财务报表

信用评级

评级机构的信用评级独立透明，是对我行信用状况进行评估的重要信息来源。

2023年12月，穆迪发布了巴西交行的投资者报告。我行本币和外币中长期国际评级均为“Ba1”，高于巴西主权评级“Ba2”；2023年5月2日，穆迪给予我行“Aaa. br”的国内评级，为该类评级中最高级别评级，评级展望为“稳定”。

2023年8月2日，惠誉将我行的长期国内评级保持为“AAA(Bra)”，为可获得的最高评级；同时，提升我行外币的国际评级至“BB+”和本币评级至“BBB-”，均高于巴西的主权评级“BB”；长期发行人违约评级调整为稳定，与主权评级一致。

AAA.br
2023年穆迪对交行巴西子行评级

AAA(bra)
2023年惠誉对交行巴西子行长期国内评级

Assets

	Note	Bank 12/31/2023	Bank 12/31/2022
Current and long-term assets		**27,170,397**	**22,015,886**
Cash	**4**	**29,551**	**166,541**
Cash		4	4
Free reserves		259	156
Bank deposits in foreign currencies		29,288	166,381
Short-term interbank investments	**5**	**2,381,996**	**2,864,717**
Open market investments	4	913,979	33,261
Interbank deposits		1,359,785	1,339,193
Investments in foreign currencies	4	108,232	1,492,263
Marketable securities and derivative financial instruments	**6**	**10,214,754**	**6,928,819**
Bank portfolio		3,597,656	2,725,901
Subject to repurchase agreements		3,016,366	3,158,165
Linked to guarantees given		2,049,414	762,451
Derivative financial instruments	22	1,551,846	283,004
Allowance for marketable securities		(528)	(702)
Interbank accounts		**6,065**	**6,726**
Correspondent banks		359	279
Deposits – Central Bank of Brazil		5,706	6,447
Loan transactions	**7**	**12,404,710**	**10,895,963**
Discounted securities and loans		5,954,303	5,586,237
Financing		1,964,324	2,587,046
Rural and agroindustrial financing		4,565,188	2,793,276
Allowance for loans		(79,105)	(70,596)
Other receivables		**2,120,634**	**1,136,370**
Foreign exchange portfolio	8	1,748,837	757,439
Unearned income		22,029	20,767
Trading and brokerage		20,611	35,528
Credit assignment	7	2,782	13,035
Honoured guarantee and surety	7	1,195	–
Sundry	14	193,713	128,341
Tax credits	25	136,454	186,680
Allowance for other receivables	7	(4,987)	(5,420)
Other assets	**15**	**12,687**	**16,750**
Permanent assets		**595,459**	**551,645**
Investments		**541,700**	**502,567**
Income from interest in subsidiaries			
In Brazil	9	20,118	18,187
Abroad	9	520,085	482,100
Other investments		3,319	4,102
Provision for losses		(1,822)	(1,822)
Property and equipment in use		**11,587**	**12,283**
Furniture and equipment		18,210	16,433
(–) Furniture and equipment depreciation		(9,356)	(7,333)
Improvements in third party real estate		7,445	7,418
(–) Depreciation in improvement in third parties properties		(4,713)	(4,236)
Other property and equipment in use		1,169	1,169
(–) Other property and equipment in use		(1,169)	(1,169)
Lands		1	1
Intangible assets	**16**	**42,172**	**36,795**
Total assets		**27,765,856**	**22,567,531**

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

Liabilities

	Note	Bank 12/31/2023	Bank 12/31/2022
Current and long-term liabilities		**26,555,904**	**21,557,425**
Deposits	**10**	**2,408,525**	**2,384,102**
Demand deposits		505,123	441,460
Time deposits		1,883,795	1,903,438
Interbank deposits		19,607	39,204
Repurchase agreements	**11**	**2,802,970**	**2,929,892**
Bank portfolio		2,802,970	2,929,892
Funds from acceptance and issue of securities	**12**	**10,409,651**	**9,529,885**
Liabilities – marketable securities abroad		25,085	1,177,450
Liabilities from issue of agribusiness credit bills – LCA		7,816,723	5,651,106
Liabilities from issue of housing credit bills – LCI		20,178	17,880
Liabilities from issue of financial bills – LF		1,744,898	1,960,797
Liabilities from issue of financial bills – LF – Subordinated Debts		802,767	722,652
Interbranch accounts		**68,603**	**30,471**
Third-party funds in transit		68,603	30,471
Loan	**13**	**6,245,396**	**5,970,785**
Loan abroad		6,245,396	5,970,785
Derivative financial instruments	**6 and 22**	**2,870,440**	**127,165**
Derivative financial instruments		2,870,440	127,165
Other liabilities		**1,750,319**	**585,125**
Collection of similar taxes		80	361
Foreign exchange portfolio	8	1,184,300	46,918
Social		33,859	7,714
Statutory		88,703	78,355
Tax and social security		337,478	332,048
Securities trading		2	10
Allowance for financial guarantees	7 and 27	3,089	8,159
Sundry	14	102,808	111,560
Equity	**17**	**1,209,952**	**1,010,106**
Capital		**469,300**	**469,300**
Domiciled in Brazil		469,300	469,300
Income reserves		**917,295**	**721,516**
Other comprehensive income		**5,196**	**1,129**
Treasury stock		**(181,839)**	**(181,839)**
Total liabilities and equity		**27,765,856**	**22,567,531**

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

	Note	Bank		
		Second six-month period of 2023	12/31/2023	12/31/2022
Financial income		**1,087,243**	**2,368,037**	**1,748,829**
Loan transactions		781,016	1,324,344	1,157,407
Income from marketable securities transactions	5 and 6	498,284	987,947	687,968
Result of exchange operations	18	–	–	54,929
Loans, assignments and onlending operations	18	(192,059)	55,555	(150,903)
(Provisions)/Reversals for marketable securities	6	2	191	(572)
Financial expenses		**(753,110)**	**(1,715,688)**	**(1,258,607)**
Market funding operations	18	(813,490)	(1,406,546)	(1,051,586)
Loss on derivative financial instruments	22	80,753	(218,704)	(183,348)
Result of exchange operations	18	(2,150)	(67,955)	–
Provision for allowance of doubtful accounts	7	(18,223)	(22,483)	(23,673)
Gross financial income		**334,133**	**652,349**	**490,222**
Other operating income (expenses)		**(40,941)**	**(93,231)**	**(30,001)**
Service revenues	19	79,896	141,256	147,074
Personnel expenses		(67,581)	(135,036)	(122,585)
Other administrative expenses	20	(53,886)	(104,269)	(92,609)
Tax expenses		(25,501)	(42,290)	(36,375)
Income from interest in subsidiaries	9	18,998	40,523	60,534
Other operating income	7	7,596	10,033	17,685
Other operating expenses		(463)	(3,448)	(3,725)
Operating income		**293,192**	**559,118**	**460,221**
Non-operating expenses		**527**	**712**	**550**
Income before income taxes and profit sharing		**293,719**	**559,830**	**460,771**
Income and social contributions taxes	**25**	**(92,913)**	**(183,534)**	**(153,179)**
Provision for income tax		(58,348)	(76,072)	(126,409)
Provision for social contribution tax		(45,832)	(61,328)	(100,206)
Deferred tax asset		11,267	(46,134)	73,436
Profit sharing – management and employees		**(56,259)**	**(102,095)**	**(86,960)**
Net income for the six-month period/year ended		**144,547**	**274,201**	**220,632**
Earnings per outstanding share		**0.70**	**1.33**	**1.07**

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

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Net income	**144,547**	**274,201**	**220,632**
Market adjustment variation of the securities	**(1,731)**	**4,254**	**4,724**
Securities available for sale	(3,280)	8,092	8,276
Tax effects	1,549	(3,838)	(3,552)
Exchange variation of investments abroad	**773**	**(13,375)**	**(10,749)**
Derivative financial instruments used for hedging	**(961)**	**13,180**	**10,751**
Derivative financial instruments	(1,116)	13,025	10,751
Tax effects	155	155	–
Cumulative translation adjustment (*)	**(712)**	**(905)**	**(8)**
Comprehensive income for the six-month period	**141,916**	**277,355**	**225,350**

(*) According to BCB Resolution No. 4,817/2020.
The accompanying notes are an integral part of these financial statements.

		Revenue reserves			Other comprehensive income					
	Capital	Legal	Statutory	Expansion	Market value adjustments of securities and derivatives	Hedge of investments abroad	Cumulative translation adjustment	Treasury stock	Retained earnings	Total
Six-month period ended December 31, 2022										
Balances at January 1, 2022	**469,300**	**49,297**	**507,639**	**–**	**(3,318)**	**(271)**	**–**	**(181,839)**	**–**	**840,808**
Market value adjustments – marketable securities					4,724					4,724
Exchange variation of investments abroad						(10,749)				(10,749)
Derivative financial instruments used for hedging						10,751				10,751
Creation of reserve for expansion							(8)			(8)
Net income for the six-month period									220,632	220,632
Allocations:										–
– Proposed dividends									(3,708)	(3,708)
– Reserves		11,032	148,609						(159,641)	–
– Interest on equity (R$ 0.18 per share)									(57,283)	(57,283)
			4,939							4,939
Balances at December 31, 2022	**469,300**	**60,329**	**661,187**	**–**	**1,406**	**(269)**	**(8)**	**(181,839)**	**–**	**1,010,106**
Changes in the six-month period	**–**	**11,032**	**153,548**	**–**	**4,724**	**2**	**(8)**	**–**	**–**	**169,298**
Six-month period ended December 31, 2023										
Balances at January 1, 2023	**469,300**	**60,329**	**661,187**	**–**	**1,406**	**(269)**	**(8)**	**(181,839)**	**–**	**1,010,106**
Market value adjustments – marketable securities					4,254					4,254
Exchange variation of investments abroad						(13,375)				(13,375)
Derivative financial instruments used for hedging						13,180				13,180
Cumulative translation adjustment		(1)	(7)				(897)			(905)
Creation of reserve for expansion			(70,369)	70,369						–
Prior year adjustment		(101)	(1,913)							(2,014)
Net income for the six-month period									274,201	274,201
Cumulative translation adjustment							905		(905)	–
Allocations:										–
– Proposed dividends									(4,911)	(4,911)
– Reserves		13,665	184,136						(197,801)	–
– Interest on equity (R$ 0.34 per share)									(70,584)	(70,584)
Balances at December 31, 2023	**469,300**	**73,892**	**773,034**	**70,369**	**5,660**	**(464)**	**–**	**(181,839)**	**–**	**1,209,952**
Changes in the six-month period	**–**	**13,563**	**111,847**	**70,369**	**4,254**	**(195)**	**8**	**–**	**–**	**199,846**
Balances at July 1, 2023	**469,300**	**66,711**	**675,549**	**70,369**	**7,391**	**(276)**	**(201)**	**(181,839)**	**–**	**1,107,004**
Market value adjustments – marketable securities					(1,731)					(1,731)
Exchange variation of investments abroad						773				773
Derivatives financial instruments used for hedging						(961)				(961)
Cumulative translation adjustment		(11)	(190)				(511)			(712)
Creation of reserve for expansion										–
Prior year adjustment										–
Net income for the six-month period									144,547	144,547
Cumulative translation adjustment							712			
Allocations:										–
– Proposed dividends									(4,911)	(4,911)
– Reserves		7,192	97,675						(104,867)	–
– Interest on equity (R$ 0.17 per share)									(34,057)	(34,057)
Balances at December 31, 2023	**469,300**	**73,892**	**773,034**	**70,369**	**5,660**	**(464)**	**–**	**(181,839)**	**–**	**1,209,952**
Changes in the six-month period	**–**	**7,181**	**97,485**	**–**	**(1,731)**	**(188)**	**201**	**–**	**–**	**102,948**

See accompanying notes.

