BANCO SUMITOMO MITSUI BRASILEIRO S.A.

Financial statements as of June 30, 2022.

Contents

Management Report

Dear shareholders:

In compliance with the legal provisions, we hereby submit the financial statements for the semester ended June 30, 2022, whose net income for the semester was R$ 108,182 thousand (R$ 45,475 thousand as of June 30, 2021), total assets totaled R$ 9,378,802 thousand (R$ 8,545,054 thousand as of December 31, 2021) and the loan portfolio totaled R$ 3,497,136 thousand (R$ 2,532,626 thousand as of December 31, 2021).

Dividends:
In accordance with the Corporate Law and the Bylaws, a minimum of 25% of net income for the year is guaranteed to be distributed to shareholders as dividends and/or interest on own capital. On June 30, 2022, the Company was decided not to provision dividends/interest on own capital, with the amount of income for the year being allocated to the statutory reserve for future distribution.

We remain at your full disposal for any clarifications you deemed necessary and also inform that all accounting documents supporting these financial statements are located at the headquarters of this establishment.

São Paulo, August 29, 2022.

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Independent auditor's report on financial statements

To the Shareholders and the Board of Directors of Banco Sumitomo Mitsui Brasileiro S.A.

São Paulo – SP

Opinion

We have examined the financial statements of Sumitomo Mitsui Brasileiro S.A. ("Bank"), which comprise the balance sheet as of June 30, 2022 and the respective statements of income, comprehensive income, changes in shareholders' equity and cash flows for the semester then ended, as well as the corresponding notes, including the summary of the significant accounting policies.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Sumitomo Mitsui Brasileiro S.A. as of June 30, 2022, the performance of its operations and its cash flows for the semester then ended, in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil - Bacen.

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. Our responsibilities, in conformity with these standards, are described in the following section denominated "Auditors' responsibilities for the audit of the financial statements". We are independent in relation to the Bank, according to the relevant ethical principles established in the Accountants' Professional Code of Ethics and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those who, in our professional judgment, were the most significant in our audit of current semester. These matters were addressed in the context of our audit of financial statements as a whole and in expressing our opinion on these financial statements and, therefore, we do not express a separate opinion on these matters.

Provisions for expected losses associated with credit risk

As mentioned in notes 3g and 9, for the purpose of measuring the provision for expected losses associated with credit risk, the loan and foreign exchange operations are classified according to management's judgment regarding the risk level, as Bank's policy that considers the economic situation, past experience and specific risks in relation to each operation, its debtors and guarantors, observing the parameters provided for by CMN Resolution 2682/99, which requires the periodic analysis of the portfolio and its classification in nine levels, and "AA" (minimum risk) and "H" (loss). The Bank applies the loss percentages established in such Resolution on each risk level for purposes of calculating the provision for expected losses associated with credit risk and in addition to parameters set forth in this Resolution, the Bank recognizes an additional provision based on internal methodology. The classification of loan operations into risk levels and measurement of provision for expected losses associated with credit risk involves Bank's assumptions and judgments, based on its internal methodologies. Due to the relevance of loan operations and uncertainties inherent to determination of estimate of the provision for expected losses associated with credit risk and the complexity of the methods and assumptions used, as well as the judgment involved in their determination, we consider this matter to be material for our audit.

How our audit approached this matter

We evaluate the design and operational effectiveness of key internal controls related to the processes of approval, record and update of credit operations as well as internal methodologies for evaluating client risk ratings that support the classification of transactions and the main assumptions used in the determination of the provision for expected losses associated with credit risk. Additionally, we evaluated, on a sampling basis, the information that supports the definition and review of the ratings of the Bank, such as credit proposal, financial and registration information, and amounts provided in formal guarantees, including the methodologies and assumptions used for the provision. We analyzed the arithmetic calculation of the provision, including in the evaluation the compliance with the requirements established by CMN Resolution 2682/99 related to the calculation of the provision for expected losses associated with credit risk. We also evaluate whether the disclosures made in the financial statements are appropriate in relation to current standards.

Based on the evidence obtained through the procedures described above, we consider it acceptable to measure the provision for expected losses associated with credit risk in the context of the financial statements for the semester ended June 30, 2022.

Fair value measurement of derivative financial instruments, including evaluation of hedge accounting structures

As Notes 3.f and 7, item 4, the Bank carries out operations with derivative financial instruments in order to protect against changes in market prices and mitigate foreign currency risks and interest rates of its contracted assets and liabilities and cash flows. Such derivative financial instruments are comprised of Swap, Non Deliverable Forwards (NDF) and Futures operations. The mark-to-market methodology of these derivative financial instruments was established considering the closing price or adjustment, if applicable, on the date of calculation, or, in the absence thereof, conventional and proven methodologies, pricing models that reflect the net realizable value or even the price of a similar financial instrument, considering at least the payment and maturity terms, the currency or index, and the credit risk associated with the counterparty. Additionally, the Bank has Futures contracts, which were entered into with the purpose of mitigating the effect of the exchange rate changes on funding carried out in foreign currency and fixed-rate loan operations in Reais. Such operations were designated as hedge derivatives and classified as Market Risk Hedge or Cash Flow Hedge operations. Hedge operations are measured at market value. The measurement at fair value of both derivatives and the hedged item must meet the criteria determined by BACEN Circular Letter 3082/02, a rule that provides for and consolidates criteria for recording and accounting evaluation of derivative financial instruments, in addition to policies and controls to guarantee its effectiveness. Due to the uncertainty on assumptions and estimates involved in pricing of derivative financial instruments and to measure the market value of the hedged item, we consider this matter significant for our audit.

How our audit conducted this issue

As part of our procedures, we evaluate the design and operational effectiveness of the key internal controls adopted by the Bank to measure the market value of derivative financial instruments, including derivatives for hedging purposes and hedged items. With the help of our financial instruments experts, we tested the models developed by the Bank's professionals to determine fair values and the reasonableness of the criteria for defining the parameters and information included in the pricing models used, recalculating the value of the operations and comparing the assumptions used to determine fair value with similar transactions in the market. Moreover, with the help of our financial instruments experts, we obtained an understanding of the hedging strategies adopted by the Bank, including those related to hedge accounting to preserve the spread of investments, interbank deposits and onlending operations. Evaluate the adequacy of the documentation prepared by the Bank that supports the designation as hedge accounting, specifically the formal designations containing the descriptions of all strategies and methodologies used to measure effectiveness. We also carried out the recalculation of the prospective and retrospective coverage effectiveness test prepared by the Bank. Furthermore, we analyzed whether the information presented in the explanatory notes meets all disclosure requirements provided for by current regulations.

Based on the evidence obtained through the procedures summarized above, we consider it acceptable to measure the fair value of derivative financial instruments, including the derivatives for hedging and hedged items in the context of the financial statements taken as a whole for the semester ended June 30, 2022.

Other information accompanying the financial statements and the auditor's report

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

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

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

Management's responsibility and governance for the financial statements

The Management is responsible for the preparation and adequate presentation of the financial statements in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil, and the internal controls it deemed necessary to enable the preparation of financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

In preparing the financial statements, Management is responsible for evaluating the Bank's ability to continue operating, and disclosing – where applicable – matters related to its going concern and the use of this accounting basis in the preparation of the financial statements, unless Management intends to liquidate the Bank or cease its operations, or has no realistic alternative to avert closing down operations.

The ones responsible for the Bank's governance are those with responsibility for overseeing the process of preparation of financial statements.

Responsibilities of the auditor regarding the audit of financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatements, regardless of whether any such misstatement is caused by fraud or error, and issue an audit report containing our opinion. Reasonable assurance is a high level of assurance, but not a guarantee that the audit conducted pursuant to Brazilian and international auditing standards will always detect any existing material misstatements. Misstatements may be due to fraud or error and are considered material when, individually or taken as a whole, can influence, within a reasonable perspective, the economic decisions of users taken based on these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of the internal controls relevant to the audit to design auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain appropriate and sufficient audit evidence regarding the financial information of the entities or business activities of the group to express an opinion on the financial statements. We are responsible for the management, oversight and performance of audit of the group, and, consequently, the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our audit.

Out of matters that were communicated to people responsible for governance, we determined those that were considered as the most significant in the audit of financial statements for current semester and that, accordingly, comprise the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, August 29, 2022.

KPMG Auditores Independentes Ltda.
CRC 2SP027685/O-0

Luciana Liberal Sâmia
Accountant CRC 1SP198502/O-8

SMBC SUMITOMO MITSUI BANKING CORPORATION

Banco Sumitomo Mitsui Brasileiro S.A.
Balance sheets
As of June 30, 2022 and December 31, 2021
(In thousands of reais)

ASSETS	Note	June 2022	December 2021
Cash and cash equivalents	4	70,916	567,751
FINANCIAL ASSETS		9,085,403	7,809,256
Interbank funds applied	5	2,764,480	1,730,187
Money market repurchase commitments		1,981,997	910,312
Interbank deposit investments		698,685	819,874
Foreign currency investments		83,798	1
Securities	6	1,798,725	2,206,441
Own portfolio		932,837	1,671,170
Related to guarantees		865,888	535,271
Derivative financial instruments	7	268,703	65,081
Interbank relations		299,119	537,987
Deposited with the Central Bank of Brazil - BACEN		3,090	3,015
Interbank repasses	8	296,117	535,121
Provision for expected losses associated with credit risk	8	(88)	(149)
Loan operations		2,039,786	1,685,692
Loans	9.a	2,043,546	1,688,319
Provision for expected losses associated with credit risk	9.e	(3,760)	(2,627)
Foreign exchange transactions		1,914,590	1,583,868
Foreign exchange portfolio	10	1,917,402	1,586,013
Provision for expected losses associated with credit risk	9.e	(2,812)	(2,145)
OTHER ASSETS	12	67,155	38,258
TAX ASSETS	11	148,606	122,391
Current tax assets		9,090	18,184
Tax credit		139,516	104,207
INVESTMENTS		123	123
PROPERTY, PLANT AND EQUIPMENT FOR USE	13.a	3,198	3,404
Other property for use		16,488	16,288
Accumulated depreciation		(13,290)	(12,884)
INTANGIBLE ASSETS	13.b	3,401	3,871
Intangible assets		14,637	14,457
Accumulated amortizations		(11,236)	(10,586)
TOTAL ASSETS		9,378,802	8,545,054

LIABILITIES	Note	June 2022	December 2021
FINANCIAL LIABILITIES		7,109,665	6,269,918
Deposits	14	1,810,812	1,671,795
Demand deposits		122,250	147,287
Time Deposits		1,688,562	1,524,508
Interbank relations		555	-
Interbranch accounts		46,833	55,271
Derivative financial instruments	7	145,001	102,928
Foreign borrowings	15.a	1,644,829	927,194
Foreign onlendings	15.b	2,874,682	2,807,402
Foreign exchange portfolio	10	586,953	705,328
OTHER LIABILITIES	16.a	52,829	118,583
PROVISIONS	16.b	58,631	68,684
Tax, civil and labor		25,393	32,343
Other		33,238	36,341
TAX LIABILITIES		157,976	138,040
Current tax liabilities	19.a	40,413	61,989
Deferred tax liabilities	19.c	117,563	76,051
SHAREHOLDERS' EQUITY		1,999,701	1,949,829
Capital:		1,559,699	1,559,699
Domestic		2	2
Foreign		1,559,697	1,559,697
Profit reserves		535,824	427,642
Mark-to-market - Securities		(820)	(993)
Cash flow hedge		(106,426)	(51,163)
Adjustments to actuarial liabilities - CVM 600		(9,603)	(9,603)
Exchange-rate change adjustments in investments		21,027	24,247
TOTAL LIABILITIES		9,378,802	8,545,054

*See the accompanying notes to the financial statements.

