

(A free translation of the original in Portuguese)

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***China Construction
Bank (Brasil)
Banco Múltiplo S.A.
and its subsidiaries***

***Parent company and consolidated
financial statements at
June 30, 2020
and independent auditor's report***





(A free translation of the original in Portuguese)

Independent auditor's report

To the Board of Directors and Shareholders
China Construction Bank (Brasil) Banco Múltiplo S.A.

Opinion

We have audited the accompanying parent company financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. ("Bank"), which comprise the balance sheet as at June 30, 2020 and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, as well as the accompanying consolidated financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at June 30, 2020 and the consolidated statements of income, comprehensive income and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of China Construction Bank (Brasil) Banco Múltiplo S.A. and of China Construction Bank (Brasil) Banco Múltiplo S.A. and its subsidiaries as at June 30, 2020, and the Bank's financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the six-month period then ended, in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Brazilian Central Bank (BACEN).

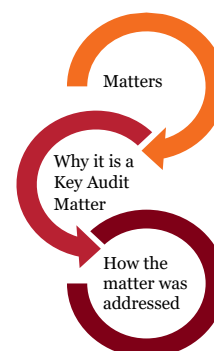
Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the parent company and consolidated financial statements" section of our report. We are independent of the Bank and its subsidiaries in accordance with the ethical requirements established in the Code of Professional Ethics and Professional Standards issued by the Brazilian Federal Accounting Council, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our audit for the six-month period ended June 30, 2020 was planned and performed considering that the Bank and the Consolidated operations have not changed significantly in comparison to the prior year. In this context, the Key Audit Matters, as well as our audit approach, have remained substantially in line with those of the prior year.



Why it is a Key Audit Matter	How the matter was addressed in the audit
Allowance for expected loss to credit risk - (Notes 3 (g) and 8) - Bank and Consolidated The determination of the amount of the allowance for expected loss to credit risk is an area that requires judgment and the use of a set of considerations by Management. In this process, loans operations are classified according to the level of risk, taking into account several assumptions and factors, including the counterparty's financial situation, the default levels, realization of guarantees, as well as the legal and regulatory standards of Resolution No. 2,682/99 of National Monetary Council (CMN) and subsequent changes made by BACEN. Considering all those aspects, as well as the significance of the amounts involved, this is a critical estimation area and has been defined as an area of focus in our audit.	Our procedures considered, among others, the update of our understanding and testing of the relevant internal controls related to credit granting and its corresponding risk analysis and approval of the counterparty. We analyzed the criteria describe in the Bank's internal policies and used by Management to determine the credit risk of the operations, as well as (i) recalculated the provisions based on those risk attributions and default levels and (ii) validated the completeness of the database extracted from the underlying systems used as basis for recalculating the provision. We also performed other tests in compliance with the requirements of CMN Resolution No. 2,682, as well as evaluating the aspects related to the disclosure in the explanatory notes. We considered that the criteria and assumptions adopted by Management in the determination and recording of the allowance for expected credit loss to credit risk are reasonable and consistent with the information disclosed in the financial statements.
Tax credits (Notes 3 (m), 3 (p) and 14) - Bank and Consolidated China Construction Bank (Brazil) Banco Múltiplo S.A. and its subsidiaries have assets arising from tax credits on temporary differences, tax losses from income tax and negative bases of social contribution on net income, whose registration is supported by a study of projection of tax profits for the realization of these tax credits. The projection of tax profit involves subjective judgments and assumptions established by management based on a study of the current and future scenario, according to specific requirements of the National Monetary Council and the Central Bank of Brazil. In the semester ended June 30, 2020, tax credits deriving from income tax loss carryforwards and negative basis of social contribution and temporary differences, for which there is no expectation of realization, where written off, as provided for in CMN Resolution No. 3,059	Our procedures considered the update of our understanding of the process of determination and recording of the tax credits in accordance with the tax and accounting standards. With the assistance of our experts, we have analyzed the consistency of the relevant assumptions used in the study of tax credit realization with the macroeconomic data disclosed in the market, when applicable, as well as the methodology used to estimate the taxable profits, and the logical and arithmetic consistency of the calculations. We discussed with management and confirmed the approval of the technical study that supports the realization of the tax credits by the appropriate management bodies.

China Construction Bank (Brasil) Banco Múltiplo S.A.

Why it is a Key Audit Matter	How the matter was addressed in the audit
Considering that the use of different assumptions in the projection of taxable income could significantly modify the expected periods for realization of tax credits, with consequent accounting impact, this is an area of critical estimate and was defined as the focus of our audit.	Based on the audit procedures results and in the context of the inherent uncertainties of realization of the amounts registered as tax credits, we consider that the assumptions adopted by management are reasonable and consistent with the disclosures in the financial statements.

Information technology environment

China Construction Bank (Brasil) Banco Múltiplo S.A. and its subsidiaries are dependent on their technology structure to manage and generate information used to process their operations and, consequently, to prepare the financial statements.

Thus, the lack of adequacy of the technology structure and the respective general controls could cause the incorrect processing of information critical for decision making or to the operations themselves.

Therefore, the information technology environment was considered as an area of focus in our audit.

Our procedures considered, among others, the update of our understanding and testing of the information technology environment, including the automated controls or dependent of technology relevant to the preparation of the financial statements.

With the assistance of our experts, the main procedures performed involved tests of controls related to information security, linked to the processes of management and development of systemic changes, security of accesses to programs and databases, physical security of the data processing center, including access management and segregation of duties.

We considered that the information technology environment and the controls established by management have provided a reasonable basis to support the main business processes, which provide information used in the preparation of the financial statements.

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

The Bank's management is responsible for the other information that comprises the Management Report.

Our opinion on the parent company and consolidated financial statements does not cover the Management Report, and we do not express any form of audit conclusion thereon.

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

China Construction Bank (Brasil) Banco Múltiplo S.A.

Responsibilities of management and those charged with governance for the parent company and consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the financial reporting process of the Bank and its subsidiaries.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



China Construction Bank (Brasil) Banco Múltiplo S.A.

- Evaluate the overall presentation, structure and content of the parent company and consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

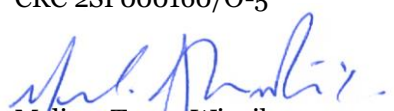
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

São Paulo, September 25, 2020


PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5


Melissa Tuxen Wisnik
Contadora CRC 1SP221490/O-0

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MANAGEMENT REPORT

Dear Shareholders,

The Senior Management of China Construction Bank (Brasil) Banco Múltiplo S.A. (“CCB Brasil” or “Bank”) hereby submits for your consideration the Bank’s Management Report, the Financial Statements and the corresponding Unqualified Independent Auditors’ Opinion and the Audit Committee Report related to period ended on June 30, 2020. All information contained in this Report, except where otherwise indicated, is presented in National Currency (Brazilian Reais – R\$), on a consolidated basis, and includes the Bank’s subsidiaries. The financial statements here in posted are in compliance with the regulations enacted from the Brazilian Central Bank (BACEN).

The China Construction Bank (Brasil) subsidiary

Since August 29, 2014, the Bank has been part of the Beijing-based China Construction Bank Corporation (CCB Group), which ranks as China's second largest commercial bank. With an operating history since 1954, CCB shares are traded on the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Impacts of the Coronavirus Pandemic - COVID-19

a) General Context

Considering the world pandemic declared by WHO - World Health Organization, related to the new Coronavirus - “COVID-19”, which has been affecting and bringing risks to public health and the countless impacts on the Brazilian and world economy, the CCB Brasil has adopted a series of measures , in line with the guidelines established by the national and international health authorities, seeking to minimize as much as possible the impacts on the health and safety of its employees, family members and partners in the areas where it operates, as well as the regular continuity of operations and Bank's business.

The Bank adopted contingency measures in order to regularly maintain operations, seeking to preserve the health of its professionals, with safe access to workplaces when essential, in an environment that preserves the distance between people, hygiene and adequate protection. Most employees are working from home. The CCB Brasil maintained its staff, not laying off people due to this crisis.

b) Impact on half-yearly financial information

The CCB Brasil adopted conservative measures in its portfolio, strengthening an intense monitoring in the credit portfolio, and on customers that could have significant impacts with the reduction of domestic activity. The quality of the portfolio built in the corporate segment and in medium-sized companies contributed to the little effect on the deterioration of the corporate portfolio, which represents 80% of the portfolio.

The main measures to avoid the serious impact of the crisis were the freezing of credit limits to assess impacts in the respective economic sectors; daily credit committees and start of an intensive monitoring of all customers with outstanding balances by the end of 2020; adoption of more restrictive criteria for the granting of new credits and concentration of efforts in segments less impacted by Covid, all in line with resolutions 4,782 and 4,803 of the Central Bank of Brazil - BACEN.

The highlighted increase in the retail segment occurred due to the increase in the social security contribution, in April 2020, impacting federal civil servants, in addition, several state laws were approved that suspended the discount of the installments of payroll loans.

Based on this scenario, the CCB Brasil took a conservative stance and in April 2020 preventively suspended all new disbursements from local state and municipal governments due to the aforementioned risks. We also reduced the maximum age and made adjustments to the retail credit granting policies.

The consolidated NPL indexes remain well controlled, showing a positive performance in the quality of the corporate portfolio, with the portfolio consolidated in June with 3.8% NPL, in December 2019 5.0%.

In addition to the measures indicated above, the Bank has been analyzing all new government guidelines and policies in response to the pandemic.

Consolidated Results of 1st half

The first half of 2020 positively reflected the measures adopted by the Bank in the previous year, which proposed to raise the quality and volume of assets and, at the same time, adapt the Bank's operational structure to obtain better organization efficiency.

At the end of the first half of 2020, credit operations reached R\$ 12,893.9 million, an increase of 21.9% in comparison with the second half of 2019. The portion of credits classified with rating AA-C, (range of lower risk credits), remained stable at the same period last year, representing 96.2% of the total portfolio (95.0% in December/19).

On the liabilities side, we observed a 43.6% increase in funding in Reais in six months. Time deposits reached R\$ 5,645.3 million, an increase of 78.8% compared to the second half of the previous year. The funds issued, composed of LCAs, LFs and LCIs, totaled R\$ 1,361.2 million, a decrease of 1.9% in comparison with the previous second half.

On June 30, 2020, Head Office represented 45.4% (45.1% in 2019) of the total funding of R\$ 14,653.59 million. It is worth noting that Head Office has provided its Subsidiary with adequate funding, both in terms of volumes and prices. In effect, the Head Office's resources, which are usually available for terms of 360 days, have been systematically renewed, and have been showing costs that are advantageously comparable to those of the market.

At the end of the first half of 2020, shareholders' equity reached R\$ 1,076.1 million and the Basel ratio was 14.01%.

The gross result of financial intermediation in the first half of 2020 reached R\$ 328.5 million, an increase compared to the result obtained in the same period of 2019, R\$ 201.3 million.

In the first half of 2020, operating expenses, which include administrative and personnel expenses, remained stable in the same period of the previous year, totaling R\$ 140.3 million, a decrease of 19.7% in comparison with the same period in 2019 .

The net loss for the first half of 2020 was R\$ 514.5 million (2019 - loss R\$ 98.6 million)

Human Resources and Service Centers

The Bank ended the first half of 2020, with 459 employees and nine service centers.

Final considerations

We thank our shareholders, customers and suppliers for the support and trust in our management, and our employees, for the valuable contribution.

(Disclosure authorized at the Board of Directors' Meeting held on September 25, 2020).

SUMMARY OF THE AUDIT COMMITTEE REPORT

The Audit Committee of China Construction Bank (Brasil) Banco Múltiplo S.A. is established in compliance with National Monetary Council (CMN) Resolution 3,198/04 and the Bank's bylaws.

The Committee analyzed the individual and consolidated financial statements for the semester ended June 30, 2020, focusing on the application of accounting practices adopted by the market and compliance with standards edited by the Central Bank of Brasil - BACEN. The Committee evaluated the recommendations proposed by the Internal and Independent Audits, discussing with Management the arrangements for the respective compliance. Based on the information and reports received from the internal control and risk areas, the work of the Internal Audit and the Independent Audit reports, the Committee concluded that there were no failures to comply with internal regulations and standards that could endanger the continuity of the institution.

The Audit Committee discussed with PricewaterhouseCoopers Auditores Independentes (PwC) the results of the work and its conclusions on the audit of these financial statements, the report of which is unqualified. The key audit matters were also discussed with PwC, as well as other points related to accounting practices, recommendations and notes in the internal control and risk reports, and presentation of the financial statements. The Audit Committee made recommendations in order to improve the management processes of internal controls, Compliance and risk management, whose actions are monitored by the Internal Audit.

The Audit Committee, as a result of evaluations based on information received from Management, Internal Audit, Independent Audit and the area responsible for corporate monitoring of internal controls and risks, considering the limitations arising from the scope of its function, understands that the Audited Financial Statements individual and consolidated for the semester ended June 30, 2020 are in a condition to be approved by the Board of Directors.

São Paulo, September 25, 2020

Daniel Joseph McQuoid

Heraldo Gilberto de Oliveira
Presidente

Walter M. Machado de Barros

Balance sheet

(In thousands of Reais)

(A free translation of the original in Portuguese)

Assets	Note	Bank		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Currents and non currents					
Financial instruments		21,066,712	16,346,347	21,148,543	16,342,265
Cash and cash equivalents	4	2,560,080	586,662	2,560,220	586,815
Interbank funds applied	5	589,000	765,805	5,436	5,449
Securities	6.b	4,867,865	4,790,396	4,879,041	4,801,379
Derivatives	7.f	196,805	425,125	196,805	425,125
Credit Portfolio and leasing operations	8	10,594,199	8,244,722	11,319,936	9,089,834
Foreign exchange operations	9	2,276,851	1,506,955	2,276,851	1,506,955
Other financial instruments	10	462,720	477,725	464,989	478,431
Allowance for expected loss to credit risk	11	(480,808)	(451,043)	(554,735)	(551,723)
Non-financial assets held for sale	12	193,535	228,163	198,771	235,226
Cost		333,484	377,652	343,894	392,608
Provision for impairment		(139,949)	(149,489)	(145,123)	(157,382)
Investments		313,983	323,172	645	645
Investments in domestic subsidiaries	13	313,339	322,528	-	-
Other investments		644	644	645	645
Property and equipment		24,560	31,660	25,894	33,349
Cost		111,618	114,819	116,000	119,200
Accumulated depreciation		(85,549)	(81,650)	(88,597)	(84,342)
Provision for impairment		(1,509)	(1,509)	(1,509)	(1,509)
Intangible		2,334	2,867	2,356	7,275
Cost		21,464	20,877	128,845	128,258
Accumulated amortization		(19,130)	(18,010)	(126,489)	(120,983)
Tax Assets		1,295,473	1,624,263	1,378,197	1,746,107
Taxes to be offset		11,510	23,623	33,451	47,120
Tax credits	14.a	903,301	1,219,978	964,084	1,318,325
Presumed - Law nº 12.838/13	14.b	380,662	380,662	380,662	380,662
Other Assets	15	67,578	79,683	71,089	82,954
Total assets		22,964,175	18,636,155	22,825,495	18,447,821

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

Balance sheet

(In thousands of Reais)

(continued)

Liabilities	Note	Bank		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current and non current					
Financial instruments		20,419,929	15,587,517	20,096,492	15,218,861
Funds obtained in the market	16	12,403,206	8,837,155	12,163,432	8,578,160
Borrowings and onlendings	17	6,321,714	4,798,031	6,321,714	4,798,031
Derivatives	7.f	174,827	14,890	174,827	14,890
Foreign exchange operations	9	476,280	17,768	476,280	17,768
Debt instruments eligible to capital	18	956,219	692,555	956,219	692,555
Subordinated debts	19	-	1,110,499	-	1,110,499
Other financial instruments	20	87,683	116,619	4,020	6,958
Provisions	21	1,036,138	1,010,406	1,086,599	1,054,932
Tax liabilities		379,379	350,897	444,171	405,133
Current Taxes		30,819	27,376	38,961	32,195
Deferred Taxes	14.c	266,378	241,382	323,028	290,799
Presumed Taxes - Law nº 12.838/13	14.b	82,182	82,139	82,182	82,139
Other liabilities	24	120,789	155,949	122,115	177,906
Total liabilities		21,956,235	17,104,769	21,749,377	16,856,832
Shareholders equity					
Capital stock	25.a	2,956,864	2,956,864	2,956,864	2,956,864
Treasury shares	25.b	(55,105)	(55,105)	(55,105)	(55,105)
Accumulated losses		(1,894,700)	(1,371,538)	(1,826,522)	(1,311,935)
Capital reserve		899	899	899	899
Other comprehensive income		(18)	266	(18)	266
Total shareholders' equity		1,007,940	1,531,386	1,076,118	1,590,989
Total liabilities and shareholders' equity		22,964,175	18,636,155	22,825,495	18,447,821

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

Statement of income

Periods ended June 30, 2020 and 2019

(In thousands of Reais except for loss per share)

(A free translation of the original in Portuguese)

