agreement establishing general conditions for the assignment and acquisition of receivables with a financial institution duly authorized to operate by the Central Bank of Brazil (“Bacen”), relating to payroll loans arising from borrowings and credit card transactions to retired persons and insureds enjoying INSS benefits.

During the year ended December 31, 2021, the Bank acquired receivables under the “Agreement” for R\$ 94,113, whose notional values amounted to R\$ 139,951, resulting in a gain during the year of R\$ 6,370, recorded in “Income from financial intermediation - Lending operations”.

The average acquisition rate was 1.0475% for each one of the assigned receivables, recorded in “Other assets - Sundry” (Nota 12) for the amount of R\$ 4,347, which has been deferred over the term of the contracts acquired and recorded in “Other operating expenses - Deferral payroll loans INSS”. (Note 27)

During 2021, the Bank assigned to BPD FUNDO DE INVESTIMENTOS EM DIREITOS CREDITÓRIOS CONSIGNADOS payroll loans previously acquired under the “Agreement” for the amount of R\$ 49,215, whose notional value amounted to R\$ 65,915. As a result of this assignment, a profit of R\$ 8,907 was recorded in “Profit from assignment of receivables”. (Note 26)

Under the conditions provided for in CMN Resolution 2.686/00, as of June 30, 2021, the Bank assigned past-due receivables without recourse arising from its lending operations for the amount of R\$ 900 (R\$ 5,000 in December 2020) to Paulista Companhia Securitizadora de Créditos Financeiros, a related entity, whose notional values adjusted for the carrying amount was R\$ 11,535 (R\$ 34,277 in December 2020). (Note 30)

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h) Income from lending operations

	<u>2021</u>	<u>2020</u>
Loans and discounted notes	58,946	31,090
Financing	10,030	10,946
Recovery of receivables written off as losses	1,513	6,975
Advances on deposits	100	174
Income from rural financing	687	-
Total income from lending operations	<u>71,276</u>	<u>49,185</u>
 (Loss) on assignments	 -	 <u>(5,033)</u>
 Total profit from lending operations	 <u>71,276</u>	 <u>44,152</u>

9. Trade and other receivables with characteristics of loans

	<u>2021</u>	<u>2020</u>
Current		
Federal court-ordered notes ("precatórios")	2,670	-
Other	-	25
Total current	<u>2,670</u>	<u>25</u>
Noncurrent		
Municipal court-ordered notes ("precatórios")	948	226
State court-ordered notes ("precatórios")	32,052	17,662
Federal court-ordered notes ("precatórios")	13,241	15,267
Total noncurrent	<u>46,241</u>	<u>33,155</u>
	<u>48,911</u>	<u>33,180</u>
(-) Allowance for losses	<u>(473)</u>	<u>(332)</u>
Total (*)	<u>48,438</u>	<u>32,848</u>

(*) Balance comprised of court-ordered notes ("precatórios") already issued by the federal government, a state or a municipal government arising from lawsuits for which a final unappealable decision has been issued, maturing between 2021 and 2030.

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10. Interbranch and interbank accounts

	<u>2021</u>	<u>2020</u>
Assets - current		
State-owned banks - Deposits linked to agreements (i)	17,815	17,991
	<u>17,815</u>	<u>17,991</u>
Liabilities - current		
Bank correspondents	512	532
Third-party funds in transit	-	44
	<u>512</u>	<u>576</u>

- (i) Refers to cheques deposited in Caixa Econômica Federal, arising from the Ministry of Cities and Agencies under Special Agreements (state and municipal agencies and the Federal District and Housing Cooperatives) under the National Program for Support to Social Interest Housing - PSH.

11. Nonfinancial assets held for sale - received

Comprised of assets not intended for own use (BNDU), repossessed by the Bank due to debtors' default in paying loans:

	<u>2021</u>	<u>2020</u>
Current		
Vehicles	502	502
Properties (for housing purposes) (i)	2,879	2,879
	<u>3,381</u>	<u>3,381</u>

- (i) (*) The value was determined based on an appraisal report prepared by a specialized firm.

12. Other assets - Sundry

	<u>2021</u>	<u>2020</u>
Current		
Recoverable taxes (i)	1,686	959
Sundry debtors – Brazil	570	282
Funding commissions deferred	1,726	-
Premium or discount due to transfer of assets (ii)	1,082	-
Other	868	288
	<u>5,932</u>	<u>1,529</u>
Noncurrent		
Recoverable taxes (i)	34,008	36,264
Advances on foreign exchange contracts	673	881
Funding commissions deferred	3,045	3,700
Sundry debtors - Brazil	725	914
Premium or discount due to transfer of assets (ii)	3,265	-
Debtors for security deposits (Note 33b)	6,816	8,494
	<u>48,532</u>	<u>50,253</u>

- (i) Prepayment of prior year income tax and social contribution which were not offset.
(ii) Amounts relating to deferral of prices of receivables acquired as described in Note 8g.