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Cash flow statements			
Net income	**144,547**	**274,201**	**220,632**
Adjustments to net income	**112,590**	**114,094**	**(173,801)**
Allowance for doubtful accounts	18,345	22,605	23,673
(Provisions)/Reversals for marketable securities	(2)	(191)	572
Depreciation and amortization	8,079	15,502	12,847
Expenses/Reversals with civil, labor and tax provisions	(1,160)	(712)	(4)
Income from interest in subsidiaries	(18,998)	(40,523)	(60,534)
Deferred income tax and social contribution	(11,267)	46,134	(73,436)
(Gain)/Losses on fair value adjustment on marketable securities and derivatives	118,305	72,184	(76,911)
Equity adjustments (*)	(712)	(905)	(8)
Adjusted net income	**257,137**	**388,295**	**46,831**
(Increase) in short-term interbank investments	142,767	(20,592)	(1,077,823)
(Increase) in marketable securities and derivative financial instruments	355,719	(614,653)	(2,196,083)
(Increase)/Decrease in interbank and interbranch accounts	47,973	38,793	(976)
Increase in borrowing and lease transaction	(822,045)	(1,531,352)	(4,088,596)
(Decrease) in deposits	956,990	24,423	(950,302)
Increase/(Decrease) in open market funding	(790,144)	(126,922)	1,195,995
(Decrease)/Increase in Loan and onlending	400,680	274,611	1,307,355
(Increase) in other credits and other assets and values	(268,587)	(1,028,349)	(285,720)
Increase/(Decrease) in other liabilities	259,736	1,125,467	14,660
Market value adjustments – marketable securities	(1,919)	4,059	4,772
Net cash flow from (used in) operating activities	**281,170**	**(1,854,515)**	**(6,076,718)**
Cash flow from investing activities			
(Increase)/Decrease in investments	1,834	1,390	(80)
(Acquisition) of property and equipment for use and lease	(11,502)	(20,183)	(18,386)
Net cash provided by (used in) investing activities	**(9,668)**	**(18,793)**	**(18,466)**
Cash flow from financing activities			
Increase in securities issue resources	254,312	879,766	5,414,148
Paid dividends and interest on equity	(31,048)	(35,056)	(74,750)
Net cash used in financing activities	**223,264**	**844,710**	**5,339,398**
Net increase in cash and cash equivalents	**751,903**	**(640,303)**	**(708,955)**
At the beginning of the six-month period/year	299,859	1,692,065	2,401,020
Changes for the six-month period	707,001	(684,357)	578,120
Exchange variation for the six-month period	44,902	44,054	(1,287,075)
At the end of the six-month period	1,051,762	1,051,762	1,692,065
Net increase in cash and cash equivalents	**751,903**	**(640,303)**	**(708,955)**
Non-monetary transaction			
Interest on equity	34,057	70,584	57,283
Reversal of proposed dividends	–	–	(4,939)
Unpaid dividends	4,911	4,911	3,708

(*) According to BCB Resolution No. 4,817/2020.
The accompanying notes are an integral part of these financial statements.

1. Operations

Banco BOCOM BBM is authorized to operate as finance Bank with the following portfolios:

- Commercial
- Investment
- Loans, Financing and Investment
- Foreign Exchange

The Bank operates as a group of institutions which operate together in the financial market, with certain operations involving co-participation or intermediation of associated institutions. The benefits of services rendered by such institutions and the costs of administrative structures are fully or individually absorbed, which is practical and reasonable in the circumstances.

2. Presentation of the financial statements

The Financial Statements of Banco BOCOM BBM S.A., including its foreign branch, were prepared in accordance with the accounting practices adopted in Brazil, applicable to institutions authorized to operate by the Central Bank of Brazil (BACEN), in line with the standards and instructions of the National Monetary Council (CMN) and the Federal Accounting Council (CFC), disclose all relevant information specific to the financial statements, and only them, which are consistent with that used by management in its management.

The preparation of these statements in accordance with the accounting practices adopted in Brazil, applicable to financial institutions, requires management to use judgment in determining and recording accounting estimates, when applicable. Significant assets and liabilities subject to these estimates and assumptions include: allowance for doubtful accounts, realization of deferred tax assets, provision for labor, tax and civil claims, valuation of financial instruments and other provisions. The definitive values of the transactions involving these estimates will only be known at the time of their settlement.

The BACEN Resolutions No. 2/2020 and 4,818/2020 consolidated the general criteria and the procedures for disclosure of the parent company financial statements.

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

According to the provisions of BCB Resolution No. 92/2020, Revenues from Future Years, was extinct, consequently, all its balances are transferred to the Sundry line under Other Liabilities. Due to the prospective adoption, the balances of the Group 5 items before the new rules were effective are being presented for comparison effects.

2.1 Functional currency

The elements presented in Banco BOCOM BBM's financial statements are measured using the currency of the primary economic environment in which the institution operates ("functional currency"). Accordingly, the parent company financial statements are presented in reais.

The functional currency of the group's investees in Brazil is also the Brazilian Real. Some investees outside Brazil, besides the Nassau Branch, have the U.S. dollars ("USD") as their functional currency.

2.2 CMN Resolution No. 4,966/21 – Financial instruments

The CMN Resolution No. 4,966, amended by CMN Resolution No. 5,100/23 establishes accounting rules for the financial instruments, such as the classification and recognition of the hedge operations by the financial institutions and other institutions authorized to operate by the Central Bank of Brazil. In order to comply with this Resolution, BOCOM BBM elaborated and keeps available for the Central Bank of Brazil its plan to implement the normative for the years to come.

3. Significant accounting practices

(a) Results of operations

Recorded on an accrual basis.

According to BACEN Resolution No. 2/2020, recurring and non-recurring results were presented separately.

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Recurring net income	**143,990**	**273,339**	**220,947**
Non-recurring events	**557**	**862**	**(315)**
Income from equity securities	554	1,361	–
Provision for devaluation of properties not for use (AMV)	–	669	–
(Provisions)/Reversals for contingencies	1,105	657	546
Devaluation of AMV	(43)	(43)	–
Fines	(32)	(505)	(1,136)
Devaluation of shares	(586)	(586)	–
Income tax and social contribution	(441)	(691)	275
Net income	**144,547**	**274,201**	**220,632**

(b) Marketable securities and derivative financial instruments

In accordance with BACEN Circular Letter No. 3,068, securities are classified into the following categories:

I – Trading securities;

II – Securities available for sale;

III – Securities held up to maturity.

Securities classified in categories I and II are adjusted to market value, being the adjustment of the former directly accounted in the result and the adjustment of the latter in specific equity account, net of tax effects. Securities classified as “held up to maturity” are evaluated based on the cost plus the earnings.

Derivative financial instruments are adjusted to market value, in accordance with BACEN Circular Letter No. 3,082.

Investment fund quotas are monthly restated based on the quota value disclosed by the Administrators of the funds in which funds are invested. The appreciation and depreciation of investment fund quotas are presented in “Result from transactions with marketable securities".

(c) Current and non-current assets

These are presented at their realizable value, including, when applicable, the earnings and monetary variations (on a pro rata basis) and foreign exchange variations, less corresponding proceeds from future realization and/or provision for losses. Balances maturing within 12 months (or 360 days) are classified as current assets.

(d) Permanent assets

These are stated at cost, plus the following aspects:

- Evaluation of the significant investments in subsidiaries on an equity accounting basis;
- Depreciation of property and equipment in use and lease calculated on a straight-line basis, based on annual rates that reflect the economic useful life of the assets, is as following: properties in use – 4%; furniture and utensils – 10%, and data processing – 20%;
- Amortization of intangible assets calculated according to the economic useful life of the asset.

In accordance with CMN Resolution No. 4,534/16, financial institutions and institutions authorized to operate by BACEN cannot record Deferred Assets.

(e) Current liabilities and long-term liabilities

These are stated at their known or calculable values including, whenever applicable, the charges and the monetary (on a daily pro rata basis) and exchange variations, less the corresponding expenses to be allocated. Balances maturing within 12 months (or 360 days) are classified as Current Liabilities.

(f) Income tax and social contribution

The provision for income tax is set up based on the taxable profit, at a 15% rate, plus 10% surcharge on annual taxable profit exceeding R$ 240 thousand. The provision for social contribution tax is set up at the rate of 20%.

The deferred tax assets and liabilities arising from temporary differences were recognized in accordance with CMN Resolutions No. 3,059, of December 20, 2002, and No. 3,355, of March 31, 2006, and they take into account the history of profitability and the expected generation of future taxable income supported by technical feasibility studies. The deferred taxes were constituted based on the expected rate of 25% for income tax and 15% and 20% for social contribution, according to the rate effectiveness.

In 2021, the Law 14,183, resulting from Provisional Measure (MP) 1,034/2021, increased the rate of the Social Contribution onNet Profit (CSLL) payable by legal entities of the financial sector. The impact on BOCOM BBM Bank was the increase of the CSLL rate from 20% to 25% and on BOCOM BBM Bank from 15% to 20%, for the period between 07/01/2021 and 12/31/2021. As of January 2022, the CSLL rate decreased to 20% for BOCOM BBM Bank and15% for BOCOM BBM Bank. On April 28, 2022, Provisional Measure 1,115/22 was issued, increasing the CSLL rate for theselegal entities by 1%, in accordance with the changes proposed in Law No. 7,689/88. The CSLL rate of BOCOM BBM Bank increasedfrom 20% to 21% between August 1, 2022 and December 31, 2022.

(g) Swaps, futures, forwards and options

The market values of derivative transactions are recorded in individual asset and liability accounts. Daily adjustments are made only in futures markets traded on B3 and are settled as income or expenses daily, when earned orincurred. The nominal values of derivative contracts are recorded in offsetting accounts. Premiums paid or received upon the realization of operations in the options market are recorded in the respective balance sheetaccounts at cost, adjusted by market value as a counterpart to the result.

(h) Earnings per share

These are calculated based on the average number of outstanding shares at the period.

(i) Impairment of assets

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

(j) Contingent assets and liabilities and legal obligations

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

Contingent assets – these are not recognized in the financial statements, except when there are evidences that offer guarantees of their realization, with no appeals.

Contingent liabilities – these are recognized in the financial statements when, based on the opinion of the legal advisors and of management, the loss of a lawsuit or administrative proceeding is evaluated as probable and whenever the amounts involved can be measured with sufficient reliability. The contingent liabilities classified as possible losses by legal advisors are not recorded and are just disclosed in the notes to the financial statements, and those classified as remote loss do not require any provision disclosure. Regarding the labor suits with loss probability classified as possible by the external lawyers, management will consider some assumptions such as: procedure stage, involved right, losses background, deal possibility. Accordingly, even if the suits are classified as possible, they may be provided for.

Legal obligations – tax and social security – these refer to lawsuits contesting the legality and constitutionality of some taxes and contributions. The discussed amount is quantified and accounted for.

(k) Short-term interbank investments

Interbank investments are stated at the acquisition, investment or release cost, plus foreign exchange, monetary and interest variations, as contractually defined. When the market value is lower, a provision for the adjustment of an asset to its realization value is carried out.

(l) Loans transactions

Credit operations are stated at the acquisition, investment or release cost, plus foreign exchange, monetary and interest variations, as contractually defined. When the market value is lower, a provision for the adjustment of an asset to its realization value is carried out. An allowance for doubtful accounts is set at an amount considered sufficient to cover any losses, and it considers, in addition to experience, the assessment of debtors and their guarantors, as well as the specific characteristics of the transactions, in accordance with the requirements of Brazilian Central Bank Resolution No. 2,682. These are recorded at present value on a daily pro rata basis, based on the index variation and the agreed-upon interest rate, restated up to the 59th day in arrears at the financial companies, observing the estimated receipt date. After the 60th day, the recognition in the result occurs on the effective receipt of the installments. The renegotiated operations are maintained, at least, at the same level in which they were classified previously to the renegotiation and, if they have already been written-off against the provision, they are classified as level H; the gains are recognized as income upon the effective receipt.

Credit assignments with no retention risk result in the write-off of the financial assets that are the object of the operation, which are then kept in an offset account. The result of the assignment is fully recognized when it is realized. In January 2012, as determined by CMN Resolutions No. 3,533/2008 and No. 3,895/2010, all credit assignments with retention risk are recognized in the remaining terms of operations, and the financial assets subject to assignment are recorded as credit operations and the amount received, as obligations for sales or transfer of financial assets.

(m) Cash and cash equivalents

These represent cash and cash equivalents, restrictes balances held with the Central Bank of Brazil and high liquidity financial assets with maturities within three months, subject to an immaterial risk of changes in their fair values, which are used by the Group to manage short-term commitments (see Note 4).

(n) Other values and assets

The operations classified as other values and assets represent operations arising from the execution of borrowing guarantees, which are valued at fair value based on valuation reports prepared by professional entities with recognized qualifications, using evaluation techniques, limited to the debt amount.

(o) Hedge accounting

The Bank allocated derivative financial assets to hedge principal amounts raised and the corresponding interest due.

Derivative financial instruments used to mitigate risks arising from exposure to variations in the market values of financial assets and liabilities, and that are highly correlated regarding changes in its market value in relation to the market value of the item that is being protected, at the beginning and during the life of the contract, and considered effective in reducing the risk associated to the exposure to be protected, are considered hedges and classified based on their nature:

(a) Market risk hedge: the financial instruments classified under this category, as well as their related financial assets and liabilities, which are the hedge objects, are recorded at fair value and have their gains/losses, whether realized or not, reflected in the result; and

(b) Cash flow hedge: the financial instruments classified in this category are marked at fair value, being the effective installment of appreciation or depreciation recorded, net of tax effects, in a specific account on equity. The ineffective portion of the respective hedge is recognized directly in the result.