	Note	Bank		Consolidated	
		06/30/2020	06/30/2019	06/30/2020	06/30/2019
Income from financial intermediation		2,912,657	574,481	2,980,106	626,942
Loan and lease operations	27	1,726,182	230,878	1,811,435	337,297
Securities	28	194,884	357,673	177,083	303,715
Derivatives	29	381,917	(19,755)	381,917	(19,755)
Foreign exchange results	30	607,911	17,486	607,911	17,486
Other income from financial intermediation	31	1,763	(11,801)	1,760	(11,801)
Financial intermediation expenses		(2,660,310)	(452,305)	(2,647,257)	(425,915)
Borrowings and onlendings	32	(1,761,327)	(61,168)	(1,761,327)	(61,168)
Funds obtained in the market	33	(167,660)	(314,169)	(164,958)	(304,626)
Debt instruments eligible to capital	34	(281,567)	(17,520)	(281,567)	(17,520)
Subordinated debt		(438,896)	(42,602)	(438,896)	(42,602)
Other financial intermediation expenses	31	(10,860)	(16,846)	(509)	1
Gross profit (loss) from financial intermediation before expected credit loss		252,347	122,176	332,849	201,027
Provision for expected loss to credit risk	11	(201,628)	(20,660)	(192,783)	(38,871)
Net profit (loss) from financial intermediation		50,719	101,516	140,066	162,156
Other operating income (expenses)		(201,769)	(226,435)	(231,998)	(272,701)
Service revenues	35	25,472	16,817	25,652	17,145
Personnel expenses	36	(72,154)	(102,824)	(79,739)	(111,587)
Other administrative expenses	37	(47,592)	(46,540)	(60,295)	(62,888)
Other operating income	38	18,137	21,650	21,715	29,047
Other operating expenses	39	(78,749)	(48,936)	(91,173)	(67,743)
Equity in the results of subsidiaries	13	(4,736)	5,938	71	(506)
Provision / reversal for contingent liabilities	22.d	(30,212)	(80,524)	(36,294)	(84,153)
Provisions for guarantees provided		(11,935)	7,984	(11,935)	7,984
Operating result		(151,050)	(124,919)	(91,932)	(110,545)
Other non operating income (expenses)		(826)	1,706	(293)	2,085
(Provision) for impairment of assets not for own use		(29,378)	2,662	(32,966)	2,647
Non operating result	40	(30,204)	4,368	(33,259)	4,732
Profit (loss) before taxes		(181,254)	(120,551)	(125,191)	(105,813)
Income tax	14.d	-	-	(4,083)	(3,623)
Deferred taxes	14.d	(341,908)	12,817	(385,313)	10,790
Loss for the period		(523,162)	(107,734)	(514,587)	(98,646)
Loss attributable to controlling shareholders	25.e	(523,162)	(107,734)	(514,587)	(98,646)
Common shares		(338,600)	(69,727)	(333,050)	(63,845)
Preferred shares		(184,562)	(38,007)	(181,537)	(34,801)
Basic and diluted loss per common and preferred share - R\$	25.e	(1.14)	(0.23)	(1.12)	(0.21)

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

Statement of Comprehensive Income
Periods ended June 30, 2020 and 2019
(In thousands of Reais)

(A free translation of the original in Portuguese)

	Bank		Consolidated	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Loss for the period	<u>(523,162)</u>	<u>(107,734)</u>	<u>(514,587)</u>	<u>(98,646)</u>
Other comprehensive results which will be reclassified subsequently for net income (loss)	<u>(284)</u>	<u>100,794</u>	<u>(284)</u>	<u>100,794</u>
Securities available for sale				
Own	(476)	167,990	(476)	167,990
Deferred taxes of own securities	192	(67,196)	192	(67,196)
Comprehensive profit (loss) for the period	<u>(523,446)</u>	<u>(6,940)</u>	<u>(514,871)</u>	<u>2,148</u>

Statement of changes in shareholders' equity

Periods ended June 30, 2020 and 2019

(In thousands of Reais)

(A free translation of the original in Portuguese)

Bank	<u>Capital reserves</u>					Total
	Capital Stock	Treasury Share	Goodwill of the issues of shares	Other Comprehensive Income	Accumulated (Loss)	
Balance at January 1, 2019	2,956,864	(55,105)	899	2,220	(1,369,885)	1,534,993
Other comprehensive results	-	-	-	100,794	-	100,794
Loss for the period	-	-	-	-	(107,734)	(107,734)
Balance at June 30, 2019	2,956,864	(55,105)	899	103,014	(1,477,619)	1,528,053
Variation in the period	-	-	-	100,794	(107,734)	(6,940)
Balances at January 1, 2020	2,956,864	(55,105)	899	266	(1,371,538)	1,531,386
Other comprehensive results	-	-	-	(284)	-	(284)
Loss for the period	-	-	-	-	(523,162)	(523,162)
Balances at June 30, 2020	2,956,864	(55,105)	899	(18)	(1,894,700)	1,007,940
Variation in the period	-	-	-	(284)	(523,162)	(523,446)

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

Statement of cash flows

Periods ended June 30, 2020 and 2019

(In thousands of Reais)

(A free translation of the original in Portuguese)

Cash flow from operating activities	Note	Bank		Consolidated	
		06/30/2020	06/30/2019	06/30/2020	06/30/2019
Loss for the period		<u>(523,162)</u>	<u>(107,734)</u>	<u>(514,587)</u>	<u>(98,646)</u>
Adjustments to the Profit / Loss		<u>572,292</u>	<u>24,620</u>	<u>611,544</u>	<u>57,845</u>
Provision for expected loss to credit risk	11	201,628	20,660	192,783	38,871
Provision for contingent liabilities	22.d	30,212	65,637	36,294	69,264
Provision for loans linked to credit operations	32	(44,492)	(14,822)	(44,492)	(14,822)
Other operating provisions		41,313	(10,646)	44,901	(10,631)
Depreciation and amortization	37	10,289	11,458	10,648	11,823
Tax credits and Deferred tax liabilities	14	341,908	(12,817)	385,313	(7,167)
Equity in the results of subsidiaries	13	4,736	(5,938)	(71)	(506)
Loss on sales of Property and equipment		2,349	9	2,349	9
Loss (Gain) on sales of assets held for sale	40	(1,327)	(1,425)	(1,857)	(1,500)
Exchange variations on cash and cash equivalents		(14,324)	(27,496)	(14,324)	(27,496)
Adjusted (Loss) Profit		49,130	(83,114)	96,957	(40,801)
(Increase) decrease in interbank funds applied		176,805	197,848	14	(31)
(Increase) in Securities		(77,945)	(76,180)	(76,746)	(80,122)
Decrease in derivatives		388,257	31,116	388,257	31,116
(Increase) decrease in credit portfolio and leasing operations		(2,521,339)	678,125	(2,425,302)	766,366
(Increase) in foreign exchange portfolio - assets		(769,896)	(330,333)	(769,896)	(330,333)
Increase in foreign exchange portfolio - liabilities		458,512	359,853	458,512	359,853
(Increase) decrease in other financial instruments - assets		(216,909)	(212,158)	(297,287)	(312,255)
Increase (decrease) in funds obtained in the market		3,547,684	(629,592)	3,566,903	(619,829)
Income tax and social contribution paid		-	-	-	(2,096)
Interest payment		195,006	(175,885)	195,006	(175,885)
Contingencies payment	22.d	(16,303)	-	(17,379)	-
Interest received		256,201	201,458	336,334	307,903
(Decrease) in other liabilities		(31,829)	(34,742)	(48,207)	(17,854)
(Decrease) in other financial instruments - liabilities		(28,935)	(49,185)	(2,938)	(2,589)
Net cash provided by (used in) operating activities		1,408,439	(122,789)	1,404,228	(116,557)
Cash flow from investing activities					
Sales of assets not for own use		6,577	11,268	10,775	11,188
Acquisition and sale of Property and equipment		(35)	(100)	(35)	(102)
Acquisition of intangible assets		(587)	(972)	(587)	(975)
Dividends and interest on own capital received		-	6,000	-	-
Net cash provided by (used in) investing activities		5,955	16,196	10,153	10,111
Cash flow from financing activities					
Increase in borrowings and onlending resources		11,405,363	7,850,462	11,405,363	7,850,462
Increase (decrease) in subordinated debts		(1,110,499)	49,626	(1,110,499)	49,626
Increase debt instruments eligible to capital		1,675,304	17,282	1,675,304	17,282
Repayment of borrowings		(11,425,468)	(9,309,928)	(11,425,468)	(9,309,928)
Net cash (used in) provided by financing activities		544,700	(1,392,558)	544,700	(1,392,558)
Increase (decrease) in cash and cash equivalents		1,959,094	(1,499,151)	1,959,081	(1,499,004)
Cash and cash equivalents at the beginning of the period	4	586,662	2,866,087	586,815	2,866,293
Exchange variations on cash and cash equivalents		14,324	27,496	14,324	27,496
Cash and cash equivalents at the end of the period	4	2,560,080	1,394,432	2,560,220	1,394,785
Increase (decrease) in cash and cash equivalents		1,959,094	(1,499,151)	1,959,081	(1,499,004)

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

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

1 Operational context

China Construction Bank (Brasil) Banco Múltiplo SA, ("CCB Brasil"), headquartered at Avenida Brigadeiro Faria Lima, No. 4.440, São Paulo - SP, Brazil, is a privately held corporation controlled by CCB Brazil Financial Holding - Investimentos Participações Ltda., a member of the China Construction Bank Corporation group, headquartered in the People's Republic of China, authorized by the Central Bank of Brazil - BACEN to operate as a Multiple Bank, developing its operations through portfolios: commercial, investments, credit real estate and foreign exchange.

Through its subsidiaries, the Bank operates in the markets of leasing, credit, financing and investments, brokerage of securities and credit card administration. The Bank also has a 50% participation in a Joint Venture for operations in the factoring and forfaiting market.

2 Presentation of the Financial Statements

a) Presentation of the financial statements

The individual financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A – CCB Brasil, including a foreign branch, and the consolidated financial statements of China Construction Bank (Brasil) Banco Múltiplo S.A. – CCB Brasil and its subsidiary companies, have been prepared in accordance with accounting policies adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), emanating from the Corporate Law No. 6,404/76, amended by Laws No. 11,638/07 and No. 11,941/09, and the rules and instructions of the National Monetary Council - CMN, and BACEN.

The CMN Resolution No. 4,720/19 and Bacen Circular No. 3,959/19 established general criteria and procedures for the preparation and disclosure of the Financial Statements effective since January / 20, aiming at bringing similarity of the financial statements with the presentation guidelines of the financial statements in accordance with international accounting standards, International Financial Reporting Standard (IFRS), including the presentation of the Statement of Comprehensive Income. The standard also provides that the Balance Sheet is now presented in comparison to the balance position at the end of the immediately preceding fiscal year.

We emphasize that according to the option provided for in Article 5 of BACEN Circular No. 3,959/19, the CCB Brasil opted for the presentation of the Balance Sheet accounts in decreasing order of liquidity and enforceability, without opening between current and non-current. The amounts expected to be realized in up to 12 months and longer terms are presented in explanatory notes. Also, as a result of the adoption of the standard, the comparatives were reclassified according to the table below:

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

Assets		12/31/2019	
From	To	BANK	CONSOLIDATED
Cash and cash equivalents	Cash and cash equivalents	93,665	93,818
Interbank funds applied	Interbank funds applied	765,805	5,449
	Cash and cash equivalents	492,997	492,997
Securities and derivative financial instruments	Securities	4,790,396	4,801,379
	Derivative	425,125	425,125
Interbank accounts	Other assets	4,770	4,770
Loans	Credit portfolio and leasing operations	7,959,280	8,715,026
Lease operations		-	88,748
Other receivables	Other assets	49,585	51,617
	Credit portfolio and leasing operations	285,442	286,060
	Foreign exchange operations	1,506,955	1,506,955
	Other financial instruments	477,725	478,432
	Tax Credits	1,219,978	1,318,325
	Presumed - Law nº 12.838/13	380,662	380,662
	Taxes to be offset	23,623	47,119
Other assets	Other assets	25,328	26,567
	Non-financial assets held for sale	377,652	392,608
Investments	Investments	322,528	-
	Other investments	644	645
Fixed assets	Property and equipment	31,660	33,349
Intangible	Intangible	2,867	7,275
Allowance for loan losses	Allowance for expected loss to credit risk	(297,005)	(390,250)
Allowance for doubtful lease receivables		-	(7,420)
Allowance for losses		(154,038)	(154,053)
Provision for devaluation of other assets	Non-financial assets held for sale	(149,489)	(157,382)
Total Assets		18,636,155	18,447,821

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

Liabilities		12/31/2019	
From	To	BANK	CONSOLIDATED
Deposits	Fund obtained in the market	3,821,648	3,587,731
Funds obtained in the open market		3,628,602	3,603,526
Funds from acceptance and issuance of securities		1,386,905	1,386,905
Other liabilities	Other liabilities	69,343	91,298
	Foreign exchange operations	17,768	17,768
	Subordinated debts	1,110,499	1,110,499
	Other financial instruments	116,619	6,958
	Provisions	1,010,406	1,054,932
	Debt instruments eligible to capital	692,555	692,555
	Presumed - Law nº 12.838/13	82,139	82,139
	Tax Liabilities - Current taxes	27,376	32,195
	Tax Liabilities - Deferred taxes	241,382	290,799
Interbranch accounts	Other liabilities	66,006	66,006
Borrowings	Borrowings and onlendings	4,527,706	4,527,706
Local onlendings - Official Institutions		223,975	223,975
Foreign onlendings		46,350	46,350
Derivative financial instruments	Derivatives	14,890	14,890
Deferred incomes	Other liabilities	20,600	20,600
Capital Domestic	Capital stock	2,956,864	2,956,864
Capital reserves	Capital reserve	899	899
Valuation Adjustments to equity	Other comprehensive income	266	266
Accumulated deficit	Accumulated losses	(1,371,538)	(1,311,935)
Treasury shares	Treasury shares	(55,105)	(55,105)
Total liabilities		18,636,155	18,447,821

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

Statement of income		06/30/2019	
From	To	BANK	CONSOLIDATED
Deferred tax	Deferred taxes	21,582	23,377
Funds obtained in the market	Funds obtained in the market	(314,169)	(304,626)
	Debt instruments eligible to capital	(17,520)	(17,520)
	Subordinated debt	(42,602)	(42,602)
Social contribution	Income tax	-	(354)
	Deferred taxes	(3,287)	(5,733)
Personnel expenses	Personnel expenses	(102,824)	(111,587)
Taxes	Other operating expenses	(9,082)	(12,312)
Borrowings, assignments and onlendings	Borrowings and onlendings	(76,542)	(76,542)
Income tax	Income tax	-	(3,269)
	Deferred taxes	(5,478)	(6,854)
Lease operations	Loan and lease operations	-	2,423
Loan operations		225,536	329,421
Sales or assignment of financial assets	Other financial intermediation expenses	(16,846)	1
Other administrative expenses	Other administrative expenses	(46,540)	(62,888)
Other operating expenses	Other income from financial intermediation	(14,428)	(14,428)
	Borrowings and onlendings	552	552
	Other operating expenses	(39,854)	(55,431)
	(Provision) reversal for contingent liabilities	(82,914)	(86,794)
Other operating income	Loan and lease operations	5,342	5,453
	Other income from financial intermediation	332	332
	Borrowings and onlendings	14,822	14,822
	Other operating income	21,650	29,047
	(Provision) reversal for contingent liabilities	2,390	2,641
	Provisions for guarantees provided	7,984	7,984
Allowance for loan losses	Provision for expected loss to credit risk	(20,660)	(38,871)
Income from banking services	Service revenues	435	435
Services revenues	Other income from financial intermediation	2,292	2,292
	Service revenues	16,382	16,710
Derivative financial instruments	Derivative	(19,755)	(19,755)
Compulsory investments	Other income from financial intermediation	3	3
Foreign exchange transactions	Foreign exchange results	17,486	17,486
Equity in the results of subsidiaries	Equity in the results of subsidiaries	5,938	(506)
Securities	Securities	357,673	303,715
Non operating result	Other non operating income (expenses)	1,706	2,085
	(Provision) for impairment of assets not for own use	2,662	2,647
Total		(107,734)	(98,646)

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

The Management declares that the disclosures made in the Bank's individual and consolidated financial statements show all relevant information used in its management and that accounting practices have been applied consistently between the periods presented.

The financial statements were approved by the Board of Directors on September 25, 2020.

b) Consolidated financial statements

The balances of balance sheet and statement of operations accounts originating from intercompany transactions were eliminated in the preparation of the consolidated financial statements.

Below are the direct and indirect subsidiaries that are part of the scope of consolidation:

Investment	%
CCB Brasil Arrendamento Mercantil S.A.	100
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A.	100
CCB Brasil Informática S.A.	100
CCB Brasil Administradora de Cartões de Crédito S/C Ltda.	100
CCB Brasil S.A. Crédito, Financiamentos e Investimentos	100
CCB Brasil Promotora de Vendas Ltda.	100
CCB Brasil Cobrança Ltda.	100

Reconciliation of net income and shareholders' equity of CCB Brasil (Bank) and CCB Brasil (Consolidated).

	06/30/2020	06/30/2019
Profit/(Loss) for the period of CCB Brasil	(523,162)	(107,734)
Hedge accounting for retail portfolio - net of taxes	7,574	9,760
Allowance for losses on loans assigned to CCB Brasil Financeira	1,001	(672)
Profit/(Loss) for the period of CCB Brasil (Consolidated)	(514,587)	(98,646)

	06/30/2020	12/31/2019
Shareholders' equity of CCB Brasil	1,007,940	1,531,386
Hedge accounting for retail portfolio - net of taxes	63,918	56,344
Allowance for losses on loans assigned to CCB Brasil Financeira	4,260	3,259
Consolidated shareholders' equity	1,076,118	1,590,989

3 Significant accounting practices

a) Functional and presentation currency

The financial statements are presented in "Brazilian Reais" (R\$), which is the functional and presentation currency of CCB Brasil. The monetary assets and liabilities denominated in foreign currency have been converted into Brazilian Reais at the foreign exchange rate effective as of the date of the balance sheet, as disclosed by BACEN, and, the differences arising from the conversion of foreign currency are recognized in statement of operations for the period.

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

In relation to the branch abroad, whose operations are carried out in foreign currency and taking into consideration that it is essentially an extension of activities in Brazil, without a significant degree of autonomy, the functional currency determined according to the criterion established by CMN Resolution No. 4,524/16 is the Real (R\$), with the assets and liabilities being converted at the exchange rate prevailing at the balance sheet date, and the result converted at the exchange rate of the date of the transaction. The adjustments resulting from the conversion are recorded with a corresponding entry to the result for the period.

b) Cash and cash equivalents

Cash and cash equivalents comprise liquid assets in local or foreign currency, that are readily convertible into a known cash amount, open-market investments and interbank deposits, generally with maturities of less than 3 months at acquisition and with insignificant risk of changes in fair values in case of early redemption.

c) Interbank funds applied

These assets are recorded at cost, plus accrued income as of the reporting date.

d) Securities

According to the Brazilian Central Bank rules (Circular No. 3,068/01), the classification and evaluation of securities are defined as follows:

Trading securities - Securities acquired for the purpose of being actively and frequently traded, which are adjusted to their market value, with the corresponding entry recorded in profit or loss for the period;

Securities available for sale - Securities that are not available for trading or to be held to maturity, which are adjusted to their market value with unrealized gains and losses recorded in shareholders' equity, net of any tax effects;

Securities held to maturity - Securities acquired for which the Bank has the intention and financial ability to hold as part of its portfolio until the maturity date. These securities are measured at acquisition cost, plus income earned against the income for the period.

e) Derivative financial instruments

Derivative financial instruments are generally measured at fair value, with unrealized gains and losses recognized in the statement of operations for the period.