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13. Investments

	<u>2021</u>	<u>2020</u>
CERTA - Central de Registro de Títulos e Ativos S.A.	1,177	904
CIP - Câmara Interbancária de Pagamentos	1	1,819
Other investments	535	535
(-) Allowance for losses	(252)	(252)
	<u>1,461</u>	<u>3,006</u>

The Bank had 250,000 units in the Interbank Payment Chamber (CIP), corresponding to the amount of R\$ 1,819 and on June 21, 2021 CIP communicated to the other associates the Bank's intent to sell 249,900 units.

Under COP regulations, associates were given 30 days to express their interest in acquiring the units.

After this term, thirteen (13) associates expressed their interest in the acquisition. This process under CIP regulation will be completed on August 23, 2021, when the Bank will remain with 100 units in CIP's capital.

The total sale value was R\$ 8,029, resulting in a profit of R\$ 6,011, which was recorded in "Profit from sale of investment".

14. Intangible assets

	<u>Amortization rate</u>	<u>Cost</u>	<u>Amortization</u>	<u>2021</u>	<u>2020</u>
Software	20%	5,444	(4,413)	1,031	1,459
Other intangible assets (*)	-	2,387	-	2,387	4,000
	<u>-</u>	<u>7,831</u>	<u>(4,413)</u>	<u>3,418</u>	<u>5,459</u>

As required by CPC 01, as of December 31, 2021, the Bank tested intangible assets for impairment for indications that the carrying amount of the assets exceeded their recoverable value, due to the adverse economic effects of the Covid-19 pandemic. The Bank concluded that the carrying amount of the "Reserva Metais" brand licensing was higher than its recoverable value, resulting in this assets to be written off by R\$ 1,613, recorded in "Other nonoperating expenses" (Note 28).

(*) Refers to purchase of brands, domain and electronic addresses, manual and procedures, including all royalties to explore a new product.

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15. Deposits

a) By maturity:

	2021					2020
	Without maturity date	1 to 90 days	91 to 360 days	Over 360 days	Total	Total
Demand - local currency	105,036	-	-	-	105,036	161,883
Demand - foreign currency	3	-	-	-	3	3
Interbank deposits	-	-	-	-	-	30,000
Time deposits	-	146,293	220,737	647,708	1,014,738	612,124
	105,039	146,293	220,737	647,708	1,119,777	804,010

In the year ended December 31, 2021, expenses on “Deposits” were R\$ 55,813 (R\$ 20,957 in 2020) and expenses on “Credit Guarantee Fund” amounted to R\$ 1,545 (R\$ 971 in 2020). (Note 20)

b) Average rate applied:

	2021		2020	
	Fixed rate	Floating	Fixed rate	Floating
Interbank deposits	n/a	99.00	n/a	99.01
Time deposits	9.01	118.75	5.65	120.33

The rates used to raise floating CDB were 100% of IPCA (100% of IPCA in 2020) and from 100% to 150% of CDI (96% to 150% of CDI in 2020).

For DI, a rate of 99.00% of CDI was used (99.01% of CDI in 2020).

16. Money market funding

	2021		2020
	1-30 days	Total	Total
Own portfolio	55,045	55,045	89,131
Financial Treasury Bills (LFT)	5,993	5,993	89,131
National Treasury Notes (NTNs)	49,052	49,052	-
Total	55,045	55,045	89,131

In the year ended December 31, 2021, expenses on money market funding were R\$ 2,465 (R\$ 14,371 in 2020). (Note 20)

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17. Borrowings and onlendings; funds from acceptances and issuance of securities and subordinated debts

	2021					Total	2020
	Without maturity date	1 to 90 days	91-180 days	181-360 days	Over 360 days		Total
Payables due to onlendings	7,432	-	-	-	-	7,432	6,701
Domestic onlendings - state-owned institutions (i)	7,432	-	-	-	-	7,432	6,701
Funds from acceptances and issuance of securities	-	9,431	7,028	101,585	109,570	227,614	178,077
Obligations on issuance of Agricultural Receivables Notes - LCA (ii)	-	2,818	7,028	97,123	84,242	191,211	149,473
Obligations on Real Estate Receivables Bills - LCI (iii)	-	6,613	-	4,462	25,328	36,403	27,491
Obligations on issuance of Treasury Bills (iv)	-	-	-	-	-	-	1,113
Subordinated debts	-	-	-	-	-	-	32,054
Subordinated debts eligible to capital (v) (nota 30)	-	-	-	-	-	-	32,054
	7,432	9,431	7,028	101,585	109,570	235,046	216,832