If the hedging instrument expires or is sold, cancelled or exercised, or when the hedging position does not fall under hedge accounting conditions, the hedging relationship ends.

The objectives of the risk management of this operation, as well as the strategy of protection against such risks during the operation, are duly documented, as well as it is documented the evaluation, both at the beginning of the protection operation and on an ongoing basis. The derivative financial instruments are highly effective in offsetting the variations of the fair value (mark-to-market) of the hedged item. A hedge is expected to be highly effective if the variation in the fair value or cash flow attributable to the risk being hedged during the hedge relation period nulls from 80% to 125% of the risk variation.

Derivative instruments used for hedging purposes, as well as the mark-to-market value of the hedged object, are disclosed in Note 22.

(p) Deposits and funding in the open market

These are recognized at the amounts of the liabilities, and the charges payable, when applicable, are recorded on a daily pro rata basis.

(q) Intangible assets

These correspond to the acquired rights that aim at assets incorporated into the maintenance of the entity or exercised with this condition, in accordance with CMN Resolution No. 4,534, of November 24, 2016. It consists of (i) licenses and copyrights and use, and (ii) Software. Intangible assets with defined useful lives are amortized on a straight-line basis over the period of their useful lives in which the rights generate benefits.

4. Cash

	Bank	
	12/31/2023	12/31/2022
Open market investment (*)	913,979	33,261
Investments in foreign currencies (**)	108,232	1,492,263
Bank deposits in foreign currencies	29,288	166,381
Free reserves	259	156
Cash	4	4
Total	**1,051,762**	**1,692,065**

(*) Repurchase transactions maturing within 90 days, on the investment date.
(**) December 31, 2023 and December 31, 2022, investments in foreign currency present operations mostly in U.S. dollars.

5. Short-term interbank investments

Short-term interbank investments are as follows:

	Bank	
	12/31/2023	12/31/2022
Open market investments	**913,979**	**33,261**
Self-funded position	**913,979**	**33,261**
National treasury notes – B series	850,186	–
Financial treasury bills	50,014	12,169
Agribusiness receivable certificate	11,543	502
National treasury notes – F series	1,777	–
Debentures	459	20,590
Interbank deposits (*)	**1,359,785**	**1,339,193**
Investments in foreign currencies (**)	**108,232**	**1,492,263**
	2,381,996	**2,864,717**
Current assets	2,335,174	2,863,812
Long-term receivables	46,822	905
Total	**2,381,996**	**2,864,717**

(*) The amount invested in interbank deposits in the Bank in December 2023 basically refers to interbank deposits' certificates. In the year ended December 31, 2023, their maturities are between January 2024 and November 2029.
(**) Investments in foreign currencies are operations mostly in US dollars and with immediate liquidity.

At December 31, 2023 and December 31, 2022, the collateral received through repurchase agreements amounted to R$ 912,348 thousand and R$ 12,359 thousand, respectively, in the Bank. The provided collateral amounted to R$ 1,111,566 thousand and R$ 1,375,399 thousand during the same periods.

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

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Investments in interbank deposits	65,620	144,369	100,473
Open market investments	11,371	15,789	9,754
Investments in foreign currencies	7,807	10,312	1,479
Total	**84,798**	**170,470**	**111,706**

6. Marketable securities and derivative financial instruments

	Bank			
	Cost	Market	Cost	Market
	12/31/2023		12/31/2022	
I – Marketable securities	**8,663,676**	**8,662,908**	**6,755,585**	**6,645,815**
Securities for trading (*)	**2,192,484**	**2,198,834**	**2,038,169**	**1,971,507**
Bank portfolio	**858,255**	**856,253**	**1,223,971**	**1,198,607**
Fixed-income securities	**745,260**	**743,258**	**1,139,570**	**1,114,206**
Financial treasury bills	119,993	120,004	119,583	119,672
National treasury notes – B series	625,267	623,254	1,019,987	994,534
Investment funds quotas	**112,995**	**112,995**	**84,401**	**84,401**
Multimarket fund quotas	112,995	112,995	84,401	84,401
Subject to repurchase agreements	**1,051,992**	**1,062,564**	**783,849**	**742,551**
Financial treasury bills	1,227	1,227	3,255	3,255
National treasury notes – B series	1,050,765	1,061,337	780,594	739,296
Linked to guarantees given	**282,237**	**280,017**	**30,349**	**30,349**
National treasury notes – B series	244,558	242,338	–	–
Fund quotas given as guarantee	37,679	37,679	30,349	30,349

	Bank			
	Cost	Market	Cost	Market
	12/31/2023		12/31/2022	
Securities available for sale (*)	**3,396,050**	**3,388,932**	**1,987,230**	**1,944,122**
Bank portfolio	**2,239,431**	**2,241,251**	**1,208,125**	**1,206,234**
Fixed-income securities	**2,232,669**	**2,234,917**	**1,207,783**	**1,205,936**
Financial treasury bills	978,512	979,004	586,779	587,462
National treasury bills	249,942	249,888	96,733	93,827
National treasury notes – B series	9,833	9,860	–	–
Debentures	148,996	150,271	3,502	3,677
Agribusiness certificate of credit rights	593,939	593,933	300,419	300,417
Promissory notes	99,281	99,281	108,778	108,778
Agribusiness receivables certificates	10,753	10,794	69,432	69,514
Certificate of real estate receivables	27,149	26,554	–	–
Rural product note	–	–	34,003	34,003
Private financial bills	114,264	115,332	8,137	8,258
Marketable securities abroad	**6,762**	**6,334**	**342**	**298**
Eurobonds	6,762	6,334	342	298
Subject to repurchase agreements	**1,156,619**	**1,147,681**	**779,105**	**737,888**
Financial treasury bills	48,958	49,002	29,416	29,447
National treasury bills	–	–	229,718	220,702
Private financial bills	455,336	457,428	26,737	27,134
Debentures	343,738	343,207	192,339	195,667
Eurobonds	308,587	298,044	300,895	264,938
Securities held up to maturity (**)	**3,075,142**	**3,075,142**	**2,730,186**	**2,730,186**
Bank portfolio	**500,152**	**500,152**	**321,060**	**321,060**
Fixed-income securities	**500,152**	**500,152**	**318,368**	**318,368**
National treasury notes – F series	309	309	–	–
National treasury bills	499,843	499,843	318,368	318,368
Marketable securities abroad	**–**	**–**	**2,692**	**2,692**
Eurobonds	–	–	2,692	2,692
Subject to repurchase agreements	**806,121**	**806,121**	**1,677,726**	**1,677,726**
Eurobonds	806,121	806,121	715,670	715,670
National treasury bills	–	–	962,056	962,056
Linked to guarantees given	**1,769,397**	**1,769,397**	**732,102**	**732,102**
National treasury notes – F series	–	–	616,190	616,190
National treasury bills	905,122	905,122	115,912	115,912
National treasury notes – B series	864,275	864,275	–	–
Provision for marketable securities	**(528)**	**(528)**	**(702)**	**(702)**
Eurobonds	(528)	(528)	(702)	(702)

	Bank			
	Cost	Market	Cost	Market
	12/31/2023		12/31/2022	
II – Derivative financial instruments	**1,232,172**	**1,551,846**	**187,434**	**283,004**
Swap operations	1,097,064	1,161,432	78,237	216,778
Term	105,998	383,994	93,500	50,870
Options	28,117	5,427	13,907	13,566
Futures	993	993	1,790	1,790
Total marketable securities and derivative financial instruments	**9,895,848**	**10,214,754**	**6,943,019**	**6,928,819**
Segregation of portfolio by maturity range				
Up to 3 months	3,011,590	3,271,468	2,181,775	2,059,563
From 3 to 12 months	1,676,403	1,654,044	409,979	396,398
More than 12 months	5,207,855	5,289,242	4,351,265	4,472,858
Total	**9,895,848**	**10,214,754**	**6,943,019**	**6,928,819**

(*) Securities classified as "Securities for trading" maturing within more than 12 months and which, on December 31, 2023, amount to R$ 1,984,122 thousand in the Bank (December 31, 2022 – R$ 1,847,031 thousand) are classified and segregated according to BACEN Circular Letter No. 3,068/2001. Securities classified as "Available for sale", maturing within more than 12 months, in the amount of R$ 2,629,963 thousand on December 31, 2023 (December 31, 2022 – R$ 1,677,210 thousand) are classified and segregated according to BACEN Circular Letter No. 3,068/2001, regardless its liquidity level. The effect of this determination in net current capital is shown in Note 23 – Liquidity risk.

(**) Bonds classified as "Held to Maturity" are accounted at cost value. The market value calculated for Fixed-Income Securities is R$ 2,280,097 thousand and for Foreign Securities is R$ 773,536 thousand, these being object of hedge accounting.

There were no transfers in the securities category in the year ended December 31, 2023.

	Bank			
	Cost	Market	Cost	Market
	12/31/2023		12/31/2022	
III – Derivative financial instruments	**2,792,914**	**2,870,440**	**238,959**	**127,165**
	939,602	1,009,189	98,612	47,013
Term	298,782	366,106	74,765	25,044
Futures	3,358	3,358	667	667
Options	1,551,172	1,491,787	64,915	54,441
	2,792,914	**2,870,440**	**238,959**	**127,165**
	803,766	853,218	55,115	24,678
From 3 to 12 months	1,029,927	1,000,386	75,224	49,764
More than 12 months	959,221	1,016,836	108,620	52,723
	2,792,914	**2,870,440**	**238,959**	**127,165**

The results of Marketable Securities in the Bank are as follows:

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Private securities	109,021	177,980	76,994
Government bonds	297,098	626,789	344,433
Investment funds quotas	7,367	12,708	19,266
Exchange variation	–	–	135,569
Income from marketable securities	**413,486**	**817,477**	**654,473**

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
(Provision)/Reversal of provision for marketable securities	2	191	(572)
Result of (provision)/reversal of provision for marketable securities	**2**	**191**	**(572)**

The market values of marketable securities and derivative financial instruments are determined based on market price quotations at the balance sheet date, when available, or through price valuation models that consider certain assumptions for the valuation of instruments with low liquidity and no active market and/or observable market data.

7. Loans transactions

At December 31, 2023 and December 31, 2022, Loans and guarantees provided through sureties or guarantee agreements in the Bank, classified according to the customers' economic activities and representativeness, are as follow:

	Bank			
	12/31/2023		12/31/2022	
Agriculture	4,005,789	26.91%	3,076,213	24.00%
Sugar and ethanol	2,892,126	19.43%	2,568,656	20.04%
Utilities (energy)	1,321,103	8.87%	545,626	4.26%
Banks and insurers	875,423	5.88%	675,958	5.27%
Transportation and logistics	530,139	3.56%	363,257	2.83%
Retail market	503,338	3.38%	387,066	3.02%
Capital goods	411,448	2.76%	76,333	0.60%
Chemical and petrochemical	373,794	2.51%	647,238	5.05%
Building and real estate	350,056	2.35%	435,011	3.39%
Vehicles and parts	332,376	2.23%	447,136	3.49%
Specialized services	319,204	2.14%	388,503	3.03%
Foods – sundry	289,630	1.95%	392,665	3.06%
Meat industry	285,080	1.92%	319,863	2.50%
Health	252,107	1.69%	210,369	1.64%
Diversified holdings	228,798	1.54%	305,440	2.38%
Pharmaceutics	210,700	1.42%	194,031	1.51%
Metallurgy	197,910	1.33%	231,474	1.81%
Construction material	181,291	1.22%	86,913	0.68%
Telecommunication	156,450	1.05%	136,611	1.07%
Heavy construction	150,018	1.01%	153,854	1.20%
Others (*)	693,169	4.66%	1,145,038	6.67%
Private sector	**14,559,949**	**98%**	**12,496,790**	**97%**
Utilities (energy)	281,984	0.00%	252,605	1.97%
Others (*)	44,368	2.19%	67,918	0.53%
Public sector	**326,352**	**2%**	**320,523**	**3%**
Total	**14,886,301**	**100%**	**12,817,313**	**100%**

(*) The activities classified as Others include all economic sectors that individually represent less than 1% of the total active Loans portfolio at the base dates December 31, 2023, and December 31, 2022.