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

f) Pricing of Financial Instruments (Securities and Derivative Financial Instruments)

The methods adopted by CCB Brasil for calculating fair value follow CPC 46, approved by CMN Resolution No. 4,748/19, segregating the Financial Instruments at three different levels, as follows:

- **Level 1:** Uses public quotations and prices available in the active market as references. This level includes, mainly, securities issued by the national treasury, private securities with an "active" secondary market, and equity instruments (shares) of other entities.
- **Level 2:** In the absence of public quotations, CCB Brasil, through internal models, makes its best estimate of the price that would be determined by the market for trading of the instrument. For this, it uses data based on observable market inputs. Derivative financial instruments, which are measured using curves determined through rates disclosed by B3 S.A. - Brasil, Bolsa, Balcão, are assigned to this level, including the issuances abroad with prices available in the secondary market.
- **Level 3:** If there is no available data based on observable market inputs, Management uses internal information and models to determine the best fair value of financial assets and liabilities. As of June 30, 2020 and December 31, 2019, there were no financial instruments qualifying for this level.

g) Credit portfolio and provision for expected loss to credit risk

The credit portfolio includes credit operations, leasing operations, advances on foreign exchange contracts and other credits with credit granting characteristics. It is stated at present value, considering the indexes, interest rates and agreed charges, calculated pro rata day until the balance sheet date. For operations overdue from 60 days, the recognition in revenue will only occur when it is actually received

In order to calculate the allowance for doubtful accounts, the loan operations are classified according to the level of risk, taking into consideration the economic environment, past experience, the specific risks in relation to the operation and the debtors, including, among others, the financial situation between the parties, the default levels, the expected future cash flows, estimated recovery amounts and the realization of guarantees, observing the minimum parameters and requirements established by CMN Resolution Nº 2,682/99, which requires periodic analysis of the portfolio and its classification in nine levels, being AA (minimum risk) and H (potential loss) and Management's judgment, as shown in note 8.d - Composition of the portfolio by risk levels.

h) Credit assignment

The write-off of a financial asset occurs when the contractual cash flow rights expire or when the sale or transfer of the same occurs.

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

As established by CMN Resolution No. 3,533/08, the sale or transfer of a financial asset is classified into three categories:

- **Transactions with substantial transfer of risks and benefits:** transactions in which the seller or assignor transfers substantially all the risks and benefits of ownership of the financial asset subject to the transaction are classified, such as: (I) unconditional sale of financial asset; (II) the sale of a financial asset together with a repurchase option at the fair value of that asset at the time of the repurchase; and, (III) sale of a financial asset together with a call or put option whose exercise is unlikely to occur. In this category, the asset subject to the assignment is written off at the time of the transaction and the result is recognized in profit or loss through the transfer of financial assets.

- **Operations with substantial retention of risks and benefits:** operations in which the seller or assignor substantially retains all the risks and benefits of ownership of the financial asset subject to the transaction are classified, such as: (I) sale of financial asset in conjunction with commitment repurchasing the same asset at a fixed price or selling price plus any income; (II) securities lending contracts; (III) sale of financial asset in conjunction with a total rate of return swap that transfers the exposure to market risk back to the seller or assignor; (IV) sale of financial assets together with a call or put option whose exercise is likely to occur; and, (V) sale of receivables for which the seller or the assignor guarantees in any way to compensate the buyer or the assignee for any credit losses that may occur, or whose sale has occurred in conjunction with the acquisition of subordinated quotas of the Fund Credit Rights Investment (FIDC) buyer. In this category, the asset that is the object of the assignment is kept in the accounting books and a liability is recognized in favor of the assignee for the amount of the assignment. Assets continue to generate positive results and liabilities generate expenses at the rate applied on the assignment. These amounts are recorded in income accounts for the transfer of financial assets (assets) and expenses for the transfer of financial assets (liabilities), for the term of the assigned operations.

- **Transactions without transfer or substantial retention of risks and benefits:** transactions in which the seller or assignor does not transfer or substantially retain all the risks and benefits of ownership of the financial asset subject to the transaction are classified. The Bank does not work with this modality.

The assessment regarding the transfer or retention of risks and benefits of ownership of financial assets is carried out based on consistent and verifiable criteria, using as a methodology the comparison of exposure, before and after the sale or transfer, in relation to the variation in the present value of the expected cash flow associated with the financial asset discounted at the appropriate market interest rate

i) Non-financial assets held for sale

Non-financial assets held for sale include the carrying amount of individual items, or groups of assets for disposal or items making part of a business unit held for disposal ("Discontinued Operations"), the sale of which in their present condition is highly likely and which shall probably occur within one year as of the base date of financial information. Non-financial assets held for

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

sale are generally measured at the lower of the fair value less the sale cost and the carrying amount on the date in which they are classified in such category. Non-financial assets held for sale are not depreciated, provided that they remain in such category.

j) Investments in subsidiaries

The investments in subsidiaries are accounted for under the equity method in the individual financial statements.

k) Property and equipment

Property and equipment include the value of furniture, vehicles, hardware and other accessories owned by consolidated entities, being presented at acquisition cost less the respective accumulated depreciation and any impairment losses (net carrying amount higher than the recoverable amount).

Depreciation is calculated under the straight-line method, based on the acquisition cost of assets less its residual and is recognized in the consolidated income statement, basically calculated using the depreciation rates calculated based on the average estimated years of useful life of the different assets.

l) Intangible assets

Intangible assets represent identifiable non-monetary assets (separated from other assets) without physical substance resulting from a legal transaction or which are internally developed by consolidated entities. Assets the costs of which may be reliably estimated, and from which consolidated entities shall deem likely that future economic benefits will be generated are recognized.

Intangible assets are initially recognized at the acquisition or production cost and are subsequently measured at the acquisition cost less any accumulated amortization and any losses due to non-recovery (net carrying amount higher than the recoverable value).

m) Tax assets and liabilities

Income tax and social contribution are calculated on the adjusted accounting profit in accordance with tax legislation, at the rate of 15%, plus an additional 10% above a certain limit for income tax and 15% on earnings before deduction of income tax for social contribution until February 2020, according to law No. 13,169/15 and, as of March 2020, the CCB Brasil started to adopt the rate of 20%, according to Constitutional Amendment nº 103/19. The subsidiaries maintained the rate of 15%. The amount of tax credits and deferred tax liabilities recorded on December 31, 2019 and June 30, 2020 were calculated by applying the rate of 20% of the social contribution, considering that the realization or settlement will take place during the new rate.

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

n) Financial instruments recorded in current and non-current liabilities

Stated at known or calculable values including, when applicable, charges and monetary variations (on a “pro rata” basis) and foreign exchange earned.

o) Provisions, contingent assets and contingent liabilities and legal obligations – tax and social security

The recognition, measurement and disclosure of contingent asset and liabilities and legal obligations is effected in accordance with CMN - Resolution No. 3,823/09.

Contingent assets - not recognized in the accounting records unless there is a favorable judicial decision, for which no appeals are admitted, and the probability of realization of the contingent is practically assured. Contingent assets with a likely success of realization are disclosed in a note to the Financial Statements. CCB Brasil has no contingent assets for which realization is deemed probable;

Provisions - recognized in the accounting records when, based on the opinion of the Bank's management and its legal advisors, the likelihood of loss is considered to be probable. The cases in which the likelihood of loss is considered possible are disclosed in a note to the Financial Statements;

Contingent liabilities - under CPC 25, the term “contingent” is used for assets and liabilities not recognized since their existence will only be confirmed by the occurrence or not, of one or more uncertain future events not wholly under control of the Entity. The term “contingent liability” is used for liabilities that do not meet the recognition criteria, since they are considered as possible losses and should only be disclosed in explanatory notes, when deemed as significant. The obligations classified as “remote” are neither provisioned nor disclosed;

Legal obligations - recognized and provisioned, regardless of the evaluation of the probability of loss in the judicial proceeding.

p) Accounting estimates

The preparation of the financial statements is in accordance with the accounting practices adopted in Brazil applicable to institutions authorized to operate by BACEN, and requires Management to use judgment in determining and recording accounting estimates. Significant items subject to the application of estimates and assumptions include: the assessment of the realization of the credit portfolio to determine the allowance for loan losses, technical studies to estimate the periods for realization of tax credits, the assessment of contingencies, obligations and respective provisions, the evaluation of impairment loss of non-financial assets, and the evaluation of the market value of financial instruments and derivatives.

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

The settlement of transactions and the respective accounting balances calculated through the application of estimates may differ, due to inaccuracies inherent to this process. CCB Brasil reviews estimates and assumptions at least every six months.

q) Earnings per share

Basic earnings per share calculated under CPC 41 Earnings per share, is calculated by dividing the net result attributable to CCB shareholders by the weighted average number of shares outstanding during the year, excluding the average number of common shares repurchased in treasury. Diluted earnings per share do not differ from basic earnings per share, as there are no shares with a potential dilutive effect.

4 Cash and cash equivalents

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash	139,045	93,665	139,184	93,818
Open market applications	2,083,997	229,999	2,083,998	229,999
Foreign currency investments	337,038	262,998	337,038	262,998
Total	2,560,080	586,662	2,560,220	586,815

5 Interbank funds applied

Represented by investments in interbank deposits, the maturities of which are shown below:

Maturity	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Up to 1 year (Current)	528,631	217,371	5,436	5,449
Over 1 year (Non current)	60,369	548,434	-	-
Total	589,000	765,805	5,436	5,449

6 Securities

a) Operating policy

The securities are evaluated, as regards their purpose, on acquisition and the portfolio formed is evaluated at every semi-annual reporting date. Management declares the Institution's intention and financial capacity to hold securities to maturity.

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Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

b) Composition of securities by type and category

06/30/2020

	BANK							CONSOLIDATED
	Up to 90 days	91 to 360 days	Total current	Non current	Total book value	Restated cost	Market value	Total book value
Available for sale	3,462,241	138,951	3,601,192	1,183,939	4,785,131	4,785,163	4,785,131	4,796,307
Own portfolio (*)	989,154	138,951	1,128,105	138,873	1,266,978	1,266,976	1,266,978	1,266,978
Financial Treasury Bills	989,154	138,951	1,128,105	138,873	1,266,978	1,266,976	1,266,978	1,266,978
Subject to repurchase agreements	2,445,609	-	2,445,609	1,024,706	3,470,315	3,470,356	3,470,315	3,470,315
Financial Treasury Bills	2,445,609	-	2,445,609	1,024,706	3,470,315	3,470,356	3,470,315	3,470,315
Pledged in guarantees (**)	27,478	-	27,478	20,360	47,838	47,831	47,838	59,014
Financial Treasury Bills	27,478	-	27,478	20,360	47,838	47,831	47,838	59,014
Securities held to maturity	-	82,734	82,734	-	82,734	82,734	82,734	82,734
Own portfolio	-	82,734	82,734	-	82,734	82,734	82,734	82,734
Quotas - FIDC	-	82,734	82,734	-	82,734	82,734	82,734	82,734
Total	3,462,241	221,685	3,683,926	1,183,939	4,867,865	4,867,897	4,867,865	4,879,041

(*) Distribution of maturities made based on nominal maturity without considering the high liquidity characteristic of public securities.

(**) The balance includes R\$ 44,365 in the Bank and in the Consolidated referring to deposited margins as guarantees in transactions involving derivative financial instruments, the amount of R\$ 3,025 in the Bank and R\$ 14,201 in the Consolidated refer to the judicial proceedings and R\$ 448 in the Bank and Consolidated refer to other guarantees.

12/31/2019

	BANK							CONSOLIDATED
	Up to 90 days	91 to 360 days	Total current	Non current	Total book value	Restated cost	Market value	Total book value
Available for sale	6,743	3,402,300	3,409,043	1,300,265	4,709,308	4,708,864	4,709,308	4,720,291
Own portfolio (*)	136	616,994	617,130	432,132	1,049,262	1,049,168	1,049,262	1,049,262
Financial Treasury Bills	136	616,994	617,130	432,132	1,049,262	1,049,168	1,049,262	1,049,262
Subject to repurchase agreements	6,607	2,758,304	2,764,911	866,071	3,630,982	3,630,632	3,630,982	3,630,982
Financial Treasury Bills	6,607	2,758,304	2,764,911	866,071	3,630,982	3,630,632	3,630,982	3,630,982
Pledged in guarantees (**)	-	27,002	27,002	2,062	29,064	29,064	29,064	40,047
Financial Treasury Bills	-	27,002	27,002	2,062	29,064	29,064	29,064	40,047
Securities held to maturity	-	-	-	81,088	81,088	81,088	81,088	81,088
Own portfolio	-	-	-	81,088	81,088	81,088	81,088	81,088
Quotas - FIDC	-	-	-	81,088	81,088	81,088	81,088	81,088
Total	6,743	3,402,300	3,409,043	1,381,353	4,790,396	4,789,952	4,790,396	4,801,379

(*) Distribution of maturities made based on nominal maturity without considering the high liquidity characteristic of public securities.

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(**) The balance includes R\$ 25,651 in the Bank and in the Consolidated referring to deposited margins as guarantees in transactions involving derivative financial instruments, the amount of R\$ 2,973 in the Bank and R\$ 13,956 in the Consolidated refer to the judicial proceedings and R\$ 440 in the Bank and Consolidated refer to other guarantees.

The government securities are registered at the Special System for Settlement and Custody (SELIC) of the Brazilian Central Bank, and the corporate securities at the B3 S.A. - Brasil, Bolsa, Balcão (a clearing house) and FIDC quotas are held in custody by the custodian institutions appointed by the Fund Administrator.

The market value of the government securities was computed on the basis of the unit prices, disclosed by ANBIMA (Brazilian Association of Entities in the Financial and Capital Markets) and that of investment fund quotas by the value of the quota on the balance sheet date disclosed by the administrator.

7 Derivative financial instruments portfolio

a) Policy of utilization

As a result of the Paul Volcker Rule, applicable to the CCB Group globally, the operations of the trading portfolio of CCB Brasil are restricted to derivative transactions with clients and must always be hedged. During the current year and with the objective of mitigating the market risk that arises from the mismatches between the Conglomerate's assets and liabilities, CCB Brasil negotiated traditional and non-complex derivatives (plain vanilla) aiming mainly to meet the clients' needs, always with respective hedges, but also used this instrument to hedge exposure to interest rates in the banking portfolio.

b) Protection of foreign exchange exposures

CCB Brasil effects Swap, NDF and Futures operations to hedge its obligations with securities issued abroad and loans in foreign currency, with the objective of protecting against the foreign exchange and the coupon of operations risks, arising from currency fluctuations, through the utilization of an economic and accounting hedge, when applicable, for these operations.

c) Hedge of portfolio with fixed interest rates

CCB Brasil adopts the strategy of acquiring future DI contracts, assessing the relationship between the duration of DI futures contracts and the duration of the credit portfolio. Considering that the hedged loan portfolio is distributed among the companies (Bank and Financeira), and that the futures contracts are all concentrated in the Bank, the fair value hedge designation of this relationship was only applied in the consolidated balance sheet. The coverage of a hedge is Daily monitored and Quarterly assessed and meets criteria that consider the total portfolio less delays and prepayments. The Bank's Treasury assesses the need to purchase or sell new DI futures

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(All amounts in thousands of Reais unless otherwise stated)

contracts to offset the adjustment to market value of the hedged item. The objective is to ensure the effectiveness of the hedge in the range of 80% to 125%, considering the relationship between the market variation of the hedged layer and the market variation of DI futures contracts.

d) Risk management

The CCB Brasil operates with derivative financial instruments as part of the range of products offered to its clients and to meet its own requirements related to the management of market risks which arise, principally, from the normal mismatches between currencies, interest rates, indices and terms of its asset and liability operations.

The main risk factors of the derivatives contracted at June 30, 2020 were related to the exchange rate, interest rate, dollar and variable income coupon, which aim to maximize the risk and return relationship, even in circumstances of high volatility. The risk management control of the portfolios is effected through the utilization of the metrics: VaR (for the trading portfolio), EVE and NII (for the banking and global portfolio) and Profitability and Liquidity Risk.

e) Criteria for measurement of the market value

To obtain these market values the following criteria are adopted:

- **Futures and Forward:** quotations on stock exchanges;
- **Swap:** the cash flow of each of its shares is estimated, discounted to the present value, according to the corresponding interest curves, obtained through B3 SA - Brasil, Bolsa, Balcão (a clearing company) prices, and /or market prices of government securities for Brazilian operations, and the prices of international exchanges for operations abroad, when applicable.

f) Recording of the values

The balances of these operations are recorded in memorandum and balance sheet accounts, in accordance with the specific rules issued by the Brazilian Central Bank.

The derivative instruments are classified, according to Management's intention to utilize them as a hedge instrument or not, in accordance with BACEN Circular No. 3,082/02 and its subsequent updates.

The operations with financial instruments, effected at the request of clients, or that do not meet the hedge criteria (mainly derivatives used to manage the overall risk exposure until June 30, 2020) are recorded at market value, with the realized and unrealized gains and losses recognized directly in the statement of operations.

Specifically for the Fair Value Hedge, the financial assets and liabilities, as well as the respective financial instruments, are recorded at market value with the realized and unrealized gains and losses recognized directly in the statement of operations.