Refers to cheques deposited arising from the Ministry of Cities and Agencies under Special Agreements (state and municipal agencies and the Federal District and Housing Cooperatives) under the National Program for Support to Social Interest Housing - PSH;

(ii) Refer to Agricultural Receivables Notes (LCA). A rate from 100% to 126% of CDI was used (95% to 122% of CDI in 2020);

(iii) Refer to Real Estate Receivables Bills with the Bank's controlling shareholder (Note 30);

(iv) Refers to Treasury Bills (LF) (Note 30);

(v) Refers to Treasury Bills containing subordination clauses corresponding to instruments eligible to Tier-II capital authorized according to Resolution 4.192/13.

In the year ended December 31, 2021, expenses on funds from acceptances and issuance of securities were R\$ 9,700 (R\$ 3,862 in 2020). (Notes 20 and 30); and subordinated debts were R\$ 796 (R\$ 1,026 in 2020). (Note 20)

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18. Other liabilities

a) Taxes and social security

	<u>2021</u>	<u>2020</u>
Current		
Taxes payable (i)	8,620	10,148
	<u>8,620</u>	<u>10,148</u>
Noncurrent		
Taxes payable (i)	13,738	19,700
	<u>13,738</u>	<u>19,700</u>

- (i) Refers mainly to IRPJ, CSLL and IRRF tax assessment notices in the amount of R\$ 19,771 (R\$ 27,599 in 2020), in connection with Administrative Proceeding #16327-721.025/2018-35, which disallowed the expenses that had been included in the calculation bases of those taxes. The resulting debt has been paid in 60 monthly installments on a timely basis under an agreement made with the Brazilian Federal Revenue Service (RFB).

b) Sundry

	<u>2021</u>	<u>2020</u>
Current		
Collection notes in transit	86	-
Charges on amounts received under the PSH program	9	9
Other payables	1,023	190
	<u>1,118</u>	<u>199</u>

19. Equity

a) Share capital

The Extraordinary Shareholders Meeting (ESM) of February 06, 2020 resolved to reduce capital by R\$ 60,000, without cancellation of shares, with return of the total shares in Singulare to their respective shareholders, with the ownership interest percentage of the Bank's current shareholders remaining unchanged. The ESM also resolved to increase capital by R\$ 38,000, through the issuance of 126,426,456 new shares, out of which 63,213,228 registered common shares and 63,213,228 registered preferred, with no par value, for the price of R\$ 0.300570 per share, fully subscribed by shareholder Mr. Álvaro Augusto Vidigal, and paid in local currency as follows: the amount of R\$ 19,000 was paid in on February 13, 2020, and the remaining balance, equivalent to R\$ 19,000, was paid in local currency on the day following the capital increase approval by the Central Bank of Brazil which occurred on July 03, 2020.

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As of December 31, 2021, fully subscribed and paid-in capital is R\$ 184,300 (R\$ 184,300 in 2020), represented by 424,458,216 registered shares (424,458,216 as of December 31, 2020), without par value, of which 212,229,108 are common shares (212,229,108 in 2020) and 212,229,108 are preferred shares (212,229,108 in 2020).

b) Dividends and interest on capital

Bylaws establish the payment of minimum mandatory dividends equivalent to 25% of profit for the year, calculated under Brazilian Corporate Law. In 2021, based on equity for November 2021 interest on capital was paid in the amount of R\$ 2,000 (no interest on capital was paid in 2020). No dividends were paid in 2021 and 2020.

c) Legal reserve

The Bank is required to allocate 5% of its profit to a legal reserve, which may not exceed 20% of paid-in capital.

d) Statutory reserve

The Bank is required to allocate 10% of profit to the statutory reserve which is intended to ensure an appropriate operating margin for the Bank up to a maximum of 100% of capital.

The profit balance after the allocations required by Bylaws will be allocated as resolved by the Executive Officers and ratified by the General Shareholders Meeting; 100% of the amount may be allocated to the earnings reserves.

e) Mark-to-market of available-for-sale securities

The balance of valuation adjustments to equity is negative by R\$ 1,505 (R\$ 173 in 2020) and corresponds to federal securities available for sale and fund units which are marked to the market. (Note 6)

f) Earnings reserve and accumulated losses

Under Resolution 3.605/08, the unallocated profit for year, after the recognition of a legal reserve, was allocated to the statutory earnings reserve. As of December 31, 2021, profit for the year is R\$ 6,003 (loss of R\$ 2,431 in 2020).