Loans transactions are stated in the Bank balance sheet as follows:

	Bank	
	12/31/2023	12/31/2022
Current assets		
Loan transactions	**7,435,018**	**5,626,556**
Private sector	7,420,075	5,605,681
Public sector	14,943	20,875
Other receivables	**23,736**	**27,866**
Foreign exchange portfolio – receivables (*)	19,758	17,353
Securities and credits receivable (**)	3,978	10,513
Noncurrent assets		
Loan transactions	**5,048,797**	**5,340,003**
Private sector	5,048,797	5,340,003
Other receivables	**–**	**2,522**
Securities and credits receivable (**)	–	2,522
Current liabilities		
Other liabilities	**568,920**	**680,232**
Foreign exchange portfolio – advances on exchange contracts (*)	568,920	680,232
Subtotal	**13,076,471**	**11,677,179**
Co-obligations and risks in guarantees provided (***)	**1,809,830**	**1,140,134**
Current	1,055,456	930,073
Noncurrent	754,374	210,061
Total	**14,886,301**	**12,817,313**

(*) The Advances on exchange contracts are classified as reduction accounts of Other liabilities – exchange portfolio and as Other receivables – foreign exchange portfolio, respectively, as shown in Note 8.
(**) Refers to credit assignment, recorded in "Other credits" accounts.
(***) These refer to guarantees granted through sureties, letters of credit and firm assurance. The granted guarantees are recorded in clearing accounts and the respective yields are classified as other liabilities – see Note 14 – and appropriated to income according to the contractual terms of the guarantees. These also include, in the Bank, guarantees granted for credit operations of Nassau Branch and BBM Bank Ltd. Nassau Branch is eliminated in the individual reports.

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

The classification of the Loans transactions in the Bank is as follows:

	12/31/2023											12/31/2022	
	Overdue – days					Falling due – days							
Risk level	Within 14 (*)	15 to 60	61 to 90	91 to 180	181 to 360	Within 90	From 91 to 180	From 181 to 360	Over 360 days	Total	Allowance	Total	Allowance
AA	513	–	–	–	–	2,235,577	1,060,841	2,027,778	2,805,199	8,129,908	–	5,690,230	–
A	1,244	–	–	–	–	618,695	578,097	1,254,659	2,459,283	4,911,978	24,560	5,070,640	25,353
B	–	–	–	–	–	109,595	191,295	510,297	457,078	1,268,265	12,683	1,461,080	14,611
C	620	137	–	–	–	52,309	55,835	151,868	151,123	411,892	12,357	504,662	21,191
D	4,326	728	2,951	–	–	10,015	690	11,803	90,256	120,769	17,528	65,909	6,591
E	10	31	34	8,890	4,692	211	211	351	12,781	27,211	8,163	1,529	459
F	–	618	419	538	4,935	525	492	984	125	8,636	4,318	14,586	7,293
G	–	–	–	233	–	–	–	–	–	233	163	–	–
H	–	–	–	438	6,971	–	–	–	–	7,409	7,409	8,677	8,677
	6,713	**1,514**	**3,404**	**10,099**	**16,598**	**3,026,927**	**1,887,461**	**3,957,740**	**5,975,845**	**14,886,301**	**87,181**	**12,817,313**	**84,175**

(*) Overdue loans classified as risk level AA were settled on the first business day of 2024.

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

	Bank	
	12/31/2023	12/31/2022
Allowance for loan losses	**79,105**	**70,596**
Current assets	43,372	50,345
Noncurrent assets	35,733	20,251
Provision for other credits	**4,987**	**5,420**
Securities and credits receivable	**4,987**	**5,420**
Current assets	3,563	3,463
Noncurrent assets	1,424	1,957
Provision for co-obligations and risks in guarantees provid	**3,089**	**8,159**
Current liability	2,360	5,579
Noncurrent liability	729	2,580
Total	**87,181**	**84,175**

Changes in allowances are as follows:

	12/31/2023	12/31/2022
Balance at January 1	**84,175**	**64,036**
Increase / (reversal)	22,483	23,673
Write-offs to loss	(19,477)	(3,534)
Total	**87,181**	**84,175**

In the year ended December 31, 2023, there were no Loans transactions renegotiated in the Bank in the amount of R$ 89,699 thousand (December 31, 2022 – R$ 67,564 thousand).

In the year ended December 31, 2023, there was a recovery of losses on Loans transactions in the amount of R$ 7,366 thousand (December 31, 2022 – R$ 14,933 thousand). This amount is impacting Other operating income in the Statements of Operations for the year.

The credit risk concentration in the Bank is as follows:

	12/31/2023	%	12/31/2022	%
Top debtor	574,312	3.9%	252,605	2.0%
Top 10 debtors	2,826,146	19.0%	1,940,420	15.1%
Top 20 debtors	4,292,755	28.8%	3,197,524	24.9%
Top 50 debtors	7,062,378	47.4%	5,795,019	45.2%
Top 100 debtors	9,608,285	64.5%	8,347,316	65.1%

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

	12/31/2023	12/31/2022
Working capital	10,428,450	7,931,432
Export credit bills	1,832,437	2,560,714
Co-obligations and risk in guarantees	1,809,830	1,140,134
Trade finance	738,955	1,040,842
Others	76,629	144,191
Total	**14,886,301**	**12,817,313**

8. Foreign exchange portfolio

	Bank	
	12/31/2023	12/31/2022
Other receivables – foreign exchange portfolio		
Foreign exchange purchases pending settlement	1,105,001	694,961
Rights on foreign exchange sales	624,078	46,111
Income receivable from advances granted (*)	19,758	17,353
(–) Advances in national currency received	–	(986)
Total	**1,748,837**	**757,439**
Other payables – foreign exchange portfolio		
Exchange purchase obligations	1,128,608	680,287
Foreign exchange sales pending settlement	624,612	46,863
Advances on foreign exchange contracts granted (*)	(568,920)	(680,232)
Total	**1,184,300**	**46,918**

(*) See Note 7.

On December 31, 2023, there were government securities deposited securing foreign exchange transactions with B3 in the amount of R$ 67,546 thousand (December 31, 2022 – R$ 74,345 thousand).

9. Investments | Interest in subsidiaries

	BOCOM BBM CCVM S.A.	The Southern Atlantic Investments Ltd.	Total
At December 31, 2023			
Number of issued shares	127,374	229,201,370	
Common shares	63,687	229,201,370	
Preferred nominative shares	63,687		
Direct interest	100%	100%	
Capital – R$ thousand	8,755	229,201	237,956
Equity – R$ thousand	20,118	520,085	540,203
Net income for the six-month period – R$ thousand	1,044	17,954	18,998
Dividends, interest on equity or capital reduction	601	–	601
Book value of investments – R$ thousand			
December 31, 2023	20,118	520,085	540,203
Income from interest in subsidiaries – R$ thousand			
Second six-month period of 2023	1,044	17,954	18,998
Year ended 2023	2,532	37,991	40,523
At December 31, 2022			
Number of issued shares	127,374	229,201,370	
Common nominative shares	63,687	229,201,370	
Preferred nominative shares	63,687		
Direct interest	100%	100%	
Capital – R$ thousand	8,755	229,201	237,956
Equity – R$ thousand	18,187	482,100	500,287
Net income for the six-month period – R$ thousand	2,720	28,620	31,340
Dividends, interest on equity or capital reduction – R$ thousand	1,087	–	1,087
Book value of investments – R$ thousand			
December 31, 2022	18,187	482,100	500,287
Income from interest in subsidiaries – R$ thousand			
Second six-month period of 2022	2,720	28,620	31,340
Year ended 2022	4,577	55,957	60,534

10. Deposits

	Bank			
Maturity range	Time deposits	Interbank deposits	Total 12/31/2023	Total 12/31/2022
Within 1 month	787,269	1,532	788,801	783,663
From 1 to 3 months	164,110	9,661	173,771	184,338
From 3 to 6 months	167,243	751	167,994	252,207
From 6 to 12 months	297,156	7,663	304,819	287,055
More than 12 months	468,017	–	468,017	435,379
Subtotal	**1,883,795**	**19,607**	**1,903,402**	**1,942,642**
Demand deposits			**505,123**	**441,460**
Total			**2,408,525**	**2,384,102**

At December 31, 2023, the average term of interbank and time deposits, for outstanding transactions in the Bank is 343 and 564 days (December 31, 2022 – 186 and 485 days), respectively.

	Bank			
Maturities upon issuance	Time deposits	Interbank deposits	Total 12/31/2023	Total 12/31/2022
Within 1 month	–	–	–	27,542
From 1 to 3 months	622,405	–	622,405	697,393
From 3 to 6 months	155,164	–	155,164	234,865
From 6 to 12 months	257,530	12,445	269,975	114,156
More than 12 months	848,696	7,162	855,858	868,686
Subtotal	**1,883,795**	**19,607**	**1,903,402**	**1,942,642**
Demand deposits			**505,123**	**441,460**
Total			**2,408,525**	**2,384,102**

The Bank's breakdown per segment is as follows:

	Bank									
	Demand deposits		Time deposits		Interbank deposits		Total			
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/312023	12/31/2022	12/31/2023		12/31/2022	
Legal entities	277,156	371,863	1,037,832	752,452	–	–	1,314,988	54.60%	1,124,315	69.86%
Institutional customers	113	113	711	1,505	–	–	824	0.03%	1,618	0.09%
Group	216,336	51,334	351,974	901,526	19,607	18,407	587,917	24.41%	971,267	14.50%
Financial institutions	–	–	448,401	239,180	–	20,797	448,401	18.62%	259,977	14.10%
Individuals	11,518	18,150	44,877	8,775	–	–	56,395	2.34%	26,925	1.45%
Total	**505,123**	**441,460**	**1,883,795**	**1,903,438**	**19,607**	**39,204**	**2,408,525**	**100%**	**2,384,102**	**100%**

The concentration of the Bank's main customers is as follows:

	Bank			
	12/31/2023		12/31/2022	
Top depositor	182,467	12.57%	635,901	26.67%
Top 10 depositors	709,429	48.87%	1,489,210	62.46%
Top 20 depositors	894,043	61.59%	1,725,934	72.39%
Top 50 depositors	1,113,748	76.73%	1,998,131	83.81%
Top 100 depositors	1,254,571	86.43%	2,168,126	90.94%

11. Repurchase agreements

The repurchase agreements obligations in the Bank are as follows:

	Bank	
	12/31/2023	12/31/2022
Own portfolio		
National treasury bills – B series	1,046,919	727,402
Eurobonds	897,300	766,938
Financial bill	454,466	26,731
Debentures	345,574	195,103
Financial treasury bills	58,711	40,361
Financial treasury bills	–	1,173,357
Total	**2,802,970**	**2,929,892**
Current liabilities	2,321,444	2,909,498
Noncurrent liabilities	481,526	20,394
Total	**2,802,970**	**2,929,892**

12. Funds from acceptance and issue of securities and real estate bills

In December 2023, BOCOM BBM has R$ 25,085 thousand in Eurobonds (December 2022 – R$ 1,177,450 thousand), which matures in July 2024, acquired by The Southern Atlantic Investments Ltd., a company not consolidated in BOCOM BBM.

On December 31, 2023 and December 31, 2022, fundraising through agribusiness credit bills (LCA), Housing credit bills (LCI), financial bills (LF) and financial bills – Subordinated Debt was segregated by maturity range as follows:

	Bank									
Maturity	LCA (*)		LCI (**)		LF (***)		LFSC – Subordinated debt I (****)		LFSN – Subordinated debt II (*****)	
	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Within 1 month	458,369	340,294	–	17	78,090	176,383	–	–	–	–
From 1 to 3 months	855,533	808,389	–	–	143,918	59,034	–	12,186	–	–
From 3 to 6 months	1,661,423	528,995	400	55	394,019	338	–	–	–	–
From 6 to 12 months	2,374,742	1,968,418	1,414	15,925	928,084	251,556	–	–	–	–
More than 12 months	2,466,656	2,005,010	18,364	1,883	200,787	1,473,486	211,180	200,000	591,587	510,466
Total	**7,816,723**	**5,651,106**	**20,178**	**17,880**	**1,744,898**	**1,960,797**	**211,180**	**212,186**	**591,587**	**510,466**

(*) Agribusiness Credit Bills (LCA) are issued by the Bank and registered with B3, according to Laws No. 11,076/2004 and No. 11,311/2006 and subsequent amendments.

(**) Housing Credit Bills (LCI) are nominative securities created by Provisional Measure No. 2,223 on September 4, 2001, which gave rise to Law No. 10,931 of August 2, 2004.

(***) Financial Bill (LF) are issued by the Bank and registered with B3 – according to the Law No. 12,249/10 (Section II, articles 37 to 43), and ruled by CMN (Law No. 3,836).

(****) Financial Bill (LFSC) – Subordinated Debt has a perpetual term and a repurchase option starting within 5 semiannual windows. The Bank uses the amount raised as complementary capital in order to make up the institution's Level I capital. The issue was private and carried out with the Bank's shareholder basis.