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(All amounts in thousands of Reais unless otherwise stated)

The outstanding operations at June 30, 2020 present the following characteristics:

BANK AND CONSOLIDATED											
							Notional Value				
							Net Position of Assets and Liability contracts				
	Current	Non current	Differential receivable	Current	Non current	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Total Current	Non current	Total
Swap contracts											
Interbank market	365	1,457	1,822	-	245	245	220,478	(713,603)	(493,125)	(12,779)	(505,904)
Foreign currency	24,196	111,326	135,522	93,722	69,509	163,231	(231,855)	642,163	410,308	12,109	422,417
Prefixed	130	-	130	-	-	-	11,377	71,440	82,817	670	83,487
Subtotal	24,691	112,783	137,474	93,722	69,754	163,476					
Market value adjustment	(4,649)	3,829	(820)	(3,233)	551	(2,682)	-	-	-	-	-
Total	20,042	116,612	136,654	90,489	70,305	160,794					
NDF contracts											
Forward/NDF purchase	48,520	6,086	54,606	6,375	-	6,375	477,247	329,910	807,157	60,784	867,941
Forward/NDF sale	5,545	-	5,545	7,658	-	7,658	(427,575)	(69,410)	(496,985)	-	(496,985)
Subtotal	54,065	6,086	60,151	14,033	-	14,033					
Total	74,107	122,698	196,805	104,522	70,305	174,827					
Futures contracts (*)											
Purchase – Interbank market	68	-	68	-	-	-	188,421	247,492	435,913	57,492	493,405
Sale - Interbank market	1	-	1	951	-	951	(189,984)	(420,483)	(610,467)	(1,228,994)	(1,839,461)
Purchase-DDI-Exchange Coupon	1,259	-	1,259	385	-	385	279,693	754,184	1,033,877	-	1,033,877
Sale-DDI-Exchange Coupon	500	-	500	7	-	7	(681,073)	(180,576)	(861,649)	(66,733)	(928,382)
Purchase - foreign currency	26	-	26	1,873	-	1,873	769,837	-	769,837	-	769,837
Sale - foreign currency	824	-	824	762	-	762	(1,545,681)	-	(1,545,681)	-	(1,545,681)
Total	2,678	-	2,678	3,978	-	3,978					

(*) The registration of amounts payable and receivable of futures contracts are shown in the accounts "Other Financial Instruments – Assets (note 10)" and "Other Financial Instruments – Liabilities (note 20)".

The outstanding operations at December 31, 2019 present the following characteristics:

BANK AND CONSOLIDATED							Notional Value				
							Net Position of Assets and Liability contracts				
	Current	Non current	Differential receivable	Current	Non current	Differential payable	Maturing within 3 months	Maturing between 3 and 12 months	Total Current	Non current	Total
Swap contracts											
Interbank market	5,265	2,181	7,446	-	2,130	2,130	83,471	(132,377)	(48,906)	(19,977)	(68,883)
Foreign currency	374,890	30,783	405,673	3,048	4,326	7,374	(187,454)	97,838	(89,616)	19,977	(69,639)
Prefixed	2,048	1,431	3,479	-	1,371	1,371	103,983	34,539	138,522	-	138,522
Subtotal	382,203	34,395	416,598	3,048	7,827	10,875					
Market value adjustment	5,515	2,773	8,288	148	95	243					
Total	387,718	37,168	424,886	3,196	7,922	11,118					
NDF contracts											
Forward/NDF purchase	60	-	60	3,405	136	3,541	53,978	66,747	120,725	7,029	127,754
Forward/NDF sale	179	-	179	231	-	231	(26,231)	(28,864)	(55,095)	-	(55,095)
Subtotal	239	-	239	3,636	136	3,772					
Total	387,957	37,168	425,125	6,832	8,058	14,890					
Futures contracts (*)											
Purchase – Interbank market	4	-	4	1	-	1	-	75,575	75,575	10,896	86,471
Sale - Interbank market	9	-	9	753	-	753	(96,998)	(783,356)	(880,354)	(1,007,887)	(1,888,241)
Purchase-DDI-Exchange Coupon	-	-	-	1,697	-	1,697	173,774	81,114	254,888	-	254,888
Sale-DDI-Exchange Coupon	418	-	418	-	-	-	-	(49,746)	(49,746)	(9,752)	(59,498)
Purchase - foreign currency	-	-	-	4,493	-	4,493	-	659,681	659,681	-	659,681
Sale - foreign currency	5,725	-	5,725	1	-	1	-	(848,814)	(848,814)	-	(848,814)
Total	6,156	-	6,156	6,945	-	6,945					

(*) The registration of amounts payable and receivable of futures contracts are shown in the accounts "Other Financial Instruments - Assets" (note 10) and "Other Financial Instruments - Liabilities" (note 20).

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The swap and NDF transactions are recorded at "B3 SA - Brasil, Bolsa, Balcão", the adjustments related to the difference receivable or payable are recorded in an asset or liability account, respectively, with a corresponding entry to income or expense. "Futures market" operations are recorded at "B3 SA - Brasil, Bolsa, Balcão", and the daily paid/appropriated adjustments are recorded as income or expense.

Guarantees given for transactions involving derivative financial instruments comprise the following:

BANK AND CONSOLIDATED					
Security	Due Date	06/30/2020		12/31/2019	
		Fair value	Book Value	Fair value	Book value
LFT	09/01/2020	44,365	44,365	25,651	25,651

g) Hedge accounting

Loans to Individuals

CCB Brasil holds payroll loan portfolios of public servants and retirees, and vehicle financing operations. Those credits are assigned at pre-fixed rates, exposing CCB Brasil to the market risk arising from fluctuations in the reference rate of interbank deposits (CDI), an index in which the CCB Brasil's cost of funding and risk management are controlled. Thus, to hedge the risk of the pre-fixed rate to the CDI oscillations, since January 2017, the Bank's treasury acquires future DI contracts in a ratio of amounts x maturities that offset the adjustment effect to fair value of the hedged item, and the effects of this hedge of fair value are recorded exclusively in the consolidated financial statements.

06/30/2020	Hedge Object		Hedge instrument		
	Curve value	Fair value			
Interest Rate Risk	Assets	Assets	Value of Ineffectiveness	Nominal Value	Variation in Value Recognized in Income
Hedge of Credit Operations	1,607,261	1,723,475	10,001	1,672,166	106,213
Total	1,607,261	1,723,475	10,001	1,672,166	106,213

12/31/2019	Hedge Object		Hedge instrument		
	Curve value	Fair value			
Interest Rate Risk	Assets	Assets	Value of Ineffectiveness	Nominal Value	Variation in Value Recognized in Income
Hedge of Credit Operations	1,337,367	1,439,810	10,331	1,660,140	92,112
Total	1,337,367	1,439,810	10,331	1,660,140	92,112

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(All amounts in thousands of Reais unless otherwise stated)

8 Credit portfolio and leasing operations

a) Diversification by type of operation

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Working capital and discounts	4,240,212	3,077,226	4,248,602	3,086,220
Consigned personal credit	1,847,284	1,763,711	2,522,624	2,553,281
Import financing	515,079	310,159	515,079	310,159
Export financing	3,074,117	2,056,261	3,074,117	2,056,261
Rural and agro-industrial financing	441,972	521,873	441,972	521,873
Financing of vehicles	56,930	7,663	89,951	65,079
Loans linked to assignments (*)	77,528	101,332	-	-
Guarantees honored	72,236	16,789	72,236	16,789
Debtors for purchases of assets	45,312	54,807	45,312	54,807
Others	223,529	334,901	224,528	336,617
Loans	10,594,199	8,244,722	11,234,421	9,001,086
Leases	-	-	85,515	88,748
Total credit portfolio and leasing operations	10,594,199	8,244,722	11,319,936	9,089,834
Advances on export contracts (**)	1,573,939	1,491,412	1,573,939	1,491,412
Total	12,168,138	9,736,134	12,893,875	10,581,246

(*) Refers to consigned loan operations assigned with co-obligation to CCB Financeira, classified as "Consigned Personal Credit" in the consolidated financial statements (nota 8.f).

(**) Advance operations on foreign exchange contracts are recorded in the balance sheet under "Liabilities - Foreign exchange portfolio" (note 9), plus income receivable on advances granted, which are found under the heading "Assets - Foreign exchange portfolio".

b) Diversification by activity

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Private sector	10,218,277	7,835,702	10,303,791	7,924,450
Other services	3,051,313	2,333,039	3,123,197	2,409,898
Industry	4,356,135	3,326,167	4,361,365	3,328,507
Trade	2,489,455	1,948,674	2,497,855	1,958,223
Agribusiness	321,374	227,822	321,374	227,822
Individuals	1,949,861	1,900,432	2,590,084	2,656,796
Total	12,168,138	9,736,134	12,893,875	10,581,246

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c) Diversification by term - by installment

	BANK				CONSOLIDATED			
	06/30/2020	%	12/31/2019	%	06/30/2020	%	12/31/2019	%
Overdue as from 15 days	122,670	1.01	114,939	1.18	132,894	1.03	124,126	1.17
Due within 3 months	2,709,367	22.27	2,358,437	24.22	2,896,413	22.46	2,539,028	24.00
Due from 3 to 12 months	5,152,367	42.34	3,609,054	37.07	5,333,144	41.36	3,818,834	36.09
Total current	7,984,404	65.62	6,082,430	62.47	8,362,451	64.86	6,481,988	61.26
Non current	4,183,734	34.38	3,653,704	37.53	4,531,424	35.14	4,099,258	38.74
Total	12,168,138	100	9,736,134	100	12,893,875	100	10,581,246	100

d) Composition of Portfolio by risk level

06/30/2020						
Risk level	BANK			CONSOLIDATED		
	Calculation basis	%(*)	Provision	Calculation basis	%(*)	Provision
AA	3,361,728	27.63	-	3,478,008	26.98	-
A	3,903,620	32.08	19,518	4,407,515	34.18	22,037
B	2,958,230	24.31	29,582	2,976,176	23.08	29,762
C	1,534,953	12.61	46,048	1,546,845	12.00	46,405
D	1,100	0.01	110	1,899	0.01	190
E	546	0.01	164	745	0.01	224
F	19,993	0.16	9,996	22,402	0.17	11,201
G	41,928	0.35	29,350	51,229	0.40	35,860
H	346,040	2.84	346,040	409,056	3.17	409,056
Total	12,168,138	100	480,808	12,893,875	100	554,735

(*) Percentage of loan portfolio by rating on the total portfolio.

12/31/2019						
Risk level	BANK			CONSOLIDATED		
	Calculation basis	%(*)	Provision	Calculation basis	%(*)	Provision
AA	3,082,405	31.66	-	3,184,922	30.10	-
A	3,862,861	39.68	19,314	4,485,503	42.39	22,427
B	2,268,573	23.30	22,686	2,281,420	21.56	22,814
C	94,340	0.97	2,830	98,457	0.93	2,953
D	1,159	0.01	116	2,036	0.02	204
E	5,375	0.06	1,613	6,140	0.06	1,842
F	9,190	0.09	4,595	11,071	0.10	5,536
G	41,138	0.42	28,796	52,501	0.50	36,751
H	371,093	3.81	371,093	459,196	4.34	459,196
Total	9,736,134	100	451,043	10,581,246	100	551,723

(*) Percentage of loan portfolio by rating on the total portfolio.

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e) Risk concentration level

	CONSOLIDATED			
	06/30/2020		12/31/2019	
	R\$	%	R\$	%
Largest debtor	394,604	3.06	289,093	2.73
10 largest debtors	2,289,259	17.75	2,046,675	19.34
100 largest debtors	7,847,350	60.86	6,471,036	61.16

f) Loan assignments

f1) Interbank loan assignments

In previous periods to those presented, there were consignment credit assignment operations with the subsidiary, CCB Brasil S.A. Crédito, Financiamentos e Investimentos.

As established in CMN Resolution No. 3,533/08, which determined new criteria for accounting recognition and classification of credit assignment operations, effective as of January 1, 2012, said assignments are classified in the category of "transactions with substantial retention of risks and benefits" with an amount of R\$ 77,528 (December/19 - R\$ 101,332), and the amount recorded as liabilities for operations related to the assignment is R\$ 83,663 (December/19 - R\$ 109,662). The expense recorded in the semester of related obligations was R\$ 9,918 (June/19 - R\$ 16,845), arising from the appropriation "pro rata temporis" for the term of each loaned agreement. The assignments are subject to the application of Resolution No. 2,682/99, for purposes of credit risk classification and constitution of allowance for doubtful accounts.

9 Foreign exchange portfolio

	BANK AND CONSOLIDATED	
	06/30/2020	12/31/2019
Assets		
Foreign exchange purchased to be settled	2,015,981	1,484,340
Rights on sales of foreign exchange	239,497	11,719
Income receivable from advances granted	24,141	13,462
Advances received in local currency	(2,768)	(2,566)
Total	2,276,851	1,506,955
Current	2,276,851	1,506,955
Total	2,276,851	1,506,955
	BANK AND CONSOLIDATED	
	06/30/2020	12/31/2019
Liabilities		
Liabilities for foreign exchange purchases	1,781,456	1,484,093
Advances on foreign exchange contracts	(1,549,798)	(1,477,950)
Foreign exchange sold to be settled	244,595	11,625
Unearned income from amounts granted	27	-
Total	476,280	17,768
Current	476,280	17,768
Total	476,280	17,768

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Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

10 Other financial instruments - assets

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Debtors for guaranteed deposits (note 22.d)	428,265	437,366	434,913	443,444
Accounts receivable	27,433	24,931	18,914	16,410
No credit granting characteristics	4,344	9,272	8,484	12,421
Trading and intermediation of securities (*)	2,678	6,156	2,678	6,156
Total	462,720	477,725	464,989	478,431
Current	20,691	31,074	13,870	23,193
Non current	442,029	446,651	451,119	455,238
Total	462,720	477,725	464,989	478,431

(*) Includes R\$ 42 from Other commissions payable (December/19 - R\$ 12).

11 Allowance for expected loss to credit risk

As of June 30, 2020, the portfolio of renegotiated contracts represents the amount of R\$ 262,902 (December/19 – R\$ 268,492) in the Bank and R\$ 485.852 (December/19 - R\$ 516,695) in Consolidated. The balance of recovery of contracts written off is R\$ 6,945 (June/19 - R \$ 5,483) at the Bank and R \$ 15,783 (June/19 - R \$ 14,319) at Consolidated.

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Opening balance	451,043	469,025	551,723	539,934
Allowance constituted (reversed) in the period	201,628	20,660	192,783	38,871
Subtotal	652,671	489,685	744,506	578,805
Write-offs	(171,863)	(58,040)	(189,771)	(87,822)
Closing balance	480,808	431,645	554,735	490,983
Recovery of written off loans	6,945	5,483	15,783	14,319
% of allowance on the loan portfolio	3.95	5.77	4.30	5.93
Current	178,212	175,738	222,876	178,536
Non current	302,596	255,907	331,859	312,447
Closing balance	480,808	431,645	554,735	490,983

As of June 30, 2020, CCB Brasil presented balance of R\$ 214,491 (June/19 - R\$ 244,764) in provision for credits renegotiated with the Bank and R\$ 234,087 (June/19 - R\$ 269,684) in Consolidated.

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Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

12 Non-financial assets held for sale

Other assets principally represent assets received in settlement of loan operations.

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Property	313,771	348,666	316,411	351,306
Machinery and equipment	17,854	26,869	18,099	27,114
Vehicles and similar assets	1,230	1,488	8,755	13,559
Others	629	629	629	629
Subtotal	333,484	377,652	343,894	392,608
Provision for losses on other assets	(139,949)	(149,489)	(145,123)	(157,382)
Total	193,535	228,163	198,771	235,226

13 Investment in domestic subsidiaries

The main information on the Bank's subsidiaries is presented below:

Subsidiaries name	06/30/2020						12/31/2019
	Number of shares / quotas held	Investment percentage	Shareholders' /quotaholders' equity	Net income (loss) for the period	Equity	Book value of investments	Book value of investments
CCB Brasil Arrendamento Mercantil S.A.	180,920,168	100%	266,657	2,378	2,378	266,657	264,279
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A.	14,223,228	100%	21,054	167	167	21,054	20,887
CCB Brasil Informática S.A.	50,000	100%	779	2	2	779	776
CCB Brasil Adm. Cartão Créd. Ltda,	3,670,000	100%	9,106	(85)	(85)	9,106	9,192
CCB Brasil S.A. CFI (*)	116,405,774	100%	15,743	(5,877)	(7,269)	15,743	27,394
Brasil Factors S.A. (**)	62,931	50%	(4,090)	142	71	(2,045)	(2,116)
Total					(4,736)	313,339	322,528

(*) Includes goodwill, net of amortization, in the amount of R\$ - (December/19 - R\$ 4,383) determined on the acquisition of CCB Brasil S.A. – CFI, reclassified to Intangible assets in the consolidated. Additionally, it contemplates an adjustment in the amount of the investment recorded against the Bank's equity in the first half of 2020 in the amount of R\$ 1,393, recognized by CCB Brasil S.A. - CFI in the year ended December 31, 2019.

(**) Due to the debt balance of the Shareholders' Equity of BrasilFactors S.A, the amount equivalent to the Bank's interest is recorded in "Other liabilities".

14 Tax assets and liabilities

a) Tax credits

The deferred income tax and social contribution recorded in Tax Assets presented the following movement:

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Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

Description	BANK					CONSOLIDATED
	12/31/2019	Realization	Additions	Write-off Res. 3.059/02	06/30/2020	06/30/2020
Income tax						
Allowance for expected loss to credit risk	195,229	(4,788)	46,159	-	236,600	259,794
Provision for impairment of assets not for own use	37,372	(10,458)	-	(12,703)	14,211	15,611
Provision for contingencies and others	267,084	(34,768)	32,485	(19,160)	245,641	255,862
Subtotal	499,685	(50,014)	78,644	(31,863)	496,452	531,267
Tax losses	174,173	-	-	(168,790)	5,383	8,668
Subtotal - IRPJ tax credit	673,858	(50,014)	78,644	(200,653)	501,835	539,935
Social contribution						
Allowance for expected loss to credit risk	156,183	(3,832)	36,926	-	189,277	203,140
Provision for impairment of assets not for own use	29,897	(8,366)	-	(10,161)	11,370	12,210
Provision for contingencies and others	213,669	(27,815)	25,989	(15,330)	196,513	202,647
Subtotal	399,749	(40,013)	62,915	(25,491)	397,160	417,997
Accumulated CSLL negative basis	146,371	-	-	(142,065)	4,306	6,152
Subtotal - CSLL tax credit	546,120	(40,013)	62,915	(167,556)	401,466	424,149
Total - IRPJ/CSLL tax credit	1,219,978	(90,027)	141,559	(368,209)	903,301	964,084

In addition to the aforementioned write-offs, CCB Brasil did not record new tax credits resulting from temporary differences in the amount of R\$ 43,075, as, according to estimates, there is not enough capacity to generate positive tax results in the next ten years to absorb such credits.