Banco Sumitomo Mitsui Brasileiro S.A.
Statements of income
Semesters ended June 30, 2022 and 2021
(In thousands of Reais, except earnings per thousand shares)

	Note	June 2022	June 2021
Financial intermediation revenues		232,825	37,620
Loan operations	20.a	102,946	42,920
Securities income (loss)	20.b	229,279	59,181
Derivative financial instruments	20.c	(116,514)	(46,475)
Foreign exchange operations	20.d	17,114	(18,006)
Financial intermediation expenses		(104,689)	(42,891)
Money market repurchase agreements	20.e	(90,251)	(27,595)
Borrowings and onlending operations	20.f	(14,438)	(15,296)
Gross income (loss) from financial intermediation		128,136	(5,271)
(-) Provision for losses associated with credit risk	9.e	(1,800)	(3,002)
Other operating revenues (expenses)		76,271	54,853
Revenues from rendering of services	20.g	39,722	20,403
Personnel expenses	20.h	(42,330)	(36,076)
Other administrative expenses	20.i	(29,915)	(25,750)
Tax expenses	20.j	(10,648)	(6,486)
Other operating revenues/(expenses)	20.k	112,492	101,476
(Provision) reversal of provision for contingent liabilities	20.l	6,950	1,286
Operating income (loss)		202,607	46,580
Non-operating income (loss)	20.m	9	10
Income (loss) before taxes		202,616	46,590
Income tax and social contribution	19	(92,194)	110
Income tax		(22,691)	(10,006)
Social contribution		(17,722)	(8,502)
Deferred tax assets		(51,781)	18,618
Statutory profit sharing		(2,240)	(1,225)
Net income for the period		108,182	45,475
Number of shares		1,559,699	1,559,699
Earnings per thousand shares - R$		69.36	29.16

*See the accompanying notes to the financial statements.

Banco Sumitomo Mitsui Brasileiro S.A.
Statements of comprehensive income
Semesters ended June 30, 2022 and 2021
(In thousands of reais)

	June 2022	June 2021
Net income for the period	108,182	45,475
Comprehensive income that can be subsequently reclassified to net income:	**(58,310)**	**(10,479)**
Financial assets available for sale		
Change in fair value	315	(7,051)
Tax effect	(142)	3,173
Exchange-rate change adjustment in foreign investments		
Change in fair value	(5,855)	(3,413)
Tax effect	2,635	1,536
Cash flow hedges		
Change in fair value	(100,478)	(8,589)
Tax effect	45,215	3,865
Total other comprehensive income for the period	**(58,310)**	**(10,479)**
Total comprehensive income	49,872	34,996

*See the accompanying notes to the financial statements.

Banco Sumitomo Mitsui Brasileiro S.A.
Statement of changes in shareholders' equity
Semesters ended June 30, 2022 and 2021
(In thousands of reais)

			Profit reserve		Other comprehensive income					
	Note	Realized capital	Legal	Statutory	Own	Gains and losses - Hedge	Adjustment in actuarial liabilities	Exchange-rate change adjustment in foreign investments	Retained earnings	Total
Balances at December 31, 2020		**1,559,699**	**15,534**	**256,101**	**3,299**	**(3,970)**	**(10,869)**	**20,635**	**-**	**1,840,429**
Mark-to-market - Securities and derivatives					(3,878)	(4,724)				(8,602)
Exchange-rate change adjustment in foreign investments Resolution 4524								(1,877)		(1,877)
Net income for the semester									45,475	45,475
Legal reserve	18.c		2,274						(2,274)	-
Statutory reserve	18.d			43,201					(43,201)	-
Balances at June 30, 2021		**1,559,699** -	**17,808**	**299,302**	**(579)**	**(8,694)**	**(10,869)**	**18,758**	**-**	**1,875,425**
Balances at December 31, 2021		**1,559,699**	**23,334**	**404,308**	**(993)**	**(51,163)**	**(9,603)**	**24,247**	**-**	**1,949,829**
Mark-to-market - Securities and derivatives					173	(55,263)				(55,090)
Exchange-rate change adjustment in foreign investments Resolution 4524								(3,220)		(3,220)
Net income for the semester									108,182	108,182
Legal reserve	18.c		5,409						(5,409)	-
Statutory reserve	18.d			102,773					(102,773)	-
Balances at June 30, 2022		**1,559,699**	**28,743**	**507,081**	**(820)**	**(106,426)**	**(9,603)**	**21,027**	**-**	**1,999,701**

*See the accompanying notes to the financial statements.

Banco Sumitomo Mitsui Brasileiro S.A.
Statement of cash flows
Semesters ended June 30, 2022 and 2021
(In thousands of reais)

	June 2022	June 2021
Operating activities		
Adjusted net income	**29,490**	**18,096**
Income (loss) for the period	108,182	45,475
Adjustments to net income	(78,692)	(27,379)
Mark-to-market of securities and derivative financial instruments (Assets/Liabilities)	(119,131)	(8,135)
Income (loss) from financial assets at fair value through other comprehensive income	(305)	7,029
Adjustment in provision for losses associated with credit risk	1,800	3,002
Provision adjustment (reversal) for interbank transactions	(61)	(1)
Adjustment in Provision (Reversal) for financial guarantees provided	1,674	979
Depreciation and amortization	1,056	1,111
Adjustment in provision for tax risks	(9,595)	(3,123)
Adjustment in provision for contingent liabilities	2,645	1,838
Deferred taxes	51,781	(18,618)
Inflation (adjustment) reversal of judicial deposits	(178)	(176)
Provisions/Reversals for employee bonus	(7,279)	(6,370)
Other	(1,099)	(4,915)
Changes in assets and liabilities	**(1,361,456)**	**(203,257)**
Increase (decrease) in investments Interbank investments	(944,773)	226,460
(Increase) decrease in securities and derivative financial instruments (Assets/Liabilities)	365,603	157,911
(Increase) decrease in interbank accounts (Assets/Liabilities)	231,046	39,329
(Increase) decrease in loan operations	(355,227)	80,145
(Increase) decrease in foreign exchange portfolio operations	(449,764)	(677,458)
(Increase) decrease in securities trading and intermediation (Assets/Liabilities)	(106,226)	(9,530)
(Increase) decrease in other assets	(35,470)	(4,651)
Provision for income tax and social contribution	40,413	18,508
Income tax and social contribution paid	(52,628)	(22,925)
(Decrease) increase in other liabilities	(54,430)	(11,046)
Net cash and cash equivalents from or invested in operating activities	**(1,331,966)**	**(185,161)**
Investment activities		
(Acquisition) disposal of property, plant and equipment and intangible assets	(180)	(968)
(Acquisition) disposal of property, plant and equipment for use	(200)	(1,276)
Net cash and cash equivalents from or invested in investment activities	**(380)**	**(2,244)**
Financing activities		
Increase (decrease) in deposits	139,017	(90,276)
Increase (decrease) in borrowings and onlendings	786,014	(261,553)
Net cash and cash equivalents from or invested in financing activities	**925,031**	**(351,829)**
Increase (decrease) in cash and cash equivalents	**(407,315)**	**(539,234)**
Cash and cash equivalents at the beginning of the period	567,751	119,391
Cash equivalent at the beginning of the period	36,199	2,230,568
Total cash and cash equivalents at the beginning of the period	603,950	2,349,959
Cash and cash equivalents at the end of the period	70,916	243,868
Cash equivalent at the end of the period	125,719	1,566,857
Total cash and cash equivalents at the end of the period	196,635	1,810,725
Changes in net cash and cash Equivalents for the period	**(407,315)**	**(539,234)**

*See the accompanying notes to the financial statements.

Notes to the financial statements
(In thousands of reais)

1 Operations
Banco Sumitomo Mitsui Brasileiro S.A. ("Bank") is incorporated as a multi-service bank, operating commercial portfolios, including foreign exchange and investment operations, pursuant to Resolution 1524/88 of the National Monetary Council (CMN).

On January 18, 2012, the Bank received authorization from the Central Bank of Brazil to set up a branch in the Cayman Islands. The approval documentation for the installation of the branch was issued on January 8, 2013. The Bank effectively started operational activities at the branch in September 2013. The accounting balances of the branches abroad are included in the financial statements.

2 Preparation and presentation of financial statements
The financial statements are in compliance with the regulations issued by the National Monetary Council and the Central Bank of Brazil, as provided for in CMN Resolution 4818/2020.

In preparing these financial statements, premises and estimates of prices have been used to record and determine the values of assets and liabilities. Accordingly, the results recorded upon the actual financial settlement of these assets and liabilities could be different from the estimates.

The accounting pronouncements already approved by Central Bank of Brazil:

- CMN Resolution 3566/08 – Impairment of Assets (CPC 01)
- CMN Resolution 3604/08 – Statement of Cash Flows (CPC 03)
- CMN Resolution 3823/09 – Provisions, Contingent Liabilities and Contingent Assets (CPC 25)
- CMN Resolution 3973/11 – Events after the Reporting Period (CPC 24)
- CMN Resolution 3989/11 – Share-Based Payment (CPC 10)
- CMN Resolution 4007/11 – Accounting Policies, Changes in Accounting Estimates and Errors (CPC 23)
- CMN Resolution 4144/12 – Basic Conceptual Pronouncement (R1)
- CMN Resolution 4877/20 – Employee Benefits (CPC 33 R1)
- CMN Resolution 4524/16 – The Effects of Changes in Foreign Exchange Rates (CPC 02)
- CMN Resolution 4534/16 – Intangible Assets (CPC 04)
- CMN Resolution 4535/16 – Property, Plant and Equipment (CPC 27)

- CMN Resolution 4636/18 – Related Party Disclosures (CPC 05 R1)
- CMN Resolution 4748/19 – Fair Value Measurement (CPC 46)
- CMN Resolution 4818/20 – Earnings per Share (CPC 41)

Changes in presentation of financial statements

CMN Resolution 4818/2020 and its complementary regulations amended, as of 01/01/2021, the general criteria for the preparation and disclosure of financial statements in force until then. Based on the aforementioned Resolution and on BACEN Resolution 2/2020, the Bank made changes in the presentation of its financial statements, in compliance with the respective Circular Letter, among which we highlight:

Balance sheet

Presentation of asset and liability accounts exclusively in order of liquidity and enforceability. The breakdown between current and non-current segregation is being presented in the respective notes.

Adoption of new nomenclature and grouping of asset items, such as: cash and cash equivalents, financial assets, provision for losses associated with credit risk, financial liabilities, tax assets and liabilities and provisions.

Statement of income

Use of new classifications of financial intermediation revenues and expenses, in line with the groupings presented in the balance sheet.

Highlighted presentation of provisions for losses associated with credit risk and provisions for tax, civil and labor risks.

Statement of comprehensive income

The statement of comprehensive income includes income and other comprehensive income for the year, separated into items that will or will not be reclassified to income (loss) in subsequent periods. Other comprehensive income is represented by revenue and expense items recognized directly in shareholders' equity. Statement of comprehensive income for the semesters ended June 30, 2022 and 2021 are presented in these financial statements.

Notes to the financial statements

Readjustment of the structure of presentation of explanatory notes due to the adoption of new nomenclatures and groupings of asset and income items.

Other information

The Bank did not adopt the prerogative of the CMN Resolution 4720/2019 and BACEN Resolution 2/2020 to disclose annual financial statements accompanied by selected explanatory notes.
The authorization of financial statements for the year ended June 30, 2022 was granted by the Executive Board as of August 29, 2022.

3 Significant accounting policies

The Bank adopts the following significant accounting practices in the preparation of its financial statements:

a. Functional and presentation currency

The Bank's functional and presentation currency is the Brazilian Real.

The operations carried out by the branch abroad (Cayman) have the US dollar as the functional currency. However, for the purposes of presentation and consolidation at the Bank, the amount is translated into reais according to the selling exchange rate informed by the Central Bank of Brazil.

The effect of exchange rate change resulting from the translation of transactions in foreign currency and financial statements invested abroad are recorded in separate shareholders' equity accounts, in accordance with CMN Resolution 4524/16.

b. Statement of income

Revenues and expenses are allocated on the accrual system, following the pro rata die criterion for those of financial nature.

Revenues and expenses of a financial nature are calculated with a basis on the exponential method, excepting those related to discounted securities or transactions with foreign countries, which are calculated by the straight-line method.

Fixed-rate transactions are carried at redemption value and revenues and expenses corresponding to future periods are recorded in an account that reduces respective assets and liabilities. Transactions with floating rates or pegged to foreign currencies are restated up to the balance sheet date.

c. Cash and cash equivalents

Cash and cash equivalents are represented by cash and cash equivalents in domestic, foreign currency and money market repurchase commitments, whose maturity of the operations on the date of the effective investment is equal to or shorter than 3 months and present insignificant risk of fair value change, used by the Bank for managing its short-term commitments.

d. Interbank funds applied

Interbank funds applied are recorded at the investment value, plus accrued income up to the balance sheet date.

e. Securities

In accordance with BACEN Circular Letter 3068 of November 8, 2001, the securities are classified according to Management's intention in the following categories:

- **Trading securities** – Securities acquired for the purpose of being frequently and actively negotiated and adjusted to market value with the corresponding entry to the income (loss) for the period.