(*****) Financial Bill (LFSN) – Subordinated Debt has a ten-year term with an option to repurchase it after five years, with payment of principal and interest on maturity. The amount raised is used as complementary capital in order to make up the institution's Level II capital.

13. Loans and onlendings

a) Loans abroad

Loans abroad in the Bank are as follows:

	Bank	
	12/31/2023	12/31/2022
Obligations with loans abroad (*)	6,153,194	5,675,051
Export credit	–	269,401
Import credit	92,202	26,333
	6,245,396	**5,970,785**
Current liabilities	4,773,282	5,273,005
Long-term payables	1,472,114	697,780
	6,245,396	**5,970,785**

(*) On December 31, 2023, the amount of R$ 6,153,194 thousand (December 31, 2022 – R$ 5,675,051 thousand), classified as Loans Abroad, refers to:

	Bank					
	Maturity					Total
Operations	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 12 months	12/31/2023
BoCom	803,239	1,459,760	1,234,197	124,743	1,472,114	5,094,053
Working capital	196,098	399,857	–	97,573	–	693,528
Pre export	–	207,696	157,917	–	–	365,613
Total	**999,337**	**2,067,313**	**1,392,114**	**222,316**	**1,472,114**	**6,153,194**

	Bank					
	Maturity					Total
Currencies	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Over 12 months	12/31/2023
USD	882,353	1,921,867	1,392,114	97,573	1,472,114	5,766,021
JPY	116,984	33	–	124,743	–	241,760
CNY	–	145,413	–	–	–	145,413
Total	**999,337**	**2,067,313**	**1,392,114**	**222,316**	**1,472,114**	**6,153,194**

(*) Loans with BoCom, whose currency is the U.S. dollar and whose maturity is less than one year, are systematically renewed, as set out in Note 23.

14. Sundry

	Bank	
	12/31/2023	12/31/2022
Sundry		
Taxes and contributions to offset	84,431	53,773
Debtors deposits on warranty	51,855	54,166
Sundry debtors – foreign	40,602	5,716
Sundry debtors – domestic	15,401	12,420
Advances – salaries and constructions	1,269	531
Securities and credits receivable	142	1,722
Receivables from related parties	13	13
Total	**193,713**	**128,341**
Current asset	177,339	111,621
Long-term asset	16,374	16,720
Total	**193,713**	**128,341**

	Bank	
	12/31/2023	12/31/2022
Other payables – sundry		
Sundry debtors – local	15,336	12,371
Income on guarantees for credit operations	19,010	17,983
Allowance for contingent liabilities	12,807	19,238
Allowance for payments to be made	9,549	11,998
Sundry debtors – abroad	45,030	48,943
Administrative checks	1,027	1,027
Payables for acquisition of goods and rights	49	–
	102,808	**111,560**
Current liabilities	83,506	95,672
Noncurrent liabilities	19,302	15,888
	102,808	**111,560**

15. Other assets

	Bank	
	12/31/2023	12/31/2022
Other values and goods		
Properties	7,792	12,166
Others	4,895	4,584
	12,687	**16,750**
Current asset (*)	10,931	16,471
Long-term assets	1,756	279
	12,687	**16,750**

(*) On December 31, 2023, the amount of R$ 7,792 thousand, classified as current assets, refers mainly to the execution of guarantee of properties, recorded as assets held for sale (AMV), according to independent appraisal report, limited to the debt amount. In the year ended December 31, 2023, Banco BOCOM BBM sold one of its properties arising from the execution of guarantees for credit operations, generating a result of R$ 669 thousand.

16. Intangible assets

	12/31/2022	Acquisitions	Write-off	Amortization in the period	12/31/2023
Intangible assets					
Data processing systems					
Cost	64,263	22,329	(5,152)		81,440
Accrued amortization	(29,043)			(10,963)	(40,006)
Communication and security systems					
Cost	922				922
Accrued amortization	(759)			(129)	(888)
Licenses and copyright and use rights					
Cost	4,405				4,405
Accrued amortization	(2,993)			(708)	(3,701)
Total	**36,795**	**22,329**	**(5,152)**	**(11,800)**	**42,172**

17. Equity

(a) Capital – Banco BOCOM BBM S.A.

The capital comprises 282,201,085 registered shares with a par value of R$ 1.60 each, divided into 188,626,652 common shares and 93,574,433 preferred shares. Each common share is entitled to 1 (one) vote in resolutions of the General Meeting. Preferred shares have no voting rights.

(b) Legal reserve

This reserve is calculated at the rate of 5% of the net income at each balance sheet date, up to the limit of 20% of capital, as determined by the Corporation Law.

(c) Statutory reserve

In accordance with the articles of incorporation, this reserve represents the remaining net income balance at each reporting date, after the legal allocations.

(d) Treasury shares

On December 31, 2023, the Bank BOCOM BBM has 76,296,769 shares to be held in treasury in the amount of R$ 181,839 thousand.

(e) Interest on capital and dividends

According to article 9 of Law No. 9.249/1995 and its subsequent amendments, Banco BOCOM BBM S.A., at the end of December 31, 2023, declared interest on capital of R$ 70,584 thousand (December 31, 2022 – R$ 57,283 thousand), with withholding income tax of R$ 10,587 thousand (December 31, 2022 – R$ 8,592 thousand), calculated at a 15% rate. The amount of interest on capital was determined based on the legal limits in force and classified in the group's official records as "Other operating expenses".

For the purposes of the publication of the statement of operations, as established by CMN Resolution No. 4,706/2018, BOCOM BBM S.A. recognized as other obligations, as a counterpart for the appropriate equity account, the declared capital remuneration set by the obligation at the balance sheet date.

Interest on capital proposed for the year ended December 31, 2023 reduced tax burden by R$ 31,463 thousand (December 31, 2022 – R$ 26,349 thousand).

	Bank	
	12/31/2023	12/31/2022
Net income – Banco BBM S.A.	274,201	220,632
(–) Legal reserve	(13,665)	(11,032)
CTA adjustment	(905)	–
Calculation basis	**259,631**	**209,600**
Minimum mandatory dividends	25%	25%
	64,907	**52,400**
Interest on own capital	59,996	48,691
Dividends	4,911	3,708
Total	**64,907**	**52,399**

(f) Reserves for expansion (retained earnings)

According to the presented Strategic Planning and the capital regulatory limits, at the General Meeting of April 2023, the Boardof Directors approved and ratified the retention of portion of the net earnings in the amount of R$ 70,369 thousand regardingthe profit for 2022. The amount was recorded in the account "Reserves for Expansion" in order that it is possible to keep thegrowth of the Bank's activities. In December 2023, according to article 199 of Law No. 6,404, the excess profit reserves in relation to the capital in the amount of R$ 195,786 thousand will be submitted to the Board of Directors in order that itconstitutes reserve for expansion in accordance with the presented Strategic Planning and the capital regulatory limits.

18. Expenses with financial intermediation, result of foreign exchange operations, loans, assignments and transfers

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Open market funding			
Expenses with securities abroad	517,397	(14,602)	(12,885)
Agriculture credit bills	(404,031)	(762,386)	(438,527)
Financial bills	(170,518)	(347,448)	(249,837)
Repurchase agreements	(145,726)	(273,128)	(156,019)
Time deposits	(70,752)	(147,308)	(118,444)
Credit guarantee fund	(5,247)	(9,840)	(7,473)
Deposits previous notice	(2,724)	(4,438)	(1,430)
Real estate credit bills	(1,281)	(2,401)	(4,019)
Interbank deposits	(1,124)	(2,500)	(64,790)
Foreign exchange variation	(529,484)	157,505	1,838
	(813,490)	**(1,406,546)**	**(1,051,586)**
Loan, assignments and onlending operations			
Loan expenses abroad	(228,368)	(294,261)	(112,166)
Foreign exchange variation	36,309	349,816	(38,737)
	(192,059)	**55,555**	**(150,903)**
Foreign exchange transactions			
Foreign exchange variations and interest differences	(33,677)	(129,739)	11,114
Other expenses	(320)	(546)	(430)
Revenue from advances on exchange contracts (ACC)	31,847	62,330	44,245
	(2,150)	**(67,955)**	**54,929**

19. Service revenue

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Service revenue			
Guarantees commission and letter of credit (*)	27,093	44,674	26,288
Bank fee income	24,676	46,751	41,176
Coordination and structuring commission	20,944	32,474	21,535
Management fees of investment funds	3,272	8,889	32,717
Other services	3,911	8,468	6,436
Total	**79,896**	**141,256**	**147,074**

(*) In December 2023, total income refers mainly to surety transactions, which represent a significant portion of the co-obligations amount and risks in financial guarantees provided – see Note 7 (c). Furthermore, its provision balances can be seen in Note 14 (b).

20. Other administrative expenses

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Data processing	(10,594)	(19,822)	(23,218)
Amortization and depreciation	(8,079)	(15,502)	(12,847)
Financial system services	(5,989)	(13,314)	(10,523)
Rentals	(5,488)	(10,766)	(9,983)
Specialized technical services	(4,554)	(9,176)	(8,465)
Other administrative expenses	(3,600)	(6,521)	(5,232)
Travel	(3,112)	(6,853)	(4,372)
Communications	(3,029)	(5,615)	(4,606)
Third-party services	(3,171)	(4,501)	(2,704)
Registry	(802)	(2,212)	(1,332)
Property maintenance and upkeep	(981)	(1,988)	(1,931)
Condominium	(967)	(1,980)	(2,051)
Promotion / Advertising / Publications	(1,028)	(1,663)	(1,749)
Fines	(1,169)	(1,642)	(1,136)
Transportation	(694)	(1,301)	(1,052)
Water, energy and gas	(418)	(886)	(952)
Insurance	(12)	(242)	(315)
Surveillance and security services	(124)	(151)	(18)
Material	(75)	(134)	(123)
	(53,886)	**(104,269)**	**(92,609)**

21. Related-parties significant transactions

a) The related parties' transactions were carried out using the average rates practiced in the market, effective on the operations dates, as follows:

	Bank	
	12/31/2023	12/31/2022
Asset		
Cash and cash equivalents	**9,075**	**3,064**
BoCom Shanghai	6,385	121
BoCom Hong Kong	550	349
BoCom Tokyo	8	–
BoCom Macau	–	388
BBM Bank Ltd.	2,132	2,206
Short-term interbank investments		
Investments in foreign currencies	11,184	1,486,706
BBM Bank Ltd.	11,184	1,486,706
Dividends and bonuses receivables	**601**	**1,087**
BOCOM BBM CCVM S.A.	601	1,087
Other receivables	**6,294**	**4,809**
BOCOM BBM CCVM S.A.	13	13
Tai Yang Fund	34	37
Haitan	6,247	4,759
Loan operations	**–**	**2,496**
Bank of Communications Co., Ltd.	–	2,237
Other related individuals/legal entities	–	259
Derivative financial instruments	**157,907**	**114,116**
BBM Bank Ltd.	21,000	37,212
BoCom Brazil Holding Company Ltda.	24,360	30,182
Jiang Fundo De Investimento Multimercado CPIE	67,005	29,371
Haitan Fund	44,569	14,283
The Southern Atlantic Investments Ltd.	973	3,068

	Bank	
	12/31/2023	12/31/2022
Liability		
Demand deposits	**216,336**	**51,334**
Haitan Fund	42,482	45,824
BBM Bank Ltd.	171,180	2,027
Tai Yang Fund	2,320	1,671
BOCOM BBM CCVM S.A.	60	58
Bahia Holding S.A.	–	19
Évora S.A.	10	10
BoCom Brazil Holding Company Ltda.	33	8
Aleutas S.A.	–	6
Bahia AM Renda Fixa Ltda.	5	5
Bahia AM Renda Variável Ltda.	5	5
PIN Petroquímica S.A.	1	1
Farol da Barra Participações Ltda.	1	–
Colares Participações S.A.	–	1
Acritai Investimentos Ltda.	16	–
Other related individuals/legal entities	223	1,701
Interbank deposits	**19,607**	**18,406**
BOCOM BBM CCVM S.A.	19,607	18,406
Time deposits	**351,974**	**901,527**
BBM Nassau Branch	–	635,901
BoCom Brazil Holding Company Ltda.	223,325	203,842
BBM Bank Ltd.	121,357	–
Aleutas S.A.	–	46,090
Bahia Holding S.A.	3,944	9,096
Évora S.A.	1,585	3,954
Colares Participações S.A.	–	2,309
Other related individuals/legal entities	1,763	335
Repurchase agreements – debentures	**34,990**	**33,503**
Other related individuals/legal entities	34,990	33,503
Government bonds agreements	**49,864**	**40,001**
Other related individuals/legal entities	49,864	40,001
Financial bills	**896**	**643**
Other related individuals/legal entities	896	643
Agriculture credit bills	**284,272**	**232,092**
Other related individuals/legal entities	284,272	232,092
Real estate credit bills	**10,858**	**519**
Other related individuals/legal entities	10,858	519
Obligations for securities abroad	**25,085**	**–**
The Southern Atlantic Investments Ltd.	25,085	–
Derivative financial instruments	**127,552**	**48,008**
Jiang Fundo De Investimento Multimercado CPIE	62,414	26,935
Haitan Fund	64,264	19,690
BBM Bank Ltd.	73	747
The Southern Atlantic Investments Ltd.	–	636
BoCom Brazil Holding Company Ltda.	801	–
Subordinated debt	**211,180**	**212,186**
BoCom Brazil Holding Company Ltda.	169,604	170,412
Other related individuals/legal entities	41,576	41,774
Liabilities on loans abroad	**5,094,052**	**4,585,873**
BoCom Shanghai	2,432,334	2,678,301
BoCom New York	1,965,083	1,639,751
BoCom Hong Kong	617,438	267,821
BoCom República Checa	79,197	–
Dividends and bonuses payable	**33,859**	**7,716**
Interest on capital credited to shareholders	28,948	4,008
Proposed dividends	4,911	3,708
Sundry	**6,424**	**26,284**
The Southern Atlantic Investments Ltd.	6,158	4,679
Haitan	266	21,605