Description	BANK				CONSOLIDATED
	12/31/2018	Realization	Additions	06/30/2019	06/30/2019
Income tax					
Allowance for expected loss to credit risk	158,234	(2,345)	9,528	165,417	186,246
Provision for impairment of assets not for own use	38,857	(1,819)	1,154	38,192	40,211
Provision for contingencies and others	258,340	(33,449)	43,251	268,142	278,144
Subtotal	455,431	(37,613)	53,933	471,751	504,601
Tax losses	206,231	(2,831)	-	203,400	220,288
Subtotal - IRPJ tax credit	661,662	(40,444)	53,933	675,151	724,889
Social contribution					
Allowance for expected loss to credit risk	94,940	(1,875)	6,186	99,251	111,750
Provision for impairment of assets not for own use	23,314	(1,455)	1,056	22,915	24,126
Provision for contingencies and others	155,006	(26,759)	32,638	160,885	166,885
Subtotal	273,260	(30,089)	39,880	283,051	302,761
Accumulated CSLL negative basis	126,656	(1,698)	-	124,958	130,430
Subtotal - CSLL tax credit	399,916	(31,787)	39,880	409,009	433,191
Total - IRPJ/CSLL tax credit	1,061,578	(72,231)	93,813	1,083,160	1,158,080

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

Tax credit realization - based on a technical study, it was possible to estimate the generation of future taxable income, in an amount sufficient for the total realization of the tax credits existing at the balance sheet date, in a period of 10 years, distributed as follows:

BANK												
Projected year	Tax credit realization										06/30/2020	12/31/2019
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total	Total
Projected value	-	99,860	194,308	158,703	70,829	14,915	10,681	10,953	10,681	332,371	903,301	1,219,978
Present value(*)	-	96,582	183,794	146,813	64,081	13,197	9,243	9,270	8,840	269,043	800,863	933,573
% Realization	-	11.1%	21.5%	17.6%	7.8%	1.7%	1.2%	1.2%	1.2%	36.7%	100.0%	

(*) Based on the projected Selic rate.

CONSOLIDATED												
Projected year	Tax credit realization										06/30/2020	12/31/2019
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total	Total
Projected value	8,385	117,815	209,238	165,060	73,211	15,019	10,785	11,057	10,785	342,729	964,084	1,318,325
Present value(*)	8,292	113,948	197,916	152,694	66,235	13,289	9,333	9,358	8,926	277,428	857,419	1,018,520
% Realization	0.9%	12.2%	21.7%	17.1%	7.6%	1.6%	1.1%	1.1%	1.1%	35.6%	100.0%	

(*) Based on the projected Selic rate.

The realization and maintenance of the registration of the tax credits depends on the generation of future taxable profits and the compliance with the terms and conditions of realization defined by CMN Resolution No. 3,059/02.

In this context, the Resolution establishes that the accounting record of tax credits can only be made if the Bank presents historical taxable income for income tax and social contribution purposes, evidenced by the occurrence of this situation in at least three out of the last five fiscal years. The Bank presented tax losses and a negative basis of social contribution in the fiscal years 2015, 2016, 2017 and 2018.

Thus, despite the write-off of tax credits from tax loss and negative basis in the amount of R\$ 336,827 in the Consolidated, in addition to the write-off of tax credits resulting from temporary differences in the amount of R\$ 57,354, totaling R\$ 394,181, as in previous years, before the end of fiscal year 2020, Management will present to the Central Bank of Brazil a new technical study for realization of tax credits, as established by CMN Resolution 3,059/02 as amended by CMN Resolution 4,441/15 and BACEN Circular 3,776/15, requiring approval of the maintenance of the balance of tax credits, for which the Bank has the expectation of realization, according to the technical study of realization tax credits, within up to 10 years.

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

In view of the above, the Consolidated have not recorded tax credits arising from income tax loss carryforwards and negative social contribution base in the total amount of R\$ 1,252,931 (December 2019 - R\$ 773,991), in addition to tax credits arising from temporary differences in the amount of R\$ 100,429 in the Bank and Consolidated, for which there is no expectation of realization within the term provided for by CMN Resolution nº 3,059/02 up to 10 years.

b) Presumed Tax Credit

In view of the high level of the inventory of "temporary differences" arising from credit losses which occurred after 2014, the Bank decided to compute a "Presumed Tax Credit" in the amount of R\$ 380,662, according to the criterion established by Law No. 12,838/13 and Circular Letter No. 3,624/13 of BACEN, which require the determination of tax losses and credits arising from temporary differences originating from allowances for doubtful loans computed and existing in the previous calendar year.

According to Law No. 12,838/13, the Federal Revenue Service can verify the accuracy of the computed presumed tax credits for a period of 5 (five) years, as from the date of the request for refund, which could be in cash or in federal public debt securities, and also utilized as a deduction from tax or non-tax amounts due to the National Treasury.

During the first half of 2020, the Bank recovered the amount of R\$ 96 (June/19 – R\$ 262), resulting from credit operations included in the presumed tax credit basis, and the related deferred taxes, in the amount of R\$ 43 (December/19 – R\$ 9,459), were recorded in Tax Liabilities, since these amounts will be taxed when the credit is repaid by the National Treasury.

Management believes that, considering the macroeconomic scenario and the expectation of the generation of future taxable income by CCB Brasil, the option for Presumed Tax Credit represents the best alternative to reduce the time of realization of temporary differences arising from the allowance for doubtful accounts.

	2014	2015	2016	06/30/2020	12/31/2019
Constituted Presumed Tax Credit	78,983	107,450	194,229	380,662	380,662
Deferred Taxes Liabilities	(8,998)	(24,583)	(48,601)	(82,182)	(82,139)

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Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

c) Deferred taxes liability

	BANK				CONSOLIDATED
	12/31/2019	Shareholders' equity Variation	Variation (Equity)	06/30/2020	06/30/2020
Income Tax					
Linked loans (Res. 2,921)	112,373	-	11,123	123,496	123,496
Monetary restatement of judicial deposits	19,048	-	1,103	20,151	20,373
Market value adjustment of government securities and derivatives	2,692	(112)	1,759	4,339	4,339
Hedge Accounting	-	-	-	-	29,053
Depreciation surplus	-	-	-	-	3,998
Subtotal Income Tax	134,113	(112)	13,985	147,986	181,259
Social Contribution					
Linked loans (Res. 2,921)	89,898	-	8,898	98,796	98,796
Monetary restatement of judicial deposits	15,239	-	884	16,123	16,257
Market value adjustment of government securities and derivatives	2,132	(65)	1,406	3,473	3,473
Hedge Accounting	-	-	-	-	23,243
Subtotal Social Contribution	107,269	(65)	11,188	118,392	141,769
Total deferred taxes	241,382	(177)	25,173	266,378	323,028
Presumed - Law nº 12.838/13	82,139	-	43	82,182	82,182
Total	325,521	(177)	25,216	348,560	405,210

	BANK					CONSOLIDATED
	12/31/2018	Shareholders' equity Variation	Variation (Equity)	Reclassification	06/30/2020	06/30/2019
Income Tax						
Linked loans (Res. 2,921)	99,648	-	3,705	-	103,353	103,353
Monetary restatement of judicial deposits	15,685	-	1,746	-	17,431	17,648
Market value adjustment of government securities and derivatives	7,234	42,305	-	-	49,539	67,560
Hedge Accounting	-	-	-	-	-	10,166
Depreciation surplus	-	-	-	-	-	2,092
Subtotal Income Tax	122,567	42,305	5,451	-	170,323	200,819
Social Contribution						
Linked loans (Res. 2,921)	59,788	-	2,224	-	62,012	62,012
Monetary restatement of judicial deposits	9,411	-	1,047	-	10,458	10,589
Market value adjustment of government securities and derivatives	4,341	24,829	-	-	29,170	39,982
Hedge Accounting	-	-	-	-	-	6,100
Subtotal Social Contribution	73,540	24,829	3,271	-	101,640	118,683
Total deferred taxes	196,107	67,134	8,722	-	271,963	319,502
Presumed - Law nº 12.838/13	-	-	43	72,743	72,786	72,786
Total	196,107	67,134	8,765	72,743	344,749	392,288

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

d) Statement of calculation of income tax and social contribution

	06/30/2020			
	BANK		CONSOLIDATED	
	Income tax	Social contribution	Income tax	Social contribution
Result before taxes, contributions and interest	(181,254)	(181,254)	(125,191)	(125,191)
Calculation basis	(181,254)	(181,254)	(125,191)	(125,191)
Temporary differences	414,653	414,653	435,935	435,935
Permanent differences	52,565	52,565	52,594	52,594
Exclusions	(601,768)	(601,768)	(670,499)	(666,435)
Tax loss and calculation basis for income tax and social contribution	(315,804)	(315,804)	(307,161)	(303,097)
(+) Negative taxable result of consolidated companies	-	-	321,664	317,600
(-) Offset of tax loss - negative calculation basis of social contribution	-	-	(4,274)	(4,274)
Profit and income tax and social contribution calculation basis	(315,804)	(315,804)	10,229	10,229
Charges at the rates of 15% for Income Tax and Social Contribution	-	-	1,539	1,542
10% income tax surcharge	-	-	1,002	-
Current taxes	-	-	2,541	1,542
Reconciliation with results				
Current taxes				
Income tax abroad	-	-	2,541	1,542
Deferred Income Tax and Social Contribution	14,009	11,207	18,480	13,969
(=) Provision for Income Tax and Social Contribution	14,009	11,207	21,021	15,511
Constitution of tax credits on temporary additions	(78,636)	(62,907)	(89,721)	(69,559)
Constitution of tax credits (on tax losses and CSLL negative calculation basis 5%)	-	-	(1,494)	(286)
Write-off of tax credits Resol. nº 3,059/02	200,653	167,556	216,941	177,240
Realization of tax credit (on reversal of temporary additions)	50,016	40,010	68,556	51,187
(=) Net effect of tax credit	172,033	144,659	194,282	158,582
Income Tax and Social Contribution expenses	186,042	155,866	215,303	174,093

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

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	06/30/2019			
	BANK		CONSOLIDATED	
	Income tax	Social contribution	Income tax	Social contribution
Result before taxes, contributions and interest	(120,551)	(120,551)	(105,813)	(105,813)
(-) Interest on own capital ⁽¹⁾	-	-	(6,000)	(6,000)
(-) Profit Sharing ⁽²⁾	-	-	6,000	6,000
Calculation basis	(120,551)	(120,551)	(105,813)	(105,813)
Temporary differences	220,985	220,985	259,964	259,964
Permanent differences ⁽³⁾	79,999	79,999	80,107	80,107
Exclusions	(315,505)	(315,505)	(376,531)	(376,531)
Tax loss and calculation basis for income tax and social contribution	(135,072)	(135,072)	(142,273)	(142,273)
(+) Negative taxable result of consolidated companies	-	-	115,961	134,827
Profit and income tax and social contribution calculation basis	(135,072)	(135,072)	(26,312)	(7,446)
Charges at the rates of 15% for Income Tax and Social Contribution	-	-	1,974	354
10% income tax surcharge	-	-	1,296	-
Current taxes	-	-	3,270	354
Reconciliation with results				
Current taxes	-	-	3,270	354
Deferred Income Tax and Social Contribution	5,478	3,287	6,854	5,733
(=) Provision for Income Tax and Social Contribution	5,478	3,287	10,123	6,087
Constitution of tax credits on temporary additions	(53,933)	(39,880)	(68,279)	(48,486)
Write-off of tax credits on tax Res. nº 3,059/02	-	-	2,554	1,532
Realization of tax credit (Reversal of temporary additions)	40,444	31,787	56,945	41,686
Realization of tax credit (compensation of tax losses and CSLL negative calculation basis)	-	-	(5,831)	(3,498)
(=) Net effect of tax credit	(13,489)	(8,093)	(14,611)	(8,766)
Income Tax and Social Contribution expenses	(8,011)	(4,806)	(4,488)	(2,679)

(1) As of 2019, under the terms of CMN Resolution No. 4,706/18, art. 2, the amounts relating to capital remuneration, declared or proposed, must be recognized in liabilities, in return for the appropriate account of retained earnings or reserves.

(2) As of 2019, under the terms of CMN Resolution No. 4,706/18, art. 4, the remuneration for capital earned on investments valued by the equity method, must be recognized in assets, with a corresponding entry to the respective investment.

(3) The amount of permanent additions includes R\$ 6,000 received as interest on own capital from CCB Brasil Arrendamento S.A.

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

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15 Other assets

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Payments to be refunded	29,334	30,437	30,727	31,429
Sundry debtors	21,087	18,333	21,789	19,345
Interbank accounts	12,671	4,770	12,671	4,770
Other	4,486	26,143	5,902	27,410
Total	67,578	79,683	71,089	82,954
Current	38,244	49,246	40,362	51,525
Non current	29,334	30,437	30,727	31,429
Total	67,578	79,683	71,089	82,954

16 Funds obtained in the market

06/30/2020							
	BANK						CONSOLIDATED
	No due date	Up to 03 months	3 months to 1 year	Total Current	Non current	Total	Total
Demand deposits	132,239	-	-	132,239	-	132,239	131,208
Savings deposits	2,935	-	-	2,935	-	2,935	2,935
Interbank deposits	-	202,946	28,309	231,255	215,114	446,369	234,675
Time deposits	-	791,749	2,004,667	2,796,416	2,854,809	5,651,225	5,645,346
Obligations for repo operations	-	4,741,463	64,857	4,806,320	2,031	4,808,351	4,788,060
Real state letters of credit - LCI	-	2,301	2,791	5,092	-	5,092	5,092
Agribusiness letters of credit - LCA	-	134,501	76,544	211,045	26,220	237,265	236,386
Financial letter - LF	-	81,415	809,282	890,697	229,033	1,119,730	1,119,730
Total	135,174	5,954,375	2,986,450	9,075,999	3,327,207	12,403,206	12,163,432
12/31/2019							
	BANK						CONSOLIDATED
	No due date	Up to 03 months	3 months to 1 year	Total Current	Non current	Total	Total
Demand deposits	87,757	-	-	87,757	-	87,757	86,581
Savings deposits	2,977	-	-	2,977	-	2,977	2,977
Interbank deposits	-	143,323	179,133	322,456	247,726	570,182	340,228
Time deposits	-	456,183	1,417,360	1,873,543	1,287,189	3,160,732	3,157,944
Obligations for repo operations	-	6,602	2,757,095	2,763,697	864,905	3,628,602	3,603,525
Real state letters of credit - LCI	-	12,934	8,345	21,279	703	21,982	21,982
Agribusiness letters of credit - LCA	-	203,658	373,095	576,753	33,545	610,298	610,298
Financial letter - LF	-	22,553	404,588	427,141	327,484	754,625	754,625
Total	90,734	845,253	5,139,616	6,075,603	2,761,552	8,837,155	8,578,160

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17 Borrowings and onlendings

The borrowings basically refer to the funds raising for import and export financing and the onlendings were granted by the Parent Company abroad and multilateral agencies, on which fixed charges are due at the average rate of 1.79% p.a. (December/19 – 3.06% p.a.).

The country's onlending is represented by resources from the Ministry of Agriculture in FUNCAFÉ and Ministry of Cities in PSH - Social Housing Program and PMCMV - Minha Casa Minha Vida Program.

Maturities are distributed as follows:

BANK AND CONSOLIDATED							
	Up to 1 month	1 month to 3 months	3 months to 1 year	Total current	Non current	06/30/2020	12/31/2019
Onlending in the country - official institutions	-	49,986	23,305	73,291	17,039	90,330	223,975
Abroad	1,165,961	636,984	4,375,000	6,177,945	53,439	6,231,384	4,574,057
Loan with Head Office	926,452	278,808	4,314,640	5,519,900	-	5,519,900	3,812,733
Loan with Head Office – linked (*)	-	-	13,198	13,198	52,129	65,327	52,217
Other loans abroad ⁽¹⁾	239,509	358,176	47,162	644,847	1,310	646,157	709,107
Total on June 30, 2020	1,165,961	686,970	4,398,305	6,251,236	70,478	6,321,714	-
Total on December 31, 2019	549,694	159,013	3,993,263	4,701,970	96,061	-	4,798,031

⁽¹⁾ Loans and onlendings from abroad, which contain restrictive clauses ("covenants") are classified in the current term due to non-compliance with indicators.

(*) In 2017, the Bank made funding linked to loan operations of its portfolio in accordance with the conditions established by the CMN Resolution No. 2,921/02, such as:

I - linkage between the funds raised and the corresponding loan operation of the bank's portfolio;

II - subordination of the requisite of funds raised to the flow of payments of the related loan operation;

III – enough remuneration of the loan operation linked to cover the costs of the funding operation;

IV - compatibility between the cash flows of the related loan operation and the funding operation;

V - the duration of the funding operation equal to or greater than those of the related loan operation;

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VI - postponement of any payment to the creditor, including charges or amortization, in case of default in the related loan operation;

VII - non-payment, total or partial, of the principal and of charges to the creditor, in the event that the execution of guarantees is not sufficient for the settlement of the related loan operation, or in other situations of non-liquidation of that transaction.

As of June 30, 2020 the amount of funding related to operations is R\$ 559,310 (December/19 – R\$ 501,709) and the balance of loan operations is R\$ 486,485 (December/19 – R\$ 473,046), of which R\$ 305,375 (December/19 – R\$ 291,483) are represented by credits with a certain overdue portion of more than 1 day.