- **Securities available for sale** – Securities that are not classified in trading securities category nor held to maturity, which are adjusted to market value with the corresponding entry to a separate account in shareholders' equity, reduced for any tax effects.

- **Securities held to maturity** – Securities acquired with the intention and financial capacity to be held in portfolio until maturity, valued at acquisition cost, plus income with the corresponding entry to the income (loss) for the period.

f. Derivative financial instruments

The Bank carries out operations with derivative financial instruments in order to protect against changes in market prices and dilute currency risks and interest rates of its assets and liabilities and cash flows agreed for compatible terms, rates and amounts.

Derivative financial instruments are used as a tool for risk transfer in order to cover positions of non-trading (Banking Book) and trading (Trading Book) portfolios. Additionally, highly liquid derivatives traded on stock exchange are used, within tight limits and periodically reviewed, in order to manage exposures in the trading book.

In order to manage the resulting risks, internal limits have been determined for global exposure and by portfolios. These limits are daily followed up. Considering the limits are possibly exceeded due to unexpected situations, the Management has established internal policies requiring immediate definition of conditions for realignment. These risks are monitored by an independent area from operational areas and are daily reported to the Top Management.

The mark-to-market methodology of derivative financial instruments was established considering the closing price or adjustment, if applicable, on the date of calculation, or, in the absence thereof, conventional and proven methodologies, pricing models that reflect the net realizable value or even the price of a similar financial instrument, considering at least the payment and maturity terms, the currency or index, and the credit risk associated with the counterparty.

Pursuant to BACEN Circular 3082, of January 31, 2002, and BACEN Circular Letter 3026, of July 5, 2002, derivative financial instruments are comprised of Swap and Non Deliverable Forwards (NDF's), as well as Futures, accounted for using the following criteria:

- Futures transactions:

Daily adjustments are recorded in an asset and liability account and allocated to revenues and expenses daily.

- Swap and Non-Deliverable Forward Operations:

The receivable or payable difference is recorded in an asset or liability account, respectively, and allocated as revenue or expense proportionally to the number of days until the balance sheet date.

Operations with derivative financial instruments, carried out upon request of clients or on their own account, which meet the hedge criteria or not for global risk exposure and which are not characterized as associated operations in accordance with the assumptions disclosed by BACEN Circular Letter 3150/2002, are valued at market value, accounting for appreciation or devaluation as follows:

- Derivative financial instruments not considered as hedge in a revenue or expense account in income (loss) for the period.

- Financial instruments considered as hedge:

– Market risk hedge has the purpose of offsetting the risks arising from the hedged item's exposure to market value changes and its appreciation or devaluation is calculated as a counterparty to revenue or expense accounts, in income (loss) for the period.

– Cash flow hedge are intended to offset estimated future cash flow changes and the valuation and devaluation is calculated as a counterparty to the account emphasized in shareholders' equity.

– Upon initial designation of the hedge, the Bank formally documents the relationship between the hedge instruments and the hedgeable instruments, including the risk management goals and the strategy in the execution of the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedge relationship, considering the conventional calculation methods. The Bank evaluates - both at the beginning of the hedge relationship and continuously - whether hedge instruments are expected to be highly effective to offset changes in market value of hedged items against respective hedges in the hedged period, and whether actual results of each hedge are within the 80–125% interval.

g. Loan, foreign exchange operations and provisions for losses associated with credit risk

The loan and foreign exchange operations are classified according to management's judgment regarding the risk level, as Bank's policy that considers the economic situation, past experience and specific risks in relation to each operation, its debtors and guarantors, observing the parameters provided for by CMN Resolution 2682/99, which requires the periodic analysis of the portfolio and its classification in nine levels, and "AA" (minimum risk) and "H" (loss). Furthermore, in addition to the parameters established in the aforementioned Resolution, the Bank records an additional provision, based on an internal methodology, prepared by its headquarters.

The Bank has defined policies and procedures for granting credit, approved by its Credit Committee and incorporated into its internal control systems. Such policies and procedures determine the need to evaluate client data to define the Obligor Grade – grading of the client, considering the qualitative and quantitative aspects.

Income from loan operations overdue for more than 60 days, regardless of their level of risk, are recognized as revenue only when effectively received.

Operations rated at level H (100% of provision) continue in this status for six months, when they are written off against the existing provision and controlled, for five years, in memorandum accounts, leaving balance sheet.

Renegotiated operations are maintained, at a minimum, at the same level at which they were rated. Renegotiations of loans that had already been written off against existing provision and that were controlled in memorandum accounts are rated as level "H" and any gains from renegotiation are recognized as revenue only when effectively received. When there is significant amortization of the operation or when new material facts justify the change in the risk level, the operation may be reclassified to a lower risk category.

The Bank records a provision on guarantees provided and surety transactions, using the same policies as the criteria and observing at least the assumptions provided for in the CMN Resolution 2682/99, considering the economic situation, past experience and the specific risks in relation to each operation and its debtors, as mentioned above.

h. Other assets

Other current and long-term assets are stated at cost, including, when applicable, earnings and monetary fluctuations earned until the balance sheet date, less the related provisions for losses or adjustments to realizable value.

i. Property, plant and equipment

Stated at acquisition cost, net of the respective accumulated depreciation, calculated up to the end of the period. Depreciation is calculated using the straight-line method, based on annual rates that take into consideration the term of useful economic life of assets. The main annual depreciation rates are 20% for vehicles and data processing equipment and 10% for other goods.

In compliance with Resolution 4535 of the National Monetary Council - CMN, dated November 24, 2016, the new property, plant and equipment will be recognized at cost, comprising the spot purchase or construction price, plus any import taxes and unrecoverable taxes on the purchase, other directly attributable costs required to place the asset at the location and in the conditions necessary for its operation, and initial estimate of the dismantling and removal costs of the asset and restoration of the site in which it is located. Moreover, depreciation will correspond to the depreciable amount divided by the useful life of the asset, calculated on a straight-line basis as of the moment the asset is available for use, and recognized monthly in a contra entry to the specific operating expense account. Useful life is the period of time during which the Bank expects to use the asset.

j. Intangible assets

Intangible assets correspond to expenses with acquisitions and development of systems, amortized on a straight-line basis at the annual rate of 20% and for leasehold improvements, which are stated at acquisition or formation cost, less accumulated amortization calculated up to the end of the period and amortized over the contractual lease term.

In compliance with Resolution 4534 of the National Monetary Council (CMN), dated November 24, 2016, the new intangible assets will be recognized at cost, comprising the acquisition price or the spot development cost, plus any import taxes and unrecoverable taxes, and other directly attributable costs required to prepare the asset its intended purpose. Amortization will be monthly recognized over the estimated useful life of the asset, against specific account of operating expense. Useful life is the period of time during which the Bank expects to use the asset. Intangible assets having undefined useful life are not amortized.

k. Non-monetary asset impairment

In accordance with CMN Resolution 3566, upon the approval of the Technical Pronouncement CPC 01, which provides on procedures applicable to recognition, measurement and disclosure of losses in relation to impairment of assets, the following criteria are established:

An impairment loss is recognized if the book value of an asset or its cash generating unit exceeds its recoverable value. A cash generating unit is the smallest identifiable group of assets which generates cash flows substantially independent from other assets and groups of assets. Impairment losses are recognized in the income (loss) for the period they were observed. The amounts of the non-financial assets, except for tax credits, are reviewed at least annually, to determine whether there is any sign of impairment loss.

l. Inflation adjustment of rights and obligations

The rights and obligations, legally or contractually subject to exchange-rate change or to index change, are restated up to the balance sheet date. Counterparties of such restatements are included in income (loss) for the period.

m. Deposits

Deposits are stated at the amounts of the liabilities and consider the charges enforceable up to the balance sheet date, recognized on a “pro rata” daily basis.

n. Contingent assets and liabilities and legal obligations

The recognition, measurement and disclosure of contingent assets and liabilities and legal (tax and social security) liabilities are made in accordance with the criteria defined in CMN Resolution 3823/09, which approved the CPC 25 issued by the Accounting Pronouncement Committee (CPC). The criteria utilized by the Management for measurement and disclosure of contingent assets are:

- **Contingent assets** – Are not recognized in financial statements, except when there is evidence ensuring their realization.
- **Contingent liabilities** – Recognized in the financial statements when a present obligation exists as a result of a past event and, based on the opinion of legal advisors and management, it is considered probable that an outflow of funds incorporating the economic benefits to settle this obligation is considered, and provided that the amounts involved are measurable with sufficient certainty.

For labor, civil and tax contingencies, provisions are recorded based on the decision established by management based on the opinion of lawyers, in view of the possibility of loss in the case.

- **Legal obligations – Tax and social security –** Refer to lawsuits challenging the legality and constitutionality of the federal taxes. The amounts under discussion are fully recorded in the financial statements and restated according to the law in effect.

Contingent liabilities are disclosed in notes unless there is remote chance of disbursement upon settlement.

The judicial deposits are recorded in asset account, restated based on their bank statements without deduction of the provisions for contingent liabilities and legal obligations, in conformity with BACEN standards.

o. Income tax and social contribution

The provision for income tax is calculated at the rate of 15%, with a 10% surtax on taxable income exceeding R$ 240 thousand in the year, adjusted by the additions and exclusions provided for in the legislation.

The current rate for social contribution is 20%. However, through Provisional Measure 1115/2022, regarding the periods from August to December 2022, the effective rate will be 21%; returning to the aforementioned rate as of 2023.

Tax credits are established based on provisions of Resolution 4842, of July 30, 2020, of the National Monetary Council, which determine that the Bank should meet – for accounting recognition and maintenance of tax credits deriving from income tax losses and negative basis of social contribution, as well as those deriving from temporary differences – the following conditions, on a cumulative basis:

Present history of taxable income or revenues for income tax and social contribution purposes, at least three years from the last five fiscal years, including the year under reference;

Expectation of generation of future taxable income for income tax and social contribution purposes, as appropriate, in subsequent periods, based on technical studies that allow the realization of the tax credit over a maximum period of 10 years.

Tax credits on temporary differences were calculated at rates of 25% for income tax and 20% or 21% for social contribution. This happens since, for their recording, we consider the period foreseen for their realization. Thus, for those credits scheduled to be realized in 2022, the rate of 21% was used and, for later periods, the rate of 20% was adopted.

p. Employee benefit plan

Post-employee benefit plan comprises the commitment assumed by the Bank to complement the benefits of the pension system.

Defined benefit plan

For this type of plan, the Sponsor's obligation is to provide the agreed benefits to employees, assuming the potential actuarial risk that the benefits will cost more than expected.

CVM Resolution 695, date December 13, 2012, approved Technical Pronouncement CPC 33 (R1), which addresses employee benefits, in accordance with the amendments to International Accounting Standards (IAS 19). Technical Pronouncement CPC 33 (R1) provided for fundamental changes in the accounting and disclosure of employee benefits, such as the removal of the corridor mechanism in the recording of plan obligations, as well as changes in the criteria for recognizing plan assets (appreciations and depreciations). The adoption of the aforementioned Pronouncement applies to the year beginning on January 1, 2015, and the effects are recorded retrospectively, as changes in accounting practices.

The present value of a defined benefit obligation is the present value, net of any plan assets, of expected future payments required to settle the obligation resulting from employee service in current and past periods.

On December 25, 2015, the Central Bank of Brazil issued CMN Resolution 4877/2020, which defines that financial institutions must follow the Technical Pronouncement CPC 33 (R1) as of January 1, 2016.

The Bank has adopted the assumptions and effects of the adoption of CPC 33 (R1) since 2013.

q. Accounting estimates

Preparation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil requires that Management use its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include provision for losses associated with credit risk, deferred income tax assets, provision for contingencies and valuation of derivative financial instruments and hedge structure. The settlement of transactions involving these estimates may result in significantly different amounts due to the lack of precision inherent to the process of their determination. Estimates and assumptions are reviewed at least on a quarterly basis.

r. Non-recurring income (loss)

Non-recurring income (loss) includes revenues and expenses arising from unusual administrative acts and facts or that have a low probability of occurring in consecutive years.