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Result			
Investment income abroad	**2,031**	**15,247**	**8,465**
BBM Bank Ltd.	2,031	15,247	8,465
Result with derivative financial instruments	**(6,368)**	**(58,668)**	**(23,064)**
Haitan Fund	(6,714)	(7,446)	(47,879)
The Southern Atlantic Investments Ltd.	(6,603)	(38,105)	(26,923)
Tai Yang Fund	40	40	(755)
BBM Bank Ltd.	8,016	22,850	4,189
Jiang Fundo de Investimento Multimercado CPIE	(1,107)	(36,007)	10,509
BoCom Brazil Holding Company Ltda.	–	–	37,795
Loans operations income	**1,299**	**2,399**	**667**
Bank of Communications Co., Ltd.	244	1,316	634
Other related individuals/legal entities	1,055	1,083	33
Income with marketable securities	**–**	**–**	**522**
BoCom Macau	–	–	522
Earnings from investments funds	**3,993**	**6,570**	**15,666**
Jiang Fundo de Investimento Multimercado CPIE	3,993	6,570	15,666
Open market funding	**(102,103)**	**(123,578)**	**(55,596)**
Expenses from investments funds	**(8,865)**	**18,970**	**18,603**
The Southern Atlantic Investments Ltd.	(8,865)	18,970	18,603
Repurchase agreements – Debentures expenses	**(954)**	**(2,765)**	**(3,107)**
Other related individuals/legal entities	(954)	(2,765)	(3,107)
Repurchase agreements – Securities	**(6,453)**	**(11,618)**	**(12,444)**
Jiang Fundo de Investimento Multimercado CPIE	–	–	(293)
Other related individuals/legal entities	(6,453)	(11,618)	(12,151)
Interbank deposits expenses	**(1,124)**	**(2,283)**	**(740)**
BOCOM BBM CCVM S.A.	(1,124)	(2,283)	(740)
Time deposits expenses	**(13,206)**	**(25,312)**	**(18,520)**
BoCom Brazil Holding Company Ltda.	(12,295)	(22,579)	(13,042)
Aleutas S.A.	(1,795)	(2,987)	(4,183)
Bahia Holding S.A.	(322)	(757)	(796)
Évora S.A.	1,360	1,251	(311)
Colares Participações S.A.	(118)	(182)	(169)
Other related individuals/legal entities	(36)	(58)	(19)
Financial bills	**(62)**	**(62)**	**–**
Other related individuals/legal entities	(62)	(62)	–
Agriculture credit bills expenses	**(57,718)**	**(72,687)**	**(13,505)**
Other related individuals/legal entities	(57,718)	(72,687)	(13,505)
Real estate credit bills expenses	**(123)**	**(154)**	**(1,263)**
Other related individuals/legal entities	(123)	(154)	(1,263)
Subordinated debt	**(13,598)**	**(27,667)**	**(24,620)**
BoCom Brazil Holding Company Ltda.	(10,905)	(22,330)	(21,344)
Other related individuals/legal entities	(2,693)	(5,337)	(3,276)

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Result			
Loans expenses abroad	**(151,162)**	**(230,447)**	**(1,462,205)**
BoCom Shanghai	(92,825)	(125,829)	(1,430,407)
BoCom New York	(40,675)	(74,676)	(26,106)
BoCom Hong Kong	(16,426)	(28,391)	(5,180)
BoCom Macau	–	–	(512)
BoCom Prague	(1,056)	(1,297)	–
BoCom Luxemburgo	(180)	(254)	–
Foreign exchange variation with loans abroad	**(21,089)**	**96,774**	**1,276,616**
BoCom Macau	–	–	1,265,178
BoCom Shanghai	(12,170)	95,360	11,438
BoCom Luxemburgo	(6,678)	3,250	–
BoCom Hong Kong	(2,241)	(1,836)	–
Expenses with Banks abroad	**(44,170)**	**(83,193)**	**(413,092)**
BBM Bank Ltd.	(44,170)	(83,193)	(413,092)
Other administrative expenses	**(48)**	**(98)**	**(102)**
Services provisions	(48)	(98)	(102)
BBM Bank Ltd.	(48)	(98)	(102)
Other operating income	**737**	**1,471**	**1,517**
BBM Bank Ltd.	442	897	923
BOCOM BBM CCVM S.A.	75	150	150
Haitan Fund	110	212	222
Tai Yang	110	212	222
Expenses with dividends and bonuses	**(34,057)**	**(70,584)**	**(57,283)**
Interest on capital credited to shareholders	(34,057)	(70,584)	(57,283)
Total	**(350,937)**	**(444,107)**	**(707,888)**

b) Key management compensation

The total compensation will be calculated as follows:

I) Fixed and variable compensation

The total compensation of the Participants will comprise a fixed and a variable part. The variable compensation of the Participants will be paid as follows:

(a) The amount equivalent to at most 50% (fifty percent) of the variable compensation will be paid in cash, immediately available for the Participant ("Short-term compensation"); and

(b) The amount equivalent to at least 50% (fifty percent) of the variable compensation will be deferred for payment within 3 (three) years, considering the provisions below ("Deferred Compensation" together with "Short-term Compensation" and "Variable Compensation").

The minimum and maximum amounts of the Variable Compensation of the Participants will be fixed by the Board of Directors of Banco BOCOM BBM.

II) Deferred compensation

The payment of the deferred compensation will be carried out on a scaled basis, every six months, in shares proportional to the deferral period ("Deferred Compensation Shares"), and all the deferred shares should be updated by the ROE of Banco BOCOM BBM.

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

	Bank	
	12/31/2023	12/31/2022
Liabilities		
Statutory	**20,634**	**18,121**
Management variable compensation – short term	7,612	6,416
Deferred management variable compensation – long term	13,022	11,705

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Result	**(31,673)**	**(60,355)**	**(55,996)**
Fixed compensation	11,039	(23,392)	(24,358)
Variable compensation	20,634	(36,963)	(31,638)

22. Derivative financial instruments

The Bank participates in transactions involving derivative financial instruments to meet its own needs as well as on behalf of its clients.

Derivative financial instruments are classified according to management's intent at the inception of the transaction, taking into consideration whether the purpose is to hedge risks.

In accordance with BACEN Circular Letter No. 3,082, the derivative financial instruments assigned to offset, in whole or in part, exposure to risks from assets, liabilities, commitments or projected future transactions (hedged items), provided that they are considered effective in reducing the risk associated with the exposure to be hedged, are classified according to their nature.

These transactions are traded, recorded or held on B3. In the Bank, international derivative transactions are traded and recorded in the OTC market, at the Chicago Board of Trade (CBOT) or Chicago Mercantile Exchange (CME).

The criteria used to calculate the market values of the derivative financial instruments are:

- Futures: value of daily adjustments to the transactions;
- Swap and term transactions: Cash flow is estimated for each part, discounted to present value according to the corresponding interest rate curves, obtained based on B3 prices or on the assets' prices;
- Options: average trading price on the calculation date or, when not available, estimated price based on pricing models, such as Black & Scholes.

At December 31, 2023, the guarantees for the transactions involving derivative financial instruments onshore are represented mainly by government securities in the total amount of R$ 336,544 thousand (December 31, 2022 – R$ 635,649 thousand) and fund quotas in the total amount of R$ 32,430 thousand (December 31, 2022 – R$ 30,348 thousand). Furthermore, the margin value received in the transactions of derivative financial instruments offshore amounted to R$ 48,964 thousand in the period ended December 2023.

a) Notional value per asset, maturity and indexer

	In R$ thousand					
	Bank					
	12/31/2023					12/31/2022
	Up to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total	Total
Future market						
Purchased position						
Foreign exchange coupon	1,301,821	1,437,299	291,071	1,198,134	4,228,325	2,560,962
Interest rate	747,630	2,139,794	800,298	1,096,665	4,784,387	3,273,212
Foreign currency	2,933,772	–	–	–	2,933,772	4,392,281
IPCA	–	–	–	5,584	5,584	67,877
Commodities	–	–	–	6,608	6,608	–
Sold position						
Foreign exchange coupon	575,001	23,712	121,376	396,587	1,116,676	1,784,742
Interest rate	5,733	389,445	95,007	136,291	626,476	1,041,605
Foreign currency	1,501,257	–	–	–	1,501,257	1,045,165
IPCA	54,904	–	37,107	267,204	359,215	158,960
Forward market						
Asset position						
Currency	375,240	10,937	9,720	4,928	400,825	1,151,220
Commodities	48,446	44,805	10,736	–	103,987	173,822
Others	–	–	–	311,215	311,215	283,095
Liability position						
Currency	416,560	5,384	4,914	32,610	459,468	962,766
Commodities	65,232	43,747	13,963	4,335	127,277	172,750
Swaps						
Asset position						
Interest rate	3,423,343	2,407,065	3,767,212	9,992,013	19,589,633	6,883,377
Currency	806,281	681,934	–	–	1,488,215	13,114
Liability position						
Interest rate	1,516,465	1,090,644	847,637	4,109,392	7,564,138	2,906,346
Currency	781,986	661,364	–	–	1,443,350	–
Options market						
Asset position						
Currency	13,806	12,289	9,532	45,346	80,973	163,968
Interest rate	248	21,851	–	–	22,099	–
Liability position						
Currency	137,862	398,899	397,741	596,381	1,530,883	617,326
Interest rate	489,916	960,909	–	–	1,450,825	–

b) At cost and market value

	Bank						
	12/31/2023						12/31/2022
	Cost	Market	Up to 3 months	From 3 to 6 months	From 6 to 12 months	More than 1 year	Total
Future market							
Purchased position	993	993	12	–	–	981	2,063
Sold position	3,358	3,358	3,358	–	–	–	6,463
Swaps							
Asset position	1,097,064	1,161,432	41,054	31,109	38,631	1,050,638	125,484
Liability position	939,602	1,009,189	5,670	14,383	13,804	975,332	183,131
Term							
Asset position	105,998	383,994	360,710	4,403	7,057	11,824	66,101
Liability position	298,782	366,106	352,799	4,395	6,681	2,231	146,401
Options market							
Asset position	28,117	5,427	698	25	16	4,688	1,301
Liability position	1,551,172	1,491,787	491,393	949,189	11,932	39,273	3,914

c) Notional value per counterparty

	In R$ thousand						
	Bank						
	12/31/2023						12/31/2022
	Financial institutions	Related-parties	Legal entities	Settlement chamber/ stock exchanges	Individuals	Total	Total
Future market							
Purchased position	12,251	–	–	11,946,425	–	11,958,676	10,294,332
Sold position	130,118	–	–	3,473,506	–	3,603,624	4,030,472
Swaps							
Asset position	3,816,523	–	16,423,566	–	837,759	21,077,848	6,896,491
Liability position	2,380,597	375,001	6,102,225	–	149,665	9,007,488	2,906,346
Forward market							
Asset position	477,227	214,376	124,424	–	–	816,027	1,608,137
Liability position	365,721	–	221,024	–	–	586,745	1,135,516
Options market							
Asset position	80,974	–	–	22,098	–	103,072	163,968
Liability position	1,530,884	–	–	1,450,824	–	2,981,708	617,326

The positions in the futures market include the following positions maturing on the first business day of the following month:

- Long contracts of foreign exchange coupon (DDI) in the amount of R$ 200,739 thousand (December 31, 2022 – R$ 492,573 thousand);
- Foreign exchange coupon contracts sold (DDI) in the amount of R$ 295,545 thousand (December 31, 2022 – R$ 981,495 thousand);
- Purchased contracts in interest (DI1) in the amount of R$ 260,572 thousand (December 31, 2022 – R$ 477,015 thousand);
- Contracts bought in currency (DOL) in the amount of R$ 810,918 thousand (December 31, 2022 – R$ 970,075 thousand);
- Contracts sold in currency (DOL) in the amount of R$ 764,441 thousand (December 31, 2022 – R$ 477,524 thousand);
- Contracts purchased in currency (DAP) in the amount of R$ 0 thousand (December 31, 2022 – R$ 7,224 thousand).