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20. Expenses on money market funding

	<u>2021</u>	<u>2020</u>
Time deposits (Note 15)	55,805	19,146
Money market funding (Note 16)	2,465	14,371
Contributions to the Credit Guarantee Fund (FGC) (Note 15)	1,545	971
Interbank deposits (Note 15)	8	1,808
Treasury bills (Notes 17 and 30)	796	1,026
Agricultural Receivables Bills - LCA (Notes 17 and 30)	8,198	3,062
Real Estate Receivables Bills - LCI (Notes 17 and 30)	1,502	800
Exchange rate changes on foreign currency deposits (Note 15)	-	3
	<u>70,319</u>	<u>41,187</u>

21. Revenue from services and banking fees

a) Service revenue

	<u>2021</u>	<u>2020</u>
Custody services	1,178	1,168
Transaction structuring fees	798	2,465
Other services	1,868	752
	<u>3,844</u>	<u>4,385</u>

b) Income from banking fees

	<u>2021</u>	<u>2020</u>
Fees on transfers of funds	1,126	3,037
Income from banking fees	32,348	39,687
Other fees	47	123
	<u>33,521</u>	<u>42,847</u>

22. Personnel expenses

	<u>2021</u>	<u>2020</u>
Salaries and wages	19,773	21,029
Payroll taxes	9,022	9,829
Benefits	5,243	5,226
Fees	7,229	6,260
Training	49	104
Interns' compensation	31	31
	<u>41,347</u>	<u>42,479</u>

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23. Administrative expenses

	<u>2021</u>	<u>2020</u>
Cash transportation	84	162
Specialized technical services	8,544	10,924
Data processing	11,840	10,664
Rentals	2,659	2,463
Financial system	1,507	2,275
Communications	699	888
Outside services	771	766
Notary fees	946	1,183
Surveillance and security services	165	176
Materials	36	75
Advertising and publicity	13	69
Other	2,180	3,130
	<u>29,444</u>	<u>32,775</u>

24. Tax expenses

	<u>2021</u>	<u>2020</u>
Service tax (ISSQN)	1,892	2,413
Cofins (tax on revenue)	3,638	3,755
PIS (tax on revenue)	591	610
Other	2,750	2,570
	<u>8,871</u>	<u>9,348</u>

25. Expenses on provisions

	<u>2021</u>	<u>2020</u>
Adjustment for inflation of taxes and contributions (Note 33)	27	15
Contingencies - Judicial and legal (Note 33)	791	134
Provisions for labor claims (Note 33)	1,038	940
Reversals of judicial deposits	-	42
Expenses on RFB tax assessment notices (Note 18a)	1,798	1,496
Contingency-related fees	87	156
Provision on guarantees given	173	126
	<u>3,914</u>	<u>2,909</u>

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26. Other operating income

	<u>2021</u>	<u>2020</u>
Recovery of charges and expenses	725	754
Income from guarantees provided	467	1,024
Exchange gain	1,925	1,270
Interest on federal court-ordered notes	15,324	2,792
Reversal of provision for risks	148	-
Reversal of provision for labor risks	-	1,429
Reversal of provision for civil risks	117	170
Reversal of provision for tax risks	-	44
Reversal of nondeductible provision	-	313
Reversal of provisions for guarantees	105	6
Adjustment for inflation of judicial deposits	123	70
Profit from assignment of payroll loans	8,907	-
Exchange rate changes on foreign currency deposits	1	16
Reversal of provision for proceedings with RFB - Interest	2,392	2,159
Assignment of court-ordered notes	-	6,399
Other	985	660
	<u>31,219</u>	<u>17,106</u>

27. Other operating expenses

	<u>2021</u>	<u>2020</u>
Consulting on lending operations	5,637	3,668
Expenses on gold transactions	-	21
Expenses on recovery of CDC	1,373	1,343
Deferral of payroll loans INSS	6,291	-
Prepaid card	-	49
Amortization and depreciation	935	901
Interbank fees	51	102
Finance costs - PSH	513	419
Legal expenses	742	2,115
Expenses on discounts granted on trading operations	-	2,969
Losses on fees	552	1,106
Commissions to correspondents	1,359	-
Deposits written off	3,700	48
Other	2,972	1,307
	<u>24,125</u>	<u>14,048</u>

28. Nonoperating profit (loss)

	<u>2021</u>	<u>2020</u>
Gain on disposal of intangible assets (*)	4,598	300
Lease of Reserva Metais brand	240	180
Loss on sale of assets not intended for own use (BNDU)	-	(340)
Fixed assets disposed of	(2)	(232)
Other	481	(72)
	<u>5,317</u>	<u>(164)</u>

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(*) In 2021, this balance is substantially comprised of gain on sale of Câmara Interbancária de Pagamentos (CIP) units in the amount of R\$ 6,211 (Note 13) and loss on disposal of intangible assets in the amount of R\$ 1,613 (nota 14).