Therefore, in order to present the best estimate of expected disbursement in relation to the related obligation, as well as the reduction of asymmetries, Management rectified the balance of the group "Foreign Funds" by the amount of R\$ 493,983 (December/19 – R\$ 449,492), of which R\$ 44,492 (June/19 – R\$ 14,822) as a contra-entry to income for the period, based on the deterioration of the credit quality of the related assets, in addition to the realization value of the guarantees obtained in each operation.

18 Debt instruments eligible to capital

BANK AND CONSOLIDATED							
Funding	Issue value – Original currency	Issuance	Maturity	Issue value – Local currency	Interest rate (p.a.)	06/30/2020	12/31/2019
Perpetual Debt Tier I	US\$ 70,000	12/29/2016	12/30/2021	228,025	8.00%	398,653	282,149
Subordinated Debt Tier II	US\$ 100,000	09/29/2015	09/29/2025	397,299	7.20%	557,566	410,406
Total						956,219	692,555

	06/30/2020	12/31/2019
Non Currents	956,219	692,555
Total	956,219	692,555

- EMTN TIER I US\$ 70 MM

The papers were privately issued in 2016 on a perpetual basis in accordance with the provisions of Article 17 of Resolution No. 4,192/13, to compose capital of CCB Brasil and were acquired by the CCB group itself. Currently, they make up tier 1 capital.

China Construction Bank (Brasil) Banco Múltiplo S.A. and subsidiary companies

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(All amounts in thousands of Reais unless otherwise stated)

- EMTN TIER II US\$ 100 MM

The private issue papers in 2015, with a ten-year term, to compose tier 2 capital, and acquired by the CCB group itself, are fully composing tier 2 capital. As of December 2020, a 20% annual and gradual reduction will be applied by the approximation with the maturity date, as provided for in article 27 of Circular Bacen No. 4,192/13.

19 Subordinated Debt

Subordinated debt is represented by funds which comprise the Tier II Capital for purposes of the computation of the operational limit, as follows:

BANK AND CONSOLIDATED							
Funding	Issue value – Original currency	Issuance	Maturity	Issue value – Local currency	Interest rate (p.a.)	06/30/2020	12/31/2019
Eurobonds	US\$ 300,000	04/27/2010	04/27/2020	R\$ 529,153	8.50%	-	1,110,499
Total						-	1,110,499

	06/30/2020	12/31/2019
Currents	-	1,110,499
Total	-	1,110,499

20 Other Financial instruments - Liabilities

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Resources to be transferred (assignment of credit with recourse)	83,663	109,662	-	-
Negotiations and intermediation of values (*)	4,020	6,957	4,020	6,958
Total	87,683	116,619	4,020	6,958
Currents	87,683	116,619	4,020	6,958
Total	87,683	116,619	4,020	6,958

(*) Includes R\$ 42 (December/2019 - R\$ 12) of Other commissions payable.

Notes to the financial statements

(All amounts in thousands of Reais unless otherwise stated)

21 Provision

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Provisions for contingencies (note 22.d)	966,250	952,341	1,007,193	988,278
Provisions for financial guarantees provided (note 23)	25,036	13,101	25,036	13,101
Others	44,852	44,964	54,370	53,553
Total	1,036,138	1,010,406	1,086,599	1,054,932
Non currents	1,036,138	1,010,406	1,086,599	1,054,932
Total	1,036,138	1,010,406	1,086,599	1,054,932

22 Contingent and legal obligations

The CCB Brasil and its subsidiaries are parties to legal and/or administrative proceedings arising from the normal course of operations, involving civil, labor, tax and social security issues.

a) Contingent assets

On December 29, 2016, CCB Brasil issued Perpetual Bonds in the amount of USD 70 million, with interest of 8% per year, due annually, on December 30 of each year, and this payment may be suspended if the interest exceeds the income from distributable profits and accumulated profit reserves, and the Suspension for non-compliance above-mentioned with these conditions does not accumulate for subsequent periods and the unpaid amounts are no longer due. Since the issuance of the Perpetual Bonus, three payments have been made in the total amount of US\$ 16,800 for the years 2017, 2018 and 2019, despite the minimum conditions related to profitability have not been met, given that the Bank presented losses in the three years in which there were interest payments.

Accordingly, the Management of CCB Brasil is taking the necessary steps to obtain reimbursement of these amounts and considers that the recovery of these amounts is probable through reimbursement by the beneficiaries. Consequently, given that until the present date it cannot be said that it is practically certain (level of probability very close, not to say equal, to 100%) that an economic benefit will flow to CCB Brasil as a result of this reimbursement, this asset does not meet, also, the conditions provided for in CPC 25 pronouncement for its recognition in the financial statements ended on June 30, 2020.

b) Provision classified probable losses and legal obligations

Based on information obtained from its legal advisors on the analysis of pending legal proceedings and, as regards labor claims, from previous experience Management recorded provisions at amounts considered sufficient to cover probable losses from the lawsuits in progress. The most significant issues are:

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Social Contribution on Revenues (COFINS) Law No. 9,718/98 - Amount involved R\$ 545,351 (December/19 - R\$ 539,911) in CCB Brasil and R\$ 562,866 (December/19 - R\$ 557,244) in CCB Brasil Consolidated: The Group requests the payment of the contribution, from November 2005 to December 2014 on the basis of the calculation stipulated by Complementary Law No. 7/70, in view of the unconstitutionality of the increase of the calculation basis determined in Law No. 9,718/98. Part of the amount involved, R\$ 28,938 (December/19 - R\$ 28,575), has been deposited in Court in CCB Brasil and R\$ 31,781 (December/19 - R\$ 31,381) in CCB Brasil Consolidated.

Social Integration Program (PIS) Law No. 9,718/98 - Amount involved R\$ 88,560 (December/19 - R\$ 87,676) in CCB Brasil and R\$ 89,396 (December/19 - R\$ 88,503) in CCB Brasil Consolidated: The Group requests the payment of the contribution, from November 2005 to December 2014, on the basis of the calculation stipulated by Complementary Law No. 7/70, in view of the unconstitutionality of the increase of the calculation basis determined in Law No. 9,718/98. Part of the amount involved, R\$ 107,907 (December/19 - R\$ 106,393), has been deposited in Court.

PDD / 94 - Amount involved R\$ 26,625 (December/19 - R\$ 26,357) in the Bank and Consolidated: claims to deduct, in the calculation of income tax and social contribution on net income, for the base year of 1994, from expense related to the constitution of the allowance for loan losses, under the terms determined by CMN and BACEN, as provided for in CMN Resolution No. 1,748 / 90 and subsequent modifications, departing from the provisions of article 43, which are unconstitutional and illegal, § 4, of Law 8.981 / 95. The amount involved was deposited in court.

PIS - Constitutional Amendment No. 10/96 - Amount involved R\$ 19,134 (December/19 - R\$ 18,925) in the Bank and in the Consolidated: The Group requests the rejection of the requirement of the retroactive contribution for PIS, for the period of 90 days between 03/07/1996 and 06/07/1996, in observance of the principles of "retroactivity" and "90 day holding period", as well as to ensure the right to calculate and collect as from 06/07/1996 the contribution to PIS on the gross operating income, understood as that arising solely from the provision of services and sales of goods as defined in Art. 44 of Law No. 4,506/64, in Art.12 of Decree-Law No. 1,587/77 and Art. 226 Decree No. 1,041/94. The amount involved has been deposited in Court.

Service Tax (ISS) - Taxed Services - Taxation of the List of Services Attached to Circular (LC) No. 56/87 Amount involved R\$ 1,355 (December/19 - R\$ 1,336) in the Bank and in the Consolidated. The Group requests the extinguishing of the ISS debit entry on alleged revenues for the provision of taxable services, not expressly foreseen in the list of services annexed to LC No. 56/87 (assuming the list as explanatory), in disagreement with the jurisprudence of the Superior Court of Justice, considering its unrestricted nature. The amount involved has been deposited in Court.

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Labor lawsuits

In the Conglomerate there are labor lawsuits assessed by the legal advisors as probable losses, which were fully covered by provisions totaling R\$ 104,143 (December/19 – R\$ 80,133) in the Bank and R\$ 113,384 (December/19 – R\$ 86,757) in the Consolidated. The provisions are related to lawsuits in which labor issues are discussed, in relation to the specific labor legislation, such as overtime, salary parity, additional remuneration for transfers and related matters.

Civil lawsuits

In the Conglomerate there are civil lawsuits assessed as probable losses, which were fully covered by provisions totaling R\$ 181,082 (December/19 – R\$ 224,360) in the Bank, and R\$ 194,433 (December/19 – R\$ 235,513) in the Consolidated. The provisions generally originate from a review of contracts and indemnities for property damages and pain and suffering, the major part being discussed in the Special Civil Court.

c) Tax and social security proceedings classified as possible losses

The contingent liabilities classified as possible losses are monitored by CCB Brasil, and the evaluation of the possible outcome is based on the opinion of the legal advisors in relation to each judicial and administrative proceeding. Therefore, in compliance with the current rules in Brazil, there is no accounting recognition of the contingencies classified as possible losses, which mainly refer to the following issues:

ISS - List of Taxable Services (Attachment to Circular Letter (LC) No. 56/87) - Amount involved R\$ 23,430 (December/19 - R\$ 23,094) in the Bank and the Consolidated: The Group requests the extinguishing of the ISS on alleged taxable revenue service, not expressly covered in the list of services attached to LC No.56/87, based on the argument that this Circular Letter is merely illustrative, which is not in accordance with the jurisprudence of the Superior Court. The amount involved has been deposited in Court.

IRF on Remittance of Interest Abroad - amount involved R\$ 14,366 (December/19 R\$ 14,229): seeks to offset amounts unduly withheld as income tax at source on remittances of interest abroad, with the same income tax legal entities, pursuant to art. 39 of Law No. 9,250/96, removing the restrictions contained in Circular Letters No. 2,269/92 and No. 2,372/93 and Communiqué No. 2,747/92, which conditioned the application of zero income tax rate to compliance with minimum repayment terms, for flagrant violation of the principle of legality. The amount involved was deposited in court.

IRPJ / 2008 - amount involved R\$ 20,324 (December/19 - R\$ 20,071) in the Bank and the Consolidated: awaiting approval of the adhesion to the Installment of Law No. 12,996/14 (REFIS of COPA), whose analysis of the RQA - Request for Early Discharge (article 33 of Law No. 13,043/14) is suspended pending judgment of the disallowance of tax losses and negative basis of CSLL for the years 2012 and 2014 (see IRPJ / CSLL).

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INSS - Management's profit sharing - Amount involved R\$ 126,301 (December/19 - R\$ 124,376) in the Bank and the Consolidated: The Group requests the reversal of the alleged INSS debit, relating to the base periods from 2006 to 2012, assessed through an assessment notice, because of the fact that (i) the debits relating to facts generated up to October 10, 2006 are time barred and, (ii) because there should be no levy of INSS on profit sharing, as established in the Federal Constitution, in Art. 7 item XI, and Law No. 8,812/91, in Art. 28, § 9.

IRPJ / CSLL - Amount involved R\$ 168,154 (December/19 - R\$ 168,154) in the Bank and in the Consolidated. The Group requests the extinguishing of the IRPJ /CSLL debit, related to the base period of 2012, assessed through an assessment notice, arising from the disallowance of the deductibility of credit losses, because of the alleged non-compliance with the procedures set forth in Law No. 9,430/96.

Financial Operations Tax (IOF) and Withholding Income Tax (IRRF) - amount involved R\$ 1,505 (December/19 - R\$ 1,485) in the Bank and Consolidated. CCB Brasil as joint and several liability claims for the elimination of the launch of the alleged IRRF/IOF debt on seven exchange operations for foreign exchange remittances.

IOF on Credit Assignment - amount involved R\$ 2,615 (December/19 - R\$ 2,578) in the Bank and Consolidated: pleads for the decommissioning of the IOF debt entry on the alleged incidence on credit assignment contracts with recourse, for the period from 03/2014 to 12/14, for alleged breach of Decree No. 6,306/07.

Unapproved Compensation - amount involved R\$ 4,168 in the Bank (December/19 - R\$ 4,117) and R\$ 4,443 in the Consolidated (December/19 - R\$ 4,388): pleads in the administrative sphere with the RFB to ratify tax compensations with credits arising from overpayment or undue payment.

Labor lawsuits

In the Conglomerate there are labor lawsuits, which are classified as 'possible losses' and for which no provision was recorded. According to the legal advisors, the amount of possible indemnities for these lawsuits is R\$ 11,474 (December/19 - R\$ 9,024) in the Bank and R\$ 14,855 (December/19 - R\$ 12,019) in the Consolidated. The contingencies are related to lawsuits in which labor issues are discussed, in relation to the specific labor legislation, such as overtime, salary parity, additional remuneration for transfers and related matters.

Civil lawsuits

In the Conglomerate there are civil lawsuits which are classified as 'possible losses' and therefore no provision was recorded. According to the estimates of the legal advisors, the amount of indemnities in respect of these lawsuits is R\$ 233,096 (December/19 - R\$ 205,906) in the Bank and R\$ 262,501 (December/19 - R\$ 229,628) in the Consolidated. The contingencies generally originate from a review of contracts and indemnities for property damages and pain and suffering, the major part being discussed in the Special Civil Court.

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d) Changes in provisions for "legal obligations" and "contingent liabilities" classified as probable losses

Description	BANK						CONSOLIDATED
	12/31/2019	Additions	Reversals	Monetary Correction	Written off	06/30/2020	06/30/2020
Civil (*)	224,360	35,745	(68,796)	3,838	(14,065)	181,082	194,433
Labor	80,133	26,484	(236)	-	(2,238)	104,143	113,384
Subtotal	304,493	62,229	(69,032)	3,838	(16,303)	285,225	307,817
Tax and social security	12/31/2019	Additions	Reversals	Monetary Correction	Written off	06/30/2020	30/06/2020
	12/31/2019	Additions	Reversals	Monetary Correction	Written off	06/30/2020	30/06/2020
PIS - Gross operating revenue – Circular Letters No. 10/96	18,925	-	-	209	-	19,134	19,134
PIS – Increase in calculation basis - Law No. 9,718/98	87,676	-	-	884	-	88,560	89,396
IRPJ / CSLL PDD 1994	-	26,625	-	-	-	26,625	26,625
COFINS - Increase in calculation basis - Law No. 9,718/98	539,911	-	-	5,440	-	545,351	562,866
ISS - Non-taxable - Circular Letter No. 56/87	1,336	-	-	19	-	1,355	1,355
Subtotal	647,848	26,625	-	6,552	-	681,025	699,376
Total	952,341	88,854	(69,032)	10,390	(16,303)	966,250	1,007,193

(*) During the first half of 2020, the Bank reversed a provision for contingency related to the guarantee provided in the amount of R\$ 68,314, which due to an unfavorable decision, and consequently payment, was reclassified to the credit portfolio as an honored guarantee, fully accrued according to criteria established by Resolution 2,682 (note 8.a).

For the contingencies described above, CCB Brasil deposited in guarantee (note 10 - Other financial instruments - Assets), a total of R\$ 428,265 in the Bank, of which R\$ 96,894 - civil lawsuits, R\$ 18,225 - labor claims and R\$ 313,146 - lawsuits Tax and a total of R\$ 434,913 in the Consolidated, of which R\$ 97,317 - Civil claims, R\$ 19,939 - Labor claims and R\$ 317,657 - Tax claims.

Description	BANK						CONSOLIDATED
	12/31/2018	Additions	Reversals	Monetary Correction	Written off	06/30/2019	06/30/2019
Civil	152,028	65,012	(2,390)	4,687	(14,888)	204,449	221,395
Labor	54,991	-	-	2,690	-	57,681	63,008
Subtotal	207,019	65,012	(2,390)	7,377	(14,888)	262,130	284,403
Tax and social security	12/31/2018	Additions	Reversals	Monetary Correction	Written off	06/30/2019	06/30/2019
	12/31/2018	Additions	Reversals	Monetary Correction	Written off	06/30/2019	06/30/2019
PIS - Gross operating revenue – Circular Letters No. 10/96	18,275	-	-	336	-	18,611	18,611
PIS – Increase in calculation basis - Law No. 9,718/98	84,928	-	-	1,418	-	86,346	87,161
COFINS - Increase in calculation basis - Law No. 9,718/98	522,987	-	-	8,734	-	531,721	548,778
ISS - Non-taxable - Circular Letter No. 56/87	1,272	-	-	37	-	1,309	1,310
Subtotal	627,462	-	-	10,525	-	637,987	655,860
Total	834,481	65,012	(2,390)	17,902	(14,888)	900,117	940,263

For the contingencies described above, CCB Brasil deposited in guarantee (note 10 - Other financial instruments - Assets) a total of R\$ 438,181 in the Bank, of which R\$ 119,940 - civil claims, R\$ 23,239 - labor claims and R\$ 295,002 - Tax claims and a total of R\$ 445,132 in the Consolidated, of which R\$ 120,135 - Civil claims, R\$ 26,923 - Labor claims and R\$ 298,074 - Tax claims.

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23 Guarantees and sureties

Description	BANK AND CONSOLIDATED			
	06/30/2020		12/31/2019	
	Guaranteed Values	Provisions	Guaranteed Values	Provisions
Guarantees and sureties in judicial and administrative tax proceedings	734,083	24,590	768,907	12,657
Payments guarantees	502,238	336	503,970	337
Performance guarantees	106,368	110	103,184	107
Bank guarantees	43,976	-	43,101	-
Others	16,665	-	27,773	-
Total	1,403,330	25,036	1,446,935	13,101
Non currents	1,403,330	25,036	1,446,935	13,101
Total	1,403,330	25,036	1,446,935	13,101

The liabilities for sureties and honored guarantees represent the amount of R\$ 72,236 (December/19 - R\$ 16,789) and are classified in the credit portfolio in accordance with CMN Resolution 2,682/99 (note 8.a).