The amount of revenues and net expenses with derivative financial instruments are shown below:

	Bank		
	Second six-month period of 2023	12/31/2023	12/31/2022
Future contracts	(98,113)	(601,212)	(616,337)
Options contracts	11,805	69,206	12,955
Swap and term contracts	167,061	313,302	420,034
Total	**80,753**	**(218,704)**	**(183,348)**

The main factor of the variation in the result of derivatives is due to the devaluation of Brazilian real against U.S. dollar, considering that most of our derivatives are used as hedging instruments.

d) Hedge accounting

Fundraising fair value hedge (I)

Banco BOCOM BBM entered into Loans agreements in U.S. dollars with Bank of Communications with the objective of providing funding. They are as follows:

- On March 31, 2022 in the amount of USD 32,500 thousand with payment of fixed interest of 2.38% p.a.
- On September 14, 2022 in the amount of USD 30,000 thousand with payment of fixed interest of 5.92% p.a.
- On March 27, 2023 in the amount of USD 67,500 thousand with payment of fixed interest of 6.20% p.a..
- On June 29, 2023 in the amount of USD 10,000 thousand with payment of fixed interest of 6.10% p.a.

In order to index these flows to the CDI, a series of exchange coupon operations were carried out at B3, in accordance with the maturities and exposures of the available FRC contracts and the maturity of the operations. Disbursements were made in U.S. dollars and, upon cash receipt, a market risk hedge was contracted, designating a portfolio of derivative financial instruments, comprising DDI, DOL and ED contracts

for total hedge, considering the foreign exchange exposure and interest rate risks. In order to equalize the mark-to-market effects of derivative financial instruments designated as hedge, the amount of the hedged principal, plus interest due, is stated at fair value and also marked to market.

Due to the fact that there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the operation remains close to 98.00%.

	Bank			
	12/31/2023			12/31/2022
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Fundraising (I)	77,743	(79,333)	98.00%	98.89%

Fundraising fair value – hedge (II)

In December 2018, Banco BOCOM BBM designated a portfolio of derivative financial instruments constituted by DI1 and DAP contracts, with the objective of indexing to the CDI part of its pre-fixed funding portfolio. In order to equalize the effects of mark-to-market derivative financial instruments designated as hedge, the value of the pre-fixed funding portfolio is stated at fair value and also marked to market.

Due to the fact that there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the operation remains 103.35% to LF PRÉ.

	Bank			
	12/31/2023			12/31/2022
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Fundraising (II) – LF FIXED	(2,537)	2,622	103.35%	99.97%

Investment cash flow abroad – hedge

In September 2016, CMN edited the Resolution No. 4,524, establishing the criteria to record the transactions with financial instruments contracted in order to mitigate the risks associated to the foreign exchange exposure of the investments abroad.

In January 2017, Banco BOCOM BBM assigned a portfolio of derivative financial instruments consisting of DI1 and DOL contracts, with the purpose of hedging the foreign exchange rate risk of its investment abroad in the amount of USD 5,000,000.

Due to the fact that there is a matching of hedge object flows and the results of hedge derivatives, the effectiveness of the transaction remained close to 100.00%.

	Bank			
	12/31/2023			12/31/2022
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Investment abroad	(20,244)	20,244	100.00%	100.00%

Fair value of the bonds held to maturity – hedge

In June 2020, Banco BOCOM BBM designated a portfolio of derivative financial instruments consisting of Libor flat swap contracts vs. fixed rate in USD, and in February 2022, Sofr vs. USD prefixed rate swap contracts, in order to cover the risk of fluctuations in the external profitability of bonds classified as “held to maturity” as spread over Libor due to fluctuations in the forward structure of the Libor curve and SOFR. Because of the match between the flows of the hedge object and the results of the derivatives intended for hedge, the effectiveness of the operation was of 103.38%.

	Bank			
	12/31/2023			12/31/2022
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Bonds held to maturity abroad – SOFR	(14,915)	15,419	103.38%	106.75%

Cash flow of the bonds available for sale abroad – hedge

In June 2020, Banco BOCOM BBM designated a portfolio of derivative financial instruments consisting of Libor flat swap contracts vs. fixed rate in USD, and in February 2022 SOFR flat swap contracts vs. fixed rate in USD, in order to cover the risk of fluctuations in the external profitability of bonds classified as “available for sale” as spread over Libor due to fluctuations in the forward structure of the Libor and SOFR curve. Because of the match between the flows of the hedge object and the results of the derivatives intended for hedge, the effectiveness of the operation was of 107.54%.

	Bank			
	12/31/2023			12/31/2022
Hedge object	Result of the object	Result of the hedge instrument	Effectiveness	Effectiveness
Bonds available for sale abroad – SOFR	(5,053)	5,434	107.54%	110.23%

23. Risks management

Market risk

Banco BOCOM BBM was a pioneer in terms of quantifying market risk in Brazil and developed a proprietary system in 1997 which became a benchmark for the industry. The market risk management structure includes the following: a) the Executive Board, responsible for reviewing risk management policies and proposing risk management operating limits, submitting these for the approval of the Board of Directors at least once a year; b) the Board of Directors, which approves the risk policies and limits at least once a year; c) the Market Risk area, subordinated to the Risk Officer, is responsible for identifying, measuring, monitoring and reporting online to the Executive Board the Bank's market risk, ensuring compliance with the market risk management policy, as well as guaranteeing that the operational limits are observed; d) the Price department, which, among other duties, is responsible for defining the price models and sources used in mark-to-market adjustments of traded products, regardless the management departments; e) Internal Audit, which is responsible for ensuring the adequacy of procedures and the consistency between market risk management policies and the structure actually implemented.

The market risk is monitored through daily calculations of the Value at Risk (VaR)(*), a statistical tool that measures the institution's maximum potential loss at a given confidence level over a given investment horizon. A VaR limit is established, which may be allocated by the Chief Treasury Officer among the various risk factors. The VaR calculation model is submitted to periodical back testing. Furthermore, scenarios are analyzed daily, and these scenarios are quarterly defined by the Risk Committee, independent of the management departments. A full description of the Bank's market risk management structure is available on Banco BOCOM BBM's website (www.bancobocombbm.com.br).

Market Risk means the risk arising from fluctuations in the values of assets and derivatives resulting from changes in market prices and rates, such as interest, stocks, currencies and commodities.

Market Risk control is based on the calculation of VaR – Value at Risk, a statistical tool that measures the maximum potential loss of BOCOM BBM for a given confidence level and investment horizon. BOCOM BBM's daily VaR limit calculated with 95% confidence is 2% of Equity. The model used to calculate the VaR limit is the parametric one. The variance-covariance matrix is reestimated daily using GARCH models. This model captures the presence of volatility groupings and, according to the daily estimated parameters, gives more weight to the most recent past. It should be noted that other VaR models are available, such as Monte Carlo Simulation and Historical Simulation. The effectiveness of the risk model is tested annually through back-testing, which consists in comparing the VaR estimates with the actual daily results.

(*) VaR = Maximum potential loss, given the confidence level and the investment horizon. In the case of BBM, the limit is set based on a 95% probability that the Bank will lose a maximum of 2% of equity in 1 day.

Reference Date	VaR (in R$ Millions)
12/31/2023	3.3
06/30/2023	3.6
12/31/2022	4.7
06/30/2022	7.5

In addition to VaR, stress tests are performed based on the stress scenarios provided by B3. Based on the envelope scenarios for each risk factor, an optimistic and a pessimistic scenario are defined, considering a horizon of 3 business days. For the risk factors in which there is no shock defined by B3 scenarios, the shocks of related risk factors are used. Thus, based on the exposure of the Bank's portfolio to each of the risk factors, the consolidated financial loss of the stressed portfolio is calculated for each of the two scenarios. Finally, the scenario with the highest financial loss is used as a reference.

Reference date	VaR (in R$ millions)
12/31/2023	-94.1
06/30/2023	-101.5
12/31/2022	-93.0
06/30/2022	-143.1

Liquidity risk

Banco BOCOM BBM's liquidity target is to ensure that at any given time the Bank has sufficient cash to meet all its liabilities and other commitments. It is the responsibility of the Liquidity Risk area to monitor whether there is a sufficient free cash position to guarantee the continuity of the Bank's operations in a severe stress scenario, following the limits and guidelines defined by the Risk Committee and approved by the Board of Directors.

Liquidity risk is managed based on cash flow forecasts, considering different scenarios for funding, Loans and treasury operations. These cash flow analyses take into consideration: (a) the implicit risk of each client, (b) possible additional cash for compulsory deposits, (c) derivative adjustments; and (d) other existing obligations. The general principle is to ensure that the Bank's commitments are aligned to its equity and the current policies for fundraising, credit and treasury.

Banco BOCOM BBM has a liquidity risk management structure comprising the following agents, with their respective assignments: a) Liquidity Risk area, subordinated to the Risk Director, which is responsible for centralizing and measuring the information referring to liquidity risk management, ensuring that operational limits are observed and disclosing reports to support decision making on liquidity risk; b) Internal Audit, which is responsible for ensuring the adequacy of the procedures and the consistency between the liquidity risk management policies and the effectively implemented structure. A full description of the Bank's liquidity risk management structure is available on the website of Banco BOCOM BBM (www.bocombbm.com.br).

	Bank	
	12/31/2023	12/31/2022
Current assets	16,490,094	11,764,847
Current liabilities	(19,489,638)	(15,279,957)
Working capital, net	**(2,999,544)**	**(3,515,110)**
Securities available for sale presented in long-term receivables	2,629,963	1,677,210
Loans abroad	3,973,954	3,847,651
	3,604,373	**2,009,751**

Banco BOCOM BBM's current liabilities are higher than its current assets calculated according to the nominal maturity of its operations. However, part of the current liabilities are Loans made to the parent company in the total amount of R$ 3,973,954 thousand which, despite having a maturity of less than 1 year, are systematically renewed.

Credit risk

Banco BOCOM BBM has a credit risk management structure comprising the following elements and respective duties: a) the Credit Committee, which is responsible for defining the economic groups' credit limits, and monitoring and evaluating the consolidated portfolio position, its concentration and risk level. It is also responsible for establishing the terms for solving default on credit operations or with a certain level of deterioration of the guarantees and deciding whether or not to initiate judicial collection proceedings, as applicable; b) Board of Directors, responsible for approving the risk policies and limits, at least once a year; c) Credit Risk area, subordinated to the Risk Director, is responsible for centralizing and evaluating information related to the individual and consolidated credit risk management, per operation, ensuring that operating limits are complied with, disclosing reports that make it easy to make a decision related to credit limits approved by the Credit Committee. It is also the responsibility of the risk area to previously evaluate new operational genres related to credit risk; d) Credit Analysis area, responsible for assessing the credit risk of economic groups with which the Bank maintains or intends to maintain credit relationships; e) Internal Audit, which carries out periodic audits of the business units and of the credit processes of the Group; f) Legal Department, responsible for analyzing the contracts entered into by Banco BOCOM BBM and its clients, as well as coordinating measures to recover credits or to protect the Bank's rights; and g) Contracts Department, responsible for checking the adherence of operations to the parameters established in the Credit Limit Proposal ("PLC"), as well as providing the adequate guarantees. It is also responsible for issuing contracts to be entered into by Banco BOCOM BBM and the client. A full description of the credit risk management structure is available on the website of Banco BOCOM BBM (www.bocombbm.com.br).

Operational risk

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

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

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

The complete description of the operating risk management structure is available for the public in the website of Banco BOCOM BBM (www.bocombbm.com.br).

Capital management

Banco BOCOM BBM manages its capital through a structure comprising the following bodies: Board of Directors, Executive Board, Internal Control, Capital and Risk Board, Treasury Board, Fund Raising Board, Back Office, Business Units and Audit Board. The Board of Directors is the highest body within this structure, in charge of monitoring the capital adequacy. The Executive Board must review the documents to be submitted to the Board of Directors, as well as approving the methodologies to be used for the management and monitoring of the capital adequacy. Capital management and centralization is a responsibility of the Capital and Risk Board, which must continuously work to improve and oversee the institution's compliance with the capital management policy and its capital plan. The Treasury and Fundraising Boards are responsible for planning the issuance of equity instrument, if necessary. The capital management department periodically generates reports on the capital adequacy, which are sent to the Executive Board and the Board of Directors.