29. Income tax and social contribution

a) Reconciliation of provisions for income tax and social contribution

	<u>2021</u>	<u>2020</u>
Profit before taxes on income and profit sharing	10,818	(1,926)
(-) Profit sharing	(667)	(364)
Profit before taxes and after profit sharing	10,151	(2,290)
Temporary additions and deductions	(9,599)	(23,384)
MtM adjustment - securities	115	3,231
Credit risk losses	(10,559)	(25,119)
Provision for tax risks	27	(652)
Provisions for RFB proceedings - Interest	(593)	(664)
Provision for contingent liabilities	1,142	(180)
Other temporary additions and exclusions	269	-
Permanent additions and deductions	(485)	3,309
Other permanent additions (exclusions)	(485)	3,309
Tax base	67	(22,365)
Income tax and social contribution	10	-
Deductions - tax incentives	-	(317)
Income tax and social contribution	10	(317)
Deferred tax assets	4,138	458
Total income tax and social contribution	4,148	141

b) Tax credits

Tax credits were recognized on the following:

	<u>2021</u>	<u>2020</u>
Credit risk losses and receivables written off as loss	22,209	33,866
Provision for risks	3,907	2,764
Provisions for RFB proceedings - Interest	5,300	5,893
MtM adjustment - securities - Trading	3,485	3,370
Tax loss carryforwards	31,369	29,898
Other contingent liabilities	958	634
Total tax credits	67,228	76,425
MtM adjustment - securities - Available for sale (i)	2,737	(316)
Total tax credits after MtM adjustment - securities - Available for sale	69,965	76,109

(i) The addition refers to MtM adjustment to securities classified under the available-for-sale category for which appreciation or depreciation is recorded in a separate account in equity, according to BACEN Circular Letter 3.068, of November 08, 2001.

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Changes in tax credits during the year are as follows:

	12/31/2019	Recognition	Realization/ Reversal	12/31/2020
Expected credit losses	26,544	-	(11,303)	15,241
Provision for tax risks and contingencies	4,854	1,309	(1,983)	4,180
MtM adjustment - securities - Trading / Available for sale	(809)	3,044	(861)	1,374
Tax loss carryforwards	3,390	10,064	-	13,454
Total tax credits	33,979	14,417	(14,147)	34,249

	12/31/2020	Recognition	Realization / Reversal	12/31/2021
Expected credit losses	15,241	-	(5,246)	9,995
Provision for tax risks and contingencies	4,180	393	-	4,573
Mark-to-market adjustment of securities - Trading	1,516	52	-	1,568
Tax loss carryforwards	13,454	662	-	14,116
Total tax credits	34,391	1,107	(5,246)	30,252
MtM adjustment – securities - Trading /Available for sale	(142)	1,374	-	1,232
Total tax credits after MtM adjustment - securities - Available for sale	34,249	2,481	(5,246)	31,484

Tax credits will be offset within the statutory term permitted by Resolution 3.355/0620. Offsetting is contingent on the nature of the credit generated. Income tax and social contribution tax credits were only recognized on temporarily nondeductible differences.

There are no other tax credits to be recognized.

The present value of tax credits as of December 31, 2021 is R\$ 19,244. The CDI/B3 rates determined for the respective periods were used. Tax credits are periodically assessed based on the generation of future taxable income for income tax and social contribution purposes, in an amount that justifies the realization of the related amounts.

Based on their projections, which include business plan developments, Management expects that the Bank will generate future taxable income within the statutory term and will be able to use the tax credits recognized in the financial statements. Such estimate is revised on a periodic basis so that probable changes in the projected recovery of these credits can be considered in the financial statements on a timely basis.