4 Cash and cash equivalents

Cash and cash equivalents presented in statement of cash flows are broken down as follows:

	June 2022	December 2021
Cash and cash equivalents	**70,916**	**567,751**
(*) Interbank deposit investments	**125,719**	**36,199**
Interbank deposit investments	41,921	36,198
Foreign currency investments	83,798	1
Total cash and cash equivalents	**196,635**	**603,950**

(*) They refer to transactions with an original maturity or lower than 90 days and present an insignificant risk of change in fair value.

5 Interbank funds applied

The money market repurchase commitments as of June 30, 2022 and December 31, 2021 are broken down as follows:

	June 2022			
	Up to 3 months	**3–12 months**	**>12 months**	**Total**
Money market repurchase commitments	**–**	**-**	**1,981,997**	**1,981,997**
Own portfolio	**-**	**-**	**1,981,997**	**1,981,997**
National treasury bills	-	-	531,999	531,999
National Treasury Notes – B Series	-	-	1,449,998	1,449,998
(*) Interbank deposit investments	**41,921**	**173,215**	**483,549**	**698,685**
Not linked	41,921	173,215	483,549	698,685
Foreign currency investments	**83,798**	**-**	**-**	**83,798**
Total	**125,719**	**173,215**	**2,465,546**	**2,764,480**

	December 2021			
	Up to 3 months	**3–12 months**	**>12 months**	**Total**
Money market repurchase commitments	**-**	**-**	**910,312**	**910,312**
Own portfolio	**-**	**-**	**910,312**	**910,312**

National treasury bills	-	-	580,198	580,198
Financial Treasury Bills - LFT	-	-	330,114	330,114
(*) Interbank deposit investments	**36,198**	**423,377**	**360,299**	**819,874**
Not linked	36,198	423,377	360,299	819,874
Foreign currency investments	**1**	**-**	**-**	**1**
Total	**36,199**	**423,377**	**1,270,611**	**1,730,187**

6 Securities

The Bank does not adopt the strategy of acquiring securities to be actively and frequently traded. The amount presented in quotas of multimarket funds are represented by the Bank's investments in an exclusive investment fund, named SMBCB Onshore Fundo de Investimento Multimercado Investimento no Exterior ("SMBCB Onshore"). Further details of securities portfolio as of June 30, 2022 and December 31, 2021 are as follows:

	June 2022		**December 2021**	
	Market value	**Value of curve**	**Market value**	**Value of curve**
Trading securities				
Cotas de fundos multimercado – SMBCB Onshore Fundo de Investimento Multimercado Investimento no Exterior Longo Prazo	230,927	211,000	219,642	211,000
Total – Trading securities	**230,927**	**211,000**	**219,642**	**211,000**
(*) Securities available for sale				
Own portfolio				
Financial Treasury Bills - LFT	207,524	207,551	921,163	921,010
Debentures	494,048	494,635	530,065	496,077
Participation fund quotas – FIP Brasil Sustentabilidade	338	641	300	641
	701,910	**702,827**	**1,451,528**	**1,417,728**
Subject to guarantees provided				
Financial Treasury Bills - LFT	865,888	866,470	535,271	536,286
	865,888	**866,470**	**535,271**	**536,286**
Total – available for sale	**1,567,798**	**1,569,297**	**1,986,799**	**1,954,014**
Grand total	**1,798,725**	**1,780,297**	**2,206,441**	**2,165,014**

(*) Securities classified in the available-for-sale category have the mark to market adjustment value recorded in equity accounts, net of tax effects.

The market value of securities is calculated based on quotations based on market prices or market agents and pricing models developed by management, which use mathematical models for interpolation of rates for interim terms.

The market value of securities is determined as follows:

- **Securities indexed to SELIC and DI rates –** The market value is obtained by updating the unit issue price by the SELIC rate accumulated in the period, considering the premium or discount obtained from the market. The goodwill or discount used is obtained daily based on the expectation of the Brazilian Association of Financial and Capital Market Entities (ANBIMA) for each maturity date on the day before the calculation.

- **Securities indexed to fixed rates –** The market value is obtained through the discount rate of the future payment flow(s) of the security. The rate is calculated using the fixed rate interest curve of B3 S.A. – Brasil, Bolsa, Balcão and, in the case of private securities, the counterparty credit risk is added.

- **Investment fund quotas –** The investment fund is valued based on the last quota value disclosed by the respective administrator on the balance sheet date of the respective fund's net assets.

- **Debentures:** The market value is obtained through a curve considering the credit spread obtained based on internal methodologies that consider the issuer's internal rating.

Government bonds are book-entry under the custody of the Special Settlement and Custody System of Central Bank of Brazil (SELIC).

Fund quotas and debentures are recorded and held in custody at B3 S.A. – Brasil, Bolsa, Balcão in the exchange and over-the-counter modalities.

7 Derivative financial instruments

Derivative financial instruments, consisting of Swap, Non Deliverable Forward – NDF and futures operations, are held in custody at B3 S.A. – Brasil, Bolsa, Balcão in the exchange and over-the-counter modalities.

The derivative financial instruments recorded in balance sheet and memorandum accounts as of June 30, 2022 and December 31, 2021 are as follows:

	June 2022		
ASSET POSITION	**Value of curve**	**Market value**	**Reference value of the contract**
SWAP			
FIXED RATE x CDI	2,160	608	201,236
FIXED RATE x DOLLAR	33,540	28,388	461,971
CDI x DOLLAR	65,776	162,947	1,375,575
	101,476	**191,943**	**2,038,782**
NDF			
FIXED RATE x DOLLAR	34,552	33,211	72,971
DOLLAR x FIXED RATE	47,973	44,324	204,938
	82,525	**77,535**	**277,909**
Credit value adjustment (CVA)			
CVA	-	(775)	-
	-	**(775)**	**-**
Total	**184,000**	**268,703**	**2,316,691**

	December 2021		
	Value of curve	**Market value**	**Reference value of the contract**
SWAP			
FIXED RATE x CDI	4,798	2,268	83,800
FIXED RATE x DOLLAR	3,356	(796)	141,317
CDI x DOLLAR	7,933	11,536	518,575
	16,087	**13,008**	**743,692**
NDF			
FIXED RATE x DOLLAR	10,131	8,369	144,567
DOLLAR x FIXED RATE	30,552	40,848	158,606
FIXED RATE X EURO	11	10	59
FIXED RATE x YEN	2,792	2,935	1,885,697
	43,486	**52,162**	**2,188,929**
Credit value adjustment (CVA)			
CVA	-	(89)	-
	-	**(89)**	**-**
Total	**59,573**	**65,081**	**2,932,621**

	June 2022		
LIABILITY POSITION	**Value of curve**	**Market value**	**Reference value of the contract**
SWAP			
CDI x FIXED RATE	107	107	156
FIXED RATE x CDI	220	4,306	196,000
FIXED RATE x DOLLAR	2,247	2,869	18,616
CDI x DOLLAR	60,863	26,826	1,462,158
	63,437	**34,107**	**1,676,930**
NDF			
FIXED RATE x DOLLAR	43,034	41,127	167,599
DOLLAR x FIXED RATE	73,724	69,531	152,357
FIXED RATE X EURO	-	(25)	4,060
FIXED RATE x YEN	326	261	224,547
	117,084	**110,894**	**548,563**
Total	**180,521**	**145,001**	**2,225,493**

	December 2021		
	Value of curve	**Market value**	**Reference value of the contract**
SWAP			
CDI x FIXED RATE	313	321	499
FIXED RATE x DOLLAR	27,095	42,798	544,457
CDI x DOLLAR	37,766	24,193	830,000
	65,174	**67,312**	**1,374,956**
NDF			
FIXED RATE x DOLLAR	28,554	29,263	68,291
DOLLAR x FIXED RATE	16,070	6,353	131,200
	44,624	**35,616**	**199,491**
Total	**109,798**	**102,928**	**1,574,447**

1- Breakdown of nominal value per maturity

	June 2022			
	Up to 3 months	**3–12 months**	**>12 months**	**Total**
Swap operations				
CDI x FIXED RATE	156	-	-	156
FIXED RATE x CDI	62,600	18,000	316,636	397,236
FIXED RATE x DOLLAR	205,241	182,379	92,967	480,587
CDI x DOLLAR	-	100,325	2,737,408	2,837,733
	267,997	**300,704**	**3,147,011**	**3,715,712**
NDF transactions				
FIXED RATE x DOLLAR	158,883	81,688	-	240,571
DOLLAR x FIXED RATE	192,777	130,045	34,472	357,294
FIXED RATE x EUR	4,060	-	-	4,060
FIXED RATE x YEN	224,547	-	-	224,547
	580,267	**211,733**	**34,472**	**826,472**

Total	**848,264**	**512,437**	**3,181,483**	**4,542,184**

	December 2021			
	Up to 3 months	3–12 months	>12 months	Total
Swap operations				
CDI x FIXED RATE	178	322	-	500
FIXED RATE x CDI	7,200	76,600	-	83,800
FIXED RATE x DOLLAR	41,416	420,653	223,705	685,774
CDI x DOLLAR	72,000	308,325	968,249	1,348,574
	120,794	**805,900**	**1,191,954**	**2,118,648**
NDF transactions				
FIXED RATE x DOLLAR	130,907	81,951	-	212,858
DOLLAR x FIXED RATE	80,583	163,039	46,184	289,806
FIXED RATE x EUR	59	-	-	59
FIXED RATE x YEN	875,697	1,010,000	-	1,885,697
	1,087,246	**1,254,990**	**46,184**	**2,388,420**
Total	**1,208,040**	**2,060,890**	**1,238,138**	**4,507,068**

2- Breakdown of nominal value per place of trading

	June 2022		
	Stock exchange	Over-the-counter	Nominal value
Swaps	156	3,715,556	3,715,712
NDF	-	826,472	826,472
Total	**156**	**4,542,028**	**4,542,184**

	December 2021		
	Stock exchange	Over-the-counter	Nominal value
Swaps	499	2,118,149	2,118,648
NDF	-	2,388,420	2,388,420
Total	**499**	**4,506,569**	**4,507,068**

3- Comparison between curve value and market value

The daily adjustments to operations undertaken on the future market and the result from the SWAP and NDF contracts are recorded in revenue or expense when earned and represent its restated market value.

Futuros – B3 S.A – Brasil, Bolsa, Balcão

	June 2022			
	Reference value (book)			
	Up to 3 months	**3–12 months**	**>12 months**	**Total**
FUTURES – Reference value				
Purchase				
Foreign currency coupon	357,774	1,050,680	4,229,468	5,637,922
Foreign currency	2,214,780	-	-	2,214,780
Interest rate	1,287,236	197,181	166,735	1,651,152
	3,859,790	**1,247,861**	**4,396,203**	**9,503,854**
Sale				
Foreign currency coupon	2,627,364	187,644	10,028	2,825,036
Interest rate	-	546,348	742,853	1,289,201
	2,627,364	**733,992**	**752,881**	**4,114,237**
Total	**6,487,154**	**1,981,853**	**5,149,084**	**13,618,091**

	December 2021			
	Reference value (book)			
	Up to 3 months	**3–12 months**	**>12 months**	**Total**
FUTURES – Reference value				
Purchase				
Foreign currency coupon	576,182	935,553	2,227,757	3,739,492
Foreign currency	322,972	–	-	322,972
Interest rate	222,772	266,029	106,482	595,283
	1,121,926	**1,201,582**	**2,334,239**	**4,657,747**
Sale				
Foreign currency coupon	-	27,799	18,897	46,696
Foreign currency	696,167	-	-	696,167
Interest rate	-	606,259	148,823	755,082
	696,167	**634,058**	**167,720**	**1,497,945**
Total	**1,818,093**	**1,835,640**	**2,501,959**	**6,155,692**

The market value of derivative financial instruments is calculated according to the discounted future cash flows at present value using the interest rate curves according to the market methodology, which is mainly based on data disclosed by B3 S.A. – Brasil, Bolsa, Balcão.

The mark-to-market adjustment calculated with derivative financial instruments for the six-month period ended June 30, 2022 was R$ 108,531 (R$ 5,911 as of June 30, 2021), recorded in the statement of income.