24 Other liabilities

	BANK		CONSOLIDATED	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Sundry creditors - domestic	49,678	41,989	51,003	63,945
Social and statutory	27,235	27,354	27,236	27,355
Interdependence relations	26,114	66,006	26,114	66,006
Results of future years	17,748	20,600	17,748	20,600
Interbank accounts	14	-	14	-
Total	120,789	155,949	122,115	177,906
Currents	120,789	155,949	122,115	177,906
Total	120,789	155,949	122,115	177,906

25 Shareholders' equity

CCB Brasil's shareholder structure is as follows:

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a) Capital Stock

Shareholder	06/30/2020			12/31/2019		
	Common Shares	Preferred Shares	Total	Common Shares	Preferred Shares	Total
CCB Brazil Financial Holding Investimentos	297,223,908	168,407,558	465,631,466	297,223,908	168,407,558	465,631,466
Total shares	297,223,908	168,407,558	465,631,466	297,223,908	168,407,558	465,631,466
Total in Reais	1,887,438	1,069,426	2,956,864	1,887,438	1,069,426	2,956,864

b) Treasury Shares

The number of treasury shares on June 30, 2020 corresponds to 6,398,518 (December/19 6,398,518) preferred shares in the amount of R\$ 55,105 (December/19 - R\$ 55,105).

c) Dividends and interest on capital

A minimum dividend corresponding to 25% of net income of the year, pursuant to the terms of the applicable corporate legislation.

d) Reserves

Because of the losses incurred, there were no constitution of reserves.

e) Loss per share

The loss per basic share is calculated by dividing the loss attributable to the company's shareholders, by the weighted average number of shares outstanding during the period, excluding shares purchased by the company and held as treasury shares.

Diluted loss per share is calculated similarly to basic earnings per share, but with the adjustment made when assuming the conversion of potentially dilutable shares in the denominator.

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Loss attributable to the shareholders of the Company's controlling shareholders	(523,162)	(107,734)	(514,587)	(98,646)
Common shares	(338,600)	(69,727)	(333,050)	(63,845)
Preferred shares	(184,562)	(38,007)	(181,537)	(34,801)
Weighted average number of shares	459,232,948	459,232,948	459,232,948	459,232,948
Common shares	297,223,908	297,223,908	297,223,908	297,223,908
Preferred shares	162,009,040	162,009,040	162,009,040	162,009,040
Basic and diluted loss per share (in reais)	(1.14)	(0.23)	(1.12)	(0.21)

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26 Related party transactions

a) Related party transactions

The Bank and its subsidiaries undertake transactions among themselves, which were eliminated in the consolidation process.

The balances of the Bank's operations with direct, indirect, jointly-controlled subsidiaries, key management personnel and controller can be observed as follows:

	Assets/(Liabilities)		Revenues/(Expenses)	
	06/30/2020	12/31/2019	06/30/2020	06/30/2019
Available financial resources in foreign currencies	16,791	16,680	-	-
China Construction Bank Corporation (d)	16,791	16,680	-	-
 Interbank funds applied in interbank deposits – CDI	 583,564	 760,356	 17,994	 53,675
CCB Brasil S.A.- Crédito, Financiamentos e Investimentos (a)	583,564	760,356	17,994	53,675
 FIDC Quotas	 82,734	 81,088	 1,646	 1,850
FIDC Brasil Factors (b)	82,734	81,088	1,646	1,850
 Services rendered	 20	 20	 63	 25
CCB Brasil Arrendamento Mercantil S.A. (a)	20	20	63	25
 Amounts receivable from related companies	 16	 -	 -	 -
CCB Brasil S.A. - Crédito, Financiamentos e Investimentos (a)	16	-	-	-
 Others credits – income receivable	 8,500	 8,500	 -	 6,000
CCB Brasil Arrendamento Mercantil S.A. (a)	8,500	8,500	-	6,000
 Demand deposits	 (1,757)	 (1,673)	 -	 -
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(33)	(42)	-	-
CCB Brasil Arrendamento Mercantil S.A. (a)	(62)	(120)	-	-
CCB Brasil Informática S.A. (a)	(6)	(2)	-	-
CCB Brasil Administradora de Cartões de Crédito Ltda (a)	(11)	(161)	-	-
CCB Brasil S.A.- Crédito, Financiamentos e Investimentos (a)	(918)	(851)	-	-
CCB Brasil Promotora de Vendas Ltda. (b)	(1)	-	-	-
Brasil Factors (f)	(2)	(1)	-	-
CCB Brazil Financial Holding Ltda (e)	(255)	(169)	-	-
Control and management key personnel (c)	(469)	(327)	-	-

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	Assets/(Liabilities)		Revenues/(Expenses)	
	06/30/2020	12/31/2019	06/30/2020	06/30/2019
Interbank deposits	(211,694)	(229,954)	(2,152)	(7,940)
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(20,257)	(21,003)	(368)	(638)
CCB Brasil Arrendamento Mercantil S.A. (a)	(191,437)	(208,951)	(1,784)	(7,302)
Time deposits	(236,206)	(209,218)	(3,808)	(5,556)
CCB Brasil Informática S.A. (a)	(744)	(748)	(14)	(22)
CCB Brasil Administradora de Cartões de Crédito Ltda (a)	(3,476)	(386)	(41)	(150)
CCB Brasil Promotora de Vendas Ltda. (b)	(1,659)	(1,653)	(29)	-
Brasil Factors (f)	(5,222)	(219)	(11)	(9)
FIDC Brasil Factors (b)	(24,515)	(10,669)	(526)	(187)
CCB Brazil Financial Holding Ltda (e)	(197,090)	(195,222)	(3,181)	(5,178)
Control and Management Key Personnel (c)	(3,500)	(321)	(6)	(10)
Repurchase Operations	(20,291)	(25,051)	(472)	(1,381)
CCB Brasil Arrendamento Mercantil S.A. (a)	(9,940)	(5,991)	(155)	(229)
CCB Brasil S.A.- Crédito, Financiamentos e Investimentos (a)	(8,320)	(12,482)	(231)	(480)
CCB Brasil Administradora de Cartões de Crédito Ltda. (a)	(2,031)	(6,578)	(86)	(672)
LCA	(7,093)	(3,537)	(73)	(53)
CCB Brasil Distribuidora de Títulos e Valores Mobiliários S.A. (a)	(878)	-	-	-
Control and Management Key Personnel (c)	(6,215)	(3,537)	(73)	(53)
LCI	(318)	(1,850)	(21)	(38)
Control and Management Key Personnel (c)	(318)	(1,850)	(21)	(38)
NDF	2,527	535	3,834	300
Brasil Factors (f)	2,527	535	3,834	300
Borrowings	(5,626,143)	(3,812,733)	(1,449,010)	(82,060)
China Construction Bank Corporation (d)	(5,626,143)	(3,812,733)	(1,449,010)	(82,060)
Obligations for the sale of financial assets – Res. No 3,533	(83,663)	(109,662)	(9,918)	(16,845)
CCB Brasil S.A.- Crédito, Financiamentos e Investimentos (a)	(83,663)	(109,662)	(9,918)	(16,845)

Being:

- (a)** Direct Subsidiaries
- (b)** Indirect Subsidiaries
- (c)** Control and Management Key Personnel
- (d)** Indirect Foreign Controlling Company
- (e)** Direct Controlling Company
- (f)** Join Venture

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(All amounts in thousands of Reais unless otherwise stated)

a.1) Maturities and rates of the operations

The interbank investments with post-fixed interest are valued at the "average CDI" (Interbank Deposit Certificate Rate) of 105% (December/19 - 105%) and the pre-fixed interest investments at the average rate of 4.87% p.a. (December/19 - 5.63% p.a.); the pre-fixed repurchase operations were conducted at average rates of 2.15% p.a. (December/19 - 4.4% p.a.) with final maturity on July 1, 2020 and backed by securities maturing in up to 3 years (December/19 - 2 years), the post-fixed repurchase operations were valued at 100% of the and maturity on August 31, 2020 until August 30, 2022, with ballast of up to 02 years (December/19 - up to 03 months); the LCA operations (Agribusiness Credit Bills) were conducted at interest rates of 98.12% of CDI (December/19 - 95.6%) and with final maturity in up to 1 year (December/19 - up to 1 years). The LCI operations were conducted with rates of 98.00% of CDI (December/19 - 95.4%) and with final maturity in up to 1 year (December/19 - up to 1 year). The time deposits are remunerated at the average rate of 94.13% of the CDI (December/19 - 91.77%), directly related to the amount invested, with final maturity in up to 2 years (December/19 - up to 2 years). The borrowings were conducted at the average rate of 1.76% p.a. (December/19 - 3.14% p.a.) plus foreign exchange variations, with final due date within 6 years (December/19 - up to 7 years). The information regarding the loan assignment operations with related parties is included in the explanatory note 8f.

b) Remuneration of key management personnel - CCB Brasil Consolidated

At the annual general shareholders' meeting, the maximum remuneration for the Directors who are members of the Board of Directors, the Executive Board and the Audit Committee is established, as well as the maximum limit for the Management's participation in the profit for the year, when applicable, respecting the limitations set forth by CMN Resolution No. 3,921 / 10.

During the first half of 2020 and the year of 2019, the Board of Directors did not approve payments for profit sharing to management, in view of the determination of net loss.

b.1) Short-term benefits - Board of Directors, Executive Board and Audit Committee

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Fixed remuneration	6,888	7,641	6,943	7,780
Others	665	603	665	603
Total	7,553	8,244	7,608	8,383

(*) Refers substantially to benefits with food/meal - R\$ 42 (June/19 - R\$ 54) and medical and dental assistance - R\$ 623 (June/19 - R\$ 549).

b.2) Long-term benefits

The CCB Brasil does not offer long-term indemnity benefits for the rescission of labor contracts of the key management personnel.

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27 Income from loans

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Income from loans	1,714,180	220,054	1,787,593	315,102
Leasing operations	-	-	3,002	2,423
Recovery of loans written off as losses	6,945	5,483	15,783	14,319
Acquisition of receivables	3,165	2,198	3,165	2,198
Income from securities and sale of assets	1,892	3,143	1,892	3,255
Total	1,726,182	230,878	1,811,435	337,297

28 Income from securities

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Foreign investment income	84,641	17,318	84,641	17,317
Income from repurchase commitment transactions	63,218	170,481	63,218	170,481
Income from interbank funds invested	29,878	88,875	11,892	35,200
Income from fixed income securities	19,840	58,889	20,025	58,606
Other operations with securities	(2,693)	22,110	(2,693)	22,111
Total	194,884	357,673	177,083	303,715

29 Results from derivative financial instruments

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Swap	365,459	(9,326)	365,459	(9,326)
Currency forwards	83,922	1,397	83,922	1,397
Futures market - Interbank Index	(52,372)	(44,268)	(52,372)	(44,268)
Futures market - Dollar	(15,092)	32,442	(15,092)	32,442
Total	381,917	(19,755)	381,917	(19,755)

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30 Foreign exchange results

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Foreign exchange operations	40,459	19,967	40,459	19,967
Foreign exchange	426,594	(18,069)	426,594	(18,069)
Cash in foreign currency	140,858	15,588	140,858	15,588
Total	607,911	17,486	607,911	17,486

31 Other financial intermediation income (expenses)

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Result from credit assignment operations with recourse	(8,421)	(14,553)	1,497	2,292
Expenses with discounts granted on renegotiations	(19)	(14,428)	(23)	(14,428)
Others	(657)	334	(223)	336
Total	(9,097)	(28,647)	1,251	(11,800)

32 Expenses from borrowings assignments and onlendings

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Foreign banking expenses	1,801,704	68,892	1,801,704	68,892
Mark to Market - hedged object	-	2,461	-	2,461
Onlendings from BNDES/FUNCAFE	4,115	4,637	4,115	4,637
Reversal for loans linked to operations	(44,492)	(14,822)	(44,492)	(14,822)
Total	1,761,327	61,168	1,761,327	61,168

33 Expenses with funds obtained in the market

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Repo operations	67,170	170,840	66,705	169,459
Time deposits	64,063	88,675	63,979	88,453
Expenses with financial bills - LF	15,972	18,882	15,972	18,882
Expenses with agribusiness bills - LCA	8,324	18,927	8,324	18,927
Interbank deposits	9,158	12,053	7,005	4,113
Expenses with real estate credit bills - LCI	230	1,195	230	1,196
Others	2,743	3,597	2,743	3,596
Total	167,660	314,169	164,958	304,626

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34 Expenses debt instruments eligible for capital

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Perpetual debt	116,149	7,784	116,149	7,784
Subordinated debt	165,418	9,736	165,418	9,736
Total	281,567	17,520	281,567	17,520

35 Income from provision of services and rates

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Income on guarantees provided	22,608	15,374	22,608	15,374
Collection income	1,073	774	1,073	774
Bank fee income	905	433	905	433
Income from other services	886	236	1,066	564
Total	25,472	16,817	25,652	17,145

36 Personnel expenses

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Salaries	40,595	64,859	44,948	69,713
Social charges	16,691	22,011	18,091	23,909
Benefits	7,846	8,004	9,535	9,825
Directors' fees	6,888	7,641	6,943	7,780
Other	134	309	222	360
Total	72,154	102,824	79,739	111,587

37 Other administrative expenses

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Third party services	10,636	12,435	15,669	18,315
Amortization and depreciation	10,289	11,458	10,648	11,823
Rents and fees	7,502	7,247	8,347	8,357
Data processing	5,974	6,467	8,410	9,033
Financial system services	3,570	2,691	3,965	3,342
Judicial and registration fees	3,297	987	4,481	3,819
Maintenance and conservation	1,283	1,698	1,424	2,072
Transportation and travel	740	1,262	792	1,441
Searches and seizure	-	-	1,285	1,323
Other administrative expenses	4,301	2,295	5,274	3,363
Total	47,592	46,540	60,295	62,888

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38 Other operating income

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Monetary correction of guarantee deposits	4,509	9,316	4,562	9,387
Recovery of charges and expenses	523	12,216	4,956	17,888
Reversal of operational provision	5,240	-	5,240	-
Other operating income	7,865	118	6,957	1,772
Total	18,137	21,650	21,715	29,047

39 Other operating expenses

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Commission expenses	18,817	20,394	24,197	33,077
Write-off of prepaid expense	17,059	-	17,059	-
SPA expenses	16,948	13,088	16,948	13,088
Tax expenses	5,818	9,370	9,086	12,600
Expenses with borrowing and onlending obligations	4,337	-	4,337	-
Processing fee	3,910	4,843	5,405	6,274
Other operating expenses	11,860	1,241	14,141	2,704
Total	78,749	48,936	91,173	67,743

40 Non-operation result

	BANK		CONSOLIDATED	
	06/30/2020	06/30/2019	06/30/2020	06/30/2019
Income on disposal of assets	1,327	1,276	1,857	1,351
Rental income	136	282	136	282
Reversal (Constitution) of provision for impairment of BNDU	(29,378)	2,662	(32,966)	2,647
Loss on the sale of foreclosure assets	(2,350)	-	(2,350)	-
Other non-operating income (expenses)	61	148	64	452
Total	(30,204)	4,368	(33,259)	4,732

41 Risk and Capital Management Structure

The Bank's risk management ensures that risks are properly identified, measured, mitigated and managed, to support the sustainable development of the activities and the continuous improvement of the risk management.

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The Bank has centralized the management of the Socio-Environmental, Market, Credit, Liquidity, Operational and Capital Management Risks in order to maximize the effectiveness of its controls. This results in a global view of the exposures to which the Bank is subject by the nature of its activities, thereby enabling it to improve and become more agile in making strategic decisions, ensuring compliance with established policies and procedures and improving the identification of risks that could affect the business strategy and achievement of objectives. In compliance with CMN (National Monetary Council) Resolution No. 4,557/17. The Risk Management Report in compliance with BACEN Circular No. 3,930 / 19, which provides for the disclosure of information related to risk management, and the Risk Management Structure report, which provides for the structure and responsibilities and its context within CCB Brasil.

In compliance with CMN Resolution No. 4,557/17, the structure of Capital Management is fully implemented. The Board of Directors approved the nomination of a director responsible for the definition of the organizational structure applicable to the financial Conglomerate and the other companies which form part of the consolidated group. There are institutional policies and procedures defining the procedures and systems required for the effective implementation of the *Capital Management* Structure.

In the same manner, to comply with CMN Resolution No. 4,557/17, the structure of Liquidity Management was established and implemented. The Board of Directors approved the nomination of a director responsible for the area and defined the organizational structure, applicable to the entire financial Conglomerate and other member companies of the consolidated group, and also approved the institutional policies for the risk management.

The CMN Resolution No. 4,327/14 is also observed in relation to the establishment and implementation of the Social and Environmental Responsibility Policy. The Bank has already adapted its risk management structure to be in compliance with CMN Resolution No. 4,557/17.

The Risk Management Policy establishes the principles that guide the institutional strategy to control and manage risks in all operations. Administratively, the actions are evaluated in the various committees to ensure the adequacy of management, considering the complexity of products, the exposure to risk and the risk-return relationship involving all business decisions of the Bank. The risk management is in line with the guidelines established by the Brazilian Central Bank and covers all the Bank's subsidiaries.

The risk management policies of CCB Brasil are designed to support the formulation of risk appetite, guide employees and provide procedures to monitor, control, and measure and report the risks to the Bank's Executive Board. The involvement of the Senior Management with issues of risk management occurs through deliberations of its management bodies, defined statutorily as the Board of Directors, Executive Board and the Committees. The Corporate Governance structure ensures an effective management of risks. The risk management is carried out by the Institution through collegiate decisions, supported by specific committees. The Corporate Governance Area comprises, among others, departments directed towards the management of social and environmental risk, market risk, credit risk, operational risk and liquidity and capital management. These areas support the Risk, Internal Controls, Operational and Financial Committees which analyze and define strategies and actions within their area of operations.

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The committees and departments for the management and controls of risks support development and seek to minimize losses by adopting an integrated centralized outlook, aiming at the automation and creation of a database for the management and modeling of risks, based on historical data of losses and evolution of the controls.