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The estimated realization of tax credits is as follows:

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Expected credit losses	200	1,000	1,049	1,102	1,157	1,215	1,276	1,339	1,657	-	9,995
Provision for tax risks and contingencies	-	-	1,143	1,143	1,143	1,144	-	-	-	-	4,573
Mark-to-market adjustment of securities											
- Trading	78	84	88	92	97	102	107	112	118	690	1,568
Mark-to-market adjustment of securities											
- Available for sale	61	66	69	73	76	80	84	88	93	542	1,232
Tax loss carryforwards	1,494	1,608	1,694	1,784	1,879	1,978	2,083	1,596	-	-	14,116
Total	1,833	2,758	4,043	4,194	4,352	4,519	3,550	3,135	1,868	1,232	31,484
Present value	1,645	2,246	3,003	2,829	2,650	2,493	1,764	1,404	758	452	19,244

30. Related-party transactions

Related-party transactions were carried out under usual market conditions as regards charges and maturities and consist basically of:

	Assets (liabilities)		Revenue (expenses)	
	2021	2020	2021	2020
Demand deposits	(13,271)	-	-	-
Time deposits	(96,715)	(54,538)	(4,807)	(2,173)
Interbank deposits	-	-	-	(1,189)
Money market funding	-	-	-	(1,082)
Debtors pending settlement	840	-	-	-
Treasury bills - Subordinated debt (Note 17)	-	(32,054)	(753)	(991)
Real Estate Receivables Bills - LCI (Notes 17 and 20)	(11,075)	(27,492)	(1,502)	(531)
Agricultural Receivables Bills - LCA (Notes 17 and 20)	(41,943)	(26,209)	(4,699)	(1,980)
Receivables without recourse (Note 8g)	5,703	-	5,632	5,000
Assignment of court-ordered notes (**)	-	-	-	6,826

(*) Refers to transactions with Paulista Cia. Securitizadora de Créditos S.A.;

(**) Assignment of court-ordered notes with the Bank's shareholders (Note 26).

a) Key management personnel compensation

The annual General Shareholders' Meeting resolves on the overall compensation of the key management personnel, as established in the Bank's Bylaws. The Bank incurred on the following short-term benefits to Management:

	2021	2020
Fixed compensation	7,229	6,260
Social security taxes	1,626	1,409
Total	8,855	7,669

The Bank does not grant long-term, post-employment, layoff or share-based compensation benefits to its management key personnel.

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31. Risk management

Risk appetite

The Executive Board is responsible for approving the risk appetite limits and guidelines and, in accomplishing their responsibilities, counts on the support of the Risk and Control Committee and the Chief Risk Officer (CRO).

The risk appetite limits are monitored on a periodic basis and reported to the Risk and Control Committee and the Executive Board that governed preventive decision-making process to ensure that exposure is aligned with the Bank's strategy.

There is a centralized risk control and management framework and independent from business units which establish risk limits and mitigation mechanisms, besides establishing processes and instruments to measure, monitor and control risks.

The Bank uses three components to organize its risk management activities: Business and operational scenario; governance framework; and the organizational chart of the departments.

- Business and operational scenario: the objective of this component is to identify, analyze, evaluate, address, communicate, and monitor risks;
- The governance framework is comprised of committees and collegiate forums, specialized and with a periodic agenda, with formalization of relevant decisions; and
- The organizational chart of the departments defines specific responsibilities and ensure segregation of duties and independent roles.

The Bank adopts an integrated management for risks, minimum capital requirements and financial capacity. Risks are classified according to their nature: liquidity, credit; market; operational; and capital management.

Types of risks:

a) Liquidity risk

The liquidity risk arises from the risk that the Bank will not be able to efficiently discharge its expected and unexpected obligation, current and future, without affecting its day to day operations and without incurring material losses. To protect itself against this risk, the Bank periodically assesses its exposures and defines the volume of security 'cushion', or minimum liquidity, that should be recognized and held by the Institution.

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The objective of liquidity risk management is to provide funding and manage investments and funding in the short and long terms. For the short-term horizon, the diversification of funding sources is prioritized. For the long-term horizon, matching the time between funding and investments is the priority. The practices adopted by the Bank are in conformity with the requirements set forth in CMN Resolution 4.557/17.

b) Credit risk

The credit risk arises from loss due to failure of the taker, issuer or counterpart to fulfill their respective financial obligations within the agreed-upon terms. To face this risk, the Bank periodically revises its exposures and the credit rating of its clients and counterparts by setting limits and requiring guarantees that are sufficient to cover potential losses incurred by the institution.

The objective of the credit risk management is to anticipate the degree of risk, monitor the diversification and recognize sufficient guarantee that make it possible to minimize the Institution's risk of incurring financial loss. The practices adopted by the Bank are in conformity with the requirements set forth in CMN Resolution 4.557/17.

c) Market risk

The market risk arises from the risks that the Bank will incur significant losses due to fluctuations in the market value of the positions held by the Bank. Such losses may be subject to currency parity as well as parity in interest rates, share price, price index and prices of commodities.