The results calculated with derivative financial instruments for the semesters ended June 30, 2022 and 2021 are directly influenced by the market interest rates practiced upon their trading, as well as by the change of the dollar rate, and are composed as follows:

	Income (loss)	
Derivative financial instruments	**June 2022**	**June 2021**
Swaps	315,346	28,502
NDF	(1,470)	48,842
Futures Market	(430,390)	(123,819)
Total	**(116,514)**	**(46,475)**

4- Hedge accounting

As of June 30, 2022 and December 31, 2021, the Bank had operations with derivative financial instruments with the purpose of mitigating the effect of exchange change on funding carried out in foreign currency and fixed-rate loan operations in Reais. Such operations were designated as hedge accounting and were segregated between:

- **Market risk hedge –** has the purpose of offsetting the risks arising from the hedged item's exposure to market value changes and its appreciation or devaluation is calculated as a counterparty to revenue or expense accounts, in income (loss) for the period.

- **Cash flow hedge –** intended to offset estimated future cash flow changes and the valuation and devaluation is calculated as a counterparty to the account emphasized in shareholders' equity less tax effects, the installment identified as non-effect must be included in the income (loss). The respective hedged items are adjusted to the market value at the balance sheet date.

A valuation was carried out at market value of funding in foreign currency with Futures operations, known as hedge instruments, in accordance with BACEN Circular Letter 3082/02.

4.1 Valuation at market value of derivative financial instruments by maturity bracket and index – Market risk hedge

		Maturities – Market value			
Description	**Index**	**Up to 12 months**	**1–3 years**	**3–5 years**	**Total**
Futures	Foreign currency coupon	-	-	-	-
Total		**-**	**-**	**-**	**-**

	June 2022	December 2021
Hedged items		
Liabilities		
Onlending operations		
Value updated by the agreed conditions	-	(157,715)
Amount of adjustment (Note 15b)	-	1,099
Market value	-	(158,814)
Total mark-to-market - hedged item	**-**	**(158,814)**
Hedge instruments		
Assets		
Futures	-	476,967
Total market value of hedge instrument	**-**	**476,967**

4.2 Valuation at market value of derivative financial instruments by maturity bracket and index – Cash flow hedge

		Maturities – Market value			
Description	**Index**	**Up to 12 months**	**1–3 years**	**3–5 years**	**Total**
Futures	Foreign currency coupon	759,392	1,063,766	150,483	1,973,641
Total		**759,392**	**1,063,766**	**150,483**	**1,973,641**

	June 2022	December 2021
Hedged items		
Liabilities		
Onlending operations		
Value updated by the agreed conditions	(2,368,864)	(2,048,602)
Hedge instruments		
Assets		
Futures	1,973,641	1,626,210
Cash flow hedge reserve	(193,997)	(93,024)

The amount of R$ (193,997) as of June 30, 2022 and R$ (93,024) as of December 31, 2021 in the Cash Flow Hedge Reserve will be recognized in income (loss) over the term of the hedged item.

8 Interbank relations

Refers to onlending operations abroad to the Financial Institution in the country and abroad (branch in Cayman). The amounts provisioned are based on the assumptions of CMN Resolution 2682/99 in the total the amount of R$ 88 (R$ 149 as of December 31, 2021):

	June 2022			December 2021
	Interbank onlendings	**Provision**	**Net balance**	**Net balance**
Falling due (days):				
up to 30	344	-	344	777
31–60	29,390	12	29,378	22,908
61–90	72	-	72	22,438
91–180	23,568	9	23,559	200,829
181–360	153,151	45	153,106	56,334
>360	89,592	22	89,570	231,686
Total	**296,117**	**88**	**296,029**	**534,972**

9 Loan operations

The information of loan portfolio as of June 30, 2022 and December 31, 2021 was as follows:

a. By operation

	June 2022	December 2021
Resolution 3844 (formerly Resolution 63)	174,847	184,951
Compror	-	6
Working capital	1,668,978	1,324,904
Financing in foreign currency	2,988	-
Export credit notes – NCE	196,733	178,458
Total loan operations	**2,043,546**	**1,688,319**
Advance on foreign exchange contracts (Note 10)	1,446,230	841,446
Income receivable on advances (Note 10)	7,360	2,861
Total loan portfolio	**3,497,136**	**2,532,626**
Financial guarantees provided	2,803,627	2,317,310
Total with financial guarantees provided	**6,300,763**	**4,849,936**

b. Per maturity

	June 2022	December 2021
Falling due (days):		
up to 30	849,639	176,423
31–60	661,314	62,821
61–90	206,513	506,563
91–180	654,046	575,010
181–360	331,732	673,546
>360	793,892	538,263
Total	**3,497,136**	**2,532,626**

Loan operations of the 20 largest debtors as of June 30, 2022 represent 84.62% of the loan portfolio (89.49% as of December 31, 2021), in the amount of R$ 2,959,168 (R$ 2,266,559 as of December 31, 2021).

c. By risk rating

		June 2022				
Risk level	**% provision - 2682**	**Total**	**% of portfolio**	**Regular provision**	**Additional provision**	**Total provision**
AA	-	2,967,777	84.9	-	3,601	3,601
A	0.50	515,512	14.7	2,578	206	2,784
B	1.00	13,027	0.4	130	26	156
C	3.00	820	0	25	6	31
Total		**3,497,136**	**100**	**2,732**	**3,840**	**6,572**

		December 2021				
Risk level	**% provision - 2682**	**Total**	**% of portfolio**	**Regular provision**	**Additional provision**	**Total provision**
AA	-	2,005,644	79.2	-	1,963	1,963
A	0.50	512,251	20.2	2,561	51	2,612
B	1.00	13,911	1	139	26	165
C	3.00	820	0	25	7	32
Total		**2,532,626**	**100**	**2,725**	**2,047**	**4,772**

d. By activity sector

	June 2022	December 2021
Private sector:		
Industry	1,752,012	1,091,165
Commerce	871,932	844,697
Other services	549,054	337,774
Public sector:		
Federal	324,138	258,990
Total	**3,497,136**	**2,532,626**

e. Changes in provision for expected losses associated with credit risk

	June 2022	December 2021
Opening balance	**4,772**	**3,713**
Reversal of provision	(11)	(1,985)
Formation of provision	1,811	3,044
Closing balance	**6,572**	**4,772**

As of June 30, 2022 and December 31, 2021, operations were not recovered, renegotiated nor written off to loss.

f. Guarantees provided

The Bank recorded a provision for losses associated with credit risk on such guarantees in accordance with the requirement of CMN Resolution 4512/16 and Circular Letter 3782/16 (Note 16 – b). Amounts are based on assumptions of Resolution 2682 and total R$ 10,548 in the semester ended June 30, 2022 (R$ 8,874 as of December 31, 2021):

	June 2022		December 2021	
	Guarantees provided	**Provision**	**Guarantees provided**	**Provision**
Linked to the International Trade of Goods	10,339	(47)	6,261	(25)
Related to Competitive Bidding, Auctions, Service Provisions or Work Performance	22,574	-	22,763	-
Linked to the supply of goods	151,723	(172)	147,617	(203)
Linked to the distribution of securities – Public Offering	248,598	(1,243)	248,598	(1,243)
Aval or guarantee in tax lawsuits and proceedings	578,219	(1,160)	587,014	(1,182)
Other bank guarantees	851,195	(3,229)	810,287	(3,364)
Other financial guarantees provided	940,981	(4,697)	494,769	(2,857)
Total	**2,803,629**	**(10,548)**	**2,317,309**	**(8,874)**

10 Foreign exchange portfolio

Foreign exchange transactions are recorded in the balance sheet accounts as follows:

	June 2022	**December 2021**
Assets		
Purchased foreign exchange to be settled	1,688,602	1,062,047
Receivables from foreign exchange sales	388,789	528,600
Advances in national currency received	(167,349)	(7,495)
Income receivable from granted advances (Note 9 –a)	7,360	2,861
Total	**1,917,402**	**1,586,013**
Liabilities		
Sold foreign exchange to be settled	388,186	532,340
Rights on foreign exchange sales	1,644,997	1,014,434
Advance on foreign exchange contracts (Note 9 – a)	(1,446,230)	(841,446)
Total	**586,953**	**705,328**

11 Tax assets

Represented by the following amounts:

	June 2022	**December 2021**
Tax credit – temporary differences (MTM)	110,893	70,217
Tax credit – temporary differences on provisions	28,624	25,951
Prepayments of income tax and social contribution	8,716	17,817
Other tax advances	373	366
Total	**148,606**	**122,391**

12 Other assets

Represented by the following amounts:

	June 2022	December 2021
Inventories	-	83
Prepaid expenses	2,065	1,022
Debtors due to guarantee deposits (see Note 17)	1,115	14,887
Income receivable	2,924	1,636
Securities clearing accounts	54,172	15,281
Other	6,879	5,349
Total	**67,155**	**38,258**

13 Property, plant and equipment for use and intangible assets

As of June 30, 2022 and December 31, 2021, it was represented as follows:

a. Property, plant and equipment for use

		June 2022			December 2021
Description	**Annual depreciation rate %**	**Cost**	**Accumulated depreciation**	**Net value**	**Net value**
Facilities	10	4,394	(3,890)	504	655
Data processing system	20	8,498	(6,281)	2,217	2,180
Furniture and equipment in use	10	1,664	(1,372)	292	336
Communication system	10	369	(233)	136	154
Security system	10	302	(297)	5	6
Transportation system	20	1,261	(1,217)	44	73
Total		**16,488**	**(13,290)**	**3,198**	**3,404**

b. Intangible assets

		June 2022			December 2021
Description	**Annual depreciation rate %**	**Cost**	**Accumulated depreciation**	**Net value**	**Net value**
Software	20	13,318	(10,681)	2,637	3,821
Right of use	20	1,319	(555)	764	50
Total		**14,637**	**(11,236)**	**3,401**	**3,871**

14 Deposits

Breakdown by maturity as of June 30, 2022 and December 31, 2021:

	Demand deposits		Time deposits	
Description	**June 2022**	**December 2021**	**June 2022**	**December 2021**
Without maturity (days):	122,250	147,287	-	-
up to 30	-	-	51,149	79,548
31–60	-	-	61,198	58,879
61–90	-	-	30,154	118,611
91–180	-	-	175,779	291,928
181–360	-	-	815,743	424,055
>360	-	-	554,539	551,487
Total	**122,250**	**147,287**	**1,688,562**	**1,524,508**

15 Borrowings and onlendings

Fundraising from abroad is basically carried out using credit lines granted by Sumitomo Mitsui Banking Corporation, as follows:

a. Foreign borrowings

The balance as of June 30, 2022 of US$ 314,055 (US$ 166,167 as of December 31, 2021) is comprised of export and import financing, with maturities up to December 15, 2022, subject to interest rates of up to 2.81% p.a., plus exchange rate change for these operations. The balance at June 30, 2022 is R$ 1,644,829 (R$ 927,194 as of December 31, 2021).

b. Foreign onlendings

Onlendings abroad as of June 30, 2022 correspond to US$ 548,875 (US$ 502,930 as of December 31, 2021). Such obligations, translated at the official purchase rate at the end of the period, are governed by CMN Resolution 3844/00 and subject to interest rates ranging from 0.41–3.97% p.a., plus exchange rate change, with maturities until July 4, 2027. The balance at June 30, 2022 is R$ 2,874,682 (R$ 2,807,402 as of December 31, 2021):

	June 2022		
	Up to 12 months	**>12 months**	**Total**
Foreign borrowings	1,644,829	-	1,644,829
Foreign onlendings	1,206,343	1,668,339	2,874,682
Total	**2,851,172**	**1,668,339**	**4,519,511**

	December 2021		
	Up to 12 months	**>12 months**	**Total**
Foreign borrowings	927,194	-	927,194
Foreign onlendings	1,349,459	1,457,943	2,807,402
Total	**2,276,653**	**1,457,943**	**3,734,596**

(*) The amounts presented consider the market adjustment taken for hedge accounting operations in the amount of R$ 0 (R$ 1,099 as of December 31, 2021), pursuant to Note 7, item 4.