These reports comprise simulations of severe events and extreme market conditions. The Business Units must provide all information that the Internal Control, Capital and Risk Board deems necessary for effective capital management. The Audit department is responsible for evaluating, from time to time, the effectiveness of the capital management process. The description of the capital management structure is available on the website of Banco BOCOM BBM (www.bocombbm.com.br).

24. Operating limits

In October 2013, the new rules related to capital measurement became effective. The financial institutions and similar entities must maintain minimum equity of 8.0% of their assets, weighted by grades of risk to expositions in gold, foreign exchange and operations subject to the operating risk and to the variations in: foreign exchange, interest rate, price of commodities and price of shares classified as held for trade, according to BACEN's standards and instructions. The Prudential Conglomerate of Banco BOCOM BBM is within this operational limit on December 31, 2023.

	Prudential Conglomerate	
	12/31/2023	12/31/2022
Reference Equity Level I	**1,379,150**	**1,185,088**
Level I + Equity Adjustments Except Non-consolidated Interest and Tax Credit	1,421,321	1,222,291
Decrease in intangible / deferred assets according to CMN Resolution No. 4,955	42,171	37,203
Reference Equity Level II	**591,587**	**510,467**
Reference Equity (PR)	**1,970,737**	**1,695,555**
Risk-Weighted Assets (RWA)	**1,062,603**	**925,515**
Portion referring to:		
Credit risk (RWACPAD)	908,698	832,077
Market risk (RWAMPAD)	53,740	8,033
Operating risk (RWAOPAD)	100,165	85,405
Margin or Insufficiency Value (PR – RWA)	**908,134**	**770,040**
Risk Factor – 8.00% of PR	**157,659**	**135,644**
Basel Rate (Risk Factor / RWA)	**14.84%**	**14.66%**
RBAN	133,419	66,852
ACP required	332,063	289,223
Reference Equity Margin + RBAN and ACP	**442,652**	**413,965**

25. Income tax and social contribution

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

	In R$ thousand	
	Bank	
	12/31/2023	12/31/2022
Asset credit tax		
Balance at January 1	**186,680**	**116,791**
Constitution (realization)		
– With effects in the result	(46,543)	73,436
– With effects in equity		
(Securities held for sale)	(3,683)	(3,547)
Balance at December 31	**136,454**	**186,680**
Provision for deferred taxes (*)		
Balance at January 1	**176,896**	**88,827**
Constitution (realization)		
– With effects in the result	(57,726)	88,069
Balance at December 31	**119,170**	**176,896**

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

According to the BACEN Resolution No. 15/2020, in its Article 13, the constitutions and write-offs that occurred in the deferred tax assets and liabilities were highlighted, as well as their nature and origins, as follows:

	Bank			
	12/31/2023	Constitution	Realization	12/31/2022
Asset credit tax				
Temporary differences (*)				
– Provision for loan transactions	46,282	17,814	10,791	39,259
– Market value adjustment – marketable securities and derivatives	69,776	38,821	60,386	91,341
– Provisions for contingencies (Note 25)	4,297	306	1,408	5,399
– Others	16,094	25,097	59,270	50,267
– CTA tax effects	5	–	–	5
Social contribution negative basis	–	–	**182**	**182**
Tax loss	–	–	**227**	**227**
Total	**136,454**	**82,038**	**132,264**	**186,680**
Provision for deferred taxes				
Temporary differences (*)				
– Market value adjustments – marketable securities and derivatives	119,133	51,917	109,643	176,859
– Others	37	–	–	37
Total	**119,170**	**51,917**	**109,643**	**176,896**

(*) It is expected that the realization of these tax credits occurs up to the end of 2027 for Income Tax and Social Contribution, being its present value of R$ 7 million. The Social Contribution on tax credits was calculated considering the 20% rate, according to the publication of the PEC No. 6/2019, for the additions and write-offs as from March 1, 2020.

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

	In R$ thousand	
	Bank	
Description	Tax credits on temporary differences	Loss and negative basis
2024	(56,197)	–
2025	39,414	
2026	20,942	
2027	13,125	
Total	**17,284**	
Present value	**7,062**	

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

The conciliation of the expense calculated using the tax rates and the expense of income tax and social contribution accounted for in the Bank is as follows:

	In R$ thousand			
	12/31/2023		12/31/2022	
	IRPJ	CSLL	IRPJ	CSLL
Income before taxes	**360,359**	**360,359**	**361,914**	**304,632**
Bank's net profit	273,296	273,296	220,632	220,632
(–) Interest on own capital	(70,584)	(70,584)	(57,283)	(57,283)
(–/+) Income tax and social contribution	(157,647)	(157,647)	(141,282)	(141,282)
Tax rate	**25%**	**20%**	**25%**	**20%**
Income tax and social contribution				
At tax rate	(90,090)	(72,072)	(76,158)	(63,973)
Permanent additions	**214,870**	**177,907**	**133,305**	**101,668**
Non-deductible expenses	74,267	37,304	33,447	1,810
Addition on profit abroad	140,603	140,603	98,858	99,858
Permanent exclusions	**146,880**	**129,907**	**75,415**	**75,415**
Tax-free revenues	31,034	14,061	(10,751)	(10,751)
Equity in the result of investees (Bank)	115,846	115,846	86,166	86,166
Temporary additions / exclusions	**25,247**	**26,564**	**(36,851)**	**(36,370)**
Tax basis	**453,596**	**434,923**	**325,671**	**294,515**
Tax basis with use of tax loss and negative basis	**453,596**	**434,923**	**325,671**	**294,515**
Income tax and social contribution (*)	**(113,375)**	**(86,985)**	**(81,394)**	**(61,063)**
Use of tax incentives and taxes of subsidiaries abroad	**1,679**	**–**	**792**	**–**
Income tax and social contribution in the result for the period	**(111,696)**	**(86,985)**	**(80,602)**	**(61,063)**
Tax abroad	(2,546)	–	–	–
DIPJ adjustment	1,513	–	(2,012)	–
Provision for deferred tax liabilities	32,071	25,657	(48,930)	(39,143)
Income tax and social contribution in the result for the period – Banco BOCOM BBM	**(80,658)**	**(61,327)**	**(131,544)**	**(100,206)**

(*) As of January 2022, the CSLL rate returned from 25% to 20% at Banco BOCOM BBM and from 20% to 15% at BOCOM BBMCCVM. On April 28, 2022, Provisional Measure No. 1,115/22 was issued, which increased the CSLL rate by 1% for these legalentities, according to changes proposed in Law 7,689/88. The CSLL rate for Banco BOCOM BBM went from 20% to 21% and forBOCOM BBM CCVM, from 15% to 16%, effective from 08/01/2022 to 12/31/2022.

26. Provisions and liabilities for legal obligation

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

Breakdown of provision

a) Labor provisions

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

	Bank	
	12/31/2023	12/31/2022
Labor	8,292	11,049
Total – Provisions for contingencies	**8,292**	**11,049**

These provisions are recorded as “Other liabilities – sundry” under Long-term liabilities. During the year ended December 31, 2023, R$ 1,553 thousand were reverted into contingent liabilities in the Bank.

b) Tax and social security provisions

BOCOM BBM is a party to other proceedings for which the internal and external legal advisors have judged the risk of loss to be possible. From all the tax proceedings classified as possible loss, there are 7 in which the main discussion refers to the offsetting process that is in the initial administrative stage and the aggregate value is not relevant.

In November 2019, Banco BOCOM BBM SA received assessments from the Federal Revenue of Brazil with the purpose of: (i) social security contributions allegedly due on PLR (Profit Sharing or Results) in the amount of R$ 6.8 million and (ii) social security contributions allegedly due on food in the amount of R$ 1.4 million, both correspond to payments made in 2015. The Bank discusses the assessments at the administrative level. In the opinion of the legal advisors, the chance of loss in the first proceeding is possible, while it is remote in the second one.

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

At the end of 2023, the BOCOM BBM S.A. did not have an active proceeding related to the judgment of Issue No. 372 of the Federal Supreme Court (payment of PIS and COFINS on the financial income of financial institutions).

c) Civil provisions

BOCOM BBM is a party to other lawsuits for which the internal and external legal advisors have assessed the risk of loss to be possible. From all the civil suits classified as possible loss, there are 9 proceedings in the amount of R$ 4,091 thousand in wich main discussion is related to: request for a review of contractual terms and conditions, requests for monetary adjustments (including alleged effects of the implementation of various government economic plans), bankruptcy, protests, accountability, having counterparties originating from credit operations or products already discontinued, and provision services. For the purposes of provisioning for civil lawsuits, the legal advisors considered the law, jurisprudence, background of cases and the procedural stage.

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

d) Liabilities for legal obligations

Based on the preliminary injunction obtained, Banco BOCOM BBM ensured the suspension of the requirement for PIS/Pasep and COFINS tax credits that are determined, with the levy of Service Tax (ISS) in their calculation bases, as well as their respective bookkeeping for timely and future offset, if applicable, with the respective ISS deductibility from the calculation bases of the mentioned contributions. Based on that preliminary injunction, Banco BOCOM BBM started to collect, in November 2018, PIS/Pasep and COFINS disregarding the municipal tax in their respective calculation bases, having constituted a liability for the remaining balance up to December 2023, recorded as “Other Sundry Liabilities” in Long-Term Liabilities, as follows:

	Bank	
	12/31/2023	12/31/2022
PIS and COFINS	1,257	948
Total – Liabilities for legal obligations	**1,257**	**948**

e) Others

On December 5, 2016, the Brazilian Administrative Council for Economic Defense (CADE) filed an administrative proceeding against Banco BOCOM BBM S.A. investigating alleged anticompetitive practices in relation to the onshore foreign exchange market between 2008 and 2012. The Bank, together with its legal advisors, has already presented its administrative defense, still pending judgment.

27. Allowance for financial guarantees

The allowance for doubtful accounts related to financial guarantees is based on the analysis of operations according to the type of obligation provided, past experience, future expectations and management's risk assessment policy. They are reviewed periodically, as established by CMN Resolution No. 4,512/2016.

	Bank	
	12/31/2023	12/31/2022
Guarantee		
Linked to bids, auctions, service render or construction	1,032,559	223,182
Surety Guarantee in lawsuits and administrative procedures	369,969	379,045
Other sureties	313,154	323,137
Linked to international trade	27,313	37,821
Total	**1,742,995**	**963,185**
Changes in allowances for financial guarantees		
Beginning balance	**8,159**	**14,208**
Constituition / (Reversal)	(5,070)	(6,049)
Ending balance	**3,089**	**8,159**

28. Other information

(a) Agreement for the compensation and settlement of obligations

Banco BOCOM BBM has a, agreement for the compensation and settlement of obligations within the scope of the National Financial System, according to CMN Resolution No. 3,263/2005, resulting in more guarantee to settle its debts with financial institutions with which it has this kind of agreement. On December 31, 2023, the total assets mitigated by compensatory arrangement was of R$ 771,607 thousand (December 31, 2022 – R$ 1,419,510 thousand).

(b) Marketable securities portfolio

In the year ended December 31, 2023, based on Resolution 3,181 of the Central Bank of Brazil, the Bank's Executive Committee unanimously approved to continue the process of stretching the portfolio of nominal securities held to maturity selling R$ 579,720 thousand in government bonds maturing in 2025 and buying R$ 584,181 thousand maturing in 2026, which generated a negative effect on the result of (R$ 23,286) thousand. There was also an stretching of Eurobonds portfolio held until maturity, selling R$ 431,849 thousand maturing in 2026 and buying R$ 442,624 thousand maturing in 2031, which generated a positive effect on the result of R$ 12,326 thousand.

At the end of the year, Banco BOCOM BBM had R$ 3,075,142 thousand in marketable securities classified as “held to maturity”, according to Circular Letter No. 3,068/2001 of Central Bank of Brazil. Banco BOCOM BBM has financial capacity and intention to hold them to maturity.

(c) Corporate change

In 2021, Banco BOCOM BBM announced the beginning of the process to transfer 20% of the shares it issues to Bank of Communications, which current holds the other 80%. Due to this change, the former individual shareholders will not be part of the share capital of Banco BOCOM BBM anymore, carrying on the shareholders agreement entered into by the former shareholders and the Bank of Communications in 2016 (when the initial 80% were acquired). The conclusion of the operation is subject to the approval of the regulatory authorities of Brazil, Bahamas and China, which will probably conclude it in 2024.

Aline Gomes – Controller | CRC 087.989/0-9 “S”– BA