The risk management function seeks to balance the business objectives in the banking and trading portfolios, considering, among others: political, economic and market scenarios, portfolio profile and capacity to operate in specific markets. The practices adopted by the Bank are in conformity with the requirements set forth in CMN Resolution 4.557/17.

d) Operational risk

The operational risk arises from fraud, internal or external, labor claims and deficient occupational safety, inappropriate practices relating to clients, products and services, damages to own physical assets or in use by the Bank, situations that may cause disruption to the Bank's activities and failures in systems, processes or information technology infrastructure. To address this risk, the Bank periodically compiles and categorizes these events by monitoring the effectiveness of the improvement plans adopted to minimize the occurrence of such events.

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The objective of the operational management risk is the organized capture of information on weaknesses in business processes and the evaluation of the corresponding improvement plans. The practices adopted by the Bank are in conformity with the requirements set forth in CMN Resolution 4.557/17.

e) Capital management

Capital management counts on a prospective process to monitor and control the Bank's capital including the capital requirement planning and projection consistently with the budgetary plans and business goals and strategies to cover the resulting risks.

Capital can be defined as the long-term funds, own and third parties, and may be segmented into Tier I (Principal Capital and Supplementary Capital and Tier II (Hybrid Instruments), which were classified and authorized by BACEN for this specific purpose and that enable the institution to absorb the risks and determine and meet the required ratios and leverage thresholds. The practices adopted by the Bank are in conformity with the requirements set forth in CMN Resolution 4.557/17.

f) Sensitivity analysis

Banco Paulista performed a sensitivity analysis by market risk factors considered relevant, by monitoring the results obtained in determining the risks associated with the Bank's portfolio.

Since the calculation is made by following a methodology standardized by the Central Bank by means of the Financial Risk Management System, it does not consider the dynamic response capacity of management (Treasury and control areas) which triggers risk mitigating measures to minimize significant losses at least partially. The specific purpose of this study is risk management; therefore, it has no relation with accounting practices.

32. Indorsement, sureties and guarantees provided to third parties

As of December 31, 2021, the responsibility for indorsement, sureties and guarantees provided to third parties, including receivables assigned without recourse, amounted to R\$ 32,292 (R\$ 31,891 in 2020). An allowance for losses of R\$ 1,002 (R\$ 933 in 2020) was recognized to cover potential losses on these transactions.

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33. Contingent assets and contingent liabilities, and legal, tax and social security obligations

a) Contingent assets

As of December 31, 2021 and 2020, there are no contingent assets recorded.

b) Contingent liabilities assessed as probable losses and legal obligations

b.1) Provision for labor risks

Comprised mainly of lawsuits filed by former employees claiming overtime and former independent contractors claiming recognition of employee-employer relationship and payment of the related labor rights. Provisions for risks are recognized based on an individual analysis of the potential loss amount for each lawsuit, considering the current stage of the lawsuit, the case law in relation to the matter and the opinion of outside legal counsel. The probable loss amount reliably estimated is fully recognized, including charges.

b.2) Provision for civil risks

Comprised mainly of civil lawsuits related to CDC operations, for pain and suffering and property damages, and other lawsuits with indemnity claims. For lawsuits related to CDC operations whose amounts are not individually material, the provision is recognized based on the average history of losses on lawsuits of the same nature. The average history of loss is revised every six months. For other civil lawsuits, the likelihood of loss is individually analyzed considering the current stage of the lawsuit, the case law in relation to the matter and the opinion of outside legal counsel.

b.3) Provision for tax and social security risks

The provisions for tax and social security risks are represented by lawsuits and administrative proceedings, substantially represented by Constitutional Amendment 10/09 which ensures (i) the right to pay social contribution on net profit (CSLL) at the same rate applicable to entities not operating in the financial services segment; and (ii) suspend the requirement to pay CSLL on profits calculated at a rate of 30% in the period from 01/01/1996 to 06/07/1996, during which the company calculated and paid CSLL at a rate of 18% based on Law 9.249/95.

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Changes in provisions for risks and contingencies in the years are as follows:

	Provision for risks			2021	2020
	Labor	Civil	Tax		
Balance at the beginning of the year	315	1,233	1,217	2,765	3,417
Recognition	1,038	791	-	1,829	1,074
Realization	-	(387)	-	(387)	(254)
Inflation adjustments	-	-	27	27	15
Reversals	(297)	(117)	-	(414)	(1,643)
Fees	-	87	-	87	156
Balance at the end of the year	1,056	1,607	1,244	3,907	2,765