16 Other liabilities and provisions

a. Other liabilities

Description	**June 2022**	**Dec 2021**
Securities clearing accounts	20,030	87,365
Actuarial liabilities	18. 243	17,971
Social and statutory	4,741	5,767
Withholding income tax – IRRF on fixed income operations	2,417	378
Social Security Financing Contribution – COFINS	1,745	1,026
Taxes and contributions on salaries	1,590	2,172
Deferred income	1,374	1,539
Collection and payment of federal taxes	943	974
ISS - Service Tax	525	437
Contribution to Fundo Garantidor de Crédito – FGC	402	354
Severance Indemnity Fund Investment Fund – FGTS	300	-
Social Integration Program	283	196
Other	219	207
Taxes and contributions – outsourced services	19	17
Total	**52,829**	**118,583**
(*) Current liabilities	52,829	118,583

(*) The Bank considers the obligations fully as current liabilities, since there is no defined date for the execution of obligations, which may occur either in a period shorter or longer than one year.

b. Provisions

	June 2022			**December 2021**		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Provision for tax, civil and labor risks (Note 17)	25,393	-	25,393	32,343	-	32,343
Provision for personnel expenses	19,273	-	19,273	22,916	-	22,916
Provision for general expenses	3,417	-	3,417	4,551	-	4,551
Financial guarantees provided (Note 9.f)	1,291	9,257	10,548	6,706	2,168	8,874
Total	**49,374**	**9,257**	**58,631**	**66,516**	**2,168**	**68,684**

17 Provision for tax, civil and labor risks

Among the legal proceedings involving the Bank, there are tax, civil and labor lawsuits. The provisioned amounts and related court deposits are as follows:

	Provision		**Judicial deposits**	
Description	**June 2022**	**December 2021**	**June 2022**	**December 2021**
Provision for tax risks:				
ISS – RJ (a)	-	-	-	4,043
ISS – SP (b)	-	15	-	54
Legal obligations:				
Cetip Demutualization (h)	106	103	-	-
PIS - Constitutional amendment (d)	1,098	1,007	-	-
Social contribution on net income - CSLL (e)	-	9,674	-	9,674
Total	**1,204**	**10,799**	**-**	**13,771**
Provision for risks:				
Civil (f)	13,978	12,403	-	-
Labor (g)	10,211	9,141	1,115	1,116
Total	**24,189**	**21,544**	**1,115**	**1,116**
Total provisions and judicial deposits	**25,393**	**32,343**	**1,115**	**14,887**

(a) The Bank had a tax proceeding related to Service Tax (ISS) – Rio de Janeiro. SMBCB received a favorable decision in the lawsuit and, therefore, the amount deposited in court was withdrawn. As of June 30, 2022, the amount is R$ 0 (R$ 4,043 in 2021).

(b) The Bank had 2 lawsuits related to Service Tax (ISS) – São Paulo, mainly related to the services of foreign exchange operations in the period from 2001 to 2003 and guarantees provided in 2004. SMBCB received a favorable decision in one of them and an unfavorable decision in the other lawsuit. In 2021, based on the opinion of the Bank's legal advisors, a provision was recorded for the amount referring to the loss of one of the lawsuits, in which the Municipality of São Paulo was successful in the case in 2022. The provision for this lawsuit was reversed and represented an amount of R$ 15 in 2021. The judicial deposit required for the progress of the lawsuit in the judicial level was also raised by the Municipality of São Paulo and represented the amount of R$ 54 in 2021.

(d) Refers to the lawsuit related to PIS prior to EC 10/96, which discusses the unconstitutionality of the tax. The provision was reversed during the lawsuit due to the dismissal of the administrative proceeding and future practical favorable outcome in the judicial proceeding. In 2022, only the amount related to attorneys' fees related to the lawsuit remains provisioned, which will be updated and paid at the end of the lawsuit, whose amount, updated as of June 30, 2022, is R$ 1,098 (R$ 1,007 in 2021).

(e) The Bank questioned the increase in rates from 18% to 30% referring to 1996 and the determination of the calculation basis of the social contribution. Aiming to suspend the enforceability of the tax credit, a judicial deposit of the amount discussed was made. According to the opinion of the legal advisors, the chance of loss related to this legal dispute was possible. Therefore, by management decision, a provision was recorded, related to the difference underpaid due to the matters under analysis, whose updated amount as of December 31, 2021 was R$ 9,674. In 2022, the lawsuit received a favorable decision to the Bank, so the judicial deposit was withdrawn and the existing provision was also reversed.

(f) The provision mainly refers to proceedings regarding inflationary purges on time deposit operations, in which there is probability of financial disbursement. The restated amount as of June 30, 2022 is R$ 13,978 (R$ 12,403 in 2021).

(g) The provision refers to lawsuits filed by former employees and outsourced workers claiming labor rights that they believe are due. The lawsuits are controlled individually and provisions are recorded based on the decision previously established by the Executive Board or in the lower labor courts. Management, based on the opinion of its legal advisors, understands that the amounts currently provisioned are adequate. The restated amount as of June 30, 2022 is R$ 10,211 (R$ 9,141 in 2021).

(h) The Bank recorded the amount referring to the portion of the lawsuit in progress that it considers as a probable loss on the demutualization of Cetip shares, and the amount for June 30, 2022 is R$ 106 (R$ 103 in 2021).

In relation to lawsuits, there is also a Writ of Mandamus filed by the Bank addressing the INSS calculation basis (parafiscal contributions collected on behalf of third parties). For this lawsuit, there is no accounting record as a right of society, since according to the opinion of our legal advisors the chance of a favorable outcome is possible.

Changes of provisions and legal obligations

	2022			
	Tax	Labor	Civil	Total
Balance at December 31, 2021	**10,799**	**9,141**	**12,403**	**32,343**
Formation of provision	-	2,282	-	2,282
Inflation adjustment	189	809	1,575	2,573
Operating reversals	(9,784)	(1,748)	-	(11,532)
Write-offs due to payment	-	(273)	-	(273)
Balance at June 30, 2022	**1,204**	**10,211**	**13,978**	**25,393**

	2021			
	Tax	Labor	Civil	Total
Balance at December 31, 2020	**13,582**	**11,857**	**39,099**	**64,538**
Formation of provision	8	-	-	8
Inflation adjustment	62	740	2,865	3,667
Operating reversals	(3,193)	(1,389)	-	(4,582)
Write-offs due to payment	-	(378)	-	(378)
Balance at June 30, 2021	**10,459**	**10,830**	**41,964**	**63,253**

18 Shareholders' equity

a. Capital

As of June 30, 2022, the capital is represented by common shares, R$ 1.00 each, distributed as follows:

	June 2022	December 2021
	Number of shares (thousand)	Number of shares (thousand)
Sumitomo Mitsui Banking Corporation (Japan)	1,559,697	1,559,697
Shareholders domiciled in the country	2	2
Total	**1,559,699**	**1,559,699**

b. Dividends

In accordance with the Corporate Law and the Bylaws, a minimum of 25% of net income for the year is guaranteed to be distributed to shareholders as dividends and/or interest on own capital. On June 30, 2022, the Company was decided not to provision dividends/interest on own capital, with the amount of income for the year being allocated to the statutory reserve for future distribution.

c. Legal reserve

The legal reserve was formed in the manner established in the Corporation Law, with the possibility of its use for offsetting of losses or for capital increase.

d. Statutory reserve

The statutory reserve corresponds to the transfer of the balance of retained earnings after the mandatory allocations. The remaining balance in the amount of R$ 507,081 (R$ 404,308 as of December 31, 2021) will be transferred to the following year, or will be allocated as proposed by the Executive Board, *ad referendum* of the General Meeting.

19 Income tax and social contribution

a. As of June 30, 2022 and June 30, 2021, the income tax and social contribution expense was calculated as follows:

	June 2022		June 2021	
	Income tax	**Social contribution**	**Income tax**	**Social contribution**
Income (loss) before taxation after profit sharing	200,377	200,377	45,367	45,367
Reversal of provisions for contingent liabilities	(11,805)	(11,805)	(3,378)	(3,378)
Provision for contingent liabilities	4,855	4,855	-	-
Provision for expected losses associated with credit risk	1,803	1,803	3.037	3,037
Temporary provisions	(4,759)	(4,759)	1,492	1,492
Mark-to-market of derivative financial instruments	(108,531)	(108,531)	(5,911)	(5,911)
Mark-to-market of hedge accounting operations	(12,384)	(12,384)	(7,099)	(7,099)
Non-deductible expenses	3,038	799	5,673	629
BM&F operations	18,435	18,435	10,196	10,196
Other additions (exclusions)	(178)	(178)	(176)	(176)
Offset of prior tax losses	-	-	(9,035)	(1,648)
Taxable income	**90,851**	**88,611**	**40,166**	**42,510**
Income tax – 15% (Note 3o)	13,628	-	6,025	-
Income tax surtax – 10% (Note 3o)	9,073	-	4,005	-
Citizen Company Law	(10)	-	(23)	-
Social contribution – 20% (Note 3o)	-	17,722	-	8,502
Total	**22,691**	**17,722**	**10,006**	**8,502**

b. Tax credits

Considering deferred tax credits on temporary provisions, based on the technical study prepared, we understand that such credits will be able to be realized within a period of 10 years. The amounts are presented in the Notes below:

c. Breakdown of deferred tax liabilities

Breakdown of tax liability	**June 2021**	**December 2021**
Mark-to-market - swap	55,295	7,339
B3 temporary adjustment	51,184	55,527
Mark-to-market of Fund's quotas	9,166	3,890
Adjustments of securities available for sale	828	850
Mark-to-market - NDF	778	7,957
Pension plan actuarial adjustment	312	312
Hedge accounting adjustment	-	176
Total	**117,563**	**76,051**

1. Breakdown of active tax credit as of June 30, 2022

Breakdown of tax credit	**June 2021**	**December 2021**
Hedge accounting adjustment	87,572	42,037
B3 temporary adjustment	20,191	16,336
Temporary adjustments - Other provisions	12,258	14,890
Temporary adjustments on expected losses associated with credit risk	7,785	6,201
Health care plan actuarial adjustment	5,896	5,896
Pension plan actuarial adjustment	2,143	2,143
Adjustments of securities available for sale	1,507	1,662
Mark-to-market - Swap	1,401	9,687
Temporary adjustments on judicial provisions	542	4,860
Mark-to-market - NDF	221	-
Marked-to-market of hedged item	-	495
Total	**139,516**	**104,207**

2. Estimated tax credit realization as of June 30, 2022

Year	**Income tax Deferred**	**Deferred social contribution**	**Total**
2022	2,181	2,039	**4,220**
2023	2,377	507	**2,884**
2024	1,120	896	**2,016**
2025	(751)	(601)	**(1,352)**
As of 2026	4,215	3,372	**7,587**
Total	**9,142**	**6,213**	**15,355**

3. Changes in tax credit

The realization of tax credits is taking place according to the amounts estimated in the respective study and its assumptions.

	Balance in December 2021	Realizations/ Formations	Balance in June 2022
Temporary adjustments on judicial provisions	4,860	(4,318)	542
Temporary adjustments on expected losses associated with credit risk	6,201	1,584	7,785
Temporary adjustments - Other provisions	14,890	(2,633)	12,257
Marked-to-market of hedged item	495	(495)	-
Mark-to-market - Swap	9,687	(8,286)	1,401
Mark-to-market - NDF	-	221	221
Adjustments of securities available for sale	1,662	(155)	1,507
Health care plan actuarial adjustment	5,896	-	5,896
Pension plan actuarial adjustment	2,143	-	2,143
Hedge accounting adjustment	42,037	45,535	87,572
B3 temporary adjustment	16,336	3,856	20,192
Total	**104,207**	**35,309**	**139,516**

Changes in the result with deferred tax assets:

	June 2022	June 2021
Tax loss	-	(2,259)
Negative basis of social contribution	(1)	(330)
Temporary adjustments on judicial provisions	(4,318)	5,185
Temporary adjustments on expected losses associated with credit risk	1,584	6,211
Temporary adjustments - Other provisions	(2,633)	11,649
Marked-to-market of hedged item	(495)	(2,061)
Mark-to-market - Swap	(56,241)	11,088
Mark-to-market - NDF	7,400	(13,796)
B3 temporary adjustment	8,199	3,914
Mark-to-market of Fund's quotas	(5,278)	(983)
	(51,781)	**18,618**

4. Present value of tax credit

Year	Income tax Deferred	Deferred social contribution	Total
2022	2,043	1,911	**3,954**
2023	1,970	420	**2,390**
2024	830	664	**1,494**
2025	(496)	(397)	**(893)**
>2026	2,209	1,767	**3,976**
Total	**6,556**	**4,365**	**10,921**

d. Other tax credits

The Bank also has deferred tax obligations in the amount of R$ 117,563, which are related to adjustments to market value of transactions with securities classified as available for sale, as provided for by CMN Resolution 4966/2021, and the market value of derivative instruments. The rules for recognizing the effects of actuarial liabilities related to the defined benefit retirement plan and post-employment benefits referring to the Medical Assistance Plan in which the Bank is a sponsor (according to CVM Instruction 600 and 695/2015) are also being considered. There are also unrecorded tax credits on provisions for civil contingencies in the amount of R$ 6,290, which were not recognized due to the uncertainty of their realization within a period of less than 10 years.