- I. The mitigating controls for risks permit the definition of limits in advance, taking into consideration the profile and the strategic and operational aspects of each unit.
- II. The limits to risk consider in ample form the values that the Bank is willing to admit in achieving its objectives and is reflected in the philosophy of corporate risk management, which in turn influence the culture and manner of operation of the Bank. This tolerance is influenced by several factors, including the evaluation of the consistency of risk with corporate strategy.

Risk management

The Risk Management Policy of CCB Brasil defines a set of controls, processes, tools, systems and reporting standards required for the adequate control and management of risks.

The Bank designated the Chief Risk Officer (CRO) as responsible for the Risk Structure before the Brazilian Central Bank (BACEN) according to decision of the Board of Directors.

Market risk management

The Market, Capital and Liquidity Risk Management Department is responsible for maintaining and annually updating the Policy and structure of the area. It operates independently of the business and is responsible for the monitoring and analysis of market risks arising from trading activities and liquidity of the Bank. It is also responsible for ensuring that the levels of risk exposure are consistent with the limits adopted by the Risk Appetite Statement (RAS), as well as monitoring and recommending appropriate levels of capitalization, consistent with those risks.

Market Risk can be characterized by some main types of measures: positions (stale positions), sensitivity, stress tests, "Value-at-Risk (including compliance tests and validations), EVE-Economic Value of Equity and NII – Net Interest Income.

All risk metrics are continuously monitored in an integrated manner with the objective of providing an overview of the risk profile of CCB Brasil. The monitoring and control of the positions of the Bank are not limited to the calculation of its market value, but recognize the adequate sensitivity of the Bank's actual exposure to various risk factors. The complementing of these measures with other tools of risk control improves the monitoring and analysis of exposures.

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Credit risk management

The CCB Brasil has an independent area for managing the Credit Risk, in accordance with best governance practices. This area operates independently from the structure of credit approval, calculates the ratings of clients based on metrics that consider client behavior in the market, in addition to those deriving from the CCB Brasil's operations. It, therefore, differs from the concepts utilized by the area of credit approval, whose structure is based on thorough analysis procedures developed from the expertise the Bank has gained over the years.

In its process of granting credit, the Bank permanently enhances the methodologies and tools used to evaluate the social and environmental variables to mitigate risks associated with a client's payment capacity and default of investments. Therefore, the Bank has established policies and procedures that enable the suspension of an operation, the anticipation of contract payments and the application of penalties.

In line with the practices of market benchmark, the Bank continues to improve its controls and analytical models in compliance with CMN Resolution No. 4557/17 and the Basel agreement.

Liquidity risk management

The Bank's Liquidity Risk management is to measure, evaluate and control the bank's ability to honor its financial commitments through mathematical estimates and modeling of its own base of operations. These models have complementary characteristics and are described below:

- I. Backward Looking: historical analysis of movements, repurchases, customer operations renewals to estimate the potential of cash insufficiency to honor the bank's commitments.
- II. Forward Looking: analysis of the projected portfolio, considering budget scenarios and expected portfolio growth.

The results of the liquidity calculations carried out over the next three years, following these models, demonstrate that the Institution has and will have sufficient resources to meet its obligations and present a position with a large margin of safety in the current and non current term.

CCB Brasil has an area for managing liquidity risk for the identification, monitoring and control of events that may impact the bank's liquidity both in the current and non current term.

Liquidity risk management provides:

- I. Elaboration of cash flow for evaluation and monitoring of liquidity in current and non current term.
- II. Statistical models to estimate unforeseen cash flow outflows such as CDB redemption anticipation, derivative adjustments payments and additional collateral deposits at B3.

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III. Stress testing to monitor financial health in adverse liquidity scenarios.

Events that indicate an inadequate liquidity capacity for the institution's future obligations are reported to the Treasury Committee, semiannually, for corrective and preventive action.

The assets and liabilities according to the remaining contractual maturities, considering their undiscounted flows, are shown below:

In June 30, 2020 the CCB Brasil presents its current liabilities less than current assets, calculated according to the nominal maturity of its operations. In addition, the Conglomerate has securities classified in the available for sale category (note 6.b) in the amount of R\$ 1,163,579 (December/19 - R\$ 1,298,203) which even classified in non current assets represent highly liquid investments in government bonds issued by the National Treasury, and part of current liabilities are loans with Head Office in China in the total amount of R\$ 5,626,143 (December/19 – R\$ 3,812,733), with a maturity of less than one year, which has been systematically renewed.

06/30/2020			
CONSOLIDATED			
	Nominal liquidity	Reclassification by effective liquidity	Adjusted liquidity
Current Assets	17,028,399	1,163,579	18,191,978
Current Liabilities	(15,994,432)	5,626,143	(10,368,289)
Net Balance	1,033,967	6,789,722	7,823,689

12/31/2019			
CONSOLIDATED			
	Nominal liquidity	Reclassification by effective liquidity	Adjusted liquidity
Current Assets	10,772,976	1,298,203	12,071,179
Current Liabilities	(13,605,705)	3,812,733	(9,792,972)
Net Balance	(2,832,729)	(2,514,530)	2,278,207

Sensitivity analysis

The CCB Brasil has conducted a sensitivity analysis using the scenario of 10% for foreign exchange appreciations or depreciation, interest rates and shares (Scenario I), 25% (Scenario II) and 50% (Scenario III). It is necessary to disclose the demonstrative table of sensitivity analysis for each type of relevant market risk arising from financial instruments that expose the Institution on the closing date for each period. For its preparation, we identified the types of risks that could generate material losses, including transactions with derivative financial instruments in a more probable scenario, as well as two (2) scenarios that could generate adverse results for the Institution. In the definition of the scenarios, the situation considered probable by management had as reference an independent external source: B3 S.A. - Brasil, Bolsa, Balcão and a situation, with depreciation or appreciation of 25% and 50% in the risk variable was considered.

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We present in the sensitivity analysis table the set of operations involving financial instruments recorded in equity accounts that CCB Brasil has with the purpose of managing its exposure to market risks and that aims to protect it, especially in periods of historical records. This valuation is systematically carried out by the risk management area and evaluated by the Treasury Committee, which gathers to define a set of scenarios in a crisis environment. A scenario, in this context, is regarded as a certain combination of prices and interest rates. The preparation of the table followed the procedure below:

- (i) In each scenario, the amounts of the trading portfolio (Trading Book) and the structural transactions from several of the Institution's business lines and their respective hedges (Banking Book) were calculated;
- (ii) For each one of the risk factors, we chose the calculation that incurred in the highest loss and, based on it, applied the defined increase or decrease;
- (iii) Finally, we obtained the losses, corresponding to the related hypothetical scenario.

The following scenarios do not necessarily reflect the market risk management of the Institution neither is it associated with the accounting practices. The stress models may represent extreme situations that are distant from a day-to-day situation.

Below is the summary of the premises for each one of the scenarios.

It was chosen for each portfolio the trend (increase or decrease) that maximizes loss for each risk factor. The parallel dislocations of the curve were maintained, that is, a dislocation of + 1,000 basis means that in all future curves there was a 10% increase to the current rates.

For each scenario, the expected loss of the portfolio in relation to the marked-to-market position was measured.

Scenarios are described as follow:

Scenario 1: Lower oscillation situation. Assumptions used: Parallel shock of 10% in risk variables, based on market conditions seen on June 30, 2020, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

Scenario 2: Potential situation. Assumptions used: Parallel shock of 25% in risk variables, based on market conditions seen on June 30, 2020, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

Scenario 3: Potential situation. Assumptions used: Parallel shock of 50% in risk variables, based on market conditions seen on June 30, 2020, and considering the most significant losses from risk factor, not including the relationship dynamics between the macroeconomic variables.

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Once CCB Global is a signatory of the Paul Volcker Law and does not operate in a Trading portfolio in the subsidiary CCB Brasil, the scenarios for June 30, 2020 are only adopted for the Banking Portfolio and shown in the table below, which also reflects deterioration of the macroeconomic expectations in the sense that maximizes the loss for each risk factor of this portfolio. For this, interest rates (pre) rise sharply (10%, 25%, and, 50%); there is a substantial parallel shift of exchange coupon curves, the exchange rate increases, the Brazilian stock market falls, and inflation has considerably high, which is reflected in indexed indicators and contracts.

Banking Portfolio - premises for risk factors			
	Scenario 1	Scenario 2	Scenario 3
(Fixed) Interest Rate Curve	parallel shift of + 1,000 basis points	parallel shift of +2,500 basis points	parallel shift of +5,000 basis points
Foreign Exchange Coupon Curve	parallel shift of + 1,000 basis points	parallel shift of +2,500 basis points	parallel shift of + +5,000 basis points
Dollar - Spot	10% increase	25% increase	50% increase
B3 S.A. - Brasil, Bolsa, Balcão	decrease of 10%	decrease of 25%	decrease of 50%
Inflation	10% increase	25% increase	50% increase

The results of the losses calculated in the scenarios presented summarize the losses from market fluctuations by risk factor, generated by CCB Brasil's systems and calculated for the portfolios (Trading and Banking). These losses are shown in the following table:

Banking Book - Results for risk factors on 06/30/2020			
Risk factors	Scenario 1	Scenario 2	Scenario 3
Dollar and dollar coupon	(108,817,506)	(271,970,831)	(543,696,042)
Fixed Rate in reais	(32,846,861)	(80,194,587)	(154,366,827)
Shares and Indices	-	-	-
Inflation	(42)	(108)	(231)
Total loss	(141,664,409)	(352,165,527)	(698,063,100)

Trading Book - Results for risk factors on 06/30/2020			
Risk factors	Scenario 1	Scenario 2	Scenario 3
Dollar and dollar coupon	(26,863)	(81,389)	(210,426)
Fixed Rate in reais	(53,526)	(111,522)	(270,579)
Shares and Indices	-	-	-
Inflation	-	-	-
Total loss	(80,388)	(192,911)	(481,004)

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The risk factors are presented as follows:

- Dollar coupon - Includes all the products that have price variations pegged to dollar variations and interest rates in dollars.
- Fixed rate in real – Includes all products that have price variations pegged to dollar variations and interest rates in Real.
- Shares and Indices – Comprises the shares and indices of stock exchanges, shares and options pegged to share indices.
- Inflation – Refers to all products that have price variations pegged to inflation coupon variations and inflation rates.

The sensitivity analysis Table has limitations and the economic impact on a potential fluctuation in interest rates might not represent necessarily a profit or a material accounting loss for the institution. The specific combination of prices which determine each scenario is an arbitrary decision, though possible. The signs of historical correlations between the assets were not necessarily respected and the scenarios chosen were analyzed according to a past time frame.

The accounting of the "Banking" Portfolio instruments, at a large extent, is made by the contract curve, which is different from the derivative financial instruments in the "Trading" Portfolio that are subject to fluctuations in the respective accounting record due to mark-to-market.

The results presented in the chart referring to the banking portfolio may, at first glance, give the impression of high sensitivity to volatility. For a better analysis of results obtained in this portfolio, the management chart below - which includes derivatives, assets and others - indicates the mismatching of the Institution's operations. It shows that there is substantial mismatching of prefixed positions, which would produce a negative impact on results, if there were an increase in interest rates. Nevertheless, the sensitivity chart presented does not consider correlations between and among the different risk factors. This means that the analysis disregards the correlation between the prefixed and CDI factors, that is, losses of prefixed rates are not offset by gains in CDI.

Similarly, in the sensitivity table, interest rates and exchange rates were considered unrelated. The limitations of the analysis of scenarios also involve the marking to market of all positions, which contradicts the Institution's determination to take operations (especially foreign currency funding) to maturity, which can induce the reader to make an error in judging that the losses presented in the scenarios will materialize, even if the oscillations foreseen in the risk factors are verified.

The CCB Brasil applies the Value-at-Risk (VaR) methodology by historical simulation to measure the portfolio's sensitivity to losses arising from different historical events and scenarios that allow estimating the maximum potential loss of a portfolio for certain periods of time and interval reliable. Using this model, the risk estimate is calculated from the historical variations of the risk factors that a given portfolio has exposure to.

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The CCB Brasil uses VaR for historical simulation considering a level of statistical confidence of 99%, that is, it considers the maximum loss of a portfolio in 99% of cases in a time horizon equivalent to one day with the historical returns of risk factors calculated over a five-year observation window. In a complementary way, analyzes of maximum, average and minimum losses are carried out to evaluate the performance of this portfolio analyzed during the semester.

The VaR results at the end of the period and the maximum, minimum and average values over the semesters are shown below:

VaR	Value at Risk 99%	
	06/30/2020	12/31/2019
End of the period	(50,046)	(39,208)
Minimum*	(120,523)	(47,994)
Maximum*	(17,966)	(9,063)
Medium*	(10)	(3)

(*) Considering the worst losses over the first half

Capital management

The CCB Brasil's risk management and capital sufficiency adopts, among others, basic elements of analysis, such as the understanding and identification of risks inherent to its activities embodied in Capital and Liquidity management policy, assessment of the need for capital for risks most relevant; development of methodologies for quantifying additional capital; Capital and Contingency plan, and Strategic budget. It is carried out using quantitative metrics that include models and recommendations from the Brazilian Central Bank, under Basel III perspectives and concepts.

The follow-up and monitoring of this management is continuous by the Risk Committee, assessed by the Board of Directors in Brazil, by the Head Office (Head Office) and regularly reported to Brazilian Central Bank. This framework is based on the guidelines imposed by CMN Resolution No. 4,557/17, which provides for the Risk and Capital management structure and the information disclosure policy. The resolution highlights the mandatory creation of a continuous and integrated risk management structure in banks, the definition of a Risk Appetite Statement, known as RAS ("Risk Appetite Statement"), of stress testing programs, the creation of the Risk Committee, among others.

Among the measures adopted to face the crisis brought about by the Covid-19 pandemic in 2020, and in order to provide greater stability for the national financial system, Brazilian Central Bank launched a series of contingency actions, such as the reduction of additional deposit payments on deposits compulsory deposits, exemption from provisioning for renegotiated credit operations, the option of raising funds by Financial Institutions through time deposits with special guarantees, among others.

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(All amounts in thousands of Reais unless otherwise stated)

In this sense, the CMN Resolution No. 4,783 / 20 established a reduction in rate of additional capital principal conservation from 2.5% to 1.25% for a period of one year, with a gradual review until March 2022 also with the objective of to improve Institutions' ability to leverage assets and loans.

Requirements from Brazilian Central Bank	Valid on 06/30/2020	Valid on 12/31/2019
Core Capital Index	5.75%	7.0%
Tier 1 Capital index	7.25%	8.5%
Basel index (total PR)	9.25%	10.5%

The Leverage Ratio (RA) is defined as the index between Tier I Capital and Total Exposure, calculated under the terms of Brazilian central bank Circular No. 3,748. It is a simple measure of leverage that is not sensitive to risk and does not take into account the Risk Weighting Factors (FPR) or mitigations considered in the RWA. It is not required for Group S3 banks, but is calculated for the purpose of monitoring RAS and is a good indicator of an institution's capital X assets index.

The tables presented below show the main capital indicators calculated on June 30, 2020 and December 31, 2019 and those established in the RAS Policy for 2020 - with revision scheduled for one year or any time the circumstance requires.

It is observed that the capitalization and leverage indices meet all the minimum requirements in comfort, presenting space for growth of assets in 2020.

In R\$ Thousand	06/30/2020	12/31/2019
Capital – Tier I	1,457,562	1,449,867
-Core Capital	1,058,909	1,167,718
-Perpetual Bonds	398,653	282,149
Capital – Tier II	557,566	410,406
Reference Equity	2,015,128	1,860,273
-RWACpad	12,841,966	10,971,819
-RWAMpad	187,653	177,335
-RWAOpad	1,351,351	1,292,803
Total RWA	14,380,970	12,441,957
-IRRBB	252,802	241,597
Index		
Capital Principal	7.36%	9.39%
Level 1	10.14%	11.65%
Basel ratio	14.01%	14.95%
IB para RWA + IRRBB	11.49%	12.03%

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Article 13 of CMN Resolution No. 4,193/20 determines that institutions must maintain sufficient capital to cover the risk of changes in interest rates on the bank portfolio (IRRBB), treating it as an additional capital requirement, without including it in the definition of RWA (Article 3 of CMN Resolution No. 4,193/20). At CCB Brasil, the limit for IRRBB is defined in R\$ in the risk appetite statement and has represented on average 3 points in the capitalization indicator, as seen above.

42 Other information

a) Commitments assumed for guarantees received and funding with International Organizations

The CCB Brasil is a debtor for loans from the Proparco (Société de Promotion et de Participation pour la Coopération Économique.) for onlendings to Brazilian companies, which contract requires the maintenance of minimum financial ratios (financial covenants), besides a requirement of obligations for social and environmental responsibilities. Loans and onlendings from abroad, which contain restrictive clauses ("covenants"), are classified in current term due to non-compliance with indicators.

The financial ratios are calculated on the basis of the accounting information, prepared in accordance with Brazilian legislation and the rules of the Central Bank of Brazil. They are also monitored and verified by the above mentioned creditor.

Bank and Consolidated	
	Required
Capitalization (Basel)	≥ 11%
Sum of the 20 largest debtors in relation to Reference Equity (PR)	≤ 300%
Concentration of risk by market segment	≤ 25%
D-H Loans + Pledges - Provisions on PR	≤ 25%
Operating Expenses to Operating Result	≤ 85%
Liquidity Gap (90 days) in R\$	> 0

Insurance

CCB Brasil maintains a policy of risk protection, considering the significance of the risks involved, and Management considers the amounts of the contracted insurance offer reasonable coverage for the business.

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Board of Directors

President:	Xilai Feng
Members:	Fanggen Liu Liping Shang Daniel Joseph McQuoid Heraldo Gilberto de Oliveira

Senior Management

President Senior Manager:	Liping Shang
Vice-President Senior Managers:	Yongdong Jiang Zhiqiang Zhu
Senior Managers:	Carlos José Roque Claudio Augusto Rotolo
Accountant	Fábio José Mazzetto Said CRC: 1SP264988/O-8

Audit Committee

President & Qualified Member:	Heraldo Gilberto de Oliveira
Members:	Walter Mallas Machado de Barros Daniel Joseph McQuoid