	Judicial deposits				2021	2020
	Labor	Civil	Tax	Other		
Balance at the beginning of the year	1,078	2,469	4,349	598	8,494	5,993
Inflation adjustments	26	-	97	-	123	70
Recognition	1,610	454	-	175	2,239	2,518
Reversal	-	(187)	-	(47)	(234)	(56)
Payments	(1,647)	(1,433)	-	(726)	(3,806)	(31)
Balance at the end of the year	1,067	1,303	4,446	-	6,816	8,494

c) Contingent liabilities assessed as possible losses

As of December 31, 2021, contingent liabilities classified as possible loss are represented by 137 civil lawsuits (22 lawsuits in 2020) involving R\$ 7,958 (R\$ 4,161 in 2020), 28 labor claims (30 claims in 2020) involving 4,506 (R\$ 6,357 in 2020) and 3 tax lawsuits (3 lawsuits in 2020) involving R\$ 479 (R\$ 479 in 2020). The involved amounts were calculated based on the respective claims (which does not necessarily represent the amount of a possible loss) and are substantially represented by the following lawsuits:

- Lawsuits claiming revision of clauses under loan and financing agreements;
- Indemnity claims, arising from the performance of financial transactions;
- Labor claims:

In addition to the lawsuits above, in December 2019, the Federal Revenue Service issued a tax assessment notice disallowing the use of administrative expenses in determining IRPJ, CSLL and IRRF in the amount of R\$ 32,761, which were assessed by the Bank's legal counsel as possible.

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The same tax assessment notice disallowed the use of expenses in the amount of R\$ 62,413, assessed as remote loss, as supported by two legal opinions and the findings of the independent investigation described in Note 2.c, which did not identify irregularities for these expenses. For both cases, the Bank filed an appeal challenging the decisions.

d) Regulatory agencies

The administrative proceeding started on April 13, 2018 was ruled on August 03, 2020. After this proceeding was dismissed, the Central Bank decided to impose a fine in the total amount of R\$ 9,753, which was challenged by the Bank. For this case, loss was assessed by the legal counsel as possible. Determining whether recognizing a provision would be necessary is not yet possible.

34. Operating limits

O regulatory capital required determined under the prevailing regulations is as follows:

	2021	2020
RWA and Basel ratio		
Regulatory capital	169,707	158,444
Tier-I regulatory capital	169,707	158,444
Principal Capital	169,707	158,444
Tier-II regulatory capital	-	-
RWA Cpad - Credit	1,097,496	848,080
RWA Cam - Foreign exchange	456	17,235
RWA Trading - Interest, commodities, shares	115,328	12,063
RWA Opad - Operational	495,803	592,465
RWA – Total	1,709,083	1,469,843
Minimum regulatory capital	136,727	117,587
Basel ratio (regulatory capital / Total RWA)	9.93%	10.78%
Tier-I ratio (Tier-I regulatory capital/ Total RWA)	9.93%	10.78%
Principal Capital ratio (Principal Capital / Total RWA)	9.93%	10.78%

As of December 31, 2021, the Conglomerate's Basel ratio determined under Resolution 2.099/94, as amended by Resolutions 4.192/13 and 4.193/13, is 9.93%.

The Bank is compliant with the requirements.

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35. Provision of non-audit services and auditor's independence policy

In compliance with CMN Resolution 3.198, the Bank did not engage Grant Thornton Auditores Independentes to provide services related to the Bank other than the external audit services. The policy adopted complies with the principles that preserve the auditor's independence, according to prevailing standards, that mainly determine that the auditor should neither audit its own work nor exercise management functions in the client or pursue its interests.

36. Other information

a) Nonrecurring profit or loss

	<u>2021</u>	<u>2020</u>
<u>Profit (loss) for the year</u>	6,003	(2,431)
(-) <u>Nonrecurring profit or loss</u>		
Sale of investments (CIP)	6,211	-
Severance costs (Bank's restructuring)	(63)	(2,246)
Investigation process	(121)	(1,126)
Legal fees	(3,561)	(3,540)
Tax effects	(1,110)	3,110
Total nonrecurring profit or loss	1,356	(3,802)
<u>Recurring profit or loss</u>	4,647	1,371

b) Amendments to the bylaws

There were no amendments to bylaws during the year ended December 31, 2021.

37. Other matters

During 2021, the Bank made a partial payment of the 2021 profit sharing to its employees in the amount of R\$ 212, under the collective bargaining agreement.

The final payment of R\$ 854 was made on February 28, 2022.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Banco Paulista S.A.

Notes to the financial statements
As of December 31, 2021 and 2020
(In thousands of reais)

38. Events after the reporting period

From December 31, 2021 to the date these financial statements was approved for issue, no subsequent occurred that would require disclosure.

39. Explanation added to the translation into English

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting policies applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.

Marcelo de Toledo Guimarães
Chief Executive Officer

Marcelo Chacon Ruiz
Director

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Ana Cristina Alves Afonso
Chief Accountant