20 Statement of income

a. Loan operations

	June 2022	June 2021
Income from loans	98,780	37,275
Income from financing and onlending	4,166	5,645
Total	**102,946**	**42,920**

b. Securities income (loss)

	June 2022	June 2021
Income from interbank funds applied	102,916	35,888
Income from securities operations	126,363	23,293
Total	**229,279**	**59,181**

c. Income from derivative financial instruments

	June 2022	June 2021
Revenues from swaps, futures and NDFs operations	4,052,185	3,306,932
Expenses with swaps, futures and NDFs operations	(4,168,699)	(3,353,407)
Total	**(116,514)**	**(46,475)**

d. Income (loss) from foreign exchange operations

	June 2022	June 2021
Foreign exchange operation revenues	22,000	9,635
Foreign exchange operation expenses	(4,886)	(27,641)
Total	**17,114**	**(18,006)**

e. Money market repurchase agreements

	June 2022	June 2021
Expenses with time deposits	(87,671)	(25,769)
Expenses with interbank deposits	(815)	(279)
Expenses with purchase and sale commitments	(657)	(153)
Expenses with contributions to the Credit Guarantor Fund	(1,108)	(1,393)
Total	**(90,251)**	**(27,595)**

f. Borrowings and onlending operations

	June 2022	June 2021
Expenses with BNDES onlendings	(15,506)	(20,210)
Rediscount expenses	(31)	-
Hedge adjustment – Onlendings and loans	1,099	4,914
Total	**(14,438)**	**(15,296)**

g. Revenue from rendering of services

	June 2022	June 2021
Revenues from fees and services	8,971	299
Revenue from business intermediation (see Note 21a)	10,429	6,823
Income from guarantees granted	20,322	13,281
Total	**39,722**	**20,403**

h. Personnel expenses

	June 2022	June 2021
Salaries	(21,777)	(19,344)
Social charges	(13,211)	(10,963)
Benefits	(4,652)	(3,881)
Management compensation	(2,552)	(1,770)
Training	(138)	(118)
Total	**(42,330)**	**(36,076)**

i. Other administrative expenses

	June 2022	June 2021
Expenses with rental	(3,023)	(2,734)
Data processing expenses	(10,958)	(10,981)
Specialized technical service expenses	(5,929)	(3,170)
Expenses with communications	(3,833)	(4,148)
Financial system service expenses	(1,475)	(1,305)
Expenses for maintenance of assets	(367)	(273)
Surveillance and security service expenses	(87)	(76)
Transport expenses	(76)	(63)
Material expenses	(155)	(29)
Expenses with water, energy and gas	(157)	(140)
Expenses with outsourced services	(321)	(273)
Advertising and publicity expenses	(134)	(174)
Insurance costs	(251)	(261)
Promotion and public relations expenses	(34)	(4)
Philanthropic contributions	(3)	(13)
Expenses with amortization and depreciation	(1,056)	(1,108)

	June 2022	June 2021
Other administrative expenses	(2,056)	(998)
Total	**(29,915)**	**(25,750)**

j. Tax expenses

	June 2022	June 2021
COFINS	(6,605)	(4,462)
ISS	(2,020)	(1,047)
PIS	(1,073)	(725)
Other	(950)	(252)
Total	**(10,648)**	**(6,486)**

k. Other operating revenues / (expenses)

	June 2022	June 2021
Reversal of provisions for guarantees provided	(1,673)	(979)
Reversal of operational provisions	3,845	3,755
Indemnity fines	13	1
Adjustment of judicial deposits	178	176
Recovery of charges and expenses	691	664
Exchange-rate change	109,998	98,218
Other expenses	(560)	(359)
Total	**112,492**	**101,476**

l. (Provision) reversal of provision for contingent liabilities

	June 2022	June 2021
Expenses with provisions for contingent liabilities	(2,282)	(6)
Reversal of provisions for contingent liabilities	11,805	4,959
Restatement of contingent liabilities	(2,573)	(3,667)
Total	**6,950**	**1,286**

21 Related party transactions and balances

a. Transactions with controlling shareholders (direct and indirect)

The balances of related party transactions with Sumitomo Mitsui Banking Corporation are as follows:

	Assets / (liabilities)		Revenue (Expense)	
	June 2022	December 2021	June 2022	June 2021
Cash and cash equivalents – foreign currency deposit	65,086	539,570	-	-
Investments in foreign currency abroad (Note 5)	83,798	-	21,535	470
Amounts receivable – commission for business intermediation	5,721	4,393	10,429	6,823
Foreign borrowings	(1,644,829)	(927,194)	20,472	37,847
Foreign onlendings	(2,874,682)	(2,807,402)	137,549	69,735
Total	**(4,364,906)**	**(3,190,634)**	**189,985**	**114,874**

b. Remuneration of key management personnel

Aiming to comply with Resolution 4818/20 and Technical Pronouncement CPC 05 – Related Party Disclosures, all the members of its Executive Board were defined as key personnel of this institution.

The global amount of the Directors' remuneration is distributed in accordance with the provisions of the Bylaws of Banco Sumitomo Mitsui Brasileiro S.A.

In the last statutory reform, which took place in April 2019, the global maximum monthly amount of R$ 600 for director remuneration (earnings) was maintained.

Short-term employee benefits to Directors

	June 2022	December 2021
Salaries	2,889	4,163
Variable remuneration	3,309	1,751
INSS/FGTS contributions	1,640	1,489
Total	**7,838**	**7,403**

Post-employment benefits

Pursuant to the Pension Fund's regulations, directors may opt to participate in the Defined Benefit Complementary Pension Plan, fully sponsored by Banco Sumitomo Mitsui Brasileiro S.A. under the same conditions as other employees of the Bank (Note 22).

The Bank does not grant long-term benefits or share-based remuneration for its key management personnel.

c. Other information

Pursuant to Resolution 4693/18, financial institutions may carry out loan operations with related parties, provided that the conditions listed in the items shown below are cumulatively observed:

- Loan operations with related parties, except for cases provided in legislation or specific regulation, can only be carried out under market-compatible conditions, including limits, interest rates, grace periods, maturities, required guarantees and criteria for risk classification for the purpose of recording a provision for probable losses and write-off as loss, without additional or differentiated benefits compared to the transactions granted to other clients with the same profile as the respective institutions.

- The sum of the balances of the loan operations directly or indirectly contracted with related parties, must not exceed 10% of the value related to the adjusted shareholders' equity, adjusted by the accumulated revenues and expenses, less the amount of interest held in institutions authorized to operate by the Central Bank of Brazil and financial institutions abroad, in accordance with the following individual maximum limits:

1. 1% for contracting by individuals; and
2. 5% for contracting by legal entities.

A director or board member who meets at least the following conditions in both counterparties is considered independent:

I – does not hold a qualifying interest, is not a controlling shareholder, a member of the controlling group or of another group with a qualified interest, or a spouse, partner or relative, by blood or similar, up to the second degree;
II – is not bound by a shareholders' agreement; and

III – is not or has been in the last three years:

a) director or member of statutory or contractual bodies, including in his or her associated companies;
b) employee, including those of his or her associated companies;
c) spouse, partner or relative, by blood or similar, up to the second degree, of the persons referred to in items “a” and “b”; and
d) beneficiary of remuneration, in addition to that related to the activity of an independent board member or the possible equity interest.

As of June 30, 2022, the following were not carried out by the Bank: loans, financing or any other advance to the Board of Directors or any of their family members.

The members of the Executive Board do not have any equity interest in the Bank.

22 Post-employment benefits sponsored

The Bank’s actuarial liabilities were calculated in accordance with the model established in the respective plan and represent the amount of commitments assumed and to be assumed.

The actuarial calculation is updated annually on the base date of December 31.

CVM Deliberation 695, dated December 13, 2015, approved Technical Pronouncement CPC 33 (R1), which addresses employee benefits, in accordance with International Accounting Standards (IAS 19). Technical Pronouncement CPC 33 provided for fundamental changes in the accounting and disclosure of employee benefits, such as the removal of the corridor mechanism in the recording of plan obligations, as well as changes in the criteria for recognizing plan assets (appreciations and depreciations). The adoption of the aforementioned Pronouncement applies to years beginning on or after January 1, 2015, and the effects are recorded retrospectively as changes in accounting practices. The adoption of this accounting practice mainly implies the full recognition in a liability account of actuarial losses (actuarial deficit) not recognized so far, as a contra entry to the shareholders’ equity account.

a. Retirement plan

The Bank is a sponsor of Banco Sumitomo Mitsui Brasileiro Sociedade de Previdência Privada (“Entity”), incorporated on April 20, 1992 and engaged in granting lump-sum benefits and/or supplementary income to employees and directors of the sponsor through a “defined benefit” retirement plan. In the plan, participants (employees) are entitled to a benefit on the date of termination of the employment relationship, calculated in accordance with the provisions of the regulation and the amount of which will depend on the participant’s salary and length of service on the date of termination.

As of June 30, 2022, we had no significant changes in the parameters of actuarial updates.

	Retirement plan	
	December 2021	**December 2020**
Description		
Present value of the actuarial obligations	37,565	42,920
Fair value of the plan assets	(32,749)	(37,054)
Deficit (surplus) for covered plans	4,816	5,866
Adjustments due to deferrals permitted		
Net actuarial liabilities (assets)	4,816	5,866
Actuarial assumptions:		
Nominal discount rate of the actuarial liability	9.30% p.a.	6.54% p.a.
Estimated rate of nominal increase of salaries	3.75% p.a.	6.35% p.a.
Estimate rate of nominal increase of benefits	4.27% p.a.	4.28% p.a.

	Retirement plan	
	December 2021	**December 2020**
Estimated inflation index	3.75% p.a.	3.25% p.a.
General mortality biometric table	AT-2000 decreased by 10% and segregated per sex	AT-2000 decreased by 10% and segregated per sex
Biometric table of new disability benefit vested	"Mercer" table	"Mercer" table
Expected turnover rate	0.31/ (length of service+1)	0.31/ (length of service +1)
Probability of entry into retirement	10% on the 1st eligibility date for early retirement; 3% between the 1st eligibility for early and normal retirement; 100% on eligibility date to regular retirement.	

Sensitivity analysis

The present value of the actuarial obligation is sensitive to changes in the main assumptions: discount rate, salary growth and life expectancy. The impacts on the present value of the actuarial obligation are presented considering the basic discount rate adopted for this Actuarial Valuation:

	Sensitivity analysis	
Present value of obligations	**December 2021**	**December 2020**
Discount rate: 0.25% decrease	833	1,107
Discount rate: 0.25% increase	(813)	(1,076)

b. Health care plan

Until November 2017, the Health Care Plan offered by Banco Sumitomo Mitsui to its employees was contributory, generating the obligation to extend coverage upon payment of the respective premiums to retirees and those who left the company, pursuant to Articles 31 of Law 9656/98. Contributions to the plan were discontinued as of December 2017, but a group of employees who are entitled to the aforementioned extension remains, with the following actuarial liability being presented:

Description	Health care plan	
	December 2021	**December 2020**
Net actuarial liabilities (assets)	13,155	13,979
Total	13,155	13,979
Actuarial assumptions/hypotheses		
Nominal discount rate of the actuarial liability	9.38% p.a.	7.17% p.a.
Estimated inflation index	3.75% p.a.	3.25% p.a.
Biometric turnover table	Up to 9 years SVC: 0.5/ (Length of Service +1) Up to 10 years SVC: 0.075 / (Length of Service) +1)	0.15 / (Length of Service) + 1
Biometric table of Entry into retirement	55 years	55 years
General mortality biometric table	AT-2000 segregated per sex and decreased by 10%	AT-2000 segregated per sex and decreased by 10%
HCCTR (Health Care Cost Trend Rate)	Decreasing 7.90– 4.79 p.a.	Decreasing 7.90– 4.28% p.a.

Description	Health care plan	
	December 2021	**December 2020**
Correction of participant contribution	Inflation (HCCTR)	Inflation (HCCTR)
Plan cost updating	Inflation (HCCTR) + Aging factor	Inflation (HCCTR) + Aging factor
Percentage of those who chose to remain in the Plan	Retirement: 100% Termination: 100%	Retirement: 100% Termination: 100%
Aging Factor	3.00% (per annum – age)	3.00% (per annum – age)
Family composition – Assets	90% are married	90% are married
Age difference of Holder/Spouse	4 years	4 years
Family composition of retirees	Actual Family	Actual Family

23 Operating risk, market risk, credit risk management and capital management structure

Operating risk

Operating risk is defined as the possibility of losses resulting from failure, weakness or inadequacy of internal processes, human behavior and systems, or also from external events. This definition includes the legal risk.

The Operating Risk Management framework is considered a strategic and competitive factor for Banco Sumitomo Mitsui Brasileiro S.A. and is defined in the Bank's Operating Risk Management Policy established and approved, at least annually, by the Bank's Executive Board, in accordance with the CMN Resolution 4557/17, reporting directly to the Bank's Executive Board. It is an important tool for the effective management of the Bank's economic and regulatory capital. The structure is proportional to the risks related to the complexity of the products offered by the institution, the nature of the operations and risk exposure guidelines of the Bank and the companies belonging to the economic and financial consolidated.

Banco Sumitomo Mitsui Brasileiro S.A.'s Operating Risk Management adopts a management model in partnership with the Bank's business areas, thus providing a clear view of the division of tactical and strategic roles and responsibilities between the business areas and the Operating Risk Management area, enabling the coordination and cooperation of the whole Bank in reducing operational losses and duplication of activities.

In this management model, the Operating Risk Management area is responsible for the following:

i. Defining the structure, policies and tools for operating risk management;
ii. Preparing periodic reports;
iii. Coordinating the operating risk management committees established at the Bank;
iv. Consolidating and monitoring the losses incurred in the Bank.

The Executive Board, in line with its Corporate Governance Policy, recognizes, participates in and is responsible for the ongoing improvement of this structure, aiming at ensuring compliance with the objectives and goals outlined and the safety and quality of clients, shareholders and parties related to the Bank.

Regarding the calculation of capital requirement for Operating Risk, Banco Sumitomo Mitsui Brasileiro S.A. adopted the calculation model based on the Basic Indicator Approach, also known as “BIA”.

Information related to the Bank’s Operating Risk Management Structure, as well as the Executive Board’s responsibility for the information disclosed, are included in a publicly accessible report available on the website. www.smbcgroup.com.br (unaudited).

Market and liquidity risk

Market Risk is the possibility of incurring losses arising from the effect of fluctuations in prices, indices and rates on the mismatches of terms, currencies and indexes of the asset and liability portfolios. Banco Sumitomo Mitsui Brasileiro S.A. adopts a very conservative policy and exposure to market risk factors.

The liquidity risk is the possibility that the Bank may not be able to efficiently meet its expected and unexpected (current and future) obligations, including those arising from binding guarantees, without affecting its daily operations and incurring material losses; and the possibility that the Bank may not be able to trade a position at market price due to its large size in relation to the usually traded volume, or due to market discontinuity.

The Market and Liquidity Risk Management structure is represented by a specific unit at the Bank, independent from the business and audit area, and reports directly to the Bank’s Executive Board. It is responsible for managing market and liquidity risk and for ensuring prudent practices and suitable risk control techniques. The structure is proportional to the risks related to the complexity of the products offered by the institution, the nature of the operations and risk exposure guidelines of the Bank and the companies belonging to the economic and financial consolidated.

The Market Risk Management policy is based on the daily control of the Bank’s market risk positions, on the control of Limits for positions, divided into Limits for exposure to interest rates and exposure to exchange rates, in addition to Limits/Guidelines for Stop Loss. Additionally, Stress Test reports and regulatory capital reports (IRRBB – regulatory capital for interest rate in the Banking portfolio and Regulatory Capital for the Trading Book) are produced, in accordance with the requirements of the Central Bank of Brazil (Bacen).

The Liquidity Risk Management policy is based on the daily control of the Money Gap (need for funding within a certain period), liquidity indicators and additional emergency funds for liquidity.
Furthermore, stress testing reports and a regulatory report, named Statement of Liquidity, are produced in accordance with the requirements of the Central Bank of Brazil (Bacen).

The Market and Liquidity Risk Management structure was implemented in accordance with the requirements of Resolution CMN 4557/17, being approved and reviewed at least annually by the Bank’s Executive Board. Aiming to ensure the implementation of current guidelines and policies, Banco Sumitomo Mitsui Brasileiro S.A. implemented the Assets and Liabilities Committee (ALCO), which meets monthly, with the participation of members of the Executive Board and extraordinarily whenever necessary. Among its objectives are the deliberation on the market and liquidity risk management policy, asset and liability management policy, ensuring compliance with limits/guidelines for market and liquidity risk, thus ensuring that the Bank maintains adequate levels and sufficient liquidity and verifying procedures in the treatment of new products and their risk management structure.

Information related to the Bank's Market and Liquidity Risk Management Structure is contained in a publicly accessible report available on the website www.smbcgroup.com.br (unaudited). The Executive Board of Banco Sumitomo Mitsui Brasileiro S.A. is responsible for all information disclosed.

Credit risk

Credit risk is defined as the possibility of losses associated with the failure by the borrower or counterparty to meet their respective obligations under the agreed terms, the devaluation of credit assets resulting from deterioration in the borrower's risk classification, the reduction of earnings or remunerations, the advantages granted in the renegotiation and the recovery costs.

Credit Risk is closely related to other types of risk, such as Market and Liquidity Risk. Such types of risks often derive from Credit Risk and can occur simultaneously.

The Credit Risk Management structure was implemented based on CMN Resolution 4557/17, approved and reviewed at least annually by the Bank's Executive Board. It is represented by a specific unit, independent from the business and audit area and reports directly to the Bank's Executive Board. The structure is proportional to the risks related to the complexity of the products offered by the institution, the nature of the operations and risk exposure guidelines of the Bank and the companies belonging to the economic and financial consolidated.

The Bank's Credit Risk Management structure is implemented to maintain policies, procedures and systems for monitoring and controlling credit risk in accordance with current rules, thus ensuring that credit risk is identified, measured, monitored, controlled and reported to the Executive Board, aiming to allow the adequate treatment of risk as one of the vectors of growth and profitability.

The Credit Risk Management structure includes clearly defined and duly documented and reviewed policies and strategies, establishing operational limits, risk mitigation mechanisms and procedures designed to maintain exposure to credit risk at levels considered acceptable by the Bank's Executive Board.

Information related to the Bank's Credit Risk Management Structure, as well as the Executive Board's responsibility for the information disclosed, are included in a publicly accessible report available on the website. www.smbcgroup.com.br (unaudited).

Capital management

Capital management is defined as the ongoing process of monitoring and controlling the capital held by the Bank; assessment of the need for capital to face the risks to which the Bank is exposed; and planning goals and capital requirements, considering the Bank's strategic objectives.

The capital management structure was implemented based on CMN Resolution 4557/17, approved and reviewed at least annually by the Bank's Executive Board. The capital management structure is under the responsibility of the Risk Management Department, independent from the business and audit areas and reports directly to the Bank's Vice-Presidency. The structure is proportional to the risks related to the complexity of the products offered by the Bank, the nature of the operations and risk exposure guidelines of the Bank and the companies belonging to the economic and financial consolidated. Its objective is to identify and assess all the Bank's relevant risks in accordance with policies and strategies to maintain capital compatible with the risks incurred.

The main source of information for the purpose of calculating the regulatory capital is the document called CADOC 2061 – DLO Statement of Operational Limits, submitted monthly to BACEN, which details all the components of the "RE" - Reference Equity, which will be the benchmark for purposes of adequacy to regulatory minimum capital in accordance with Basel III pronouncements.

For purposes of calculating the minimum capital required, the total RWA is calculated through the sum of assets weighted by credit, market and operating risks:

➢ RWA = RWAcpad + RWAmpad + RWAopad

The total RWA consists of the sum of these assets duly weighted.

Basel Ratio

The Bank is within the limits established in CMN Resolution 2099/94, with amendments introduced by CMN Resolutions 4193/13 and 4192/13, presenting the Equity ratio in relation to Weighted Assets, as follows:

	June 2022	December 2021
Credit risk	9,684,571	7,058,609
Market risk	966,575	649,402
Operating risk	475,263	383,746
Risk-weighted assets (RWA)	**11,126,409**	**8,091,757**
Reference equity (RE) - Tiers I and II	**2,094,224**	**1,994,214**
Required reference equity (RWA 8%)	890,113	647,341
Margin on Required Reference Equity	**1,204,111**	**1,346,873**
Basel Ratio (IB) – PR/RWA	18.82%	24.65%

If the Bank needs additional capital, the contingency plan is the capital increase through capital contributions by the parent company SMBC Tokyo.

Any relevant incident or problem must be immediately forwarded to the Bank's Governance Committee, which is the group designated to centralize decisions and define measures to remedy any problems related to capital adequacy.

Aiming to adopt a prospective posture and anticipate the capital needs, the Bank has established the New Products and Services Committee, with the permanent participation of the Risk Management Department, where an analysis of the product and/or service is performed before its implementation in the Bank.

The Bank does not adopt the Internal capital adequacy assessment process (ICAAP) in accordance with Article 6 of CMN Resolution 4557/2017.

The Risk Management Department monitors the behavior of the portfolio daily. Moreover, if there are discrepancies, it immediately informs Senior Management to give adequate treatment to capital adequacy.

If a material change in the scenarios occurs, the Finance division will engage the Integrated Risk Management (IRM) team to carry out stress testing under extreme market and economic conditions.

Information related to the Capital Management Structure is included in a publicly accessible report available on the website www.smbcgroup.com.br (unaudited). The

Executive Board of Banco Sumitomo Mitsui Brasileiro S.A. is responsible for all information disclosed.

Fair value measurement

Determination of fair values of financial assets and liabilities is based on market quotation prices or market agent prices for financial instruments traded in active markets. For other financial instruments, fair value is determined using evaluation techniques. Evaluation techniques include net present value techniques, discounted cash flow method, comparison with similar instruments for which there are market prices, and evaluation models. The Bank uses evaluation models widely recognized in most of its products to determine financial instruments fair values, taking into consideration market data.

- Level 1 – Securities acquired for the purpose of being frequently and actively negotiated are marked-to-market have a high liquidity and their prices are available in the market. Securities available for sale and futures on the stock exchange were included in this category.

- Level 2 – When pricing information is not available in an active market, but is priced based on quoted prices for similar instruments or pricing techniques that use observable market data. SWAPs, NDF's and Debentures were included in this category, in which the methodology used is the mark to model, in which the inputs are collected from the market.

- Level 3 – Pricing of assets where data is not available in the market. Therefore, in accordance with best market practices, the fair value of some products such as Financial Bills is calculated using the Credit Spread to incorporate the issuer's credit risk into the asset's price.

24 Recurring and non-recurring income (loss)

Aiming to classify results between recurring and non-recurring, Banco Sumitomo considers the results obtained with its regular and usual activities to be recurring.

Non-recurring income (loss) includes revenues and expenses arising from unusual administrative acts and facts or that have a low probability of occurring in consecutive years.

Regarding the impact of the current Social Contribution on the bank's results due to the increase in the rate from 20% to 21% that will occur as of August 2022, we have a situation in which the amount of tax expense if the rate were applicable for that period of June 30, 2022 would be a higher expense by R$ 886.

25 Other matters

Since the beginning of January 2020, global financial markets have been monitoring and reacting to the COVID-19 pandemic. The Bank's Management understands that there will be no financial impact on the Bank's Financial Statements as of June 30, 2022 and is monitoring developments related to the Coronavirus and coordinating its operational response based on existing business continuity plans and guidance from the Brazilian health authorities and following the best general practices in response to the pandemic, thus having no impact on the Bank's operational capacity. It is worth highlighting that there has been no significant impact on operations to date, given the careful selection of the client portfolio.